



**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

Oceano Community Services District Board Room

1655 Front Street

Oceano, CA 93445

Wednesday, January 17, 2018, 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

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- 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 January 03, 2018

6. ACTION ITEMS:

6A. ELECTION OF CALENDAR YEAR 2018 BOARD OFFICERS (Continued from Board Meeting of January 4, 2018)

Recommendation: Consider and elect a Chair and Vice-Chair for 2018 Calendar Year.

6B. CONSIDERATION OF PROPOSAL FOR FINANCIAL PLAN UPDATE

Recommendation: Authorize the Preparation of a Financial Plan Update within the Existing Contract with Bartle Wells Associates.

6C. CONSIDERATION OF BUDGET ADJUSTMENT IN SUPPORT OF PRIMARY DIGESTER NO. 1 REPAIR

Recommendation: Adopt Resolution No. 2018-385 allocating an additional \$466,200 to Fund 26 line item 2017 B1-07 entitled "Primary Digester No. 1 Repair."

6D. TECHNICAL CONSULTANTS AND PLANT OPERATIONS REPORT

Recommendation: Receive and File Report.

7. MISCELLANEOUS ITEMS:

7A. Written Communications

1. Transmittal of Bylaws for Review at February 7, 2018 Meeting.

8. BOARD MEMBER COMMUNICATIONS:

9. CLOSED SESSION:

CONFERENCE WITH LEGAL COUNSEL: ANTICIPATED LITIGATION:
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of
Government Code Section 54956.9: (one case)

10. ADJOURNMENT

The next regularly scheduled Board meeting on February 07, 2018, 6 pm at the
Oceano Community Services District Board Room,
1655 Front Street, Oceano, CA

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

WARRANT REGISTER

01/17/2018 FY 2017/2018

VENDORS	BUDGET LINE ITEM	DESCRIPTION	WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
AARON ALLEN	CALPERS RETIREE/ MEDICAL	MARCH/APRIL 2018	01172018-2693	19-6010	1,694.46	1,694.46
ALLIED ADMINISTRATORS	DENTAL INSURANCE	FEB 2018	2694	19-6025	622.00	622.00
BANK OF THE WEST	OFFICE SUPPLIES	OFFICE MAX	2695	19-8045	404.18	1,179.78
	OFFICE SUPPLIES	USPS		19-8045	142.50	
	EQUIPMENT MAINTENANCE	LA-90030491		19-8030 2017-A1-28	468.75	
	WEBHOSTING	SHERWEB		19-7013	164.35	
BRENNTAG	PLANT CHEMICALS	BPI797399/BPI797766	2696	19-8050	12,770.37	12,770.37
CARLOS QUINTERO	CALPERS RETIREE/ MEDICAL	MARCH/APRIL 2018	2697	19-6010	1,534.80	1,534.80
CARRS BOOTS	BOOT ALLOWANCE	QUINTERO/3028	2698	19-7025	249.43	249.43
CENTRAL COAST TECHNOLOGY	COMPUTER SUPPORT	1413	2699	19-7082	493.43	493.43
CULLIGAN SANTA MARIA	EQUIPMENT RENTAL	66973	2700	19-7032	22.50	22.50
CULLIGAN CCWT	EQUIPMENT RENTAL	46869	2701	19-7032	60.00	60.00
DISA THORENSEN	CALPERS RETIREE/ MEDICAL	MARCH/APRIL 2018	2702	19-6010	335.18	335.18
ENGLE & GRAY, INC.	BIO SOLIDS HANDLING	79298	2703	19-7085	7,478.35	7,478.35
GERHARDT HUBNER	CALPERS RETIREE/ MEDICAL	MARCH/APRIL 2018	2704	19-6010	2,474.26	2,474.26
GILBERT A. TRUJILLO,ESQ.	LEGAL COUNSEL	DECEMBER 2017	2705	19-7071	5,180.00	5,180.00
GRAINGER	EQUIPMENT MAINTENANCE	9651492903	2706	19-8030 2017-A1-27	174.61	174.61
HAULAWAY	EQUIPMENT RENTAL	1764495	2707	19-7032	93.80	93.80
JAMES WOESTE	CALPERS RETIREE/ MEDICAL	MARCH/APRIL 2018	2708	19-6010	1,929.98	1,929.98
JB DEWAR	FUEL	865134	2709	19-8020	54.19	54.19
KENNEDY/JENKS CONSULTANT	REDUNDANCY PROJECT	118478	2710	20-7080	9,568.75	9,568.75
MARIO DE LEON	MEDICAL REIMBURSEMENT	FY17/18	2711	19-6075	50.00	50.00
MINERS	EQUIPMENT MAINTENANCE	DECEMBER 2017	2712	19-8030 2017-A1-27	400.10	400.10
PACE DS	CENTRIFUGE RENTAL	U-28-002	2713	26-8065 2017-B1-02	15,500.00	15,500.00
PG&E	ELECTRICITY	12/7/2017-1/7/2018	2714	19-7091	11,683.16	11,683.16
PRAXAIR	EQUIPMENT RENTAL	80520207	2715	19-7032	29.20	29.20
READY REFRESH	HOUSEHOLD EXPENSE	17L0012917373	2716	19-8035	107.06	107.06
RICHARD SWEET, P.E.	PROF SERVICES-ENGINEERING	DECEMBER 2017	2717	19-7077	13,830.00	13,830.00
ROBERT BARLOGIO	CALPERS RETIREE/ MEDICAL	MARCH/APRIL 2018	2718	19-6010	1,534.80	1,534.80
SABRINA SPEARS	CALPERS RETIREE/ MEDICAL	MARCH/APRIL 2018	2719	19-6010	2,069.76	2,069.76
SO CAL GAS	UTILITIES-GAS	11/26/17-1/1/2018	2720	19-7092	202.42	202.42
SOUTH COUNTY SANITARY	UTILITIES-RUBBISH	5909495/5916634	2721	19-7093	920.27	920.27
STANLEY SECURITY	COMMUNICATIONS ALARMS	15205934	2722	19-7011	64.06	64.06
STATE FUND	WORK COMP	1/1/18-2/1/18	2723	19-6080	3,595.00	3,595.00
UNITED STAFFING	TEMP LABOR SERVICES	103137/103699/102056	2724	19-6085	1,321.92	1,321.92
VWR	LAB SUPPLIES	4652/5617/9317	2725	19-8040	228.48	228.48
WENDY STOCKTON	LEGAL COUNSEL	DECEMBER 2017	2726	19-7071	2,997.00	2,997.00
SUB TOTAL					\$ 100,449.12	\$ 100,449.12
SO. SLO CO. SANITATION DISTRICT	PAYROLL	PPE 1/5/2018	2727	19-6030 19-6040 19-6090 19-6095	23,488.03	26,186.55
	CALPERS RETIREMENT	PPE 1/5/2018		19-6060	2,698.52	
GRAND TOTAL					\$ 126,635.67	\$ 126,635.67

We hereby certify that the demands numbered serially from 01172018-2693 to 01172018-2727 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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Action Summary Minutes of the Regular Meeting of Wednesday, January 03, 2018

1. CALL TO ORDER AND ROLL CALL

Acting Chair White called the meeting to order and recognized a quorum.

Present: Jim Hill, Director, City of Arroyo Grande
Karen White, Acting Chair, Oceano Community Services District

District Staff: Richard Sweet, Technical Consultant
Gilbert Trujillo, District Legal Counsel
Amy Simpson, District Bookkeeper/Secretary

2. PLEDGE OF ALLEGIANCE

Director Hill led the Pledge of Allegiance.

3. AGENDA REVIEW

Approved as presented.

4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

Acting Chair White opened the Public Comment period.

Julie Tacker addressed the Agenda, specifically referring to Item 4. Public Comments On Items Not Appearing On Agenda, "Slanderous, profane or personal remarks against any Board Member, Staff or member of the audience shall not be permitted." She requested the Board rescind the censure of Director Hill, an investigation of Chair Shoals and increasing the Board to five members. She referenced a letter she submitted.

Patricia Price requested the Board rescind the censure of Director Hill and asked why the last meeting was canceled.

Ron Arnoldsen requested an investigation of Chair Shoals and asked why the last meeting was canceled.

Coleen Kubel requested an investigation of Chair Shoals.

Shirley Gibson stated that she does not think a bigger Board is necessary.

Acting Chair White closed the Public Comment period.

5. CONSENT AGENDA:

5A. Approval of Warrants

5B. Approval of Minutes of Meeting of December 06, 2017.

Acting Chair White opened the Public Comment period.

Julie Tacker commented on the warrants for Gilbert Trujillo, Technical Consultants, Human Resources, Payroll expense for Clemons, and Liebert Cassidy Whitmore.

Kris Victorine stated the Clemons settlement should be recorded as a settlement expense and not a payroll expense.

Patricia Price commented on the Liebert Cassidy Whitmore warrant.

Coleen Kubel asked why there was not a Cash Report for this period.

Acting Chair White closed the Public Comment period.

The Board discussed the Warrant Register and questioned the absence of a Quarterly Cash Report. Director Hill stated that he has concern over the Clemons settlement being recorded as payroll. He hopes the high legal costs will come down and in line with similar districts. He supports the hourly rate of legal counsel but does not support the Liebert, Cassidy, Whitmore warrant. Acting Chair White asked if the Liebert Cassidy Whitmore warrant is from previous periods. Technical Consultant Sweet responded that the settlement was processed that way because there is withholding the same as payroll and presently there is no other line item that would serve this purpose. He stated that he does not anticipate any further bills from LCW for any of these items.

Motion: Director Hill made a motion to approve the Minutes of December 06, 2017 as presented.

Second: Acting Chair White

Action: Approved unanimously.

Motion: Director Hill made a motion to approve the Warrant Register as presented with the exception of Liebert Cassidy Whitmore.

Second: Acting Chair White

Action: Approved unanimously.

6. ACTION ITEMS:

6A. ELECTION OF CALENDAR YEAR 2018 BOARD OFFICERS

Technical Consultant Sweet presented the Staff Report.

Acting Chair White opened the Public Comment period.

Julie Tacker stated that she supports Director Hill as the Chair.

Shirley Gibson stated that she supports the Oceano representative as the Chair.

Kris Victorine stated that she supports Director Hill as the Chair.

Ron Arnoldsen stated that he does not support Linda Austin as the Chair.

Coleen Kubel stated that she supports Director Hill as the Chair.

Richard Kubel stated that he supports Director Hill as the Chair.

Acting Chair White closed the Public Comment period.

Acting Chair White made a motion to nominate Director Austin as the Chair.

There was no second to this motion.

Director Hill stated that he would be willing to serve as the Chair for the next year.

Motion: Director Hill made a motion to continue this item to the next Board meeting.

Second: Acting Chair White

Action: Approved unanimously.

6B. ISSUANCE OF REQUEST FOR PROPOSAL FOR ENVIRONMENTAL SERVICES IN SUPPORT OF FUNDING OPPORTUNITIES FOR REDUNDANCY PROJECT

Technical Consultant Sweet presented the Staff Report. He stated that the value on 20 points change in funding over a thirty year time frame on a twenty million dollar project could be very valuable and it could mean a savings of millions of dollars. Michael Nunley was also present at the meeting and available for questions.

Acting Chair White opened the Public Comment period.

Julie Tacker asked if the loan would be reduced for the whole amount of the project because she believed only Oceano's fractional portion is where the benefit would lay. She asked that the bond market be considered. She believed Oceano would have to be retrofitted to qualify and the cost of retrofitting would outweigh the benefits to offset the loan.

Acting Chair White closed the Public Comment period.

Motion: Director Hill made a motion to approve the issuance of a Request for Proposals (RFP) for Environmental Services (RFP), attachment "A", in support of funding opportunities for the Redundancy Project.

Second: Acting Chair White

Action: Approved unanimously.

Acting Chair White stated that there had been a re-audit and the median household income for Oceano is lower than previously reported.

6C. REVIEW OF BRINE PROGRAM

Technical Consultant Sweet presented the Staff Report. He stated that the change of haul route was largely in response to neighborhood concerns. He also stated that the District has an aggressive brine testing program.

Acting Chair White opened the Public Comment period.

Brad Snook commented on the regulations of the brine program, the route of the brine trucks and asked to work with staff to improve or phase out the brine program.

Julie Tacker commented on the amount of brine Cambria would like to bring to the plant and the impact it would have in the near future with regard to recycled water. She asked about the environmental impact of the route change.

Acting Chair White closed the Public Comment period.

The Board shared the concerns of the commenters.

Action: Receive and File Report.

6D. NOTICE OF VIOLATION: REQUEST TO EXECUTE "ACCEPTANCE OF CONDITIONAL RESOLUTION AND WAIVER OF RIGHT TO HEARING"

Technical Consultant Sweet presented the Staff Report. He stated that on December 12, 2017, the Central Coast Regional Water Quality Control Board notified the District that it had violated its effluent limitations from July 31, 2015 to May 3, 2017.

Acting Chair White opened the Public Comment period.

Julie Tacker agreed that the Board should accept the offer from the water board. She asked that the Board correct the record to show that the fines occurred during July of 2015 when there was emergency action to repair the influent pipeline.

Acting Chair White closed the Public Comment period.

Director Hill stated that it is valuable to make sure the record is accurate and is confident that it is on the water board website and he hopes the District admits that we did have the violations and strongly supported the staff recommendation.

Motion: Director Hill made a motion to adopt Resolution 2018-384; a resolution of the Board approving the “Acceptance of Conditional Resolution and Waiver of Right to Hearing” and direct the Technical Consultants to execute the “Acceptance of Conditional Resolution and Waiver of Right to Hearing” and authorize payment of nine thousand dollars (\$9,000) as a “mandatory minimum penalty” for violations occurring from July 31, 2015 to May 3, 2017.

Second: Acting Chair White

Action: Approved unanimously.

6E. CALL FOR BIDS; BIOSOLIDS HANDLING FACILITY PROJECT

Technical Consultant Sweet presented the Staff Report. He stated that the Biosolids Handling Facility Project is actually a 20 x 20 reinforced concrete pad with drainage and curbing for containment that sits on the East side of the Centrifuge building. This project will allow sludge to be disposed of in the most economical way possible. He confirmed there is a Coastal Commission permit on this project.

Acting Chair White opened the Public Comment period.

Patricia Price asked for clarification of the project description.

Acting Chair White closed the Public Comment period.

Motion: Director Hill made a motion to authorize the call for bids for the “Biosolids Handling Facility Project.”

Second: Acting Chair White

Action: Approved unanimously.

6F. TECHNICAL CONSULTANTS AND PLANT OPERATIONS REPORT

Technical Consultant Sweet presented the Staff Report. He stated that work continues on the Redundancy Project and staff is presently evaluating recommendations on sludge thickening processes. There is much discussion still continuing on Regional Collaboration on the RGSP project. He stated that staff is extremely frustrated with the inability to bring the audit before the Board and that the auditors say it will be February before it is brought forward. The Operations report showed that the numbers at the plant are extremely good at this point.

Director Hill asked staff to look into the chlorine usage and reporting issue so that actual chlorine being used daily reflects the number reported.

Acting Chair White opened the Public Comment period.

Kris Victorine shared the frustration with the audit and is concerned that late audits will affect financing.

Ron Arnoldsen commented on a previous commenters comment about missing money.

Julie Tacker stated that the numbers look good due to the Grit Removal and Bar Screen process coming on line and thanked Mr. Clemons for initiating those projects.

Patricia Price asked if the dates should be corrected on the Operations report to December 2016 average instead of December 2017 average.

Acting Chair White closed the Public Comment period.

The Board had a discussion regarding completion of the 2016/17 audit and Technical Consultant Sweet stated that staff has requested the auditors start the next audit as soon as possible.

Action: The Board received and filed this report.

7. MISCELLANEOUS ITEMS

7A. Written Communications

Technical Consultant Sweet stated that a letter was received from Julie Tacker and is available for review upon request.

8. BOARD MEMBER COMMUNICATIONS

Director Hill stated that he would like to have an agenda item at a future meeting to discuss increasing the Board to five members.

9. CLOSED SESSION

PUBLIC EMPLOYEE APPOINTMENT: pursuant to Government Code Section 54957(b) (1)
Title: District Administrator/Interim District Administrator

CONFERENCE WITH LEGAL COUNSEL: ANTICIPATED LITIGATION:
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9: (one case)

Acting Chair White opened the Public Comment period.

Kris Victorine questioned why the discussion of appointment of an Administrator is in closed session considering the Board at the last meeting specifically asked how the public could be involved.

Ron Arnoldsen commented on a previous commenters comment about missing money.

Coleen Kubel stated that a three panel Board should not choose their own Chair.

Julie Tacker questioned Closed Session for Anticipated Litigation.

Acting Chair White closed the Public Comment period.

The Board adjourned to Closed Session at 8 p.m.

Action: District Legal Counsel Trujillo announced that there was no reportable action for both matters.

10. ADJOURN MEETING

The meeting was adjourned at 8:29 p.m.

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



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STAFF REPORT

Date: January 17, 2018
To: Board of Directors
From: Richard Sweet and Paul J. Karp, Technical Consultants
Subject: **ELECTION OF CHAIR AND VICE CHAIR FOR THE 2018 CALENDAR YEAR – CONTINUED FROM BOARD MEETING OF JANUARY 3, 2018**

RECOMMENDATION:

The Board consider and elect a Chair and Vice Chair for the 2018 Calendar Year.

BACKGROUND AND DISCUSSION:

At the Board Meeting of January 3, 2018, there were two Board Members in attendance. A nomination was made for Board Chair with no second to the motion. Director Hill made a motion to continue the item to the next Board meeting.

The meeting of December 20, 2017 was the last regular meeting of the 2017 calendar year; however, that meeting was cancelled. The item was then agendaized for the January 3, 2018 meeting and due to the motion above, the item is before the Board this evening.

Section 1 of the District Bylaws state:

- 1.1** The Chair and Vice Chair of the Board shall be elected annually at the last regular meeting of each calendar year.
- 1.2** The term of office for the Chair and Vice Chair of the Board shall commence on January 1 of the year immediately following their election.



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STAFF REPORT

Date: January 17, 2018
To: Board of Directors
From: Richard Sweet and Paul J. Karp, Technical Consultants
Subject: **CONSIDERATION OF FINANCIAL PLAN UPDATE; APPROVE
PREPARATION WITHIN PROVISIONS OF EXISTING CONTRACT WITH
BARTLE WELLS ASSOCIATES**

RECOMMENDATION:

That the Board consider and authorize the preparation of a Financial Plan Update within the existing contract with Bartle Wells Associates.

BACKGROUND:

In April 2017, the Board was presented with a Financial Plan Update prepared by Alex Handler with Bartle Wells Associates, copy attached. The purpose of the report was to provide the District with information necessary to apply for State Revolving Funds in support of the Redundancy Project.

Bartle Wells Associates has a contract with a not-to-exceed amount of \$18,500. Current expenditures to date applied to the existing contract are \$10,300, leaving \$8,200 remaining in the present contract.

DISCUSSION:

Since the preparation of the last Financial Plan Update in April 2017, the estimate to construct the Redundancy Project has risen from approximately \$20 million to \$24 million; questions have arisen regarding reserve funding for the Redundancy Project, and District expenditures differ from those projected in the previous Financial Plan Update. These items would be addressed in a Financial Plan Update. The Board may have other items they may wish to address within the Plan Update.

Discussions with Bartle Wells indicate they can perform the Financial Plan Update within the \$8,200 remaining in the existing contract.

Options

1. Authorize the preparation of a Financial Plan Update within the authorization provided by the Board in the existing contract with Bartle Wells Associates. This is the staff recommendation.
2. Direct the preparation of a separate contract with Bartle Wells Associates to prepare a Financial Plan Update.
3. Direct the preparation of a Request for Proposals to solicit other vendors for preparation of a Financial Plan Update.
4. Determine that preparation of a Financial Plan Update is unnecessary.
5. Other direction provided by the Board.

Fiscal Considerations

The Financial Plan Update will be paid for out of Fund 19-7082 entitled "Prof Services – Fiscal Services."

Attachment: Financial Plan Update dated April 12, 2017

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 maching	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

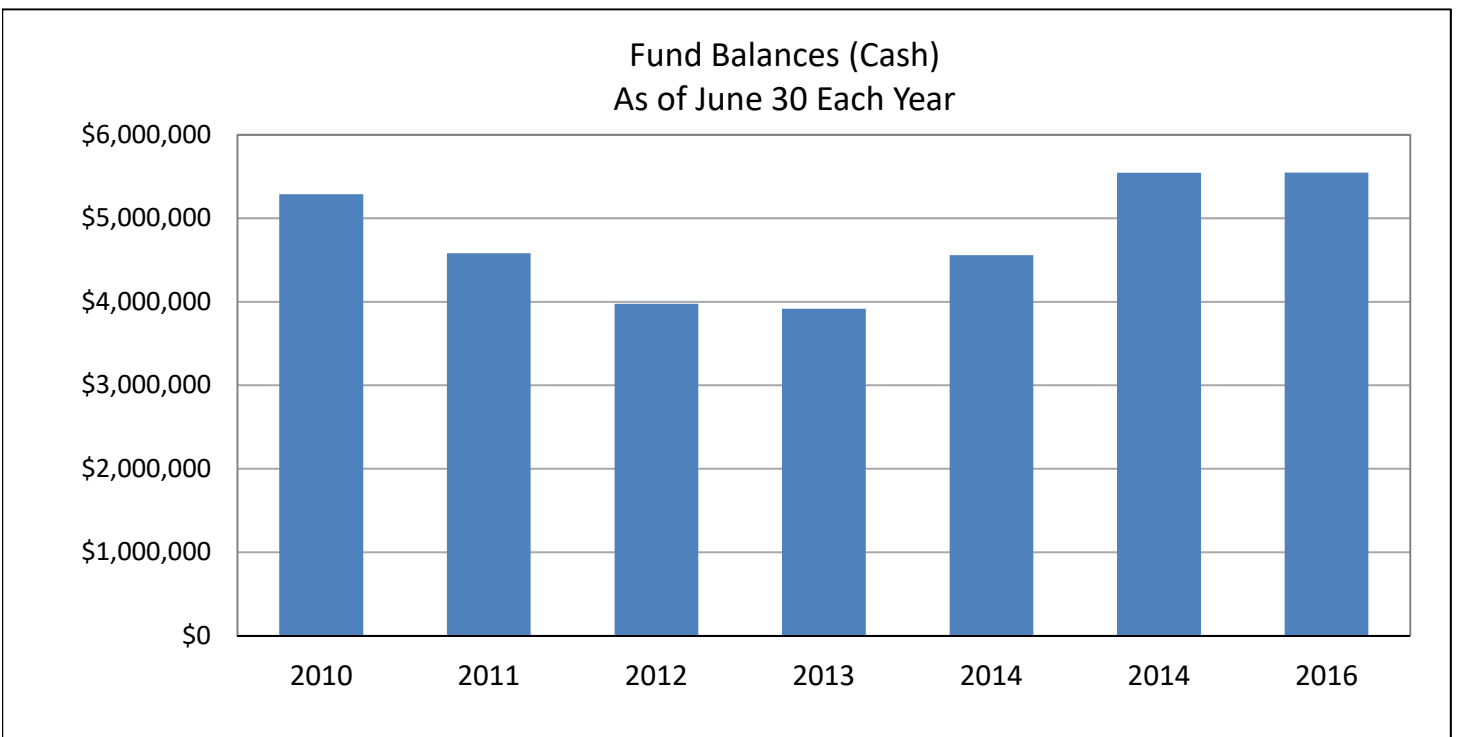


Table 3
South San Luis Obispo County Sanitation District
Historical & Budgeted Revenues

	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;
SSLOCS D 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.

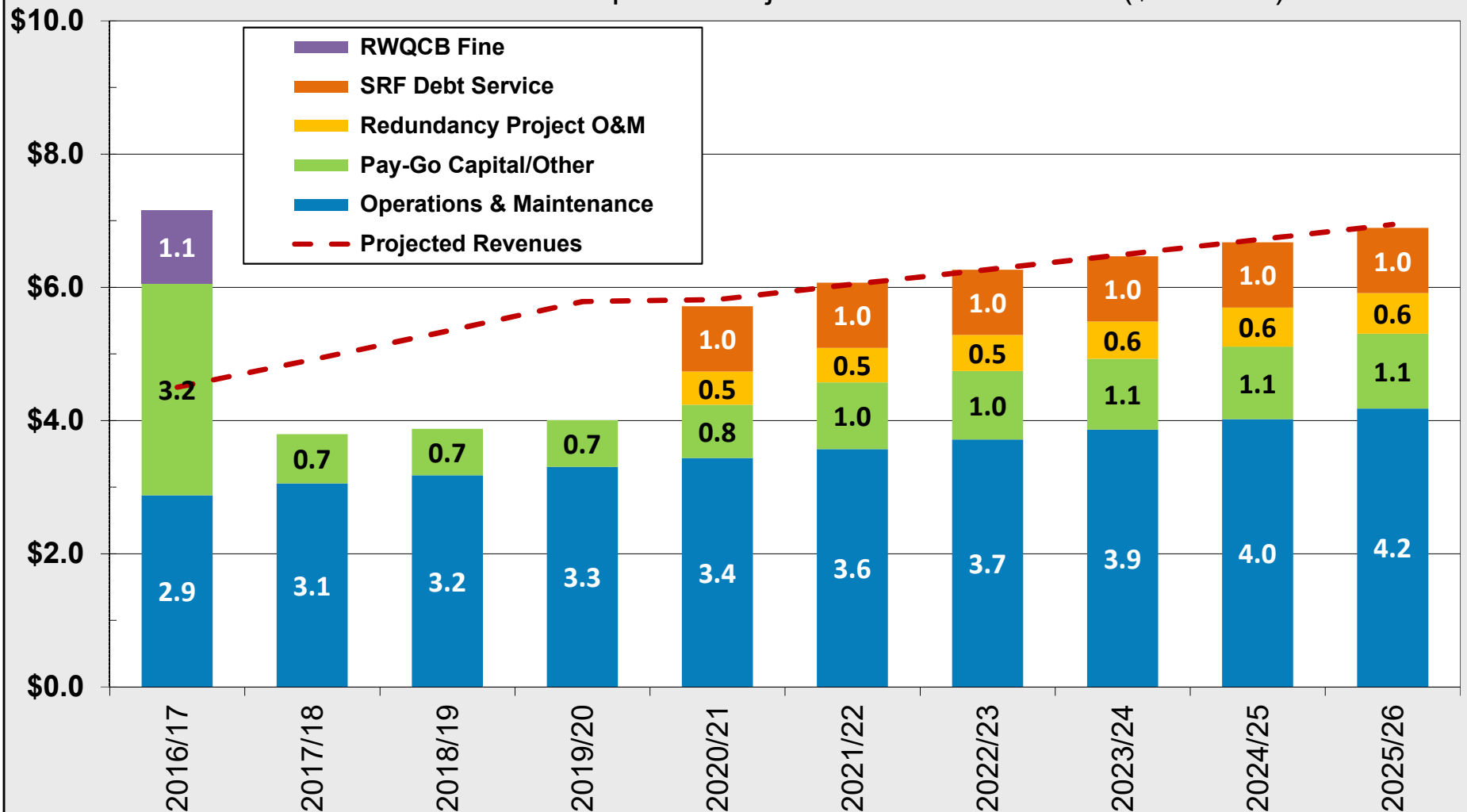
Table 8 - South San Luis Obispo CSD Wastewater Cash Flow Projections (SRF)					Years 1 - 5
	2016/17	2017/18	2018/19	2019/20	2020/21
	Adopted	Adopted	Adopted	Adopted	
Monthly Residential Sewer Charge	\$19.60	\$21.56	\$23.52	\$25.48	\$25.48
Monthly Increase		\$1.96	\$1.96	\$1.96	\$0.00
Residential Connection 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	-	-			

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.

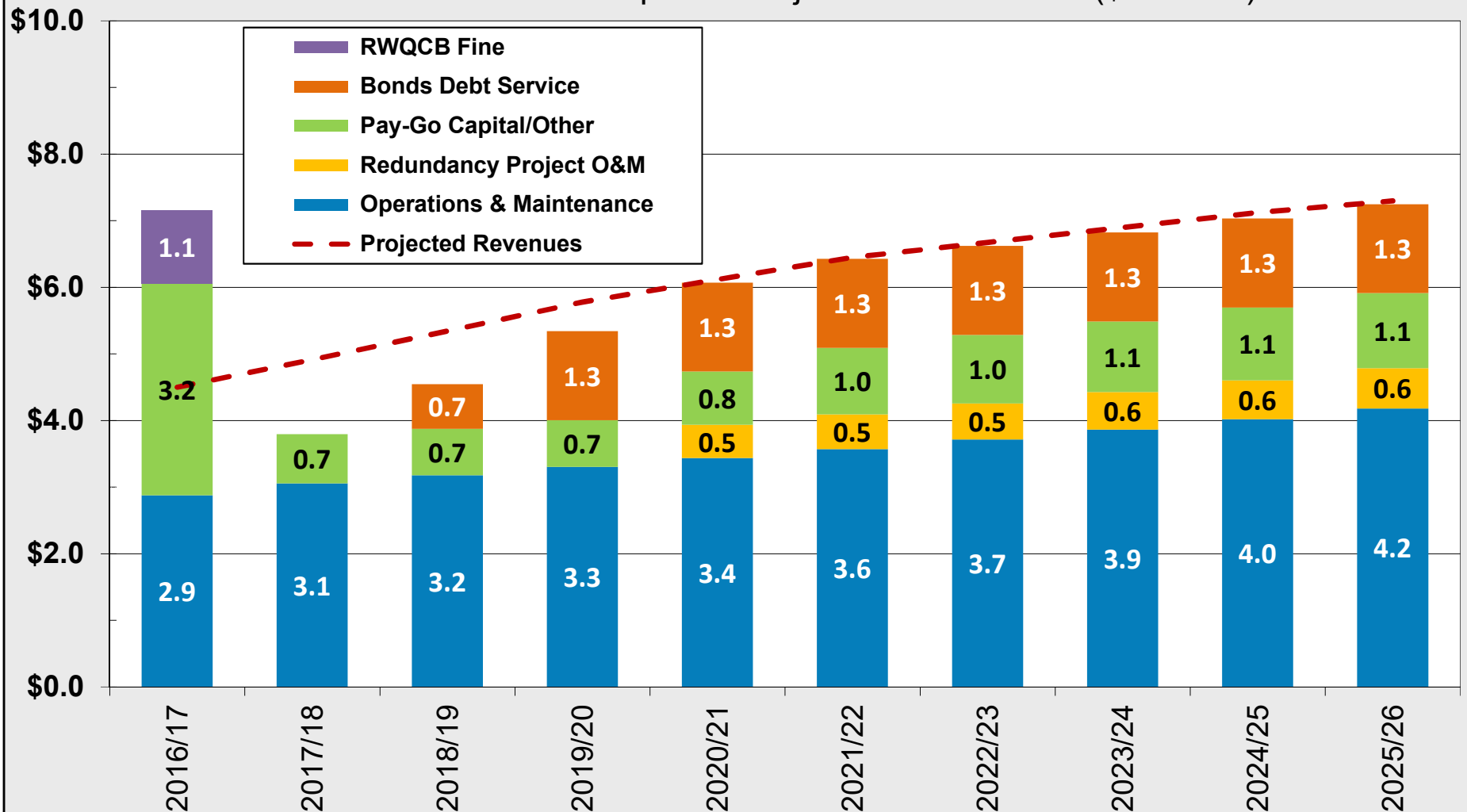
Table 8B - South San Luis Obispo CSD Wastewater Cash Flow Projections (Bonds)					Years 1 - 5
	2016/17	2017/18	2018/19	2019/20	2020/21
	Adopted	Adopted	Adopted	Adopted	Projected
Monthly Residential Sewer Charge	\$19.60	\$21.56	\$23.52	\$25.48	\$27.00
Monthly Increase		\$1.96	\$1.96	\$1.96	\$1.52
Residential 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.



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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STAFF REPORT

Date: January 17, 2018
To: Board of Directors
From: Richard Sweet and Paul J. Karp, Technical Consultants
Subject: **CONSIDERATION OF BUDGET ADJUSTMENT IN SUPPORT OF
PRIMARY DIGESTER NO. 1 REPAIR**

RECOMMENDATION:

That the Board adopt Resolution No. 2018-385 allocating an additional \$466,200 to Fund 26 line item 2017 B1-07 entitled "Primary Digester No. 1 Repair."

BACKGROUND:

There are two digesters at the plant. The Primary Digester Number No. 1 (Digester) is the District's primary facility for processing biosolids. The cleaning of the Digester was recently completed. Upon completion of the cleaning of the Digester, inspection and analysis of the Digester's various components was undertaken. The last time the Digester was cleaned and inspected was 2005. The recent inspection identified two items in a report of the inspection and analysis of the Digester coordinated by MKN Associates (copy attached).

The following was noted:

"MCS Inspection Group noted that the interior coating had failed. Recommend removal of existing coating and recoating of all interior surfaces. It is anticipated that a skim coat of mortar will be required to fill any bug holes or inconsistencies in the existing surface and provide a sound surface to prepare and apply the new coating to."

The coating protects the concrete interior of the Digester against the highly caustic environment. The present coating of the Digester has been in place since the Digester was constructed in 1965.

MKN Associates has estimated the cost of recoating the Digester at \$575,000.

The second item needing repair is the digester mixing valves. These valves are on the exterior of the digester and were not evaluated in the report. The digester mixing valves are a set of two twelve-inch (12") and two fourteen-inch (14") valves that regulate fluid input to the Digester to serve as process control. These valves have been in place since the original installation in 1965

and have become deteriorated to the extent that the operation of the valves range from difficult to inoperable. To facilitate replacement of the valves the Digester must be out of operation. The District owns replacement valves. Replacing the old valves with the new District owned valves require employing a contractor. The estimated construction cost for the project is \$32,000.

The estimated cost for design, inspection and construction management for the Digester Recoating Project is \$51,000. The estimated cost for design, inspection and construction management for the Digester Mixing Valve Replacement Project is \$8,200.

The chart below summarizes the project costs associated with the repair of the Digester.

Item	Project	Digester Recoating	Valve Replacement	Total
Contract		\$575,000	\$32,000	\$607,000
Design, Inspection, Construction Mgmt		\$51,000	\$8,200	\$59,200
Total		\$626,000	\$40,200	\$666,200

DISCUSSION:

The 2017-18 Budget, Fund 26 line item 2017 B1-07 identifies an item entitled, "Primary Digester No. 1 Repair" in the amount of \$200,000. Anticipating the cost to repair a digester while the digester is full, is difficult at best. It is evident that the amount budgeted is insufficient to cover the cost of necessary repairs. It is therefore requested that an additional allocation of \$466,200 be placed in line item 2017 B1-07. This amount will be drawn from Fund 19 Beginning Fund Balance.

Options

1. Allocate an additional \$466,200 to the District's fiscal year 2017-18 Budget, Fund 26 line item 2017 B1-07 from the cash balance held by the County of San Luis Obispo to fund the repair of primary digester number 1. This is the staff recommendation.
2. Decline to allocate additional funding for repair of the digester.
3. Provide other direction to staff.

Fiscal Considerations

The additional allocation of funds for the rehabilitation of the Digester does not appear to adversely impact projected overall cash balance as defined in the Financial Plan Update, dated April 2017. Inclusion of this expenditure within a new Financial Plan Update would be prudent.

Attachment: Technical Memorandum – Digester No. 1 Condition Assessment

RESOLUTION NO. 2018-385

A RESOLUTION OF THE SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT BOARD OF DIRECTORS APPROVING AN ADDITIONAL ALLOCATION OF \$466,200 TO THE DISTRICT'S 2017-18 FISCAL YEAR BUDGET FUND 26 LINE ITEM 2017-B1-07 ENTITLED "PRIMARY DIGESTER NO. 1 REPAIR" FROM THE DISTRICT'S CASH BALANCE HELD BY THE COUNTY OF SAN LUIS OBISPO

WHEREAS, the District's Primary Digester No.1 (Digester) is the District's primary facility for processing biosolids; and

WHEREAS, the Digester was recently cleaned which allowed an assessment of the condition of the Digester; and

WHEREAS, a Technical Memorandum which presented the results of inspection and testing of the Digester was prepared by MKN Associates; and

WHEREAS, the Technical Memorandum determined that the existing coating of the Digester interior walls had failed; and

WHEREAS, the Digester mixing valves have become difficult or impossible to operate; and

WHEREAS, the present amount allocated to Primary Digester No. 1 Repair in the District's 2017-18 Fiscal Year Budget is \$200,000; and

WHEREAS, the estimate to repair the Digester by recoating the Digester and replacing the digester mixing valves is \$666,200; and

WHEREAS, an additional budget allocation of \$466,200 is required to complete the Repair of the Primary Digester.

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

Approve an additional allocation of \$466,200 to the 2017-18 fiscal year budget, Fund 26 line item 2017-B1-07 entitled "Primary Digester No. 1 Repair" from the District's cash balance held by San Luis Obispo County.

PASSED AND ADOPTED at a regular meeting of the South San Luis Obispo County Sanitation District Board of Directors held this 17th day of January 2018.

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

AYES:

NOES:

ABSENT:

CONFLICTS

RESOLUTION 2018-385

Page 2

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the South San Luis Obispo County Sanitation District held this 17th day of January, 2018.

**CHAIR
BOARD OF DIRECTORS
SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**

ATTEST:

DISTRICT SECRETARY

APPROVED AS TO FORM:

BY: _____
**GILBERT A. TRUJILLO
DISTRICT CO-LEGAL COUNSEL**

CONTENTS:

BY: _____
**PAUL J. KARP OR RICHARD SWEET
TECHNICAL CONSULTANTS**

Technical Memorandum

To: Richard Sweet, Technical Consultant
South San Luis Obispo County Sanitation District

From: Jon Hanlon, PE
Cris Swain, EIT

Date: November 28, 2017

Re: South San Luis Obispo County Sanitation District – Digester #1 Condition Assessment

INTRODUCTION AND BACKGROUND

Constructed in 1965, Digester No.1 has an inside diameter of 70 feet, and has a normal water level of 24 feet. The reinforced concrete structure is fitted with a steel dome roof, and features nozzles for tank mixing. The structure underwent upgrades in 1979 and 1990 to improve heating and mixing, repair concrete surfaces, remove an interior steel baffle wall, and to re-seal the dome roof. The digester was cleaned and inspected in approximately 2005. Based on our review of existing information and discussions with staff, it does not appear the interior coatings have been replaced or repaired since the original construction.

SSLOCSD staff and MKN have observed external cracking and areas of leakage from the digester. Much of the cracking appears to be in a grid pattern consistent with the rebar placement. Interior digester coatings can be expected to last up to 20 years, thus it is expected that the interior coating has reached the end of its useful life.

The District has emptied and cleaned the digester and has retained Michael K. Nunley and Associated (MKN) to perform a condition assessment. MKN's subconsultants MCS Inspection Group and Earth Systems Pacific visited the site to take samples and perform various field and laboratory tests to determine the condition of the digester and inform the extent of necessary rehabilitation. Summaries of the visual assessment and testing, along with repair recommendations, are provided herein.

EXISTING CONDITIONS

Coatings: The interior coating of the digester walls has failed throughout the entire surface. For example, coating on concrete walls has blisters ranging in size from ½" to 3." MCS Inspection Group believes that most blisters have liquid behind them. From what could be seen the interior, the roof did not have any coating and had developed a layer of surface rust. The thickness of the roof was measured from the exterior. All areas checked were ¼" thick. Some areas of the exterior roof coatings have lifted and rust is present. The steel in these areas is still ¼" thick.

- MCS Inspection Group noted that the interior coating had failed. *Recommend removal of existing coating and recoating of all interior surfaces. It is anticipated that a skim coat of mortar will be required to fill any bug holes or inconsistencies in the existing surface and provide a sound surface to prepare and apply the new coating to.*

- The interior roof was not coated and was showing signs of surface rust. *Recommend blasting the roof interior in preparation for coating and performing additional inspection after scaffolding is erected by coating contractor.*
- Fasteners on the interior of the tank had degraded and were missing on some piping. *Recommend replacing all interior fasteners with 316 SS.*
- Coatings on roof anchor points degrading and lifting with rust bleeding out. *Recommend replacement of exterior coatings in the anchoring areas.*
- Some areas of the exterior roof coatings have lifted and rust has bled out. *Recommend surface preparation, applying corrosion inhibitor to underlying steel, and repairing coatings in these places.*

Concrete: The digester concrete was inspected visually at the WWTP and tested at Earth Systems Pacific's San Luis Obispo laboratory. Visual inspection noted horizontal cracking along walls, spaced similarly to the horizontal reinforcement locations. Minor spalling was observed where the handrail attaches to the top of the concrete wall. Several leaks were seen on the exterior of the structure, evidenced by staining on the concrete. Leakage was also seen near the lower mixing nozzle on the inside face of the tank wall. It was also noted that water ponds on the top of the concrete wall on the northern side of the digester and flows over the wall.

Testing involved compressive strength determination and carbonation investigation of 5 samples. Two samples were taken at 1.3 feet above grade, two at 6 feet above grade, and one at 12 feet above grade. Compressive strengths of samples taken ranged from 5,500 psi to 7,500 psi. One sample was taken in an area that had extensive cracking. It appeared that the area had been previously repaired with a crack sealing technique such as epoxy injection. Rebar observed when taking this core appeared to have undergone minor corrosion. No other rebar encountered appeared to have undergone corrosion. Carbonation depth in concrete is used as an indication of how well concrete is protecting rebar from exposure to elements and degradation. Depth of carbonation from the interior of the digester was generally less than 0.10 inches. Depth of carbonation from the exterior ranged from 0.20 to 0.50 inches. According to available record drawings, rebar is covered by 2 inches of concrete on both the interior and exterior of the digester walls. The rate of carbonation generally decreases over time. It is generally assumed to be proportional to the square root of time. Since the concrete has carbonated 0.50 inches after approximately 50 years, it is estimated that an additional 0.25 inches will carbonate over the next 50 years. This will leave a total of 1.25 inches of non-carbonated concrete covering the rebar, which does not raise concerns about risk to underlying rebar.

- Earth Systems Pacific noted horizontal cracking along walls, spaced similarly to the horizontal rebar locations. *No repair recommended.*
- Leakage was observed on the tank interior near the tank floor. *Recommend performing epoxy injection into cracks before repairing coatings.*
- Carbonation depth was measured to be up to 0.10 inches on the interior of the tank, and up to 0.50 inches on the exterior of the tank. *No repair recommended.*
- Spalling was observed where handrail attaches to top of concrete walls. *Recommend applying corrosion inhibitor to any exposed rebar and fill voids with epoxy modified mortar.*
- Significant spalling was observed on the supernatant box. Rebar is exposed and visibly rusted. *Recommend treating rebar with corrosion inhibitor, coating with an epoxy, and patching with epoxy modified mortar.*

Attachments:

Opinion of Probable Construction Cost

MCS Inspection Group Report

Earth Systems Pacific Report

South San Luis Obispo County Sanitation District
Digester #1 Rehabilitation
DRAFT OPINION OF PROBABLE CONSTRUCTION COST

Item	Description	Quantity	Unit	Unit Price	Amount
Base Bid Items					
1	Mobilization/Demobilization	1	LS	\$ 10,000	\$ 10,000
2	Skim Coat Interior with Mortar	5,300	SF	\$ 10	\$ 53,000
3	Interior Coating	9,200	SF	\$ 40	\$ 368,000
4	Touch Up Exterior Coating	1	LS	\$ 10,000	\$ 10,000
5	Clean and Touch Up Exterior Appurtenances	1	LS	\$ 10,000	\$ 10,000
6	Repair Interior Active Leak	1	LS	\$ 7,500	\$ 7,500
7	Repair Concrete Spalling on Exterior	1	LS	\$ 15,000	\$ 15,000
8	Replace Interior Fasteners with SS	1	LS	\$ 5,000	\$ 5,000
<i>Sub Total (Bid Items 1 - 10)</i>					\$479,000
Contingency 20%					\$96,000
Total					\$575,000

Prepared By: Jon Hanlon, PE
Prepared on: 11/28/2017

The opinion of probable construction cost presented here is only an opinion of possible construction costs for budgeting purposes. This opinion is limited to the conditions existing at issuance and is not a guaranty of actual price or cost. Uncertain market conditions such as, but not limited to, local labor or contractor availability, wages, other work, material market fluctuations, price escalations, force majeure events and developing bidding conditions, etc. may affect the accuracy of this estimate. MKN & Associates, Inc., is not responsible for any variance from this budgetary opinion of construction cost or actual prices and conditions obtained. The opinion of probable construction cost is based on the draft design plans prepared for the District; addition or subtraction of design elements will impact the final project cost.

NACE Certified Inspection Services, MCS Inspection Group
rusty@mccsinspectiongroup.com 805-610-5455

Attention: Cris Swain
Michael K Nunley & Associates, Inc
October 19, 2017

RE: Sludge Digester, Arroyo Grande CA
Cris

MCS Inspection inspected Digester located in Arroyo Grande CA on 10/13, upon entering Digester it was noticed that interior was completely cleaned out with small amount of water circling the center of the digester roughly 20' across, Concrete floor of Digester was carefully checked for any stress cracks and none could be found, Floor has no coating, Concrete floor of Digester is in good condition with no major problems found.

Walls of Digester are thoroughly checked and existing coating has failed throughout entire surface. The coating on the concrete walls have reached the end of its life and should be replaced. Coating on concrete walls is littered with blisters ranging in size from ½" to 3" in size. One of these 3" blisters I popped and liquid was behind it. It is safe to assume all or most blisters are the same way. Other areas of coating were noted as loosely adhered and when scraped came off easily with knife. Other areas of coating on concrete wall surface is missing and concrete is exposed, at this time I did not see any areas of concrete itself that needed to be repaired. The only damage was to the coating and needs to be replaced by sand blast method to rough up concrete surface to get new coating to tightly adhere to surface, after new coating has fully cured holiday inspection should be done to ensure there are no holes in new coating.

Interior roof is made of ¼" steel plates connected by 6" I beam. From what could be seen plates and beam do not have any coating and are rusted with surface rust only and can be sandblasted and coated. No major rusting in any location was observed. A more detailed look at interior steel roof and structure should be done with what's called an inspection blast. Scaffolding should be built and several areas to be sandblasted to be able to get a better look at interior roof and structure to ensure no major issues are found. After inspection blast it is MCS recommendation interior of roof and structure be sandblasted and coated to prolong the life of interior roof and structure.

All piping nuts and bolts on interior of digester should be replaced with Stainless Steel.

Exterior of roof was tested in several areas using a calibrated ultrasound depth gauge, all surfaces checked are ¼" in depth. There are several small areas on exterior roof where coating has cracked lifted and rust has bled out. These small areas of steel are still ¼" thick. only surface rusting at this time but should be repaired before they get worse. Exterior shell of digester appears in good condition with no major areas of concern found

Rusty Pauls
NACE Certified Inspector #10726



Coating chipped off and blisters noted on coating



Blister MCS Inspector popped filled with liquid



Bolt head missing from flange



Blisters seen on walls are cracking filled with liquid



Coating has fallen off in numerous areas



Area of blisters that have already popped, perhaps from pressure washing when cleaned



Exterior roof minor cracking peeling in coating



All of roof bolt on areas should be prepped and recoated



Roof hand rail in good condition



November 17, 2017

FILE NO.: SL-18197-SA

Mr. Chris Swain
Michael K. Nunley & Associates, Inc.
P.O. Box 1604
Arroyo Grande, CA 93420

PROJECT: SOUTH SAN LUIS OBISPO COUNTY WASTEWATER TREATMENT PLANT
DIGESTER TANK TESTING
OCEANO, CALIFORNIA

SUBJECT: Results of Visual Evaluation and Testing of Concrete for Digester No. 1

REF: 1) Consultant Services Agreement between Michael K. Nunley and Associates, Inc. and Earth Systems Pacific, executed October 3, 2017
2) As-Built Plans, Water Pollution Control Plant, So, San Luis Obispo Co. Sanitation District, San Luis Obispo County, California, by Harry N. Jenks – John H Jenks, Consulting Sanitary Engineers, Dated December 1964

Dear Mr. Swain:

In accordance with the referenced agreement (Ref. No. 1), Earth Systems Pacific (Earth Systems) performed a visual evaluation of Digester No. 1 at the South San Luis Obispo County Sanitation District Wastewater Treatment Plant in Oceano, California. The intent of the evaluation was to determine insofar as practicable, the condition of the concrete structure with respect to deterioration and other signs of distress. Earth Systems' scope of services included the following tasks:

- Locating reinforcing steel in the concrete structure at five planned locations using a DR-meter.
- Visually observing the condition of the concrete on the exterior and interior of the digester structure.
- Coring of the structure in five locations requested by a representative of Michael K. Nunley and Associates (MKN). Cores were 1 to 3 inches in diameter.
- Patching of the core locations using non-shrink grout.
- Assess and measure the depth of concrete carbonation on the cores using a 1 percent phenolphthalein solution in isopropanol alcohol.
- Testing of the five cores for compressive strength per ASTM C42.
- Preparation of this report.



Project Description

Digester No. 1 at the wastewater treatment plant (WWTP) is a reinforced concrete structure with an interior diameter of 70 feet and maximum interior wall height of 25 feet, with a domed steel roof, according to the referenced plans (Ref. No. 2). The concrete walls are 18 inches thick. The original tank included a 50-foot diameter steel tank centered within the concrete tank. This steel tank was later removed. The digester is partially buried below the ground surface. Approximately 14 feet of the structure protrudes above the ground with the remaining portion below grade. The floor of the structure falls to the center with an elevation difference of approximately 8 inches. Several pipe penetrations are present around and through the structure; some of the piping has been removed. There is one main access on the side of the tank just above the exterior grade. The tank is used to process and treat sludge in an anaerobic environment where solids are broken down and subsequent gasses (methane, hydrogen sulfide, and other gases) are released. To provide an anaerobic environment and capture off-gassing, the structure is completely enclosed. Photo 1, below, is the subject structure looking west.



Photo 1 – Digester No. 1 Looking West



Two sets of design drawings for tank retrofits were provided, one from 1979 and the other from 1990. The retrofits entailed new piping, cleaning, removal of the internal steel shell, and application of coatings on the interior of the tank.

Plant staff intends to continue to use Digester No. 1 if feasible. This evaluation and subsequent rehabilitation of Digester No. 1 is a part of the ongoing maintenance program at the plant.

Site Reconnaissance and Observations

Earth Systems' staff visited the site on four occasions to locate reinforcing steel, to the degree practicable, in the concrete structure at core locations using a DR meter, core the exterior wall of the tank at locations indicated by MKN, observe the conditions of the interior and exterior of the structure, and patch the core locations. Coring of the five locations was performed on October 17, 2017 by Coastal Demo of Grover Beach, California. The core locations as well as some of the observations made during the coring can be found on pages 6 and 7.

Exterior

The exposed portion of the exterior of the structure indicates the concrete for the tank walls was likely placed in three concrete placements. The first placement is estimated to extend to just below the exterior grade and the second to approximately 7 feet above the exterior grade. This assessment is based upon the areas of less apparent consolidation just above these elevations which tends to occur at the base of a concrete wall placement. The concrete below the joint appears to have been sufficiently consolidated and much of the cement paste is still present. Above this joint, aggregate is exposed and the cement paste has been worn away. This can be seen in Photo 1 where the concrete appearance changes immediately above the indications of the formwork.

Horizontal cracks were also observed along the walls. Some of this cracking appears to be spaced similar to the horizontal rebar locations while other cracks appear to indicate layers of the concrete as it was placed. While leaking water was not observed during the site reconnaissance, there is evidence of leaking in a few locations as indicated by staining on the exterior of the tank. Some of these locations can be seen on the following page in Photo 3 looking east at the tank. Based upon the core in this location, it appears there was a sealing of some of the cracks as the exterior rebar in this area was rusted, the pH of the core was variable, and the visual appearance of the core after compression testing. The time this sealing occurred is unknown. Photos of the entire perimeter of the exposed portion of the tank are attached.



Photo 2 – Rusty Rebar on East of Tank



Photo 3 – Digester No. 1 Looking East

The top of the concrete wall appears to be in relatively good condition with very minor spalling likely due to railing attachments, either new or old as can be seen in the Photo 19 which can be found in the attachments. The northern portion of the tank has an area where water appears to pond and then flow over the wall. The water at the top of the wall can be seen in the attached exterior pictures on Photo 20; the wall below in Photo 9.

The connections of the steel roof to the concrete wall are generally rusted with minor rust visible on the steel roof itself. The roof connections and roof can be seen in attached photos 21 and 22, respectively.



Interior

Earth Systems staff entered the digester through the side manway to observe the conditions of the interior of the structure. The interior of the structure had recently been cleaned after it was emptied. The wall had a coating over the concrete surface. However, the date of the application of the coating or the number of layers is unknown. The majority of the wall surfaces and floor were generally smooth. The ring where the internal steel shell had previously sat is visible on the tank floor as can be seen in Photo 4 below along with areas of the coating that have delaminated which were predominately on the lower foot of the tank. No significant cracks or delamination of the coating above this lower area were observed on the interior of the tank.



Photo 4 – Interior Conditions of Walls and Slab

Minor leakage was observed on the interior of the tank at the lower 12-inch mixing nozzle on the south side of the tank. This can be seen below on Photo 5.



Photo 5 – Leakage Near Lower Mixing Nozzle



Coring, Carbonation Testing, and Compressive Strength Testing

Three-inch diameter cores were taken in five locations of the structure. Prior to coring, a DR-meter was used to identify the approximate location of reinforcing steel in the exterior of the structure in an effort to avoid hitting the steel during coring. In a few locations, rebar was encountered in the front face or the back face. Where rebar was encountered, the coring was stopped in order to avoid damage to the rebar. Where the rebar was in the exterior face of the wall, the core location was moved slightly to avoid the rebar. Where the rebar was on the interior face of the wall, the core size was reduced to avoid re-coring the entire thickness and avoid the rebar. Due to the thickness of the wall, the cores had to be taken in two pieces.

The locations of the cores are identified below. After coring, the locations were patched with non-shrink grout. Due to the requirement of not having any material exposed in the face of the patches, adhesive film and epoxy were used to secure the temporary forms to the tank. Initial grouting operations failed the bond between the form and the tank. Therefore, after resealing the form to the tank, the cores were partially grouted with the second lift of grout placed the following day to allow the first lift to set.

After transporting the cores to Earth Systems' laboratory in San Luis Obispo, a carbonation test was performed using 1 percent phenolphthalein solution in isopropanol alcohol. The depth of carbonation, identified as the areas of the cores that did not turn pink after the phenolphthalein indicator solution was applied, was measured, at each face, in four locations around the cores. After testing for carbonation, the cores were sized to appropriate lengths for compressive strength testing per ASTM C 42. Where solid cores were available, two compression samples were cut; Cores 2 and 3.

The following are the locations and notes regarding the coring operations. All location distances were measured in feet counterclockwise from the center of entry port into digester, and above the exterior grade. Carbonation depth measurements, in inches, were taken at 4 locations on each end of the core.

Core 1 Location: 73.5 feet, 1 foot above exterior grade

Compressive Strength: 6,720 psi

Carbonation Measurements (in.) - Exterior: 0.25, 0.40, 0.35, 0.20

Carbonation Measurements (in.) - Interior: 0.00, 0.05, 0.00, 0.00

Coring Summary: Encountered horizontal rebar near outside surface, no damage, broke off core and shifted location up. Cored until we encountered horizontal rebar near inside surface, no damage. Moved up and continued coring. Switched to 1.5-inch diameter core barrel to core through inside wall due to snap-tie in blocking core barrel.



Core 2 Location: 73 feet, 12 feet above exterior grade

Compressive Strength: 6,240 psi and 7,520 psi
Carbonation Measurements (in.) - Exterior: 0.25, 0.30, 0.35, 0.20
Carbonation Measurements (in.) - Interior: 0.10, 0.20, 0.10, 0.15
Coring Summary: Encountered vertical rebar, no damage, shifted slightly to right and finished core through inside wall.

Core 3 Location: 124 feet, 6 feet above exterior grade

Compressive Strength: 5,500 psi and 6,580 psi
Carbonation Measurements (in.) - Exterior: 0.45, 0.40, 0.55, 0.40
Carbonation Measurements (in.) - Interior: 0.05, 0.10, 0.05, 0.00
Coring Summary: Cored through inside wall, no rebar encountered.

Core 4 Location: 158.5 feet, 1.3 feet above exterior grade

Compressive Strength: 5,710 psi
Carbonation Measurements (in.) - Exterior: Inconclusive
Carbonation Measurements (in.) - Interior: Inconclusive
Coring Summary: Encountered horizontal rebar (rusty), shifted down about 3 inches and continued coring. Core broke at 3 inches and at 10 inches in core barrel, likely due to existing cracking in the concrete wall

Core 5 Location: 3.7 feet, 6.2 feet above exterior grade

Compressive Strength: 5,490 psi
Carbonation Measurements (in.) - Exterior: 0.45, 0.50, 0.35, 0.40
Carbonation Measurements (in.) - Interior: 0.00, 0.00, 0.00, 0.00
Coring Summary: Encountered horizontal rebar, shifted up 1 inch and continued coring. Encountered horizontal rebar near inside face, centered on hole, so switched to 1.5-inch core barrel to core through inside wall.

Conclusions

This report presents the evaluation and summary of observations of the digester structure with respect to the condition of the materials that were used to construct the structure. In general, the concrete is in relatively good condition relative to its age. The areas with the greatest cracking or lack of cement paste appear to be from the original construction rather than a recent development. The rebar encountered during the coring generally did not appear to have corroded with the exception of at core 4 which was taken in the area that had extensive cracking. This area does however, appear to have been crack sealed, but the date of the sealing operations is unknown.



The depth of carbonation on the interior of the tank was generally less than 0.10 inches. The carbonation depth indicated by the phenolphthalein on the exterior of the tank was more variable ranging from 0.20 to 0.50 inches.

While the required strength of the concrete was not indicated on the project plans we reviewed, we anticipate it was less than the 5,500 to 7,500 psi of the cores tested.

It was the intent of this report to provide qualitative information regarding the condition of the materials within the digester structure. Earth Systems' scope did not include evaluation of the structural integrity, mechanical evaluation of the pumps or other wastewater conveyance equipment, or other subjects beyond those discussed.

Earth Systems appreciates the opportunity to have provided services for this project and look forward to working with you again in the future. If there are any questions concerning this letter, please do not hesitate to contact the undersigned.

Sincerely,

Earth Systems Pacific


Phillip Madrid, PE
Project Engineer




Robert Down, PE
Senior Engineer



Attachments: Exterior Tank Pictures (17 pages – photos 6 - 22)
Interior Tank Pictures (4 pages – photos 23 – 28)
Core Pictures (8 pages – photos 29 - 38)

Copy to: Michael K. Nunley & Associates, Attn: Mr. Jon Hanlon, PE

Doc. No.: 1711-068.LTR/jr



EXTERIOR TANK PICTURES

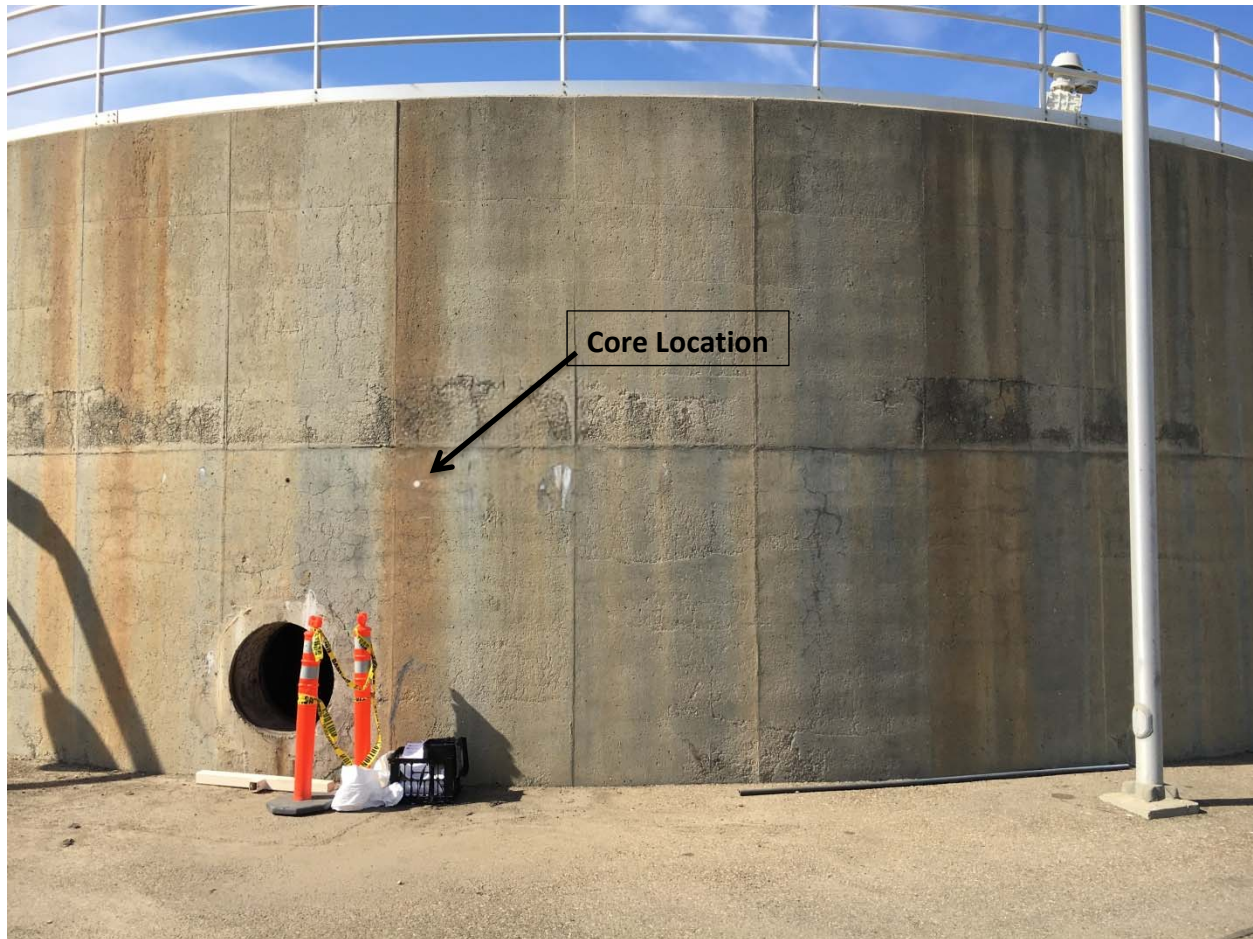


Photo 6 - Entry Port to 20 feet (core location 5)



Photo 7 - 20 to 40 feet from entry port



Photo 8 - 40 to 60 feet from entry port



Photo 9 - 60 to 80 feet from entry port (core locations 1 and 2)



Photo 10 - 80 to 100 feet from entry port



Photo 11 - 100 to 120 feet from entry port

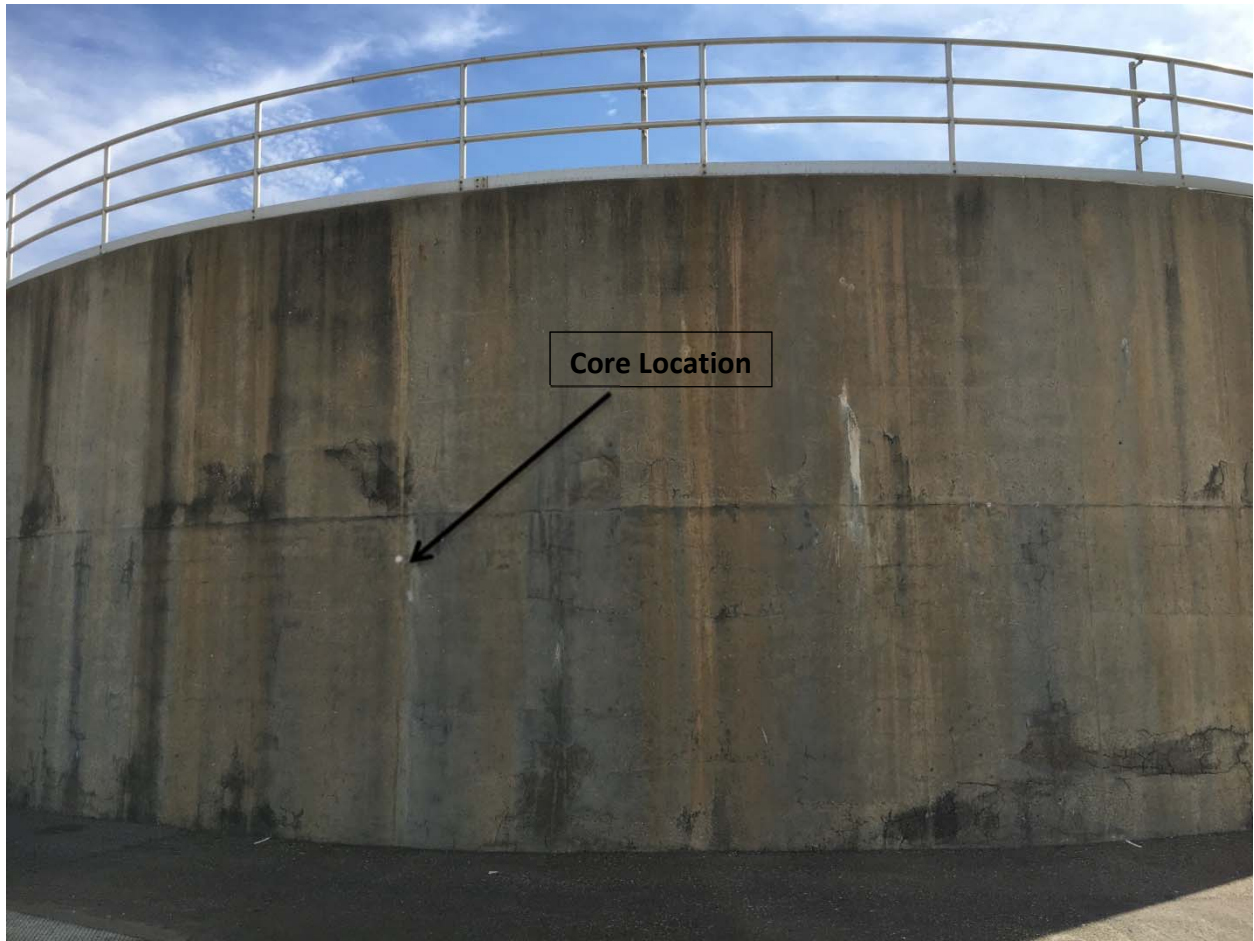


Photo 12 - 120 to 140 feet from entry port (core location 3)



Photo 13 - 140 to 160 feet from entry port (core location 4)



Photo 14 - 160 to 180 feet from entry port



Photo 15 - 180 to 190 feet from entry port



Photo 16 - 190 to 200 feet from entry port



Photo 17 - 200 to 220 feet from entry port



Photo 18 - 220 feet back to entry port



Photo 19 – Spalling at rail attachment



Photo 20 – Water and staining at top of north portion of wall



Photo 21 – Roof anchorage



Photo 22 – Roof structure



INTERIOR TANK PICTURES



Photo 23 – Tank slab and wall



Photo 24 – Center WS riser, slab and wall



Photo 25- Slab and wall



Photo 26- Bottom of wall



Photo 27 – Old steel tank anchorage point



Photo 28 – Northern wall (core locations 1 and 2)



CORE PICTURES



Photo 29 - Core 1 exterior and interior ends



Photo 30 - Core 2 exterior end



Photo 31 - Core 2 interior end



Photo 32 - Core 3 exterior end



Photo 33 - Core 3 interior end



Photo 34 - Core 4 exterior end



Photo 35 - Core 4 interior



Photo 36 - Core 4 immediately after compression test



Photo 37 - Core 5 exterior end



Photo 38 - Core 5 interior end



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STAFF REPORT

Date: January 17, 2018

To: Board of Directors

From: Paul J. Karp and Richard Sweet, Technical Consultants; Rick Jackman, Interim Plant Superintendent

Subject: **TECHNICAL CONSULTANTS AND PLANT OPERATIONS REPORT**

This report represents ongoing information on latest District staff activities on major capital project and studies, programmatic initiatives, regional collaboration, NPDES discharge permit renewal, Plant Operations report detailing our operation and maintenance activities. *Updates since the last report are provided in italics below:*

Major Capital Projects:

- **Cherry Ave. Arroyo Grande Sewer Bridge Project:**

Project is complete.

- **Headworks:** Status: Operational. Requires Upgrades to Meet Specifications.

Significant efforts are underway to bring the project into conformance with specifications. *It has been determined that recent upgrades have not resulted in satisfactory discharge material. New nozzles have been installed to attempt to refine the discharge.*

Redundancy Project:

Design: On March 16, 2016, the Board approved a design contract with Kennedy/Jenks for Phase I of this project. On June 21, 2017, the Board approved proceeding with the remaining phases under the contract, including final design.

Technical Memo 7 (TM-7) has been prepared by Kennedy/Jenks to evaluate an MBR process that would facilitate the RGSP project. TM-7 was presented to the Board on November 15th. The Board directed the pursuit of the original Redundancy Project and to meet with member agencies regarding their input on possible features at the plant that might support RGSP.

Operational staff is evaluating Technical Memo 4 pertaining to recommendation of sludge thickening process.

Coastal Commission Permitting:

Thirty-year Coastal Development Permit approved.

Financing:

State: All portions of the SRF loan package application have been submitted to SWRCB. A number of additional items have been requested to make our application more favorable. MKN Engineering is pursuing completion of those items.

Federal: United States Department of Agriculture: The District may be eligible for grants and loans up to one-third of the amount needed for the Redundancy Project through a disadvantageous community program.

The issuance of a Request for Proposal to satisfy requirements by funding agencies for additional environmental work was approved by the Board at its meeting of January 3, 2018.

Given present project estimates and the Board's desire to evaluate set aside funding, Technical Consultants have recommended review of the financial plan. A request for proposal for further financial evaluation support of these efforts will be presented to the Board on January 17, 2018. *Alex Handlers with Bartle Wells is scheduled to appear before the Board to present the proposal and discuss the Board's concerns.*

- **Biosolids Concrete Slab:** Design work is complete and Coastal Commission approval received. The project will now move forward to construction. This project is required to accommodate a repaired centrifuge. The District is in the final stages of defining the centrifuge repair. Estimated construction cost is \$33,000. *The Board approved a Call for Bids at its meeting of January 3, 2018. The project is presently out to bid.*
- **Primary Digester No. 1 Cleanout and Structural Evaluation:** Primary Digester No. 1 cleaning is complete. Evaluation of structure integrity is complete. *The District is anticipating a request for final payment from the contractor for the digester cleaning. Upon receipt of the request, a Notice of Project Completion will be presented to the Board for its consideration. Projects identified by evaluation are replacement of the digester mixing valves and recoating of the digester. A request for an additional budget allocation of \$466,000 is before the Board for its consideration tonight. If the additional budget allocation is approved, Call for Bids for the two projects (1) Recoating the Digester and (2) Replacement of the Digester Mixing Valves, will be considered by the Board at its meeting of February 7, 2018.*
- **District Control Building and Office:** The new concrete flooring for the building has been installed. A thorough/deep cleaning of the building, replacement baseboards, interior painting and new furniture has been completed. Painting is complete, computer communication equipment has been installed and the facility is operational. Phone system is being evaluated for efficiencies and enhancements. Blinds have been installed. Project is complete.
- **Centrifuge Repair:** The District owned centrifuge requires repair. Agreement to repair centrifuge has been executed per District purchasing guidelines.

- **Raise Manholes to Grade:** *The County repaved Valley Road. The paving covered our manholes. MKN Associates is in the final stages of design for a project to raise the manholes to grade to allow the District access.*

Studies:

Recycled Water Planning Facilities Study Grant: Complete. Staff submitted the Final Study to SWRCB on June 9, 2017. Final acceptance letter received from SWRCB. Staff is seeking reimbursement.

Inflow & Infiltration (I & I) Study: The District's plant received significant increased flow this past wet weather season. Technical Consultants are evaluating the cost to benefit of the project.

Programmatic Initiatives

Human Resources/Personnel Policy Manual Update: All Sections of PPM have now been reviewed (including legal input), updated with significant and comprehensive revisions. The Board considered the update at the meeting of December 6, 2017 and directed that the Board consider sections of the PPM.

Financial Initiative: Annual fiscal year 2015-2016 Audit: District auditors Glenn Burdette, continue to work with staff to complete our Audit. On July 21st, staff received another list of open items to complete, and have tasked our bookkeeper to work with our Auditors to complete the items as soon as possible. There has been a flurry of materials provided to Glenn Burdette. Staff is working diligently to complete submission of all information requested. It is anticipated that the audit will be presented to the Board in February 2018.

Regional Collaboration

- **Regional Groundwater Sustainability Project (RGSP):** This project consists of a potential future regional recycling project in the South San Luis Obispo County area in conjunction with the City of Pismo Beach, and the District (with participation of our member agencies: Cities of Arroyo Grande, Grover Beach, and Oceano CSD). On June 20th, the Pismo Beach City Council approved the MOU between the City of Pismo Beach and the District. The City also awarded a contract for the joint EIR to Rincon Consultants at that same meeting. Technical Memo 7 was presented to the Board at the November 15th meeting. The Board directed that the Redundancy project proceed as originally envisioned minus the MBR option. *The City of Pismo Beach is considering preparing a Memorandum of Understanding for the District's consideration to reserve space at the District's plant for the RGSP project. The District is evaluating a request for additional sampling in support of developing treatment parameters for an RGSP project. Technical Consultants continue to meet with stakeholders to coordinate efforts in support of the RGSP.*
- **Northern Cities Management Area Technical Group - The NCMA TG,** formed as a result of the Santa Maria Groundwater Basin (SMGB) Adjudication, 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.

- 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 and reclamation.
- Zone 1/1A Flood Control Advisory Committee – The Committee’s focus is to provide input and coordination on proposed improvements and maintenance of the Zone 1/1A flood facilities, working with the Coastal San Luis Resource Conservation District. The Board appointed Paul J. Karp, Technical Consultant to the District, to the Flood Control Advisory Committee. The December meeting of the Committee was cancelled.
- Integrated Regional Water Management (IRWM). IRWM is a collaborative effort with the County of San Luis Obispo to manage all aspects of water resources on a region-wide scale.
- San Luis Obispo County Flood Control and Water Conservation District Water Resources Advisory Committee (WRAC).
- Countywide Water Action Team/Water Management Efforts: Water managers throughout San Luis Obispo County meet quarterly to discuss and collaborate on water supply management solutions.

RWQCB NPDES Permit Renewal

Based upon a recent conversation with RWQCB staff, a draft permit is not likely to be released for public review before late 2017. No additional information available to date.

In addition, staff revised the Sewer System Management Plan Audit Report to come in compliance with our General WDR. The WDR requires an Audit be completed every two years. This Audit Report describes our planned activities under the Plan for the upcoming year.

District’s Brine Disposal Program:

A revised Brine Disposal Plan is onsite. The Plan has been submitted for comment to the Regional Water Quality Control Board staff. Staff anticipates circulating the new draft amongst the current customers, and plans implemented the first part of 2018. A report entitled “Review of Brine Program” was considered by the Board at its meeting of January 3, 2018.

Recruitment of District Administrator

CPS HR has been engaged by the Board to recruit a new District Administrator. The Board has directed modifications to the recruitment brochure.

Upcoming Agenda Items

- 2015-16 Fiscal Year Audit
- Call for Bids for Digester Recoating
- Call for Bids for Replacement of Digester Mixing Valves
- Notice of Completion for Digester Cleaning
- Mid-Year Budget Review
- Review of Personnel Policy Manual

Plant Operation's Report

During this reporting period (January 1st through January 15th, 2018) 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 January 15, 2018)

January 2018	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	2.28	3.3	536	22.1		614	29		<1.8	125
High	2.63	4.3	626	30.2		658	40.2		540	250
Average	2.41	3.7	581	26.2	95.5	634.7	35.2	94.5	69.8	188
Jan 2017 AVG	2.78	3.94	452	29.1	93.6	641	28.2	93.8	2.34	210
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

- Staff started the process of heating and mixing the #2 digester for better volatile solids reduction.
- Staff installed a new pressure regulator, check valve and a "Y" strainer on the boilers water supply line.
- R. F. McDonald performed the maintenance and service on the Digester boiler and will submit a complete report.
- Staff met with Kevin Seifert of Autosys to receive a quote on disconnecting the electric from the centrifuge in preparation of the service to be done.
- Staff met with Bragg Construction in preparation of the removal and repair service work to be done on the centrifuge.
- Sarah Wade from the APCD came out for a plant inspection and tour.
- FRM changed out low flow sprayers to a medium spray to get better results out of the Duperon compactor at the headworks.
- **Work orders completed**
 - J Box inspection and sand removal.
 - Water champ/Flash mixer maintenance.
 - FFR rotating assembly maintenance.
 - FFR orifice cleaning and rag removal.
 - Isco sampler maintenance.
 - Checked and marked all USA's.

Training

- All operators attended safety videos on "First Aid Training" and "How to Prevent the Spread of Illness in the Workplace."

Call Outs

- Staff received no call outs.



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STAFF REPORT

Date: January 17, 2018
To: Board of Directors
From: Richard Sweet and Paul J. Karp, Technical Consultants
Subject: **TRANSMITTAL OF BYLAWS FOR FEBRUARY 7, 2018 MEETING**

DISCUSSION:

Attached is a copy of the July 2017 Update of the Bylaws for the District Board of Directors. Staff has reviewed Bylaws for legal consistency and we believe they are up to date. Staff does not recommend a revision, but will place the bylaws on the agenda for discussion at the February 7, 2018 Board Meeting.

Attachment: July 2017 Update of the Bylaws for the District Board of Directors

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
JULY 2017 UPDATE

1. OFFICERS OF THE BOARD OF DIRECTORS

- 1.1 The officers of the Board of Directors are the Chair and Vice Chair.
- 1.2 The Chair of the Board of Directors shall serve as chairperson at all Board meetings. He/she shall have the same rights as the other Directors of the Board in voting, introducing motions, resolutions and ordinances, and any discussion of questions that follow said actions.
- 1.3 In the absence of the Chair, the Vice Chair of the Board of Directors shall serve as chairperson over all meetings of the Board. If the Chair and Vice Chair of the Board will both be absent, the Chair may name any member of the Board to perform the duties of the presiding officer prior to the meeting. If the Chair's absence is unexpected, the chairperson shall be as specified by standing order of the Chair.
- 1.4 The Chair and Vice Chair of the Board shall be elected annually at the last regular meeting of each calendar year.
- 1.5 The term of office for the Chair and Vice Chair of the Board shall commence on January 1 of the year immediately following their election.
- 1.6 The Chair, and in his/her absence, the Vice Chair, are authorized to attend meetings of the San Luis Obispo County Planning Commission, meetings of the San Luis Obispo County Board of Supervisors, meetings between District Staff and Water Board Personnel, including either Regional Quality Control Staff or State Water Board Staff on behalf of the District, without compensation except reimbursement for use of his/her private vehicle to attend such meetings pursuant to District Policy 10.01(b). If the Chair is absent, the Vice Chair or Board member may attend these meetings.
- 1.7 The Chair, or in his/her absence, the Vice Chair shall meet with the District Administrator in advance of a regularly scheduled meeting to review all Warrants to be presented at the next regular Board meeting immediately following the meeting with the District Administrator.

2. MEETINGS

- 2.1 Subject to holidays and scheduling conflicts, regular meetings of the Board of Directors shall commence at 6:00 p.m. on the first and third Wednesday of each calendar month at such meeting location within the District boundaries designated by the Board Chair. The Board of Directors reserves the right to cancel and/or designate other dates, places and times for Director Meetings due to scheduling conflicts and holidays. The meeting shall conclude no later than 10 p.m., unless a vote of the majority of the Board acts to continue it.

2.2 SPECIAL MEETINGS.

Special meetings may be called by the Chair or two (2) Directors with a minimum of twenty-four (24) hours public notice. A special meeting agenda shall be prepared and distributed pursuant to the procedures of the Brown Act by the District Administrator in consultation with the Chair, or in his or her absence, the Vice Chair or those Directors calling the meeting.

2.3 Directors shall attend all regular and special meetings of the Board unless there is good cause for absence.

2.4 No action or discussion may be taken on an item not on the posted agenda; provided, however, matters deemed to be emergencies or of an urgent nature may be added to the agenda under the procedures of the Brown Act. Pursuant to the Brown Act:

- (a)** Directors may briefly respond to statements or questions from the public;
- (b)** Directors may, on their own initiative or in response to public questions, ask questions for clarification, provide references to staff or other resources for factual information, or request staff to report back at a subsequent meeting;
- (c)** A Director individually, or the Board by motion, may take action to direct the District Administrator to place a matter on a future agenda. If requested by a Director individually, the District Administrator shall inquire whether a majority of the Board wishes to entertain the item; and
- (d)** Directors may make brief announcements or make a brief report on his/her own activities under the Director Comment portion of the Agenda.

2.5 MEETING PROTOCOL

- (a)** Policy. The purpose of oral presentation at District meetings, as well as written presentations, is to formally communicate to the Board of Directors on matters (1) listed on the Agenda, or (2) matters that are within the jurisdiction of the Board of Directors during general public comment. Such presentations are helpful to the Board in its decision-making process. The Board of Directors welcomes information and expressions of opinion from members of the public on any item which it may be considering. However, the Board of Directors is not required to provide a public forum for remarks or conduct in violation of the Rules of Decorum.
- (b)** Public Comment. Subject to the following rules, the Board of Directors shall set aside 30 minutes on each agenda item for public comment:

- (c) The Chairperson, after consideration of the length of the Agenda, the nature of the agenda item, and the meeting limitations of Section 2.2, may expand or further limit the 30-minute time allocation for public comment.
- (d) Each public commenter shall be limited to 3 minutes unless shortened or extended by the Chairperson with consideration of the length of the Agenda, the nature of the agenda item, and the meeting limitations of Sections 2.2, above.

2.6 DISTURBANCE OF BOARD MEETINGS

2.6.1 Rules of Decorum. The rules of decorum, below, shall apply to public comment and attendance at District meetings.

- (a) No person shall address the Board of Directors without first being recognized by the Chairperson.
- (b) Persons addressing the Board have the option to state their name and their general place of residence.
- (c) Public comment and public testimony shall be directed to the Chairperson and shall be addressed to the Board of Directors as a whole. Persons addressing the Board of Directors shall not engage in a dialogue with individual Directors, District staff or members of the audience. The Chairperson shall determine whether, or in what manner, the District will respond to questions.
- (d) Persons addressing the Board are limited to one opportunity per Agenda item unless otherwise directed by the Chairperson in his/her discretion.
- (e) A person cannot defer his/her time allocation to another person.
- (f) When a group or organization wishes to address the Board on the same subject, the Chairperson may request that a spokesperson be chosen to speak for that group. The spokesperson's three (3) minute time allocation may be extended by the Chairperson in his/her discretion.
- (g) Persons addressing the Board shall confine the subject matter of their comments to the Agenda item being considered by the Board of Directors.
- (h) Each person addressing the Board of Directors shall do so in an orderly and civil manner and shall not engage in conduct which disrupts the orderly conduct of the District meeting.
- (i) The Chairperson may rule a speaker out of order who is unduly repetitious or extending discussion of irrelevance.
- (j) Except as provided below, persons who reference or read from documents such as reports, exhibits, or letters ("Documents") as part of his/her comment to the Board shall lodge the Document (or a copy) with the District Secretary at the end of the comment, to allow the Document to be appropriately referenced in the meeting Minutes and to allow District staff the opportunity to review and respond to the Document. The Chairperson has the discretion to strike a speaker's comments from the record for failure to lodge the referenced Documents. Upon request, the lodged Documents shall be returned to the

speaker after 1:00 p.m. on the day following the meeting.

Exceptions:

- Speaker's presentation outline, however, Documents referenced in the outline shall be lodged.
- Documents that are in the Agenda packet.
- Documents that have been previously published by the District, so long as the speaker identifies the Document by date, author and the pages referenced or read from.
- For voluminous Documents the speaker need only lodge the cover sheet that identifies the author and date and the pages read from or referenced.

2.7 Enforcement of Rules of Decorum. Any person who violates the Rules of Decorum may, at the discretion of the Chairperson, be removed from the meeting. The Rules of Decorum shall be enforced in the following manner:

- (a) Warning. The Chairperson shall warn the person who is violating the rules of decorum.
- (b) Expulsion. If after receiving a warning from the Chairperson, the person persists in violating the rules of decorum the Chairperson shall order the person to leave the Board meeting room for the remainder of the meeting.
- (c) Assisted Removal. If such person does not voluntarily remove himself/herself, the Chairperson may order any law enforcement officer who is on duty at the meeting, or who may be summoned to the meeting, to remove the person from the Board room.
- (d) Restoration of Order. If order cannot be restored by the removal of individuals who are disrupting the meeting, the Board meeting will be continued under the provisions of Government Code §54957.9

2.8 Limitations (Government Code §59454.3(c)). The Rules of Decorum shall not be interpreted to prohibit public criticism of the policies, procedures, programs or services of the District.

2.9 The Chair, or in his/her absence the Vice Chair, or if both are absent, the Chair's designee as provided by Paragraph 1.3, shall be the presiding officer at District Board meetings. He/she shall conduct all meetings in a manner consistent with the policies of the District. He/she shall determine the order in which agenda items shall be considered for discussion and/or actions taken by the Board. He/she shall announce the Board's decision on all subjects. He/she shall vote on all questions and on roll call votes his/her name shall be called last.

2.10 Two (2) Directors of the Board shall constitute a quorum for the transaction of business. When a quorum is lacking for a regular, adjourned, or special meeting, the Chair, Vice Chair, or any Director shall adjourn such meeting; or, if no Director is present, the District Secretary shall adjourn the meeting.

- 2.11 Except as otherwise specifically provided by law, a majority vote of the total membership of the Board of Directors is required for the Board of Directors to take action.
- 2.12 A roll call vote shall be taken upon the passage of all ordinances and resolutions, and shall be entered in the Minutes of the Board, showing those Directors voting aye, those voting no, those not voting because of a conflict of interest, and absent. A roll call vote shall be taken and recorded on any motion not passed unanimously by the Board. Silence shall be recorded as an affirmative vote.
- 2.13 Any person attending a meeting of the Board of Directors may record the proceedings with an audio or video tape recorder or a still or motion picture camera in the absence of a reasonable finding that the recording cannot continue without disruptive noise, illumination, or obstruction of view that constitutes or would constitute a disruption of the proceedings.
- 2.14 All video tape recorders, still and/or motion picture cameras shall remain stationary and shall be located and operated from behind the public speaker's podium once the meeting begins. The Chair retains the discretion to alter these guidelines, including the authority to require that all video tape recorders, still and/or motion picture cameras be located in the back of the room.

3. ETHICS TRAINING

- 3.1 Pursuant to sections 53234 et seq. of the Government Code all Directors and designated District personnel shall receive at least 2 hours of ethics training every two years.
- 3.2 Each newly appointed Board member will receive such training from their Agency. Each newly designated District personnel shall receive ethics training no later than one year from the first day of service with the District and thereafter shall receive ethics training at least once every two years.

4. AGENDAS

- 4.1 The District Administrator, in cooperation with the Board Chair, shall prepare the agenda for each regular and special meeting of the Board of Directors. Any Director may call the District Administrator and request an item to be placed on the regular meeting agenda no later than 5 p.m. 11 calendar days prior to the meeting date. Such a request must also be submitted in writing either at the time of communication with the District Administrator or delivered to the office within the next working day.
- 4.2 A block of twenty (20) minutes time shall be set aside to receive general public comment. Comments on agendized items should be held until the appropriate item is called. Unless otherwise directed by the Chair, public comment shall be presented from the podium. The person giving public comment shall state his/her name and whether or not he/she lives within the District boundary prior to giving his/her comment. Public comment shall be directed to the Chair of the Board and limited to three (3) minutes unless extended or shortened by the Chair at his/her discretion.
- 4.3 Those items on the District Agenda which are considered to be of a routine and non-controversial nature are placed on the "Consent Agenda". These items shall be approved, adopted, and accepted, etc. by one motion of the Board of Directors;

for example, approval of Minutes, approval of Warrants, various Resolutions accepting developer improvements, minor budgetary items, status reports, and routine District operations.

- (a) Directors may request that any item listed under "Consent Agenda" be removed from the "Consent Agenda", and the Board will then take action separately on that item. Members of the public will be given an opportunity to comment on the "Consent Agenda"; however, only a member of the Board of Directors can remove an item from the "Consent Agenda". Items which are removed ("pulled") by Directors of the Board for discussion will typically be heard after other "Consent Agenda" items are approved unless a majority of the Board chooses an earlier or later time.
- (b) A Director may ask questions on any item on the "Consent Agenda". When a Director has a minor question for clarification concerning a consent item which will not involve extended discussion, the item may be discussed for clarification and the questions will be addressed along with the rest of the "Consent Agenda". Directors are encouraged to seek clarifications prior to the meeting if possible.
- (c) When a Director wishes to consider/"pull" an item simply to register a dissenting vote, or conflict of interest, the Director shall inform the presiding officer that he/she wishes to register a dissenting vote, or conflict of interest, on a particular item without discussion. The item will be handled along with the rest of the Consent Agenda, and the District Secretary shall register a "no" vote, or conflict of interest, in the Minutes on the item identified by the Director.

5. PREPARATION OF MINUTES AND MAINTENANCE OF TAPES

- 5.1 The minutes of the Board shall be kept by the District Secretary and shall be neatly produced and kept in a file for that purpose, with a record of each particular type of business transacted set off in paragraphs with proper subheads;
- 5.2 The minutes of the Board of Directors shall record the aye and no votes taken by the members of the Board of Directors for the passage or denial of all ordinances, resolutions or motions.
- 5.3 The District Secretary shall be required to make a record only of such business as was actually considered by a vote of the Board and, except as provided in Sections 5.4 and 5.6 below, shall not be required to record any remarks of Directors or any other person;
- 5.4 Any Director may request for inclusion into the Minutes brief comments pertinent to an agenda item, only at the meeting in which the item is discussed. In addition, the minutes shall include brief summaries of public comment, the District Administrator's report, matters of concern to District legal counsel, District committee reports, and Directors' reports. Materials submitted with such comments shall be appended to the minutes at the request of the District Administrator, District Counsel, the Board Chair, or any Director.

- 5.5 The District Secretary shall attempt to record the names and general place of residence of persons addressing the Board, the title of the subject matter to which their remarks related, and whether they spoke in support or opposition to such matter.
- 5.6 Whenever the Board acts in a quasi-judicial proceeding such as in assessment matters, the District Secretary shall compile a summary of the testimony of the witnesses.

6. DIRECTORS

- 6.1 Directors shall prepare themselves to discuss agenda items at meetings of the Board of Directors.
- 6.2 Members of the Board of Directors shall exercise their independent judgment on behalf of the interest of the entire District, including the residents, property owners and the public as a whole.
- 6.3 Information may be requested from staff or exchanged between Directors before meetings, within such limitations as required by the Brown Act. Information that is requested or exchanged shall be distributed through the District Administrator, and all Directors will receive a copy of all information being distributed.
- 6.4 Directors should at all times conduct themselves with courtesy to each other, to staff and to members of the audience present at Board meetings.
- 6.5 Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions. Civil discourse is encouraged. Once the Board of Directors takes action, dissenting Directors should not create barriers to the implementation of said action.
- 6.6 Except during open and public meetings the use of direct communication, personal intermediaries, or technological devices that is employed by a majority of the Directors to develop a collective concurrence as to action to be taken on an item by the Board of Directors is prohibited.
- 6.7 Directors shall not be prohibited by action of the Board of Directors from citing his or her District affiliation or title in any endorsement or publication, so long as no misrepresentation is made, or implied, about the District's position on the issue.
- 6.8 Directors are cautioned when using e-mail communications. Any communication from the District Administrator, or the District's legal counsel, or from other members of the Board of Directors, in each case the Director in responding to that e-mail shall not respond to "all", as that could constitute a violation of the Brown Act for a serial meeting or other provisions.
- 6.9 Any Director may complain to the District about another Director's conduct.

The complaint shall be made in writing and forwarded to the District Administrator and District Counsel along with supporting information. Within five days, the District will notify the accused Director in writing the substance of the complaint and supporting information. The notice shall also specify that the accused Director has five days to respond with supporting information.

The District Administrator and Counsel shall review the submitted information,

investigate further as needed, and forward a preliminary report to the District Board.

The District Board may:

- Do nothing;
- Direct staff to place the matter on a regular meeting agenda;
- Take action in open session at a regular meeting concerning the complaint. Any action taken shall be by resolution and shall be consistent with elected officials' right to free speech.
- Potential actions include, but are not limited to: finding the complaint unfounded, expressing a legislative opinion concerning behavior, and issuing an official reprimand (censure) concerning inappropriate behavior.

7. AUTHORITY OF DIRECTORS

- 7.1** The Board of Directors is the unit of authority within the District. Apart from his/her normal function as a part of this unit, Directors have no individual authority. As individuals, Directors may not commit the District to any policy, act or expenditure.
- 7.2** Directors do not represent any fractional segment of the community but are, rather, a part of the body which represents and acts for the community as a whole.
- 7.3** The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are to be delegated to professional staff members of the District.
- 7.4** Directors, when attending other meetings, may refer to their affiliation as a member of the Board of Directors and may make statements on their own behalf or endorsements on their own behalf as long as there is no misrepresentation made or implied about the District's position in regards to the issue presented.

8. AUTHORITY OF THE DISTRICT ADMINISTRATOR

The District Administrator shall be responsible for all of the following:

- 8.1** The implementation of the policies established by the Board of Directors for the operation of the District.
- 8.2** The appointment, supervision, discipline, and dismissal of the District's employees, consistent with the District's Personnel Policies as established by the Board of Directors.
- 8.3** The supervision of the District's facilities and services.
- 8.4** The supervision of the District's finances.

9. DIRECTOR GUIDELINES

- 9.1** Directors, by making a request to the District Administrator, shall have access to information relative to the operation of the District, including but not limited to statistical information, information serving as the basis for certain actions of Staff, justification for Staff recommendations, etc. If the District Administrator

cannot timely provide the requested information by reason of information deficiency, or major interruption in work schedules, workloads, and priorities, then the District Administrator shall inform the individual Director why the information is not or cannot be made available.

- 9.2 In handling complaints from residents or property owners within the District, or other members of the public, Directors are encouraged to listen carefully to the concerns, but the complaint should be referred to the District Administrator for processing and the District's response, if any.
- 9.3 Directors, when seeking clarification of policy-related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and programming, should refer said concerns directly to the District Administrator.
- 9.4 When approached by District personnel concerning specific District policy, Directors should direct inquiries to the District Administrator. The chain of command should be followed.
- 9.5 Directors and District Administrator should develop a working relationship so that current issues, concerns and District projects can be discussed comfortably and openly.
- 9.6 When responding to constituent request and concerns, Directors should respond to individuals in a positive manner and route their questions to the District Administrator.
- 9.7 Directors are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission.
- 9.8 No member may participate in a hearing or take action on an item which creates an economic conflict of interest for the member. Where there is an economic conflict of interest, the conflicted member shall announce the nature of the conflict of interest and recuse himself or herself from the hearing or deciding the matter and thereon step down from the dais and leave the room until the matter has been fully considered and voted upon, or otherwise continued.

10. DIRECTOR COMPENSATION

- 10.1 Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular, adjourned or special meeting of the Board of Directors attended by him/her.
- 10.2 Each Director is authorized to receive one hundred dollars (\$100) per day as compensation for representation of the District at a public meeting or public hearing conducted by another public agency and/or participation in a training program on a topic that is directly related to the District, provided that the Board of Directors has previously approved the member's participation at a Board of Director's meeting and the member delivers a written report to the Board of Directors at the District's next regular meeting regarding the member's participation.
- 10.3 In no event, shall Director Compensation exceed \$100 per day.
- 10.4 Director compensation shall not exceed six full days in any one calendar month.

11. DIRECTOR REIMBURSEMENT

11.1 Each Director is entitled to reimbursement for their actual and necessary expenses, including the cost of programs and seminars, incurred in the performance of the duties required or authorized by the Board.

- (a)** It is the policy of the District to exercise prudence with respect to hotel/motel accommodations. It is also the policy of the District for Directors and staff to stay at the main hotel/motel location of a conference, seminar, or class to gain maximum participation and advantage of interaction with others whenever possible.

If lodging is in connection with a conference or organized education activity, lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the member of the Board of Directors at the time of booking. If the group rate is not available, the Director shall use lodging that is comparable with the group rate. Personal phone calls, room service, and other discretionary expenditures are not reimbursable.

- (b)** Members of the Board of Directors shall use government and group rates offered by a provider of transportation for travel when available. Directors using his/her private vehicle on District business, shall be compensated at the prevailing IRS per diem mileage rate.
- (c)** Any Director traveling on District business shall receive in addition to transportation and lodging expenses, a per diem allowance to cover ordinary expenses such as meals, refreshments and tips. The amount set for per diem shall be considered fair reimbursement. The per diem shall include \$10.00 for breakfast, \$10.00 for lunch, \$20.00 for dinner, for a daily total of \$40.00.
- (d)** All travel and other expenses for District business, conferences, or seminars outside of the State of California shall require separate Board authorization, with specific accountability as to how the District shall benefit by such expenditure.

11.2 All expenses that do not fall within the reimbursement policy set forth in 11.1, above, shall be approved by the Board of Directors, at a public meeting, before the expense is incurred.

11.3 Board members shall submit an expense report on the District form within ten (10) calendar days after incurring the expense. The expense report shall be accompanied by receipts documenting each expense except for per diem allowances.

11.4 Members of the Board of Directors shall provide brief reports on meetings attended at the expense of the District at the next regular meeting of the Board of Directors.

12. CORRESPONDENCE DISTRIBUTION POLICY

Time permitting, the following letters and other documents shall be accumulated and delivered to the Board of Directors on Monday of each week and/or with agenda packet.

- 12.1 All letters approved by the Board of Directors and/or signed by the Chair on behalf of the District; and
- 12.2 All letters and other documents received by the District that are of District-wide concern, as determined by District staff.

13. CONFLICTS AND RELATED POLICY

State laws are in place which attempt to eliminate any action by a Director or the District which may reflect a conflict of interest. The purpose of such laws and regulations is to ensure that all actions are taken in the public interest. Laws which regulate conflicts are very complicated. The following provides a brief policy summary of various conflict related laws. Directors are encouraged to consult with District Legal Counsel and/or the Fair Political Practices Commission (FPPC) at 1-800-ASK-FPPC (1-800-275-3772), prior to the day of the meeting, if they have questions about a particular agenda item.

13.1 Conflict of Interest

Each Director is encouraged to review the District Conflict Code on an annual basis. The general rule is that an official may not participate in the making of a governmental decision if it is: reasonably foreseeable that the decision will have a material financial effect on the official or a member of his or her immediate family or on an economic interest of the official, and the effect is distinguishable from the effect on the public generally. Additionally, the FPPC regulations relating to interests in real property have recently been changed. If the real property in which the Director has an interest is located within 500 feet of the boundaries of the property affected by decision, that interest is now deemed to be directly involved in the decision.

13.2 Interest in Contracts, Government Codes Section 1090

The prohibitions of Government Code Section 1090 provide that the Board of Directors may not contract with any business in which another Director has a financial interest.

13.3 Incompatible Office

The basic rule is that public policy requires that when the duties of two offices are repugnant or overlap so that their exercise may require contradictory or inconsistent action, to the detriment to the other public interest, their discharge by one person is incompatible with that interest. When a Director is sworn in for such a second office, he/she is simultaneously terminated from holding the first office.

14. EVALUATION OF CONSULTANTS

The District's legal counsel shall be evaluated by the Board of Directors annually during the months of May or June of each year.

15. CONTINUING EDUCATION

Directors are encouraged to attend educational conferences and professional meetings when the purposes of such activities are to improve District operation. Subject to

budgetary constraints, there is no limit to the number of Directors attending a particular conference or seminar when it is apparent that their attendance is beneficial to the District.

16. BOARD BYLAWS REVIEW POLICY

The Board Bylaws Policy shall be reviewed annually at the first regular meeting in February. The review shall be provided by District Counsel and ratified by Board action.

17. RESTRICTIONS ON RULES

The rules contained herein shall govern the Board in all cases to which they are applicable, and in which they are not inconsistent with State or Federal laws.