



**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**
Arroyo Grande City Council Chambers
215 E. Branch Street,
Arroyo Grande, California

Wednesday, March 20, 2019, at 6:00 p.m.

Board Members

Jeff Lee, Chair
Caren Ray Russom, Vice Chair
Linda Austin, Director

Agencies

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

Alternate Board Members

Barbara Nicolls, Director
Lan George, Director
Cynthia Replogle, Director

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

-
- 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 Meeting Minutes of March 06, 2019

6. ACTION ITEMS:

6A. PRESENTATION AND APPROVAL OF FISCAL YEAR ENDING 2018 FINANCIAL AUDIT

Recommendation: That the Board receive a presentation of the audit report of the District's financial records by Moss Levy & Hartzheim, LLP, the District's independent auditor, resolve questions, call for revisions and file the 2017-18 Financial Audit.

6B. CONTRACT FOR REDUNDANCY ADMINISTRATION SERVICES WITH MKN AND ASSOCIATES

Recommendation: Authorize the District Administrator to execute a contract for Redundancy Administration services with MKN and Associates, Inc. in the amount of \$105,725.

6C. PLANT OPERATIONS REPORT

Recommendation: Receive and File Report.

7. MISCELLANEOUS ITEMS:

8. BOARD MEMBER COMMUNICATIONS:

9. ADJOURNMENT

The next regularly scheduled Board Meeting on April 03, 6:00 pm at the
Arroyo Grande City Hall Chambers,
215 E. Branch Street, Arroyo Grande, California

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
WARRANT REGISTER
3/20/2019

VENDOR	BUDGET LINE ITEM	DETAIL	WARRANT NO	ACCT	ACCT BRKDN	TOTAL
ABALONE COAST ANALYTICAL	CHEMICAL ANALYSIS	CENTRAL COAST BLUE	032019-3644	7078	350.00	350.00
AGP VIDEO	PROF SERV. AGP VIDEO	FEBRUARY	3645	7080	1,350.00	1,350.00
AMERICAN BUSINESS MACHINES	OFFICE SUPPLIES	440002	3646	8045	8.00	8.00
ANDRITZ	STRUCTURE MAINTENANCE	84800088909	3647	8061	1,211.93	1,211.93
ARAMARK	UNIFORMS	3/8/2019; 03/15/19	3648	7025	417.74	417.74
BANK OF THE WEST	OFFICE SUPPLIES	FEBRUARY	3649	8045	30.81	1,662.66
	FUEL	FEBRUARY		8020	83.19	
	TRAINING	FEBRUARY		7067	986.92	
	MEMBERSHIPS	FEBRUARY		7050	263.00	
	COMMUNICATIONS	FEBRUARY		7011	229.65	
	FEES	FEBRUARY		7068	69.09	
BRENNTAG	PLANT CHEMICALS	BPI923586	3650	8050	6,623.30	6,623.30
CA WATER ENVIRON. ASSOC.	MEMBERSHIPS	LAB ANALYST	3651	7050	87.00	87.00
CENTRAL COAST TECHNOLOGY	COMPUTER SUPPORT	1958	3652	7082	275.00	275.00
COASTAL ROLL OFF SERVICE	RUBBISH	FEBRUARY	3653	7093	1,060.61	1,060.61
CULLIGAN CCWT	EQUIPMENT RENTAL	MARCH; 54847	3654	7032	250.00	250.00
ENGEL & GRAY, INC.	BIOSOLIDS HANDLING	91X00011	3655	7085	1,855.46	1,855.46
FEDERAL EXPRESS	OFFICE SUPPLIES	6-483-49393	3656	8045	133.70	133.70
I.I. SUPPLY	EQUIPMENT MAINTENANCE	59547	3657	8030	58.94	58.94
JB DEWAR	FUEL	889321	3658	8020	75.10	75.10
JONES & MAYER	LEGAL COUNSEL	FEBRUARY	3659	7071	3,162.69	3,162.69
KEMIRA	PLANT CHEMICALS	9017624957	3660	8050	8,609.49	8,609.49
KENNEDY JENKS	REDUNDANCY DESIGN	128593	3661	20-7080	18,189.89	18,189.89
LINK PIPE	EQUIPMENT MAINTENANCE	6832	3662	8030	2,039.73	2,039.73
MOSS LEVY & HARTZHEIM	AUDIT	17669	3663	7072	5,630.00	5,630.00
MID STATE INSTRUMENTS	CHEMICAL ANALYSIS	MSI8791	3664	7078	229.45	229.45
OILFIELD ENVIRON. & COMP.	CHEMICAL ANALYSIS	CENTRAL COAST BLUE	3665	7078	1,612.00	1,840.00
	BRINE SAMPLING	1901142		7086	228.00	
SAFETY KLEEN	FUEL	79090575	3666	8020	413.30	413.30
SO CAL GAS	UTILITY GAS	01/31/19-03/04/19	3667	7092	3,672.33	3,672.33
SOUTH COUNTY SANITARY	RUBBISH	MARCH	3668	7093	338.41	338.41
SPIESS CONSTRUCTION	STRUCTURE MAINTENANCE	219051; 219061	3669	8060	13,000.00	13,000.00
SPRINT	COMMUNICATIONS CELL PHONE	02/04/19-03/03/19	3670	7014	94.29	94.29
STANLEY SECURITY	COMMUNICATIONS ALARMS	APRIL	3671	7011	71.28	71.28
USA BLUEBOOK	EQUIPMENT MAINTENANCE	830946	3672	8030	296.29	296.29
VWR	LAB SUPPLIES	2019-090	3673	8040	175.07	175.07
WEST COAST GAUGING	EQUIPMENT MAINTENANCE	2288	3674	8030	4,341.00	4,341.00
SUB TOTAL					\$ 77,522.66	\$ 77,522.66
SSLOCSO RABOBANK TRANSFER	FEBRUARY	PAYROLL	3675		56,008.99	\$ 76,530.15
		CALPERS RETIREMENT		6060	7,941.98	
		CALPERS HEALTH		6010	12,559.18	
		AUDIT		7072	20.00	
					\$ 76,530.15	\$ 76,530.15
GRAND TOTAL					\$ 154,052.81	\$ 154,052.81

We hereby certify that the demands numbered serially from 032019-3644 to 032019-3675 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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SUMMARY ACTION MINUTES Regular Meeting of Wednesday, March 06, 2019

1. CALL TO ORDER AND ROLL CALL

Chair Lee called the meeting to order and recognized a quorum.

Present: Jeff Lee, Chair, City of Grover Beach
Caren Ray Russom, Vice Chair, City of Arroyo Grande
Linda Austin, Director, Oceano Community Services District

District Staff: Jeremy Ghent, District Administrator;
Gilbert Trujillo, Legal Counsel,
Amy Simpson, District Bookkeeper/Secretary

2. PLEDGE OF ALLEGIANCE

Bookkeeper/Secretary Simpson led the Pledge of Allegiance.

3. AGENDA REVIEW

Administrator Ghent announced that Item 6A. will be pulled and continued until the meeting of March 20, 2019.

Motion: Director Austin motioned to pull Item 6A and continue with the agenda as presented.

Second: Vice Chair Ray Russom

Action: Approved unanimously by voice vote.

4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

Chair Lee opened the Public Comment period.

Julie Tacker commented on the MKN & Associates contract for Redundancy Administrative Services.

Chair Lee closed the Public Comment period.

CONSENT AGENDA:

- 5A. Approval of Warrants**
- 5B. Approval of Meeting Minutes of February 20, 2019**
- 5C. Request Approval to Enter into Agreement with Ramsey Asphalt to Raise Valley Rd. Manholes**

There was no public comment on the Consent Agenda.

Motion: Vice Chair Ray Russom motioned to approve the Consent Agenda as presented.

Second: Director Austin

Action: Approved unanimously by roll call vote. Vote carries 3-0.

6. ACTION ITEMS:

6A. CONTRACT AMENDMENT FOR GENERAL ENGINEERING SERVICES WITH MKN AND ASSOCIATES

This item was pulled and continued to the meeting of March 20, 2019 because of a clerical error on the agenda.

6B. FISCAL YEAR 2018/19 MID-YEAR BUDGET REVIEW; ADOPT RESOLUTION NO. 2019-403 AUTHORIZING BUDGET ADJUSTMENTS

Administrator Ghent presented this report. He reported that both budgeted revenue and budgeted expense had been reduced by \$49,600. These adjustments will allow the District to close out the year without exceeding the budgeted amounts.

Vice Chair Ray Russom asked for clarification on the following accounts; 19-6095-Unemployment Reimburse; 19-6030-Plant Operators; 19-8050-Plant Chemicals and 19-8079-Transfer to Replacement. She requested subcategories under account 20-7080-Redundancy. Administrator Ghent responded to Vice Chair Ray Russom's comments. Director Ray Russom also asked about Other Revenue and Other Charges on the Consolidated Budget. Bookkeeper Simpson responded that Other Revenue in Fund 19 consists of Brine Revenue (\$145,000) and FOG Revenue (\$750). Other Charges in Fund 20 is for the Memorandum of Agreement (MOA) with the City of Pismo Beach for a joint Environmental Impact Report (EIR) (\$113,400).

The Board requested staff bring back a future agenda item to provide an update for the Redundancy Project.

Chair Lee opened the Public Comment period.

Julie Tacker commented on 20-7080-Redundancy.

Mary Lucey commented on 20-4010-Arroyo Grande Connections and 19-7077 Engineering Services.

Patricia Price commented on a loan for the Redundancy Project.

Chair Lee closed the Public Comment period.

Administrator Ghent replied to the comments clarifying that Arroyo Grande Connection Revenue was larger than expected due to a new hotel and a housing development. He also said the loan for Redundancy will not be obtained until the project design is complete and the award for contract has bid results. He also said Account 19-7077-Plant Engineering Services is a role he has taken on himself and that is why the budgeted amount has been reduced.

Motion: Chair Lee motioned to adopt Resolution 2019-403 authorizing the mid-year budget adjustments.

Second: Vice Chair Ray Russom

Action: Approved unanimously by roll call vote. Vote carries 3-0.

6C. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

Administrator Ghent presented this report. He updated the Board on the Redundancy schedule and said Kennedy Jenks (K/J) anticipates final plans will be ready on April 4th and K/J will be on site on April 11th to go over the final plans. For the financial update he said that Moss Levy & Hartzheim, LLP will present the audit for FY 17/18 at the March 20th meeting. He referred to a memo attached to the back of this report regarding increasing to a five-member Board. He said there is a meeting for Central Coast Blue March 07, but no members of the Sanitation Board will be present at the meeting. There were no plant tours during this reporting period. The tribute to Director Nicolls will be moved to the first meeting in April. He then presented the Operations report and said there was a power outage but due to the backup generator there was no disruption at the plant. He also reported that plant numbers comply with the permit and that staff had repaired a water line at the plant.

Director Austin asked about the Fecal Coliform numbers and the construction date for the Redundancy Project. Administrator Ghent said the numbers were all in compliance and operators do not investigate numbers below 100. He also said that the date to begin construction for Redundancy will remain unchanged and begin in the fall of 2019.

Chair Lee opened the Public Comment period.

Julie Tacker, Coleen Kubel, Ron Arnoldsen and Jim Hill are in favor of increasing to a five-member board.

Mary Lucey is not in favor of increasing to a five-member board.

Patricia Price is in favor of a five-member board. She also commented on Central Coast Blue site

Chair Lee closed the Public Comment period.

Administrator Ghent responded to the comments and said that the plant is a potential site for Central Coast Blue, but the design team is searching for an alternate site due to limitations at the plant such as coastal hazards, being in a flood plain and constraints of size. He said the design team for Central Coast Blue will be presenting at a future meeting to update the Board on Central Coast Blue.

The Board was not in favor of a discussion to increase to a five-member board.

Action: The Board received and filed the report.

7. MISCELLANEOUS ITEMS

None.

8. BOARD MEMBER COMMUNICATIONS

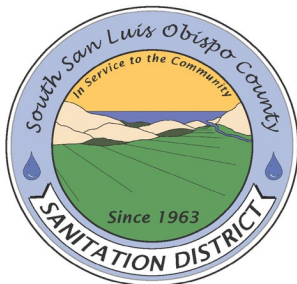
The Board requested two future agenda items.

1. Update on the Redundancy Project
2. Discussion regarding meeting once a month.

9. ADJOURN MEETING

The meeting was adjourned at 7:05 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: March 20, 2019

To: Board of Directors

From: Jeremy Ghent, District Administrator

Via: Amy Simpson, Bookkeeper/Secretary

**Subject: PRESENTATION AND APPROVAL OF FISCAL YEAR ENDING 2018
FINANCIAL AUDIT**

RECOMMENDATION:

That the Board receive a presentation of the audit report of the District's financial records by Moss Levy & Hartzheim, LLP, the District's independent auditor, resolve questions, call for revisions and file the 2017-18 Financial Audit.

BACKGROUND:

The Board executed an agreement with Moss, Levy & Hartzheim (MLH) to perform the District audit for FY 2016-17, 2017-18, and 2018-19 for an amount of \$9,300, \$9,630 and \$9,970 respectively. MLH was able to review District financial statements and records and met with District Staff to develop the Fiscal Year 2017-18 Audit Report at a cost of \$9,630.

DISCUSSION:

Alex Hom from MLH will be at the board meeting of March 20, 2019 to present the firm's final audit report of the District's financial records. Staff is seeking questions from the Board members regarding the Fiscal Year 2018 audit. The auditor will respond to these questions and resolve any issues. If the Board finds it is satisfied, Staff asks approval of the audit with any appropriate revisions by motion.

Attachment: 2017/2018 Audit

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South San Luis Obispo County Sanitation District, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise South San Luis Obispo County Sanitation District's basic financial statements and have issued our report thereon dated March 6, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered South San Luis Obispo County Sanitation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South San Luis Obispo County Sanitation District's internal control. Accordingly, we do not express an opinion on the effectiveness of South San Luis Obispo County Sanitation District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, see Finding 2018-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South San Luis Obispo County Sanitation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

South San Luis Obispo County Sanitation District's Response to Findings

South San Luis Obispo County Sanitation District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. South San Luis Obispo County Sanitation District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

2400 Professional Parkway, Suite 205 Santa Maria, CA 93455 Tel 805.925.2579 Fax 805.925.2147 mlhcpas.com

BEVERLY HILLS · CULVER CITY · SANTA MARIA

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Remy & Hartshorn LLP

Santa Maria, California
March 6, 2019

South San Luis Obispo County Sanitation District
Schedule of Audit Findings
June 30, 2018

Finding 2018-1
Payroll

Criteria:

Internal control policy specifies the use of a personnel action form which details the approved pay rate, stipend, job description for each employee that is signed by the employee and management, when the employee is hired, and upon each change to any of the employee's payroll information.

Condition:

Tested 25 payroll transactions and it was noted that 2 employees did not have a signed personnel action form.

Cause:

District oversight.

Effect:

Unsigned personnel action forms leave the agreement of appropriate wages undocumented, which could lead to future disputes and/or lawsuits.

Recommendation:

The District should complete and retain in the personnel files a signed personnel action form stating all payroll information necessary for payroll processing, and complete a revised form for each change to an employee's payroll information to ensure employees are paid the correct wage and that all parties are in agreement with pertinent payroll information.

District's Corrective Action Plan:

The District will now only process personnel action forms that has both the signature of the employee and the employee's supervisor.

South San Luis Obispo County Sanitation District
Schedule of Prior Year Audit Findings
June 30, 2018

Finding 2017-1
Connection Fees

Criteria:

In accordance to Ordinance No. 2011-1, that all moneys derived from sewer connection fees shall be used to pay for sewer improvements and future sewer capacity as necessary to meet the needs of South San Luis Obispo County Sanitation District resulting from growth and expansion.

Condition:

When examining the additions of fixed assets, it was noted the Grit Removal System was budgeted and spent from connection fee money. The Grit Removal System is not an improvement to help increase capacity or help with an increased capacity.

Cause:

District oversight.

Effect:

The District's misspent connection fee monies and the amount is owed to the Expansion fund.

Recommendation:

The District should implement a control during the budgeting and review process to verify if projects can be used with connection fees.

District's Corrective Action Plan:

The District will prepare a 'Fund Conformance Form' that will be included with future annual budgets for the Expansion fund. This form will summarize the Expansion fund conditions on monies received as part of connection fees along with a narrative on how/why the budgeted items satisfy the conditions.

Current Status:

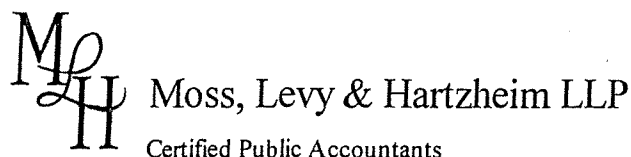
Implemented

**SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT**

FINANCIAL STATEMENTS
June 30, 2018

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
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June 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the South San Luis Obispo County Sanitation District (District) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South San Luis Obispo County Sanitation District, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Changes in Accounting Principles

As discussed in Note 2 to the basic financial statements effective July 1, 2017, the South San Luis Obispo County Sanitation District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5, the schedule of Proportionate Share of Net Pension Liability on page 23, the schedule of Pension Contributions on page 24, the schedule of Changes in OPEB Liability on page 25, and the schedule of OPEB Contributions on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, of the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2019, on our consideration of the South San Luis Obispo County Sanitation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moss, Remy & Haugheim LLP

Santa Maria, CA
March 6, 2019

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
POST OFFICE BOX 339
1600 ALOHA PLACE
OCEANO, CA 93475

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2018

The following is a discussion of the consolidated financial condition and the results of operations of the South San Luis Obispo County Sanitation District (the District) for the year ending June 30, 2018. This discussion refers to and is qualified by information contained in the financial statements and in the notes to the financial statements. Thus, it should be read together with these statements in the Audit Report. The financial audit of the South San Luis Obispo County Sanitation District has been performed by Moss, Levy & Hartzheim, CPAs, in accordance with U.S. generally accepted auditing standards.

Financial Highlights

- At June 30, 2018 the District's total net position was \$12.62 million. Fiscal Year 2017 ended with a total net position of \$11.88 million. This is an increase of 6% for net position.
- Total operating revenues increased by 6% from \$4.69 million in 2017 to \$4.97 million at June 30, 2018. This increase is due to a rate increase that began in 2016.
- Depreciation expense decreased 9% from \$1.23 million in Fiscal Year 2017 to \$1.12 million in Fiscal Year 2018.
- Total operating expenses decreased by 3% from \$4.18 million to \$4.04 million.
- Non-operating revenues and expenses increased 83% from \$183 thousand gain in Fiscal Year 2017 to \$334 thousand gain in Fiscal Year 2018.
- Overall increase of cash and cash equivalents realized a 11% increase from \$5.81 million in Fiscal Year 2017 to \$6.44 million in Fiscal year 2018.
- Net cash provided by operating activities increased 35% from \$1.91 million in Fiscal year 2017 to \$2.58 million in Fiscal Year 2018.

Overview of the Financial Statements:

This annual report consists of a series of financial statements. The statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows all provide information about the District's activities and present a long-term view of its finances.

These statements are prepared using the accrual basis of accounting which recognizes expenses when incurred and revenue when earned rather than when payment is made or received and is widely used by most private sector companies. These statements also report on the District's net position and changes in the position resulting from the current year's activity. Over time, increases or decreases in the District's net position is one indicator of whether its financial position is improving or declining.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The various funds are presented in the accompanying financial statements as a proprietary fund category, enterprise fund type.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 10-22 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position increased from \$11.88 million at June 30, 2017 to \$12.62 million at June 30, 2018.

The largest portion of the net position, \$8.7 million as of June 30, 2018, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Business-type activities.

The business-type activities increased the District's net position by \$1.4 million. The key elements are as follows: operating and non-operating revenues exceeded operating and non-operating expenses as of June 30, 2018. Capital contributions to the District's

system totaled \$140 thousand as of June 30, 2018. The total revenues exceeded expenses during the 2018 fiscal year. The District's construction in progress value has been recorded as capitalized amounts as detailed in Note 4 on page 15.

Capital Asset and Debt Administration

Capital Assets. The District's investments in capital assets for its business type activities as of June 30, 2018 amounts to \$8.7 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment.

Additional information on the South San Luis Obispo County Sanitation District capital assets can be found in Note 4 on page 15 of this report.

Long-term debt. At June 30, 2018, the District held debt consisting of a loan payable. The District's total debt decreased by \$71,952 during the fiscal year ended June 30, 2018 due to payment on the District's only loan payable. Loan was fully paid in the fiscal year ended June 30, 2018.

Additional information on the District's long-term debt can be found in Notes 5 and 6 on page 15 of this report.

Economic Factors and Next Year's Budgets and Rates

Financial Plan. Bartle Wells has been engaged to evaluate evolving capital and maintenance needs and the District's ability to accommodate these needs within the existing rate structure. Upon completion of the Updated Financial Plan by Bartle Wells the District will consider financial strategies, including rate adjustments, to fulfill the financial demands of the District.

Rate Increase. The District implemented a rate increase beginning July 1, 2016. The new rates are designed to meet the District's operational and capital funding needs, comply with legal requirements and be fair to all customers. Rate increases are phased in to minimize the annual impact on District customers.

Other Post-Employment Benefits. The District provides other post-employment benefits (OPEB) through the California Employers' Retiree Benefit fund which is administered by CalPERS. In 2000, the District joined the CalPERS medical program. An actuarial evaluation was performed with a measurement date of June 30, 2017 to determine the District's OPEB obligation.

Requests for Information

This financial report is designed to provide a general overview of the South San Luis Obispo County Sanitation District's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the District Administrator, South San Luis Obispo County Sanitation District 1600 Aloha Place, Oceano, CA 93445.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2018

ASSETS

Current Assets:

Cash and investments	\$ 6,440,940
Accounts receivable	424,537
Interest receivable	11,692
Prepaid expenses	70,614
Total current assets	<u>6,947,783</u>

Noncurrent Assets:

Deposits	4,314
Capital assets	
Land	431,425
Construction in progress	2,551,346
Property, plant & equipment	23,993,181
Accumulated depreciation	<u>(18,276,977)</u>
Total noncurrent assets	<u>8,703,289</u>

Total assets	<u>15,651,072</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred pensions	429,079
Deferred OPEB	<u>73,106</u>
Total deferred outflows of resources	<u>502,185</u>

LIABILITIES

Current Liabilities:

Accounts payable	460,878
Accrued liabilities	8,104
Brine deposits	<u>10,000</u>
Total current liabilities	<u>478,982</u>

Long-Term Liabilities:

Compensated absences	19,340
Net pension liability	1,176,202
Other post employment benefits	<u>1,790,415</u>
Total long term liabilities	<u>2,985,957</u>

Total liabilities	<u>3,464,939</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred pensions	<u>72,327</u>
Total deferred inflows of resources	<u>72,327</u>

NET POSITION

Net investment in capital assets	8,698,975
Restricted for capital expansion	3,681,830
Unrestricted	<u>235,186</u>
Total net position	<u>\$ 12,615,991</u>

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2018

Operating Revenues:

Sewer services fees	\$ 4,965,954
Total operating revenues	<u>4,965,954</u>

Operating Expenses:

Gross wages	604,403
Payroll taxes and benefits	61,874
Employee benefits	186,367
Retirement contribution	136,169
OPEB expense	133,872
Severance	187,500
Uniforms	12,138
Repairs and maintenance	97,633
Equipment rental	4,888
Insurance	31,411
Depreciation	1,121,538
Communications	18,662
Utilities	211,860
Property tax	30,099
Special services	437,677
Office and supplies	14,303
Fuel and oil	9,007
Membership, permits, and license fees	62,862
Legal	245,583
Accounting	13,334
Plant chemicals, lab, and analysis	283,236
Water recycling study	2,583
Employee training	5,156
Solids handling	115,370
Rate Study	10,313
Small tools	<u>3,546</u>
Total operating expenses	<u>4,041,384</u>
Net operating income	<u>924,570</u>

Non-Operating Revenues (Expenses):

Governmental agencies	640
Interest income	77,832
Restitution	18,098
Lease income	2,396
Misc. income	15,000
Forgiveness of settlement payable, used for Grit Removal System	221,962
Interest expense	<u>(1,439)</u>
Total non-operating revenues (expenses)	<u>334,489</u>

Capital Contributions:

Connection fees	<u>139,935</u>
Change in net position	<u>1,398,994</u>

Net Position:

Net position, beginning of fiscal year	11,875,770
Restatement	<u>(658,773)</u>
Net position, beginning of fiscal year- restated	<u>11,216,997</u>
Net position, end of fiscal year	<u>\$ 12,615,991</u>

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 5,134,302
Payments to vendors	(2,015,739)
Payments to employees	<u>(542,520)</u>
Net cash provided by operating activities	<u>2,576,043</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received from other governmental agencies	640
Payment of settlement payable	(221,963)
Restitution	18,098
Misc. income	15,000
Lease income	<u>2,396</u>
Net cash used by noncapital financing activities	<u>(185,829)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions	139,935
Acquisition and construction of capital assets	(1,893,924)
Payments of capital debt	(71,952)
Interest paid on capital debt	<u>(2,845)</u>
Net cash used by capital and related financing activities	<u>(1,828,786)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>71,748</u>
Net cash provided by investing activities	<u>71,748</u>

Net change in cash and cash equivalents	633,176
Cash and cash equivalents, July 1, 2017	<u>5,807,764</u>
Cash and cash equivalents, June 30, 2018	<u>\$ 6,440,940</u>

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (Continued)
For the Fiscal Year Ended June 30, 2018

Reconciliation of operating income to net cash provided

by operating activities:

Operating income	\$ 924,570
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	1,121,538
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Accounts receivable	227,375
Prepaid expenses	(51,410)
Deposits	2,383
Deferred outflows of resources relating to pensions	(135,709)
Deferred outflows of resources relating to OPEB	(7,710)
Accounts payable	299,704
Accrued liabilities	(13,118)
Brine deposits	(10,000)
Compensated absences	(23,715)
OPEB liability	68,476
Net pension liability	169,650
Deferred inflows of resources relating to pensions	<u>4,009</u>

Net cash provided by operating activities	<u><u>\$ 2,576,043</u></u>
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NOTE 1 - REPORTING ENTITY

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

There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61 and No. 80.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

- D. Proprietary Fund Type

Enterprise Fund

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- H. Receivables - The District did not experience bad debt losses; accordingly, no adjustment has been made for doubtful accounts, and accounts receivable is shown at the adjusted value.
- I. Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.
- J. Compensated Absences - Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District. The amounts are included in current liabilities.
- K. Restricted Assets - Restricted assets are financial resources segregated for a special purpose such as construction of improvements and financing of debt obligations. These assets are for the benefit of a distinct group and as such are legally or contractually restricted.
- L. Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.
- M. Net Position
GASB Statement No. 63, requires that the difference between assets added to the deferred outflows of resources and liabilities be added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions, or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.
- N. Pensions
For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South San Luis Obispo County Sanitation District's Public Employee's Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- O. Deferred Outflows and Inflows of Resources
Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualifies for reporting in this category; refer to Note 7 and Note 8 for a detailed listing of the deferred outflows of resources the District has reported.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Deferred Outflows and Inflows of Resources (Continued)

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

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 83	"Certain Asset Retirement Obligations"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 88	"Certain Disclosures Related to Debt, included Direct Borrowings and Direct Placements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

R. New Accounting Pronouncements

For the fiscal year ended June 30, 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This Statement is effective for periods beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Implementations of the GASB Statements No. 75 and the impact on the District's financial statements are explained in Note 8 - Postemployment Benefits Other than Pensions and Note 11- Restatements.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - CASH AND INVESTMENTS

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2018 the District had the following cash and investments on hand:

Cash on hand	\$	65
Cash in Bank		199,758
Cash and investments with County Treasurer		3,777,080
Local Agency Investment Fund (LAIF)		<u>2,464,037</u>
Total cash and investment	\$	<u>6,440,940</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the San Luis Obispo County Investment Pool and the Local Agency Investment Fund, however, those external pools are not measured under Level 1, 2 or 3.

Investments Authorized by the California Government Code

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

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

Disclosures Relating to Interest Rate Risk

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 - 24 Months	25 - 60 Months	More than 60 Months
San Luis Obispo Investment Pool	\$ 3,777,080	\$ 3,777,080	\$ -	\$ -	\$ -
State Investment Pool (LAIF)	2,464,037	2,464,037			
	<u>\$ 6,241,117</u>	<u>\$ 6,241,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

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

Investment Type	Carrying Amount	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	Aa	Baa	Not Rated
San Luis Obispo Investment Pool	\$ 3,777,080	N/A	\$ -	\$ -	\$ -	\$ 3,777,080
State Investment Pool (LAIF)	2,464,037	N/A				2,464,037
	<u>\$ 6,241,117</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,241,117</u>

Concentration of Credit Risk

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

Custodial Credit Risk

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

As of June 30, 2018, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investment in State Pool (LAIF)

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

NOTE 4 - SCHEDULE OF CAPITAL ASSETS

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2018, is shown below:

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Land	\$ 431,425	\$ -	\$ -	\$ -	\$ 431,425
Construction in Progress	1,096,120	1,804,448		(349,222)	2,551,346
Property, Plant, & Equipment	23,554,483	89,476		349,222	23,993,181
Total capital assets	25,082,028	1,893,924			26,975,952
Less Accumulated Depreciation	(17,155,439)	(1,121,538)			(18,276,977)
Net capital assets	<u>\$ 7,926,589</u>	<u>\$ 772,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,698,975</u>

NOTE 5 – LOAN PAYABLE

On October 19, 2009, the District received a loan from Municipal Finance Corporation in the amount of \$483,159. The purpose of the loan was to install a new electrical generator system. The District will make semi-annual payments under the loan agreement of \$37,398 through August 16, 2017. The interest rate for the loan is 5.25%. Loan was fully paid in the fiscal year ended June 30, 2018.

NOTE 6 – LONG-TERM DEBT

The changes in long-term debt at June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Retirements	Restatements	Balance June 30, 2018	Due within One year
Compensated Absences	\$ 43,055	\$ 24,633	\$ (48,348)	\$ -	\$ 19,340	\$ -
Loan Payable	71,952		(71,952)			
OPEB	997,770	133,872	(65,396)	724,169	1,790,415	
Net Pension Liability	1,006,552	274,298	(104,648)		1,176,202	
Total	<u>\$ 2,119,329</u>	<u>\$ 432,803</u>	<u>\$ (290,344)</u>	<u>\$ 724,169</u>	<u>\$ 2,985,957</u>	<u>\$ -</u>

NOTE 7 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.09% to 2.42%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	9.539%+ \$51,913	6.533%+ \$96

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were \$98,219 for the fiscal year ended June 30, 2018.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

At June 30, 2018, the District reported a liability of \$1,176,202 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2017, the District's proportion was 0.02984%, which increased by 0.00087% from June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$136,169. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 98,219	\$ -
Differences between expected and actual experience	1,457	20,875
Changes in assumptions	180,785	13,785
Net difference between projected and actual earnings on retirement plan investments	40,886	
Adjustment due to differences in proportions	107,732	2,107
Difference in actual contributions and proportionate share of contributions		35,560
	<u>\$ 429,079</u>	<u>\$ 72,327</u>

\$98,219 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal Year Ended June 30	Amount
2019	\$ 119,984
2020	103,175
2021	59,649
2022	(24,275)
	<u>\$ 258,533</u>

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2017 experience study report.

Change in Assumptions

In December 2016, as part of the Asset Liability Management (ALM) review cycle, the CalPERS Board approved to lower the financial reporting discount rate for PERF C 7.65% to 7.15%.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	6.00%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100%		

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

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

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

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
District's proportionate share of the net pension plan liability	\$ 1,772,120	\$ 1,176,202	\$ 682,651

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plan

At June 30, 2018, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2018.

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District provides post-retirement health benefits to all retirees with five years of service who retire from the District, and must have reached the minimum age of 50. Benefits continue for the lifetime of the retiree.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active employees	9
Inactive employees or beneficiaries currently receiving benefits	
Inactive employees entitled to, but not yet receiving benefits	6
Total	<u>15</u>

The District currently finances benefits on a pay-as-you-go basis.

OPEB Liability

The District's OPEB liability was measured as of June 30, 2017 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2016 that was rolled forward to determine the June 30, 2017 total OPEB liability, based on the following assumptions:

Discount Rate	3.50%
Inflation	2.75%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Mortality Rate	Derived from 2014 CalPERS Active Mortality for Miscellaneous Employees
Pre-Retirement Turnover	2009 CalPERS Turnover for Miscellaneous employees.

Actuarial assumptions used in the June 30, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 3.50 percent.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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

OPEB Liability (Continued)

Discount rate. GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long Term Expected Return of Plan Investments	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2017	3.50%	3.50%	3.50%

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017 (Valuation Date, June 30, 2017)	<u>\$ 1,721,939</u>
Changes recognized for the measurement period:	
Service cost	73,498
Interest	60,374
Changes of assumptions	
Contributions - employer	
Net investment income	
Benefit payments	<u>(65,396)</u>
Net Changes	<u>68,476</u>
Balance at June 30, 2018 (Measurement Date, June 30, 2017)	<u><u>\$ 1,790,415</u></u>

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
OPEB Liability	\$ 2,064,269	\$ 1,790,415	\$ 1,569,113

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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

OPEB Liability (Continued)

Sensitivity of the OPEB liability to changes in the healthcare trend rates. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current healthcare cost trend rates:

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
OPEB Liability	\$ 1,574,783	\$ 1,790,415	\$ 2,048,029

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$133,872. As of the fiscal year ended June 30, 2018, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 73,106	\$ -
Change in assumptions		
Net difference between projected and actual earnings on retirement plan investments		
	<u>\$ 73,106</u>	<u>\$ -</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES

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

NOTE 10 – SETTLEMENT PAYABLE

On October 3, 2012, the District was levied a penalty of \$1,109,813 from the State Water Resources Control Board for a sewage spill in December 2010. On September 1, 2016, the District agreed with the State Water Resources Control Board, that \$554,906 would go to the State Water Resources Control Board, \$110,981 would fund the Central Coast Ambient Monitoring Program Groundwater Assessment and Protection through the Bay Foundation of Morro Bay, \$221,963 would be contributed towards developing a groundwater basin model for the Northern Cities Management Area and Nipomo Mesa Management Area of the Santa Maria Groundwater Basin through the Bay Foundation of Morro Bay, and \$221,963 would be used to fund construction of a grit removal system at the District's treatment facility. As of June 30, 2018, the balance is \$0.

NOTE 11 – RESTATEMENT

Due to the implementation of GASB Statement No. 75, an adjustment of \$(658,773) is required to the District's OPEB Liability \$(724,169) and Deferred Outflows for OPEB for \$65,396.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2018

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

	2018	2017	2016	2015
Proportion of the net pension liability	0.0119%	0.0116%	0.0112%	0.0089%
Proportionate share of the net pension liability	\$ 1,176,202	\$ 1,006,552	\$ 766,801	\$ 556,113
Covered payroll	\$ 776,359	\$ 648,335	\$ 512,061	\$ 496,070
Proportionate share of the net pension liability as percentage of covered payroll	151.5%	155.3%	149.7%	112.1%
Plan's total pension liability	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Plan's fiduciary net position	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

Change in assumptions

In 2017, as part of the Asset Liability Management review cycle, the discount range was changed from 7.65 percent to 7.15 percent.

In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected ages of general employees.

*- Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Years*
As of June 30, 2018

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

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 98,219	\$ 104,648	\$ 77,019	\$ 48,422
Contribution in relation to the actuarially determined contributions	98,219	104,648	77,019	48,422
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 762,177	\$ 776,539	\$ 648,335	\$ 512,061
Contributions as a percentage of covered payroll	12.89%	13.48%	11.88%	9.46%

Notes to Schedule

Valuation Date: 6/30/2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market
Amortization method	The unfunded actuarial accrued liability is amortized over an open 17 year period as a level percentage of payroll
Discount rate	7.50%
Amortization growth rate	3.75%
Price inflation	3.25%
Salary increases	3.75% plus merit component based on employee classification and years of service.
Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with a 2 year setback for males and a 4 year setback for females.
Valuation Date:	6/30/2015
Discount rate:	7.65%

*- Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY

Last 10 Years*

As of June 30, 2018

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 73,498
Interest on the total OPEB liability	60,374
Actual and expected experience difference	
Changes in assumptions	
Benefit payments	<u>(65,396)</u>
Net change in total OPEB Liability	68,476
Total OPEB liability - beginning	<u>1,721,939</u>
Total OPEB liability - ending	<u><u>\$ 1,790,415</u></u>

*- Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS

Last 10 Years*

As of June 30, 2018

The District's contribution for the fiscal year ended was \$73,106. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2018, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

*- Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

STAFF REPORT

Date: March 20, 2019
To: Board of Directors
From: Jeremy Ghent, District Administrator
Subject: **CONTRACT FOR REDUNDANCY ADMINISTRATION SERVICES WITH MKN AND ASSOCIATES**

RECOMMENDATION:

Authorize the District Administrator to Execute a Contract for Redundancy Administration Services with MKN and Associates, Inc., in the amount of \$105,725.

BACKGROUND AND DISCUSSION:

In April 2016, the District contracted with Kennedy/Jenks Consultants (K/J) for completion of the Project Design for the Redundancy Project. Completion of design is anticipated for April 2019 and the District plans to advertise the bid package by Fall 2019. The California Coastal Commission granted conditional approval for the project through a Coastal Development Permit, approved in May 2017.

Since 2016 MKN has provided the district with general engineering services. As part of these general engineering efforts MKN has supported multiple efforts in the Redundancy Project such as developing various technical memos, preparing the State Revolving Fund loan application, and providing USDA funding support.

The District is seeking to procure professional services that will ensure that the project continues with appropriate support and oversight. After many years as the District's General Engineering firm MKN provides a unique project background and understanding.

MKN and Associate's services are being procured to provide the efforts summarized below:

- Review current project documents, including the final design submittal, permit requirements, and funding requirements;
- Integrate funding and permitting conditions into the general specifications for project bidding;
- Assist with final approval of Coastal Development Permit;
- Assist with construction bid phase;
- Review project expenditures and evaluate status of the project budget;

- Lead procurement for Construction Management team and Startup and Commissioning team;
- Attend Project Meetings through design, bid, and construction;
- Provide monthly reporting to the District Administrator;
- Assist with reporting project status to the District Board of Directors;
- Provide consultant coordination;
- Provide construction phase support services as owner's representative; and
- Provide as-needed staff support services related to the project.

Options

1. Reject staff recommendation and direct staff to solicit request for proposals (RFP) to address the needs for the noted administration services.

Fiscal Consideration

Currently the Redundancy project is estimated to cost \$27.9 million. Of this \$27.9 million \$500,000 or 1.8% is currently budgeted for project administration costs.

Due to the difficulty in estimating project support needs over four years, we are currently requesting authorization for the first year's budget and scope of work, with the subsequent budget to be reviewed and authorized annually. While the current request is for \$105,725, it is anticipated that approximately \$250,703 of future administration effort will be necessary to support the full duration of the project.

Outcome

Approval of this contract will provide the necessary professional resources to support Redundancy project permitting, construction management selection, construction bidding and construction award for the next 12 months.

ATTACHMENT:

Proposal - Staff Support for Redundancy Project



P.O. Box 1604
Arroyo Grande CA 93421
805 904 6530 tel
www.mknassociates.us

February 28, 2019

Jeremy Ghent
District Administrator
South San Luis Obispo County Community Services District
Sent via email

RE: Proposal – Staff Support for Redundancy Project

Dear Jeremy,

Michael K. Nunley & Associates, Inc., (MKN) is pleased to submit this proposal to provide staff augmentation services for management of the Wastewater Treatment Plant (WWTP) Redundancy Project. The WWTP Redundancy Project is currently in the final design stages and consists of significant upgrades to the District's WWTP in order to provide important process redundancy. We understand the District is in need of assistance to manage the various consultants work, respond to data needs, and help ensure critical financing and permitting requirements are met. MKN proposes to supplement the District's current staff availability and consultants' scopes and capabilities.

PROJECT UNDERSTANDING

The WWTP Redundancy Project is intended to provide redundancy to allow major process units to be removed from service for maintenance or repairs without violation of effluent permit limits. The main project components are summarized below:

- Two activated sludge (AS) aeration basins
- One new secondary clarifier
- Fixed film reactor (FFR) effluent and primary effluent pump station
- Waste activated sludge (WAS) thickener with modifications to existing dewatering platform
- Blower, electrical, and motor control center (MCC) building
- Yard piping
- Site improvements
- Instrumentation and controls
- Electrical systems
- Floodproofing of critical plant systems
- Rehabilitation of existing secondary clarifier
- New generator to provide backup power for new facilities

The project will be completed within the existing plant site on property that has been previously disturbed. No additional property or offsite work will be required.

In April 2016, the District contracted with Kennedy/Jenks Consultants (K/J) for completion of the Project Design. Completion of design is anticipated for April 2019 and the District plans to advertise the bid package by Fall 2019. The California Coastal Commission granted conditional approval for



the project through a Coastal Development Permit, approved in May 2017. The District has been pursuing a low-interest loan and grant funding with USDA and anticipates completing the application process prior to construction starting.

The proposed scope of work and budget are provided herein.

SUMMARY OF PROPOSED ENGINEERING SERVICES

MKN will provide District staff support services for the District's WWTP Redundancy Project. This proposal includes the work anticipated for the duration of the project (estimated to be approximately three years). However, due to the difficulty in estimating project needs over such a long term, we are requesting authorization for the first year's budget and scope of work, with the subsequent budget to be reviewed and authorized by the District Administrator annually. The main scope items include:

- Review current project documents, including the final design submittal, permit requirements, and funding requirements;
- Integrate funding and permitting conditions into the general ("upfront") specifications for project bidding;
- Assist with final approval of Coastal Development Permit;
- Assist with construction bid phase;
- Review project expenditures and evaluate status of the project budget;
- Lead procurement for Construction Management team and Startup and Commissioning team;
- Attend Project Meetings through design, bid, and construction;
- Provide monthly reporting to the District Administrator;
- Assist with reporting project status to the District Board of Directors;
- Provide consultant coordination;
- Provide construction phase support services as owner's representative; and
- Provide as-needed staff support services related to the project.

SCOPE OF WORK

TASK GROUP 100 REVIEW OF CURRENT PROJECT DOCUMENTATION

101 Review Final Design Submittal (plans, specifications, cost opinion, and schedule)

MKN will review the final design submittal provided by K/J. We understand the District reviewed the 90% design submittal and provided comments, and the final submittal is currently under development. The review will be focused on consistency of the design documents with project financing and permitting requirements.

102 Review Project Permits and Loan and/or Grant Agreements

MKN will review the following documents to determine conditions and requirements:

- Coastal Development Permit (CDP)
- Air Pollution Control Board permits (if applicable)
- USDA loan requirements

- USDA grant requirements (if applicable)

Based on the review, MKN will develop a list of conditions and action items and determine the associated due dates and responsible party in consideration for integration into the bid documents.

103 Review Project Expenditures and Evaluate Status of Project Budget

We understand the existing project expenditures are being tracked under the project, but have not been delineated into any categories. The District would like to understand the status of the project budget. To evaluate the project budget, MKN will review the project expenditures to date and divide them into categories, such as permitting and design, to match categories in the project budget and allow for an evaluation of the project budget. It is assumed the District will provide project expenditures in an Excel spreadsheet or comma delimited file. MKN will deliver a summary of the results in a brief memorandum and the analysis in an Excel spreadsheet.

Task 104 Life Expectancy Analysis

A Life Expectancy Analysis is required as part of the CDP compliance, due to the California Coastal Commission (CCC) by May 10, 2019. Based on the conditional CDP (#5 of Part III Special Conditions), the "Analysis shall include an evaluation of the annual and long-term costs of maintaining the existing plant at its current location (including repairing/maintaining and replacing existing components, upgrading existing components to meet regulatory (RWQCB or other) requirements/specifications, and responding to coastal hazards risk...". Additional guidance of the expectation for the analysis is provided in the conditional CDP. MKN will review existing related available information and develop a draft Life Expectancy Analysis for the District's review. We assume information regarding installation and/or maintenance dates for the major WWTP equipment is available. MKN will coordinate with District staff for review of the preliminary list of major WWTP components and life expectancy information (age, condition, maintenance, replacement time and cost, etc.). Once the analysis is finalized, MKN will develop a cover memorandum to complete the submittal package for the CCC.

TASK GROUP 200 COMPLETION OF BID DOCUMENTS AND PROCUREMENT SUPPORT

201 Completion of Bid Documents

We understand the final design plans are currently being developed and may be completed before the project funding is determined. The District is currently completing the application materials for a loan and/or grant through United States Department of Agriculture (USDA). The District is developing the project financial plan with the assistance of Bartle Wells Associates (BWA). Additionally, the Coastal Development Permit (CDP) was conditionally approved in May 2017 and a final CDP is still required before the project can be constructed. MKN will perform the following tasks to assist the District in completion of the project bid documents:

- Add provisions to the project General Specifications ("upfront documents") based on funding and permitting requirements. This will be based on review of the final design submittal and funding and permitting documents (Tasks 101 and 102). It is assumed the District's design engineer (K/J) will stamp and sign the technical specifications and the plans. MKN will develop provisions to be added to the District's General Specifications based on the funding requirements (from USDA and/or bonding agencies) and the final CDP.

- MKN will provide the draft provisions to the District and K/J for review of potential impact to the technical specifications or plans, integrate comments, and compile the final provisions for the final project bid documents.
- Complete the final bid documents. It is assumed the General Specifications and upfront documents will be complete, with the exception of final funding and permit requirements, bid document information (where to obtain a set of bid documents), and relevant bid dates. MKN will complete these sections and prepare the Final Bid Documents for District review.

202 Consultant Coordination

MKN will coordinate with the District's various project consultants, including the design engineer, financing consultant, and environmental consultants, to reduce potential for schedule impacts and help ensure project requirements are met. We recommend a budget of 2 hours per week until completion of the construction bid phase.

203 Reporting

MKN will provide a monthly report of work completed for the District Administrator to accompany the invoice.

204 Allowance for As-Needed Assistance

A budget of 64 hours is recommended for as-needed assistance that may be required before completion of the construction bid phase. This is based on an average of two hours per week over eight months.

205 Construction Bid Assistance

We understand the District's Design team will be preparing the bid package for construction. This scope of work assumes the District (or others) will provide bid distribution, maintain the bidders list, and prepare and distribute addenda as needed. We recommend the District contract with ASAP Reprographics for bid distribution. MKN will perform the following tasks during bid phase:

- *Prepare the Invitation to Bid (completed under Task 201)*
- Perform informal outreach to contractors (prior to bid advertisement).
- Coordinate with ASAP Reprographics for bid distribution.
- Manage Requests for Information (RFIs) from potential bidders, coordinate with the District and District's consultants for responses and addenda as needed, and coordinate with ASAP for posting Response to RFIs and addenda.
- Attend the pre-bid conference. We assume K/J will coordinate and lead the pre-bid conference.
- Prepare bid tabulation and checklist for bid forms
- Review bid results for responsiveness and qualifications, tabulate the bids, and provide recommendation of award.
- Review contract documents from Contractor and prepare Notice to Proceed

We recommend budgeting 78 hours for Task 205.

Task 206 Procurement of Construction Management Team

MKN will perform the following services for procurement of a construction management team:

- Develop Request for Proposals (RFP) for construction management (21 hours assumed)
- Coordinate and attend pre-proposal meeting (12 hours assumed)
- Respond to Requests for Information and issue addenda as needed (12 hours assumed)
- Review proposals (12 hours assumed)
- Coordinate District review and interview process (16 hours assumed)
- Negotiate scope and budget with preferred consultant (8 hours assumed)
- Prepare staff report and recommendation for District (4 hours assumed)
- Meet with potential proposers and coordinate regular communication and outreach (12 hours assumed)

A total of 97 hours is budgeted for Task 206.

Task 207 Procurement of Startup and Commissioning Assistance

MKN will perform the following services for procurement of startup and commissioning assistance:

- Develop Request for Proposals (RFP) for startup and commissioning assistance (21 hours assumed)
- Respond to Requests for Information and issue addenda as needed (12 hours assumed)
- Review proposals (12 hours assumed)
- Coordinate District review and interview process (16 hours assumed)
- Negotiate scope and budget with preferred consultant (8 hours assumed)
- Prepare staff report and recommendation for District (4 hours assumed)
- Meet with potential proposers and coordinate regular communication and outreach (12 hours assumed)

A total of 85 hours is budgeted for Task 207.

TASK GROUP 300 CONSTRUCTION PHASE SUPPORT

MKN will provide staff support during project construction. It is assumed the District's Construction Manager will provide Resident Engineer (RE) services and field staff for construction observation. MKN will serve as an extension of District staff and assist with general project oversight, review of materials, and evaluation of issues that require District input. MKN will report directly to the District Administrator. The following tasks are included in this scope of work:

- Pre-Construction Conference: MKN will attend the pre-construction conference and assist with requests for information. It is assumed the pre-construction conference will be organized and led by the District's Construction Manager. A budget of 4 hours is included
- Weekly Progress Meetings: MKN will attend weekly progress meetings with the Contractors, permit agencies (if applicable), and the District's Construction Manager. MKN will prepare for these meetings (i.e., review the most current schedule, and coordinate with the Construction Manager regarding the agenda ahead of the meeting). It is assumed the

Construction Manager will chair these meetings, develop the agenda and conduct each meeting, and prepare meeting minutes and/or action items. Estimated at 2 hours per week.

- Report to District Board of Directors: MKN will provide periodic reports on the project progress at the District Board Meetings. This proposal assumes semi-annual (every six months) project reports to the Board of Directors during construction phase, and assumes a written report and brief PowerPoint presentation (approximately 15 minutes) will be provided summarizing the project status including major work completed, schedule status, budget status, and any noteworthy occurrences since the last project update.
- Groundbreaking Ceremony: MKN recommends a budget of 30 hours to assist District staff in coordination for a project groundbreaking ceremony, including advertising.
- Additional Construction Phase Support: The level of effort required for construction phase support is difficult to predict for any project, and can vary greatly depending on site conditions, the Contractor, the Construction Management team, and unforeseen circumstances. At this time, we recommend budgeting eight (8) hours per week for the duration of the project construction, estimated at 30 months, for the following tasks:
 - Construction Documents, including Requests for Information (RFIs), construction schedule, monthly progress payments, and change orders: It is assumed the District's Construction Manager will manage the construction documents and lead review of the materials and responses to the Contractor. MKN will review on behalf of the District, assist with responses on an as-needed basis, and notify the District's Administrator when critical decisions are needed and/or of important project impacts.
 - Tracking Permitting and Financing Requirements: MKN will track progress of compliance with the permitting and funding requirements based on review of the permits and funding agreements and coordination with the District's consultants and Contractor.
 - Reporting: MKN will provide a report of time spent and tasks completed to the District Administrator each month.
 - As-Needed Support: MKN may provide as-needed support services related to the project as directed by the District Administrator.

ASSUMPTIONS

- Design submittals, permits, loan agreements, grant agreements (if applicable), and other relevant project documentation will be provided by the District.
- All permits will be obtained by the District.
- MKN shall be entitled to rely reasonably upon the accuracy of data and information provided by or through the District and will use good professional judgment in reviewing and evaluating such information. If MKN identifies any error or inaccuracy in data or information provided by or through the District, or determines that additional data or information is needed to perform the services, MKN shall promptly notify the District.

SERVICES NOT INCLUDED

- Construction management, observation, and inspection services
- Survey, permitting, or environmental services
- Loan/grant administration and/or reporting
- Startup, testing, or commissioning of equipment or facilities

- Services beyond those specifically listed in the Scope of Work above

PROJECT SCHEDULE

The following general project schedule was assumed when preparing this proposal:

Phase	Date	Duration
Design completion	April 2019	2 months
Develop permitting and funding requirements	June 2019	2 months
Bid Phase	June – October 2019	4 months
Construction	November 2019 – March 2022	30 months

FEE SUMMARY

MKN proposes to complete this work on a time and materials basis, with a first-year budget of \$105,725 and a total project budget of \$356,428 that will not be exceeded without written authorization from the District. An allowance is included for annual labor rate increases of up to 3% per year for 2020 and 2021. Year two budget and scope of work will be submitted for approval by the District Administrator. A detailed breakdown of the estimated fee is provided in the attached spreadsheet.

Thank you for providing MKN with the opportunity to assist the District on this project. If you have any questions regarding this proposed scope amendment, please contact me at eshields@mknassociates.us or by phone at (805) 904-6530.

Sincerely,



Eileen Shields, PE
Principal



Michael K. Nunley, PE
CEO/President

Attachments:

1. Estimated Fee
2. 2019 MKN Fee Schedule

	Operations Manager	Principal Engineer	Assistant Engineer	Administrative Assistant	Total Hours	Total Labor	ODCs	Total Cost
TASK GROUP 100 - REVIEW CURRENT PROJECT DOCUMENTATION								
Task 101. Review Final design submittal	2	24	16	2	44	\$ 7,040	\$ 211	\$ 7,251
Task 102. Review permit and funding requirements	2	16	16		34	\$ 5,440	\$ 163	\$ 5,603
Task 103. Review expenditures and evaluate status of project budget	1	8	32		41	\$ 5,840	\$ 175	\$ 6,015
Task 104. Life Expectancy Analysis	2	12	24	2	40	\$ 5,860	\$ 176	\$ 6,036
Task Group 100 Subtotal	7	60	88	4	159	\$ 24,180	\$ 725	\$ 24,905
TASK GROUP 200 - COMPLETION OF BID DOCUMENTS AND PROCUREMENT SUPPORT								
Task 201. Completion of Bid Documents	2	10	24	4	40	\$ 5,610	\$ 168	\$ 5,778
Task 202. Consultant Coordination		64			64	\$ 11,840	\$ 355	\$ 12,195
Task 203. Reporting		8		4	12	\$ 1,720	\$ 52	\$ 1,772
Task 204. Allowance for As-Needed Assistance		64			64	\$ 11,840	\$ 355	\$ 12,195
Task 205 Construction Bid Assistance								
Task 205A. Informal outreach to contractors	6	6			12	\$ 2,310	\$ 69	\$ 2,379
Task 205B. Coordination with ASAP for Bid Distribution		4	4		8	\$ 1,260	\$ 38	\$ 1,298
Task 205C. Manage RFIs and responses		4	8		12	\$ 1,780	\$ 53	\$ 1,833
Task 205D. Attend pre-bid conference		2			2	\$ 370	\$ 11	\$ 381
Task 205E. Prepare bid tabulation and checklist		2	6		8	\$ 1,150	\$ 35	\$ 1,185
Task 205F. Review bids, tabulate, and provide recommendation		8	16		24	\$ 3,560	\$ 107	\$ 3,667
Task 205G. Review contract documents and prepare Notice to Proceed		4	8		12	\$ 1,780	\$ 53	\$ 1,833
Subtotal Task 205. Construction Bid Assistance	6	30	42	0	78	\$ 12,210	\$ 366	\$ 12,576
Task 206. Procurement of Construction Management Team								
Task 206A. Develop Request for Proposals (RFP) for Construction Management (CM)	1	6	12	2	21	\$ 2,990	\$ 90	\$ 3,080
Task 206B. Coordinate and Attend CM Preproposal Meeting	2	5	4	1	12	\$ 1,905	\$ 57	\$ 1,962
Task 206C. Respond to Requests for Information and issue addenda, as needed		4	7	1	12	\$ 1,710	\$ 51	\$ 1,761
Task 206D. Review CM proposals	2	10			12	\$ 2,250	\$ 68	\$ 2,318
Task 206E. Coordinate District review and interviews	8	8			16	\$ 3,080	\$ 92	\$ 3,172
Task 206F. Negotiate scope and budget with preferred CM Team		8			8	\$ 1,480	\$ 44	\$ 1,524
Task 206G. Prepare staff report and recommendation for District		4			4	\$ 740	\$ 22	\$ 762
Task 206H. Outreach with potential CM proposers	6	6			12	\$ 2,310	\$ 69	\$ 2,379
Subtotal Task 206. Procurement of Construction Management Team	19	51	23	4	97	\$ 16,465	\$ 494	\$ 16,959
Task 207. Procurement of Startup and Commissioning Assistance								
Task 207A. Develop Request for Proposals (RFP) for Startup/Commissioning Assistance	1	6	12	2	21	\$ 2,990	\$ 90	\$ 3,080
Task 207B. Respond to Requests for Information and issue addenda, as needed		4	7	1	12	\$ 1,710	\$ 51	\$ 1,761
Task 207C. Review Startup/Commissioning Assistance proposals	2	10			12	\$ 2,250	\$ 68	\$ 2,318
Task 207D. Coordinate District review and interviews	8	8			16	\$ 3,080	\$ 92	\$ 3,172
Task 207E. Negotiate scope and budget with preferred CM Team		8			8	\$ 1,480	\$ 44	\$ 1,524
Task 207F. Prepare staff report and recommendation for District		4			4	\$ 740	\$ 22	\$ 762
Task 207G. Outreach with potential proposers	6	6			12	\$ 2,310	\$ 69	\$ 2,379
Subtotal Task 207. Procurement of Startup/Commissioning Assistance	17	46	19	3	85	\$ 14,560	\$ 437	\$ 14,997
Task Group 200 Subtotal	44	273	108	15	440	\$ 74,245	\$ 2,227	\$ 76,472
TASK GROUP 300 - CONSTRUCTION PHASE SUPPORT								
Task 301. Pre-Construction Conference		4			4	\$ 740	\$ 22	\$ 762
Task 302. Weekly Progress Meetings		240			240	\$ 44,400	\$ 1,332	\$ 45,732
Task 303. Construction Phase Support		780	260		1040	\$ 178,100	\$ 5,343	\$ 183,443
Task 304. Report to District Board of Directors (every six months)		30	40	10	80	\$ 11,350	\$ 341	\$ 11,691
Task 305. Assist with Groundbreaking Ceremony		6		24	30	\$ 2,550	\$ 77	\$ 2,627
Task Group 300 Subtotal	0	1060	300	34	1394	\$ 237,140	\$ 7,114	\$ 244,254
Allowance for annual labor rate increases								\$ 10,796
TOTAL BUDGET	51	1393	496	53	1993	\$ 335,565	\$ 10,067	\$ 356,428

Billing Rates	\$/hr
Operations Manager	200
Principal Engineer	185
Senior Project Engineer	175
Project Engineer	152
Assistant Engineer	130
Drafter	110
Administrative Assistant	60

Notes:

Mileage to be reimbursed at IRS rate

Report or memorandum hard copy costs to be reimbursed at cost + 10% markup

The allowance for annual labor rate increase assumes two rate increases at 3% per year, and Tasks 101 -301 occur in 2019



FEE SCHEDULE FOR PROFESSIONAL SERVICES

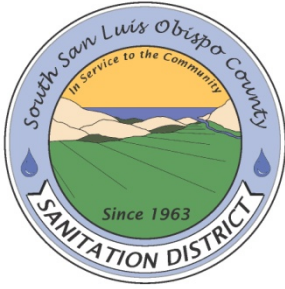
ENGINEERS AND TECHNICAL SUPPORT STAFF

Project Director/ Operations Manager	\$200/HR
Principal Engineer	\$185/HR
Senior Project Engineer	\$175/HR
Project Engineer/ Senior Scientist	\$152/HR
Water Resources Planner	\$142/HR
GIS Specialist	\$135/HR
Assistant Engineer II	\$130/HR
Assistant Engineer I	\$110/HR
GIS Technician	\$112/HR
Supervising Drafter	\$110/HR
Drafting/Design Technician II	\$97/HR
Drafting/Design Technician I	\$90/HR
Administrative Assistant	\$60/HR

Routine office expenses such as computer usage, software licenses and fees, telephone charges, office equipment and supplies, incidental postage, copying, and faxes are included as a 3% fee on labor cost.

DIRECT PROJECT EXPENSES

Outside Reproduction	Cost + 10%
Subcontracted or Subconsultant Services	Cost + 10%
Travel & Subsistence (other than mileage)	Cost
Auto Mileage	Current IRS Rate - \$.58/mi.



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

STAFF REPORT

Date: March 20, 2019
To: Board of Directors
From: Jeremy Ghent, District Administrator
Via: Mychal Jones, Plant Superintendent
Subject: **PLANT OPERATIONS REPORT**

Plant Operations Report

During this reporting period (March 1st – March 13th) the District's facility met its Permit Limitations as required under the State of California's National Pollutant Discharge Elimination System (NPDES) Permit issued to the District.

Monthly Plant Data as of March 13th, 2019

March 2019	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	2.31	3.7	537	14.6		600	19.3		<1.8	125
High	3.19	4.6	631	16.4		678	27.5		9.3	250
Average	2.85	4.12	574	15.4	97.3	653	22	96.6	3.7	179
March 2018 AVG	2.5	3.8	531	19.6	96.3	551	27	95.1	730	219
Limit	5.0			40/60/90			40/60/90	>80	2000	

*Limit – 40/60/90 represent NPDES Permit limits for the monthly average, weekly average, and instantaneous maximum value for plant effluent Biochemical Oxygen Demand and Total Suspended Solids.

Fecal Coliform Numbers for March 2019

3/2/2019	=	2	MPN/100 mL
3/5/2019	=	2	MPN/100 mL
3/6/2019	=	7.8	MPN/100 mL
3/7/2019	=	4.5	MPN/100 mL
3/8/2019	=	9.3	MPN/100 mL
3/9/2019	=	2	MPN/100 mL
3/12/2019	=	2	MPN/100 mL
3/13/2019	<	1.8	MPN/100 mL
3/14/2019	=	2	MPN/100 mL

*Limit – 200/2000 represent NPDES Permit limits for the running weekly median and instantaneous maximum for fecal coliform bacteria.

Operation and Maintenance Projects

- Continued optimization of disinfection system settings
- Organized and moved containment pallets and totes of sodium bisulfite under fixed film reactor
- Continued review and update of standard operating procedures
- Initiated Valley Road M/H Project. Waiting on project start date from Ramsey Asphalt
- Solicited quotes for annual boiler maintenance, outfall inspection, benthic monitoring, chronic toxicity, acute toxicity, and annual laboratory analysis.
- Checked and marked Underground Service Alerts

Upcoming Projects

- Repair of Digester No. 1 Feed Line
- Primary Clarifier No. 2 Rehabilitation
- Hydro-jetting and Closed-circuit Television of District's Trunk Sewer System
- Influent Pump No. 3 Overhaul
- Implementation of Claros Water Intelligence System

Work Orders Completed

- Performed maintenance on plant carts
- Inspected all clarifier gear boxes and overload switches
- Performed maintenance on water champ flash mixer
- Rinsed down surfaces, weir, and launder on all clarifiers
- Inspected digester vacuum/pressure relief valves
- Drained and replaced digester mixing pump seal oil
- Performed biweekly emergency generator maintenance
- Test ran emergency bypass pump
- Cleaned orifices, netting, and took an oil sample on Fixed Film Reactor

Training

- Operations staff participated in training on running daily laboratory analysis in the District's Laboratory.

Call Outs

- No call outs this reporting period