



# **SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**

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## **SUMMARY ACTION MINUTES Regular Meeting of Wednesday, March 20, 2019**

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### **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**

Chair Lee led the Pledge of Allegiance.

### **3. AGENDA REVIEW**

Approved as presented.

### **4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA**

Chair Lee opened the Public Comment period.

Mary Lucey commented on funding the Redundancy Project and collecting all three agencies wastewater treatment fees on the property tax roll.

Julie Tacker also commented on collecting wastewater treatment fees on the property tax roll.

Chair Lee closed the Public Comment period.

### **5. CONSENT AGENDA:**

**5A. Approval of Warrants**

**5B. Approval of Meeting Minutes of March 06, 2019**

Chair Lee opened the Public Comment period.

Julie Tacker is not in favor of paying warrants for Central Coast Blue water testing.

Chair Lee closed the Public Comment period.

Administrator Ghent said the agreement between the District and the City of Pismo states that the District provide water quality data for the Central Coast Blue Project.

**Motion:** Director Austin motioned to approve the Consent Agenda as presented.

**Second:** Vice Chair Ray Russom

**Action:** Approved unanimously by voice vote. Vote carries 3-0.

## 6. ACTION ITEMS:

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

Alex Hom, representative from Moss, Levy & Hartzheim, presented the audit. He said the District received an unmodified clean opinion. There was one finding regarding unsigned Personnel Action Form's (PAF's). He also said there was one major change in the financial statements from last year and that is the Other Post Employment Benefit (OPEB) Unfunded Liability. The accounting rules changed. The old rule was the liability was amortized over 30 years. Now it is all completely shown. This can be seen in the Restatement. The note to this restatement is on page 22.

Vice Chair Ray Russom asked about the 2017 and 2018 Findings, the Financial Plan and Note 2 Section A.

Administrator Ghent responded to the questions. Regarding the finding for unsigned PAF's, he said that he was not employed on the date of the PAF's and was not comfortable signing documents with dates prior to his employment. He responded to the question about the 2017 finding about Fund 20. He said that the Operating Fund 19 did not have the same type of constraints as the Expansion Fund 20.

Regarding the Financial Plan, he responded that the work with Bartle Wells is ongoing, but it has been determined that at this time there is no need to increase rates. If it becomes necessary Bartle Wells will provide an update. There would be an analysis of the rates and budgets and there would be a Prop 218 Hearing to approve any rate increase.

Alex Hom responded to the comment regarding private sector guidance. He said this District follows General Accounting Standards Board (GASB) rules not Financial Accounting Standards Board (FASB) rules and he does not recommend following FASB rules.

Director Austin asked her questions regarding net position and Deferred Outflows and Inflows of Resources.

Administrator Ghent said that net position includes plant property and this statement refers to the fact that debt cannot be paid out of the portion of net position that is capital assets or plant equipment.

Alex responded to the comment regarding Deferred Outflows of Pension. He said pensions and OPEB are measured a year behind. The inflows and outflows are the activity that occurred after the measurement date. He said there is a Note in the back that will show the deferred outflows and inflows. (Notes 7 & 8).

Chair Lee opened the Public Comment period.

Julie Tacker commented on the 2017 Finding Grit Removal.

Mary Lucey commented new connections for Oceano Community Services District (OCSD) and a Life Insurance Policy.

Chair Lee closed the Public Comment period.

Alex Hom replied to Ms. Tackers comments. He said it was an audit adjustment to move the money for Grit Removal. The expense was moved from Fund 20 to Fund 19. He is not aware of what the previous auditors (Fiscal Year 15/16) recommended regarding this finding.

Administrator Ghent responded to Ms. Lucey's comments. He said the County Planning and Building Department will notify the District of new connections in Oceano and that the District does not provide Life Insurance.

**Motion:** Director Austin made a motion to receive and file the 2017/18 Fiscal Year Audit.

**Second:** Vice Chair Russom

**Action:** Approved unanimously by voice vote. Vote carries 3-0.

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

Administrator Ghent presented this item. He said this contract would provide the staff augmentation services for management of the Redundancy Project. The District needs assistance to manage the various consultants work, respond to data needs, and help ensure critical financing and permitting requirements are met. It is a one-year contract and we expect it to be renewed annually through completion of the project. Mr. Nunley was available to answer any questions.

Vice Chair Ray Russom asked why we are not going to publish a request for proposals (RFP) for this item.

Legal Counsel Trujillo said there is no legal requirement to go out to bid for professional services. The engineer's familiarity with the project is one of the key factors in this type of contract.

Administrator Ghent said the fiscal advantage is MKN's past knowledge of the project and support on the project. He is not a fan of sole sourcing but as he started to develop a plan to go out for RFP, he determined that having MKN's historical knowledge on the team was a substantial benefit. MKN has agreed to not propose on larger components such as construction management.

Administrator Ghent said that MKN will be writing the RFP for construction management as part of this contract and will not be able to propose on the CM work.

Chair Lee opened the Public Comment period.

Julie Tacker asked the Board to reject staff recommendation.

Mary Lucey sees the benefit of approving staff recommendation.

Chair Lee closed the Public Comment period.

The Board is supportive of staff's recommendation and would like a provision for local hire to be put into the final product MKN would be crafting.

**Motion:** Director Austin made a motion to approve the District Administrator to execute a contract for Redundancy Administration services with MKN and Associates, Inc. in the amount of \$105,725.

**Second:** Vice Chair Ray Russom

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

## **6C. PLANT OPERATIONS REPORT**

Administrator Ghent presented this report. He said the numbers continue to be good and the plant is running fantastic. There were water leaks repaired and safety and lab training during this reporting period.

Chair Lee opened the Public Comment period.

Julie Tacker commented on an Infiltration and Inflow Study (I & I), she asked about the Fats Oils and Grease (FOG) program and if there was a video of the Fixed Film Reactor (FFR) backup plan.

Chair Lee closed the Public Comment period.

Administrator Ghent said there was an I & I study in 2011 that is still relevant today. He is not aware of a video on the backup system for the FFR.

**Action:** The Board received and filed the report.

## **7. MISCELLANEOUS ITEMS**

None.

**8. BOARD MEMBER COMMUNICATIONS**

Vice Chair Ray Russom announced that San Luis Obispo Council of Governments (SLOCOG) is holding a meeting regarding the El Campo intersection March 21 at the Arroyo Grande Hospital Annex at 6 p.m.

**9. ADJOURN MEETING**

The meeting was adjourned at 7:11 p.m.

***THESE MINUTES WERE APPROVED BY THE BOARD OF DIRECTORS AT THE MEETING OF APRIL 03, 2019.***