



**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, May 15, 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 Repogle, Director

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

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

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

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

Please adhere to the following procedures when addressing the Board:

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

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

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

5. CONSENT AGENDA:

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

5A. Approval of Warrants

5B. Approval of Meeting Minutes of May 01, 2019

6. ACTION ITEMS:

6A. CONTRACT FOR ADVISORY SERVICES FOR THE WASTEWATER TREATMENT PLANT REDUNDANCY PROJECT WITH BARTLE WELLS ASSOCIATES

Recommendation: Authorize the District Administrator to Execute a Contract for Financial Advisory Services for Wastewater Treatment Plant Redundancy Project with Bartle Wells Associates in the amount of \$61,000.

6B. REDUNDANCY PROJECT LABOR AGREEMENTS UPDATE

Recommendation: That the Board Receive and Consider the Redundancy Project Labor Agreement Update, and if Appropriate, Provide Direction to Staff.

6C. 2019/20 FISCAL YEAR BUDGET; SET PUBLIC HEARING FOR JUNE 5, 2019

Recommendation: That the Board Provide Input Regarding the Proposed 2019-20 Fiscal Year (FY) Budget and Set a Noticed Public Hearing for June 5, 2019.

6D. ROTATION OF DISTRICT MEETING LOCATION

Recommendation: That the Board Discuss the Rotation of District Meeting Location, and if Appropriate, Provide Direction to Staff.

6E. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

Recommendation: Receive and File Report.

7. MISCELLANEOUS ITEMS:

8. BOARD MEMBER COMMUNICATIONS:

9. CLOSED SESSION:

CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Jeremy Ghent and Alicia Lara

Employee organization: SEIU

10. ADJOURNMENT

The next regularly scheduled Board Meeting on June 05, 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
5/15/2019

VENDOR	BUDGET LINE ITEM	DETAIL	WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
ABALONE COAST ANALYTICAL	CHEMICAL ANALYSIS	2490; 2510; 2531; 2578; 2618	051519-3754	7078	370.00	370.00
AGP VIDEO	PROF SERV. AGP VIDEO	APRIL	3755	7080	585.00	585.00
ALLIED ADMINISTRATORS	EMPLOYEE DENTAL	JUNE	3756	6025	720.77	720.77
ARAMARK	UNIFORMS		3757	7025	418.91	418.91
ARROYO WATER WELL SUPPLY	EQUIPMENT MAINTENANCE	584	3758	8030	3,526.51	3,526.51
BANK OF THE WEST	FEES	APRIL	3759	7068	11.45	241.10
	COMPUTER SUPPORT	APRIL		7011	229.65	
CAREN RAY RUSSOM	BOARD SERVICE	APRIL	3760	7075	100.00	100.00
CAR QUEST	AUTOMOTIVE MAINTENANCE	1073204	3761	8032	43.08	43.08
CENTRAL COAST TECHNOLOGY	COMPUTER SUPPORT	MAY	3762	7082	493.43	493.43
CHARTER	COMMUNICATIONS	04/29/19-05/28/19	3763	7013	299.95	299.95
COASTAL ROLL OFF SERVICE	RUBBISH	APRIL	3764	7093	874.11	874.11
CULLIGAN CCWT	EQUIPMENT RENTAL	MAY	3765	7032	60.00	60.00
DE JESUS GARDENING	GROUND MAINTENANCE	MAY	3766	8060	450.00	450.00
ENGEL & GRAY, INC.	BIOSOLIDS HANDLING	APRIL	3767	7085	4,727.78	4,727.78
EVERYWHERE RIGHT NOW	COMPUTER SUPPORT	MAY	3768	7082	100.00	100.00
FEDERAL EXPRESS	OFFICE SUPPLIES	6-534-58432; 6-540-82864	3769	8045	339.54	339.54
FLUID RESOURCE MANAGEMENT	EQUIPMENT MAINTENANCE	LINK PIPE INSTALL	3770	8030	1,193.67	1,193.67
GILBERT TRUJILLO, ESQ	LEGAL COUNSEL	APRIL	3771	7071	3,792.50	3,792.50
GORDON SAND	BIOSOLIDS HANDLING	0625221	3772	7085	1,182.88	1,182.88
GRAINGER	EQUIPMENT MAINTENANCE	9148448146	3773	8030	1,915.72	1,967.88
	SAFETY SUPPLIES	9160268125		8056	52.16	
HACH	LAB SUPPLIES	11432422; 11448811	3774	8040	402.41	402.41
HAULAWAY	EQUIPMENT RENTAL	03/21/19-04/17/19	3775	7032	93.80	93.80
I.I. SUPPLY	SAFETY SUPPLIES	60793	3776	8056	19.54	19.54
INDUSTRIAL MEDICAL GROUP	SAFETY SUPPLIES	MULTIPLE	3777	8056	675.00	675.00
INTERSTATE BATTERIES	AUTOMOTIVE MAINTENANCE	50004642; 50004641	3778	8032	962.91	962.91
JANPRO	STRUCTURE MAINTENANCE	MAY	3779	8060	260.00	260.00
JB DEWAR	FUEL	905567	3780	8020	78.15	78.15
JEFF LEE	BOARD SERVICE	APRIL	3781	7075	100.00	100.00
JOHNSON'S BOILER	EQUIPMENT MAINTENANCE	14013	3782	8003	3,585.00	3,585.00
KENNEDY JENKS	REDUNDANCY	DESIGN	3783	20-7080	10,353.20	10,353.20
LINDA AUSTIN	BOARD SERVICE	APRIL	3784	7075	100.00	100.00
MINERS	HOUSEHOLD SUPPLIES	APRIL	3785	8035	246.49	246.49
OILFIELD	CHEMICAL ANALYSIS	1901990	3786	7078	130.00	130.00
PONTON INDUSTRIES	EQUIPMENT MAINTENANCE	20574-34813	3787	8030	5,265.22	5,265.22
PRAXAIR	EQUIPMENT RENTAL	03/20/19-04/20/19	3788	7032	31.85	31.85
QUINN	CAPITAL EQUIPMENT	CATERPILLAR LOADER	3789	8010	187,787.75	187,787.75
READY REFRESH	HOUSEHOLD SUPPLIES	03/25/19-04/24/19	3790	8035	110.78	110.78
REGIONAL GOVT. SERVICES	HUMAN RESOURCES	OIT RECRUIT	3791	7076	446.25	446.25
ROYAL ELECTRIC	EQUIPMENT MAINTENANCE	7842-445921	3792	8030	1,174.71	1,174.71
RS FIRE PROTECTION	SAFETY SUPPLIES	S05219	3793	8056	355.76	355.76
SO CAL GAS	UTILITY GAS	04/02/19-05/01/19	3794	7092	2,564.81	2,564.81
SOUTH COUNTY SANITARY	RUBBISH	MAY	3795	7093	338.41	338.41
STANLEY SECURITY	COMMUNICATIONS ALARMS	JUNE	3796	7011	71.28	71.28
STATE FUND	WORKERS COMPENSATION	MAY AND JUNE	3797	6080	2,174.50	2,174.50
SWRCB	CERTIFICATIONS	DE LEON GRADE II	3798	7055	125.00	125.00
TLT TRUCKING	BIOSOLIDS HANDLING	1828	3799	7086	287.40	287.40
TOTAL COMPENSATION SYSTEMS	AUDIT	7243	3800	7072	765.00	765.00
UMPQUA BANK	OFFICE SUPPLIES	APRIL	3801	8045	973.23	973.23
WEST COAST GAUGING	EQUIPMENT MAINTENANCE	2304	3802	8030	4,341.00	4,341.00
WHITAKER	BIO SOLIDS HANDLING FACILITY	RETENTION	3803	26-8065	2,504.15	5,419.16
	VALVE REPLACEMENT	RETENTION			2,915.01	
SUB TOTAL					\$ 250,725.72	\$ 250,725.72
SSLOCSD RABOBANK TRANSFER	APRIL	PAYROLL	3804		75,027.04	\$ 102,546.42
		CALPERS RETIREMENT		6060	12,131.59	
		CALPERS HEALTH		6010	15,387.79	
					\$ 102,546.42	\$ 102,546.42
GRAND TOTAL					\$ 353,272.14	\$ 353,272.14

We hereby certify that the demands numbered serially from 051519-3754 to 051519-3804 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, May 1, 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

Legal Counsel Trujillo led the Pledge of Allegiance.

3. AGENDA REVIEW

Administrator Ghent requested moving Item 6D to the top of the Agenda.

Action: Approved by voice vote.

4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

Mary Lucey commented on revisiting agency billing.

5. CONSENT AGENDA:

5A. Approval of Warrants

5B. Approval of Meeting Minutes of April 03, 2019

5C. Fiscal Year 2018/19 Budget Review at the end of Third (3rd) Quarter

Chair Lee opened the Public Comment period.

Julie Tacker commented on the Michael K Nunley (MKN) warrant.

Chair Lee closed the Public Comment period.

Administrator Ghent said that the MKN warrant was part of the financial application for USDA funds for the Redundancy Project, specifically the pro rata share of Oceano. MKN prepared an engineer's report which was a document USDA required that included the analysis and the breakdown of how the cost would be split and the general cost of the project so USDA could see the project lay out and what the project consisted of. The USDA funding is specifically available to disadvantaged communities. The District represents two other agency's that do not qualify for USDA funding. This report breaks out what is the reasonable share that could be assigned to Oceano for a project like Redundancy that is all sited on a single site.

Motion: Director Austin

Second: Vice Chair Ray

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

6. ACTION ITEMS:

6D. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

Administrator Ghent presented the Administrators Report. He reported that bid ready documents had been received from Kennedy Jenks. Michael K Nunley and Associates are preparing an RFQ for Construction Management Services and have conducted a couple webinars. Life Expectancy Report for the plant was submitted as condition No. 5. Staff had received the new front-end loader. Staff had met with the Monterey One team who have a project like Central Coast Blue to ask questions about the setup of the project. The District entered into a contract with the Public Group for disposal of surplus equipment. Central Coast Blue team met with city managers and WSC. On May 22 a group of school kids will be touring the plant. Construction Management contract will be coming forward August 2nd.

Plant Superintendent Jones presented the Plant Operations report. The numbers continue to comply with the permit. He updated the Board on operations and maintenance projects. Reported on an invalid sample analysis and venting of untreated digester gas. Updated on training that staff has attended. Said that there were two call outs. A letter is attached from Abalone Coast apologizing for the invalid BOD analysis.

Administrator Ghent expanded on the the BOD invalid test and the Digester venting. He spoke to the County lab director and she thought that this would not result in a fine.

Chair Lee opened the Public Comment period.

Julie Tacker commented the cost of the invalid test; the APCD violation; Central Coast Blue updates and the RFQ for construction Management.

Chair Lee closed the Public Comment period.

Administrator Ghent responded that there was no smell associated with the digester venting. The violation was because of notification.

Administrator Ghent responded to the question regarding Central Coast Blue. He said substantial effort has been taken to secure an alternate site. The RFQ will not be brought before the Board prior to being issued but will be agendized prior to award.

Action: The Board received and filed the report.

6A. AMENDING BOARD MEETING SCHEDULE TO MEET ONCE A MONTH

Legal Counsel Trujillo presented this item. He said that staff recommends amending the Bylaws to meet once a month. The warrant process is one issue that may need amending. Currently two Board signatures are required to approve warrants. This is not a requirement of law just specific to this District. Govt. code allows the District Administrator or Finance Director to be authorized to approve payments. If approved, warrants will appear after being paid on the agenda for ratification by the Board. The effective date of this resolution would be the first meeting in June.

Vice Chair Ray Russom commented on holding a second meeting when necessary and requested that it be regularly noticed.

Administrator Ghent responded that his intent would be to announce the second meeting of the month at the regular meeting and it would be held the third Wednesday of the month.

Vice Chair Ray Russom asked how much money would be saved by going to one meeting a month.

Administrator Ghent responded that it would be close to \$3,000 per meeting.

Director Austin asked how the warrant process would work.

Administrator Ghent said that currently no bills are paid prior to being brought before the Board. Most other agencies have the Administrator approve and issue payment. If the board elects to move to one meeting a month, he would approve payments and the warrant register would be ratified by the Board at the regular board meeting. If something exceeds the budgeted amount, the administrator would need to bring the item to the Board before approving a payment. From the public's perspective, they would not see a difference other than the warrants had already been issued before being presented to the Board.

Chair Lee opened the Public Comment period

Julie Tacker commented on posting the agenda for a second meeting; approval of warrants and the Bylaws on calling a Special Meeting.

Chair Lee closed the Public Comment period.

Motion: Vice Chair Ray Russom motioned to approve Resolution 2019-405 amending Bylaws sections 1.4 and 2.1 to provide for a monthly Board meeting on the first Wednesday of the

month. And to make a change to the warrant structure as described in the staff report effective the first meeting of June 2019 and she requested that if there is a second meeting, it be scheduled the third Wednesday of the month as we have previously done.

Second: Director Austin

Action: Approved unanimously by roll call vote.

6B. FINANCIAL PLAN UPDATE BY BARTLE WELLS ASSOCIATES

Administrator Ghent presented this item. He said the original effort was undertaken in 2015 and it was to establish rates for funding of the Redundancy Project. This update was to discover if we needed any further rate increases. The updated projections indicated that the financial position has improved. Current position would allow the District to fund the Redundancy Project without any rate increases. The District will be able to secure bond funding.

The Board had a brief discussion.

Administrator Ghent replied that the reality comes when project goes out to bid. We will not truly know the total cost until construction is complete. USDA funding has an approval process. If you qualify you are typically funded. We have gone through the process and believe we qualify. He also said in July the rates will go up by \$2 a month. The District has a flat rate that is the same for all member agencies.

Chair Lee opened the Public Comment period

Julie Tacker commented on the price of the project; the Life Expectancy Report; and agency billing.

Chair Lee closed the Public Comment period.

The Board had a brief discussion and Administrator Ghent responded to the questions.

Action: The Board received and filed the report.

6C. PROJECT LABOR AGREEMENTS AND REDUNDANCY PROJECT

Administrator Ghent presented this item. This was a result of the Boards interest in determining whether the Redundancy Project would be compatible with a labor agreement. Legal Counsel has provided the staff report that discusses a labor agreement.

Legal Counsel Trujillo said this was rushed to get on the agenda. It is not a comprehensive staff report. Just an overview. He gave description of a project labor agreement. He went over some issues that have been identified such as scheduling; timing; and cost. There is statutory authority to enter into a labor agreement for this project.

Chair Lee reiterated that there is no statutory prohibitor. The District can move forward with a project labor agreement.

Administrator Ghent said that schedule and scope are not a big undertaking, budget will have some cost increases with this agreement. Local hire has some unquantified benefits. Schedule does incur some risks. Creates a little extra work. Technical staff is just himself; he would need some supporting consultants to negotiate these PLA's. Would be reluctant that we could pull it off in under five months. Checked in with Coastal. One issue is interest rates. Requires modifying construction management document if the District gave direction to move forward.

The Board had a lengthy discussion of the pros and cons of a labor agreement and asked Counsel what was in the lengthy staff report from City of San Luis Obispo.

Chair Lee opened the Public Comment period.

Cherie Cabral worked on City Of SLO agreement. She said that City of SLO had an agreement in 30 days. She distributed a handout. The amount it is going to cost is directly related to the amount you are going to spend on labor compliance. Local hire areas can be as detailed as you want them to be. Prevailing wage is prevailing wage the difference in pay you would see is if someone was paid outside of class.

Jim Hill congratulated the Board and thanked them for considering the PLA and local hire. He advised adoption of the agreement and local hire.

Larry Murray pipe fitter is supportive of adopting this local hire agreement.

Sean Perry, electrician, said a PLA is a benefit.

Richard Van Hambeck commented on training local people to do this work. The apprentices will get these opportunities.

Joseph Fixer, commented on being a self-funded apprenticeship.

John Sabero commented on working locally. Sense of pride in the work when you are part of the community.

Danny Saragoza labor union representative. Agree PLA would benefit the community. A project like this would bring a lot of training to our youth.

Unknown commented on the benefit of the ability to train the youth through the apprenticeship program.

Travis Shrawg said it is a small amount to pay to keep the money local.

David Baldwin said the trades aren't proposing anything that excludes contractors or workers. Getting everyone on the same page tends to bring your project in on

time and close to engineers estimate. This agreement is the mechanism to get there.

Aaron Verdusco, apprentice, commented on the possibilities with an agreement like this.

Chair Lee closed the Public Comment period.

Chair Lee thanked staff for asking the *what if* questions. Suggested that we proceed with moving forward with a project labor or community labor agreement with a few caveats. Support pursuing this with a draft agreement at the June or July meeting.

Director Austin appreciated everyone coming out to speak. She did have concerns about scheduling but agrees with Chair Lee to look at the parameters. Her big concerns are the timing, scheduling and costs. She is supportive of keeping it local

Vice Chair Ray Russom said it is difficult to quantify but easy to understand the local benefit. Such a small incremental cost to narrowing it down. She's looking at the cost as an insurance policy. She is ready to move forward with this tonight. Would like to have any motion make sure that this is done in thirty days and our member agency's zip codes are first.

Chair Lee said it appears to have consensus to move forward. He suggested a member of negotiating team be a member of the Board.

Trujillo thinks a single member being part of the team is fine.

Cherie Cabral said that if you use City of SLO as a baseline you are only looking at one or two modifications. Outside counsel may be a waste of resources. One modification would be site.

Administrator Ghent said he has a couple options in place about outside counsel and modifying MKN contract with site survey if that is an item that would be part of PLA.

Action: The Board received and filed the report.

7. MISCELLANEOUS ITEMS:

None

8. BOARD MEMBER COMMUNICATIONS

The Board requested staff to review placement of sewer bills on the tax rolls at a future meeting.

Alternate Barbara Nicolls will be attending next meeting in place of Chair Lee.

9. CLOSED SESSION:

CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Jeremy Ghent and Alicia Lara

Employee organization: SEIU

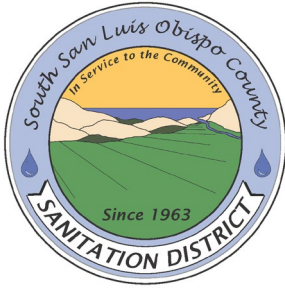
There was no Public Comment period.

The meeting was adjourned to Closed Session at 8:52 p.m.

The Board returned from Closed Session and announced there was no reportable action from Closed Session.

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

DRAFT



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339

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

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Staff Report

To: Board of Directors
From: Jeremy Ghent, District Administrator
Date: May 15, 2019

Subject: CONTRACT FOR FINANCIAL ADVISORY SERVICES FOR WASTEWATER TREATMENT PLANT REDUNDANCY PROJECT WITH BARTLE WELLS ASSOCIATES

RECOMMENDATION:

Authorize the District Administrator to Execute a Contract for Financial Advisory Services for Wastewater Treatment Plant Redundancy Project with Bartle Wells Associates in the amount of \$61,000.

BACKGROUND AND DISCUSSION:

The District completed the Wastewater Financial Plan and Rate Study in 2016 and passed a rate increase that included debt service on a State Revolving Fund (SRF) loan for the Wastewater Treatment Plant (WWTP) Redundancy Project. Bartle Wells Associates prepared the financial package, including cash flow projections and other items that were requested by State Water Resources Control Board.

The District requested a proposal from BWA to provide financial advisory services for financing the Redundancy Project. Bartle Wells has provided all financial efforts for the Redundancy Project to date and as such BWA has an in-depth understanding of the District's finances.

The overall objective of their proposal will be to serve as independent financial advisor to help the District evaluate alternatives and secure financing for the District's \$27.9 million wastewater treatment plant "Redundancy Project". The project is expected to be funded from a combination of sources including:

- a) Cash contributions from rates and fund reserves,
- b) Partial funding from a low-interest-rate USDA Loan,
- c) Interim financing needed for the portion of the project that would ultimately be funded by the USDA loan after the project is complete, and
- d) Long-term financing for the remainder of project funding needs from bonds/Certificates of Participation, or other funding source.

The following sections highlight the scope of services for each task related to the financing of the wastewater treatment plant Redundancy Project. Additional details regarding the proposed scope of work and a summary of the firm's qualifications are included in the attached proposal.

Task A: General Financing Assistance: \$8,000

Task B – Interim Financing for USDA Loan: \$18,000

1. Project Orientation
2. Recommend Financing Method
3. Recommend Financing Structure and Terms
4. Obtain Financing Proposals Via a Placement Agent
5. Evaluate Proposals and Selection of Winning Lender
6. Coordinate Financing Team
7. Legal Documentation
8. Closing & Receipt of Funds

Task C – Revenue Bonds/Certificates of Participation: \$35,000

1. Identify Financing Objectives & Develop Bond Sale Schedules
2. Engage & Coordinate Financing Team
3. Establish Bond Repayment & Security Provisions
4. Financing Terms and Conditions
5. Legal Document Review
6. Development of Debt Estimates
7. Preliminary Official Statement
8. District Board Authorization of Financing
9. Rating Agency and Potential Bond Insurances Services
10. Continuing Disclosure
11. Bond Sale & Pricing
12. Final Official Statement
13. Closing
14. Financing Results & Post Issuance Activities

Options:

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

Fiscal Consideration:

Currently the Redundancy project is estimated to cost \$27.9 million. Of this \$27.9 million \$500,000 is currently budgeted for project finance and administration costs. If approved, this agreement would fall under Phase 6, Project Finance and Administration. The recommended budget for Phase 6 has sufficient funds to cover the expense of the Bartle Wells Associates Agreement.

Outcome:

Approval of this contract will provide the independent financial advisory services necessary to assist the District with securing financing for the approximately \$27.9 million Redundancy Project.

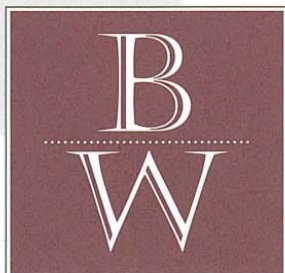
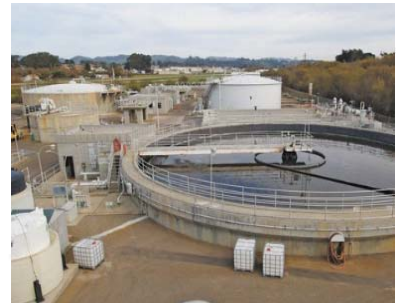
Attachments:

Proposal – Bartle Wells Associates Proposal for Financial Advisory Services for Wastewater Treatment Plant Improvements dated April 19, 2019

South San Luis Obispo County Sanitation District

Proposal for Financial Advisory Services for Wastewater Treatment Plant Improvements

April 19, 2019



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

1889 Alcatraz Avenue
Berkeley, CA 94703
Tel: 510 653 3399
www.bartlewells.com

April 19, 2019

South San Luis Obispo County Sanitation District
1600 Aloha Place/PO Box 339
Oceano, CA 93475-0339

Attn: Jeremy Ghent, District Administrator, SSLOCSD
Michael Nunley, MKN Associates

Re: Proposal for Financial Advisory Services for Wastewater Treatment Plant Improvements

Bartle Wells Associates is pleased to submit this proposal to assist the South San Luis Obispo County Sanitation District with financing of the District's wastewater treatment plant "Redundancy Project". BWA specializes in providing independent financial advisory services to California public agencies. We have served over 500 public agencies throughout California and the Western United States and have helped agencies secure over \$5 billion of financing for public works projects.

For this assignment, BWA will assist the District with securing financing for the approximately \$27.9 million Redundancy Project. The project is expected to be funded from a combination of sources including a) cash contributions from rates and fund reserves, b) partial funding from a low-interest-rate USDA Loan, c) interim financing needed for the portion of the project that would ultimately be funded by the USDA loan after the project is substantially complete, and d) long-term financing for the remainder of project funding needs from bonds/Certificates of Participation, or other funding source.

Bartle Wells Associates is a charter member of the National Association of Municipal Advisors and is a registered Municipal Advisor with both the Securities and Exchange Commission (SEC Registration No. 867-00740) and the Municipal Securities Rulemaking Board (MSRB ID K0414).

I have enjoyed working with the District on our other assignments and appreciate the opportunity to assist the District with financing its Redundancy Project. Please contact me if you have any questions or would like any additional information.

Sincerely,

BARTLE WELLS ASSOCIATES

Alex Handlers, CIPMA
Principal/Vice-President

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Firm Overview



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Bartle Wells Associates (BWA) is an independent financial advisory firm with expertise in the areas of water and wastewater rates, financial planning, and project financing. BWA was established in 1964 and has over 50 years of experience advising public agencies on the complexities and challenges in public finance. We have advised over 500 public agency clients throughout California and the western United States. We have a diversity of abilities and experience to evaluate all types of financial issues faced by local governments and to recommend the best and most-practical solutions.

Bartle Wells Associates has a highly-qualified professional team. Our education and backgrounds include finance, civil engineering, business, public administration, public policy, and economics.

BWA specializes in three professional services: utility rate and development impact fee studies, financial plans, and infrastructure financing. We are the only independent financial advisor providing *all three* of these interrelated services to public agencies.



RATE AND FEE STUDIES Our rate studies employ a cost-of-service approach and are designed to maintain the long-term financial health of a utility enterprise while being fair to all customers. We develop practical recommendations that are easy to implement and often phase in rate adjustments over time to minimize the impact on ratepayers. We also have extensive experience developing impact fees that equitably recover the costs of infrastructure required to serve new development. BWA has completed hundreds of rate and fee studies. We have helped communities implement a wide range of rate and fee structures and are knowledgeable about the legal requirements governing rates and impact fees including Proposition 218, Proposition 26, and Government Code 66000. We develop clear, effective presentations and have represented public agencies at hundreds of public hearings to build consensus for our recommendations.

BWA Key Services

- **Financial Plans**
- **Rate & Fee Studies**
- **Project Financing**

FINANCIAL PLANS Our financial plans provide agencies with a flexible roadmap for funding long-term operating and capital needs. We evaluate the wide range of financing options available, develop a plan that recommends the best financing approach, and clearly identify the sources of revenue for funding projects and repaying any debt. We also help agencies develop prudent financial policies, such as fund reserve targets, to support sound financial management. BWA has developed over 2,000 water and wastewater enterprise financial plans to help public agencies fund their operating and capital programs, meet debt service requirements, and maintain long-term financial health.

PROJECT FINANCING BWA has served as independent financial advisor on over 300 bond sales and numerous bank loans/private placements, lines of credit, and a range of state and federal grant and loan programs. We generally recommend issuing debt via a competitive sale process to achieve the lowest cost financing possible. To date, we have helped California agencies obtain over \$5 billion of financing via bonds, bank loans/private placements, lines of credit, low-rate State Revolving Fund Loans, and other funding programs. We work only for public agencies; we are independent financial advisors and do not buy, trade, or resell bonds. Our work is concentrated on providing independent advice that enables our clients to finance their projects on the most favorable terms—lowest interest rates, smallest issue size, and greatest flexibility.

Bartle Wells Associates is a charter member of the ***National Association of Municipal Advisors*** (NAMA), which establishes strict criteria for independent advisory firms. All of our lead consultants are *Certified Independent Professional Municipal Advisors* and are MSRB-Registered Municipal Advisors.



Bartle Wells Associates is committed to providing value and the best advice to our clients. Our strength is *quality*—the quality of advice, service, and work we do for all our clients.

Business Contact Information

Bartle Wells Associates
1889 Alcatraz Avenue
Berkeley, CA 94703
Tel: 510.653.3399
Fax: 510.653.3769

BWA Project Manager

Principal in Charge / Project Manager

Alex Handlers, MPA, CIPMA
Tel: 510.653.3399 (x109)
E-mail: alex@bartlewells.com

Scope of Services

Our overall objective will be to serve as independent financial advisor to help the South San Luis Obispo County Sanitation District evaluate alternatives and secure financing for the District's \$27.9 million wastewater treatment plant "Redundancy Project". The project is expected to be funded from a combination of sources including:

- a) cash contributions from rates and fund reserves,
- b) partial funding from a low-interest-rate USDA Loan,
- c) interim financing needed for the portion of the project that would ultimately be funded by the USDA loan after the project is complete, and
- d) long-term financing for the remainder of project funding needs from bonds/Certificates of Participation, or other funding source.

The following sections detail the scope of services for each task related to the financing of the wastewater treatment plant Redundancy Project.

Task A: General Financing Assistance

BWA will provide independent financial advice and assistance as needed to help the District evaluate alternatives and obtain financing for the Redundancy Project. These services would be provided on a time and materials basis as directed by the District and would include, but not be limited to, the following:

- Assist District as needed in its efforts to obtain USDA Loan funding for the eligible portion of the project, estimated at approximately \$5.2 million based on Oceano's share of SSLOCSO's total population served.
- Assist District with evaluation and recommendation of financing alternatives for the project.
- Revise and update financial and rate projections, as needed.
- Remain available to respond to questions and information requests from the District or other parties working with the District.
- Participate in phone calls and meetings as appropriate.

Task B - Interim Financing for USDA Loan

BWA will serve as independent financial advisor and assist the District in securing interim financing for the portion of the project that would ultimately be funded by a USDA Loan. The USDA typically requires agencies to independently fund project construction. The USDA Loan is typically issued after the project is complete, with USDA Loan proceeds used to refund the interim financing. For this task we would assist the District with the following:

1. Project Orientation

To initiate our work, hold a telephone conference with District staff to accomplish the following:

- Identify members of the District, bond counsel, and others who will participate in the financing.
- Determine the roles and responsibilities of all financing participants.
- Establish financing schedule and key milestone dates.
- Confirm the key goals and expectations of the financing team.
- Discuss financial information necessary to complete the financing.

2. Recommend Financing Method

Work with the District to identify financing priorities and objectives. Confirm that a competitive solicitation of proposals for a private placement or bank loan is the preferable financing method in terms of interest rate, flexibility, terms, and conditions.

3. Recommend Financing Structure and Terms

Recommend key terms and provisions for the financing including debt structure, repayment security, repayment provisions, and additional debt requirements.

4. Obtain Financing Proposals Via a Placement Agent

As needed, assist District in selection of a placement agent for solicitation of financing proposals from potential banks and lenders. Work with placement agent to develop a request for proposals to be sent to potential lenders. Assist in responding to requests and questions from lenders.

5. Evaluate Proposals and Selection of Winning Lender

Evaluate the proposals received and recommend a winning lender. Evaluation of proposals will account for interest rates, costs of issuance and any related fees, and the loan terms and conditions submitted by each lender.

6. Coordinate Financing Team

As needed, assist in organizing the financing team to prepare or review financial and legal agreements. Banks and other lenders have varying documentation requirements; some have standardized legal documents that the District might be able to use, while others may require drafting of a legal agreement to secure the financing. The District may need to engage a bond counsel to draft or review the loan agreement.

7. Legal Documentation

Participate in negotiations with the selected lender regarding final legal covenants and requirements. Work with the selected lender and/or bond counsel to develop legal provisions that meet the District's objectives. Review legal documents used to authorize and secure the financing.

8. Closing & Receipt of Funds

Coordinate the closing of the financing and the District's receipt of funds.

Task C - Revenue Bonds / Certificates of Participation

BWA will serve as independent financial advisor on the issuance of wastewater revenue bonds or Certificates of Participation, which are similar to bonds in most respects but have a slightly different legal structure. Both types of financing are widely used throughout California. This section refers to both types of financing as “bonds”. For this task we would assist the District with the following:

1. Identify Financing Objectives & Develop Bond Sale Schedule

- Work with the District to identify key goals and objectives for the financing
- Identify potential longer-term financing needs that may need to be taken into consideration.
- Develop a preliminary financing schedule; the schedule will detail key dates and actions necessary for issuance of debt and also identify responsibility for each task

2. Engage & Coordinate Financing Team

- As needed, assist with securing services of bond counsel, trustee/fiscal agent, escrow agent, verification agent, rating agencies, bond insurers, and other members of the financing team. For a negotiated sale, assist in selection of underwriter.
- As needed, obtain proposals, receive and analyze responses, and recommend selection of financing team members and required services
- Coordinate activities of financing team throughout the debt issuance process

3. Establish Bond Repayment & Security Provisions

Work with the District, bond counsel, and underwriter (if applicable) to identify and evaluate and recommend key bond repayment and security provisions including:

- Legally pledged sources of funds and covenants securing bond repayment
- Debt service reserve fund requirements
- Additional debt test requirements
- Other bond repayment and security provisions needed to adequately secure bond repayment while providing flexibility to the District in meeting key covenants

4. Financing Terms and Conditions

Work with the District, bond counsel, and underwriter (if applicable) to evaluate and recommend terms and conditions for sale of the bonds including:

- Competitive vs. negotiated method of bond sale
- Bond structure and maturity schedule
- Provisions for optional call and redemption
- Potential use of municipal bond insurance
- Potential use of a debt service reserve surety bond
- Inclusion of other legal covenants and conditions designed to improve the marketability of debt and/or legal flexibility

5. Legal Document Review

- Review legal documents securing the bonds prepared by bond counsel and provide input
- Review ordinances, resolutions and other similar types of documents prepared by bond counsel and provide input
- For bond refundings, review any escrow agreements and other refunding documents
- In case of a negotiated sale, review proposed bond purchase agreement

6. Development of Debt Estimates

- Develop or collaborate with underwriter to develop preliminary debt structuring estimates
- If appropriate, evaluate alternative debt structures such as different repayment terms, level annual debt service, phasing in principal payments, potential use of capitalized interest if needed, and potential for structuring around outstanding debt obligations (if any)

7. Preliminary Official Statement

- Assist disclosure counsel with preparation of the Preliminary Official Statement (POS)
- Assist District staff with assembling, reviewing, and analyzing pertinent data, and providing necessary information to disclosure counsel for preparation of the official statement
- Review the content of the preliminary official statement prepared by the disclosure counsel for accuracy and completeness and provide input

8. District Board Authorization of Financing

- Remain available to attend the District Board Meeting for financing authorization
- Assist District staff in drafting a staff report summarizing the financing, as warranted
- Develop a brief presentation summarizing the financing, key legal provisions, and documents requiring Board approval as needed
- Remain available to answer questions

9. Rating Agency and Potential Bond Insurance Services

- Recommend an approach for obtaining bond credit rating(s)
- Provide rating analysts and bond insurers (if warranted) with information and serve as primary contact for questions and information needs
- Prepare or assist in development of presentations to rating agencies; presentations will be designed to highlight credit strengths, address potential credit issues, and summarize finances and key debt provisions
- Schedule meetings and assist District staff in preparation for meetings
- Assist District in pulling together additional information and responding to questions from credit analysts as required
- Notify investors of credit ratings and bond insurance pre-qualification when received

10. Continuing Disclosure

- Work with District staff and other members of the financing team to determine specific continuing disclosure information for inclusion in annual reports throughout the life of the bond issue, pursuant to SEC Rule 15c2-12.

11. Bond Sale & Pricing

For a competitive sale:

- Coordinate a competitive sale via an online bond bidding platform
- Disseminate Official Statement and Notice of Sale to prospective underwriters
- Remain available to respond to inquiries and questions from prospective underwriters
- Analyze in detail all bids received
- Select the best bid based on selected criteria such as lowest True Interest Cost
- Make recommendations to the District as to award of the bonds
- Act on the District's behalf if further negotiations are required

For a negotiated sale:

- Review underwriter's pre-pricing scales and bond structure and provide input and direction
- Represent the District's interests during pricing and structuring negotiations with the underwriter
- Remain available to help resolve any issues that come up during the bond pricing
- Review the terms of the final purchase agreement
- Recommend final pricing and terms of the sale

12. Final Official Statement

- Assist in preparation of final tables and revisions for the final Official Statement
- Review draft and final draft versions of the Official Statement prepared by disclosure counsel and provide input
- Review final sources and uses of funds
- Assist in coordination of printing and distribution of final Official Statement

13. Closing

- Review closing documents prepared by bond counsel
- Prepare or review statement of sources and uses of funds
- Prepare or review settlement amounts and instructions
- Assist in coordination of invoices for payment after the bonds have closed
- Develop any required Additional Debt Test calculations, as warranted
- Draft and circulate a Closing Memo that details bond settlement amounts, wiring instructions, and the appropriate allocation of bond proceeds
- Remain available to help resolve any issues leading through the bond closing

14. Financing Results & Post Issuance Activities

- Prepare a summary of the sale results, debt service schedule, and key legal provisions
- Remain available to assist the District with any post-issuance issues

Availability & Fees

1. Bartle Wells Associates is prepared to begin work upon authorization to proceed.
2. During the project development period, we will be available at all reasonable times and on reasonable notice for meetings and for consultation with District staff, attorneys, consulting engineers, and others as necessary.
3. All work will be performed by Bartle Wells Associates. Alex Handlers, a Vice President and Principal of the firm will be assigned as project manager from BWA and will devote time and effort to successfully complete the project.

4. The fees for professional services for each task are summarized below:

Task A: General Financing Assistance: \$8,000

For the services described in this proposal, the fee for professional services will be billed on a time and materials basis subject to a not-to-exceed budget of \$8,000. Progress payments and direct expenses are payable monthly on a time and materials basis as the work proceeds as provided in our Billing Rate Schedule 2019, which will remain in effect for the duration of this project.

Task B: Interim Financing for USDA Loan: \$18,000

The fee for the municipal advisory services described in this proposal for an approximately \$5.2 million interim financing is \$18,000. This fee can be paid at closing from debt proceeds.

Task C: Wastewater Revenue Bonds or Certificates of Participation: \$35,000

The fee for the municipal advisory services described in this proposal for an issuance of approximately \$13 million of revenue bonds or COPs is \$35,000. This fee can be paid directly from debt proceeds by the trustee or fiscal agent at closing. If an alternative financing method is used, the fee for this task can be applied toward professional and municipal advisory services for the alternative financing, subject to District authorization.

5. Bartle Wells Associates and any of its employees will not engage in any activities that would produce a direct or indirect financial gain for the firm other than the agreed-upon compensation.
6. Bartle Wells Associates is an independent public finance advisory firm that is registered as a Municipal Advisor with the Securities and Exchange Commission (SEC Registration No. 867-00740) and the Municipal Securities Rulemaking Board (MSRB ID K0414).
7. Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance as provided in the Certificate of Insurance attached.
8. If any of the tasks are terminated for any reason, Bartle Wells Associates is to be reimbursed for professional services and direct expenses incurred up to the time notification of such termination is received.

This proposal may be withdrawn or amended if not accepted within 90 days.

BWA Project Manager Resume

ALEX HANDLERS, MPA, CIPMA



Alex Handlers is a principal and vice president of Bartle Wells Associates with expertise in the areas of utility rates and finance. He specializes in evaluating financing alternatives for capital improvement programs and securing project financing. He is a Certified Independent Professional Municipal Advisor who has helped California agencies obtain over \$2 billion in financing via bonds, COPs, bank loans, lines of credit, State Revolving Fund loans, and various other state and federal grant and loan programs. He also has expertise in strategic financial planning and utility rate consulting and helped numerous California agencies adopt utility rates and development impact fees designed to recover the costs of service while being fair and equitable to all customers. He has managed projects for a wide range of California cities, counties, and special districts and completed over 150 consulting assignments. He is an MSRB-Registered Municipal Advisor and current Board Member of the National Association of Municipal Advisors.

Education

M.P.A. - University of Washington

B.A. - Lehigh University

Certifications

CIPMA – Certified Independent Professional Municipal Advisor

MSRB-Registered Municipal Advisor

Board Member – National Association of Municipal Advisors

Representative Financing Projects

- **Monterey Regional Water Pollution Control Agency:** Served as financial advisor on an expandable revolving line of credit to help financing Pure Water Monterey recycled water facilities. The line of credit initially helped fund project design costs, and subsequently provided up to \$10 million of interim financing for construction costs that would ultimately be funded by a State Revolving Fund loan.
- **City of Tulare:** Served as financial advisor on 12 separate debt issues including over \$200 million of wastewater revenue bonds, \$18 million of water revenue bonds, \$32 million of lease revenue bonds for City street, park, and library improvements, and \$22 million of Tax Allocation Refunding Bonds for the Successor Agency to the City's Redevelopment Agency.
- **Montara Water & Sanitary District:** Served as financial advisor on the competitive sale of \$15.6 million of General Obligation Bonds to refund prior debt and generate funding for water system improvements. Assisted District with renegotiation of terms for an outstanding loan in order to reduce the interest rate and achieve savings.
- **Arvin-Edison Water Storage District:** Served as financial advisor on the issuance of four private placements that generated \$27 million of loans for water system capital improvement and \$14 million of refunding loans that refinanced prior debt at lower interest rates. Based on evaluation of financing alternatives, the private placement loans provided a lower cost of funds than bonds.
- **South Tahoe Public Utility District:** Coordinated competitive sale of bonds and bank loans including \$15 million Sewer Revenue Certificates of Participation, \$10 million bank loan to fund water system improvements and refund prior debt for savings, an \$8.4 million bank loan to refunding an outstanding sewer loan for savings, and a 15-year \$5 million financing with a 2.15% interest rate.

Alex T. Handlers, continued

- **Silicon Valley Clean Water:** Developed 10-year financial plan supporting over \$500 million of capital improvements to a regional JPA that provides sewer treatment to Belmont, Redwood City, San Carlos, and the West Bay Sanitary District (Menlo Park). Served as financial advisor on three bond issues totaling over \$120 million of financing via a bonds, over \$50 million of State Revolving Fund (SRF) loans, and a \$30 million revolving line of credit.
- **Soquel Creek Water District:** Served as independent financial advisor on over \$40 million of water revenue bonds, COPs and a bank loan. Developed long-term financial plan and water rate recommendations supporting a) funding of a potential regional seawater desalination plant, and b) an aggressive conservation program. Recommended rate modifications designed to increase conservation incentive and developed emergency rates for various levels of required water cutbacks.
- **Ironhouse Sanitary District:** Assisted District with obtaining a low-rate State Revolving Fund Loan to fund a new wastewater treatment plant. Developed a long-term financial plan, sewer rates, and connection fees supporting construction of a new \$65 million wastewater treatment plant.
- **City of Vacaville:** Served as financial advisor on a \$20 million line of credit issued via a competitive sale process. The line of credit was used to provide interim financing for wastewater system capital improvements that ultimately were funded by long-term State Revolving Fund Loans.
- **City of Ukiah:** Served as financial advisor on \$75 million competitive bond sale to fund a new wastewater treatment facility and \$15 million bond sale for water system improvements.
- **San Francisco Public Utilities Commission:** Developed financial projections supporting over \$1 billion of bonds issued to help fund a 10-year, \$4.3 billion upgrade to the Hetch-Hetchy regional water system.

Representative Utility Rate & Fee Studies

- **City of San Carlos:** Developed sewer enterprise financial plan and rate study designed to support over \$10 million of sewer collection system capacity improvements and over \$60 million for the City's share of costs for rebuilding the regional wastewater treatment plant. Evaluate residential sewer rate alternatives.
- **City of Redwood City:** Developed long-term water/recycled water enterprise financing plan supporting a \$73 million recycled water project with a series of gradual rate adjustments. Recommended adoption of a new Water Supply Capacity Fee to recover recycled water facility costs. Developed sewer enterprise financial plan and rate study resulting in modifications to sewer rates designed to improve rate equity. Provide City with periodic updates to water and wastewater financial and rate projections.
- **City of Morro Bay:** Developed water and sewer financial plans, rate studies, and development impact fees. Incorporated input from the City's Public Works Advisory Board and City Council.
- **City of Fresno:** Developed wastewater financial plan and Excel-based financial model used by City staff to update projections and evaluate financial scenarios. Developed water connection fees designed to recover costs of existing facilities and supplemental water supply projects benefiting new development.
- **City of San Mateo:** Developed a sewer rate study and long-term sewer enterprise financial plan designed to support a \$900 million Integrated Wastewater Capital Improvement Program. Assisted City in efforts to secure financing via State Revolving Fund Loans and bonds.
- **Joshua Basin Water District:** Long-term financial plan and water rate study recommending a gradual increase in water rates coupled with rate structure modifications to provide additional conservation incentive. Worked closely with a community advisory committee throughout process.
- **City of Mountain View:** Developed 10-year water and wastewater financial plans and rate studies. Evaluated water and sewer rate structures and recommended modifications to improve rate equity and compliance with Prop. 218. Updated the City's water and wastewater connection fees.

Billing Rate Schedule 2019



BARTLE WELLS ASSOCIATES **BILLING RATE SCHEDULE 2019** Rates Effective 1/1/2019

Professional Services

Financial Analyst I	\$110 per hour
Financial Analyst II	\$130 per hour
Consultant	\$155 per hour
Senior Consultant	\$185 per hour
Senior Project Manager	\$215 per hour
Principal Consultant	\$255 per hour

The hourly rates for professional services include all overhead and indirect expenses. Bartle Wells Associates does not charge for administrative support services. Expert witness, legal testimony, or other special limited assignments will be billed at one and one-half times the consultant's hourly rate.

The above rates will be in effect through December 31, 2019 at which time they will be subject to change.

Direct Expenses

Subconsultants will be billed at cost plus ten percent. Word processing and computer-assisted services related to official statement production are charged as direct expenses at \$75 per hour. Other reimbursable direct expenses incurred on behalf of the agency will be billed at cost plus ten percent. These reimbursable costs include, but are not limited to:

- Travel, meals, lodging
- Printing and photocopying
- Special statistical analysis
- Outside computer services
- Bond ratings
- Automobile mileage
- Messenger services and mailing costs
- Graphic design and photography
- Special legal services
- Legal advertisements

Insurance

Bartle Wells Associates maintains insurance in the amounts and coverage as provided in the attached schedule of insurance. Additional or special insurance, licensing, or permit requirements beyond what is shown on the schedule of insurance are billed in addition to the contract amount.

Payment

Fees are typically billed monthly for the preceding month and will be payable within 30 days of the date of the invoice. Fees for financings can be paid from debt proceeds at closing. A late charge of 1.0 percent per month may be applied to balances unpaid after 60 days.

Schedule of Insurance

SCHEDULE OF INSURANCE

Insured: BARTLE WELLS ASSOCIATES

Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance in the amounts and coverage as provided in this schedule. If additional insurance is required, and the insurer increases the premium as a result, then the amount of the increase will be added to the contract price.

TYPE OF INSURANCE	COMPANY POLICY NUMBER	COVERAGES AND LIMITS	EXP. DATE
Commercial General Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> \$2,000,000 General Aggregate \$2,000,000 Products Comp/Op Aggregate \$2,000,000 Personal & Advertising Injury \$1,000,000 Each Occurrence 	6/1/19
Excess/Umbrella Liability	Hartford Insurance Company Policy #35-SBA PA6857	<ul style="list-style-type: none"> \$1,000,000 Aggregate \$1,000,000 Each Occurrence 	6/1/19
Automobile Liability	Hartford Insurance Company Policy #35-UEC VU2842	<ul style="list-style-type: none"> \$1,000,000 Combined Single Limit 	6/1/19
Workers Compensation & Employers' Liability	Hartford Underwriters Insurance Company Policy #35-WEC FG7858	<p>Workers' Compensation: Statutory Limits for the State of California. Employers' Liability:</p> <ul style="list-style-type: none"> Bodily Injury by Accident - \$1,000,000 each accident Bodily Injury by Disease - \$1,000,000 each employee Bodily Injury by Disease - \$1,000,000 policy limit 	6/1/19
Professional Liability	Chubb & Son, Inc. BIND094045	<p>Solely in the performance of services as municipal financing consultants for others for a fee.</p> <p>Limit: \$2,000,000 Per Occurrence & Aggregate (including defense costs, charges, and expenses)</p>	6/1/19

Municipal Advisor Disclosures

This section provides certain disclosures required by the Municipal Securities Rulemaking Board (MSRB) regarding our duties as a Municipal Advisor to the extent any such duties apply to this assignment.

- Bartle Wells Associates will provide advice and conduct activities with a “duty of care” and a “fiduciary duty” to the South San Luis Obispo County Sanitation District. Throughout the engagement, BWA will act in the agency’s best interests with the goal of helping the District obtain financing on the most favorable terms. Our role and responsibilities for each financing will continue through the closing of each financing.
- Bartle Wells Associates is a registered Municipal Advisor with the Securities and Exchange Commission (SEC Registration No. 867-00740) and the Municipal Securities Rulemaking Board (MSRB ID K0414).
- Bartle Wells Associates has never been cited for any legal or disciplinary action regarding municipal advisory activities.
- Bartle Wells Associates has not and will not receive any compensation from any third party seeking to provide services, municipal securities transactions, or municipal financial products related to this transaction. BWA or any of its employees will not engage in any activities that would produce a direct or indirect financial gain for the firm other than compensation for our services identified in this proposal.
- Bartle Wells Associates is not aware of any conflicts of interest that would affect our ability to provide independent and objective advice and Municipal Advisory services in a manner consistent with the requirements of MSRB Rule G-42.
- The website address for the Municipal Securities Rulemaking Board (MSRB) is www.MSRB.org. The MSRB’s website provides a municipal advisory client brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority. The municipal advisory client brochure is accessible via a link on www.MSRB.org or can be downloaded from <http://www.msrb.org/~media/Files/Resources/MSRB-MA-Clients-Brochure>.



Municipal Securities Rulemaking Board

Information for Municipal Advisory Clients

The Municipal Securities Rulemaking Board (MSRB) provides significant protections for municipal entities and obligated persons that are clients of a municipal advisor. Certain of those protections also apply to potential clients of a municipal advisor. Municipal advisors must comply with our rules when engaging in municipal advisory activities.

This document summarizes key principles of our rules that protect you. It also provides information on how to file a complaint against a municipal advisor with the appropriate federal regulatory authority. For the complete text of the rules and additional educational information, visit the MSRB's website at www.msrb.org.

Professional Competency. Our rules require that your municipal advisor meet professional qualification requirements based on its municipal advisory activities. Beginning January 1, 2018, our rules require that municipal advisors also meet continuing education requirements.

Fair Dealing. Our rules require that your municipal advisor deal fairly with you and not engage in any deceptive, dishonest or unfair practice. Your municipal advisor must satisfy a duty of care. Your municipal advisor's recommendations must be suitable, and your municipal advisor's compensation for its recommendations must not be excessive.

To help make sure that your municipal advisor is providing unbiased advice, our rules address potential conflicts of interest, including gift-giving and political contributions. Our rules generally prohibit a municipal advisor from advising or soliciting a municipal entity within two years of a political contribution to an official of that municipal entity.

Our rules also require that you receive certain disclosures from your municipal advisor so you are aware of information that is material to your decision-making. If you are receiving advice from your municipal advisor, your municipal advisor must disclose, in writing, all material conflicts of interest, and all legal and disciplinary events material to your evaluation of your municipal advisor. We refer to this as a “full and fair” disclosure under our rules.

You are also protected by our fair dealing rules if you are solicited by a municipal advisor on behalf of a third-party municipal securities dealer, municipal advisor or investment adviser to buy certain products or services. That municipal advisor must disclose all material facts about the solicitation, including all material risks and characteristics of the product or service.

Duty of Loyalty. If you are a municipal entity, our rules provide extra protections when your municipal advisor advises you about municipal financial products or the issuance of municipal securities. Your municipal advisor must deal honestly and with the utmost of good faith, and act in your best interests without regard to its financial or other interests.

Periodic Disclosure. Your municipal advisor must periodically provide you with the following:

- a statement that it is registered with the MSRB and the Securities and Exchange Commission (SEC);
- the MSRB’s website address; and
- a statement as to the availability of this brochure.

Documentation. When hiring a municipal advisor to provide advice, your municipal advisor must give you a written document outlining certain terms of its relationship with you.

Remedies for Disputes

If you have a dispute with your municipal advisor firm or representative, you should try to — but do not have to — resolve it with the individual or a supervisor. In some cases, you may not be able to resolve the dispute.

Terms as Used in this Brochure

- You: A municipal advisory client, including:
 - **Municipal Entity:** A state, political subdivision of a state, or municipal corporate instrumentality of a state, including a public pension plan.
 - **Obligated Person:** Any person (including the issuer) legally committed to support payment of all or part of an issue of municipal securities, other than certain unrelated providers of credit or liquidity enhancement.
- **Municipal Advisory Activities**
 - **The provision of advice** to you with respect to municipal financial products or the issuance of municipal securities.
 - **Solicitation** of you on behalf of certain third parties to purchase a product or service.

Filing a Complaint

Regardless of whether you have tried to resolve your complaint directly, you may file a formal complaint with the regulatory agency that examines your municipal advisor for compliance with MSRB rules. You also may contact the MSRB, at 1300 I Street NW, Suite 1000, Washington, DC, 20005, 202-838-1330, complaints@msrb.org, and we will forward the complaint to the appropriate enforcement agency listed below.

To expedite the handling of your complaint, please be as specific as possible as to the nature of the complaint, including detail about the representative and/or firm involved. Please provide your name, phone number, email address and mailing address.

If you have a complaint about a potential violation of MSRB rules or other federal securities laws, contact:

U.S. Securities and Exchange Commission

SEC Center for Complaints and Enforcement Tips
100 F Street, N.E.

Washington, DC 20549-5990

<https://www.sec.gov/reportspubs/investor-publications/complaintshtml.html>

Or use the online portal at:

<https://denebleo.sec.gov/TCRExternal/index.xhtml>

If you have a complaint about your municipal advisor or about the municipal securities market, contact:

U.S. Securities and Exchange Commission

Office of Municipal Securities

100 F Street, N.E.

Washington, DC 20549

(202) 551-5680

If you have a complaint against your municipal advisor that is also registered with FINRA as a dealer, contact:

FINRA Investor Complaint Center

9509 Key West Avenue

Rockville, MD 20850-3329

(240) 386-4357

<http://www.finra.org/investors/problem>

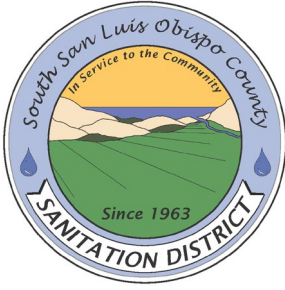
Or use the online portal at:

<http://www.finra.org/investors/investor-complaint-center>

Municipal advisors that also act as municipal securities dealers must follow additional rules. For more information about the regulatory protections for investors, see the MSRB's [Information for Municipal Securities Investors](#) brochure.

About the MSRB

The MSRB protects investors, state and local governments and other municipal entities, and the public interest by promoting a fair and efficient municipal securities market. The MSRB fulfills this mission by regulating the municipal securities firms, banks and municipal advisors that engage in municipal securities and advisory activities. To further protect market participants, the MSRB provides market transparency through its [Electronic Municipal Market Access \(EMMA®\)](#) website, the official repository for information on all municipal bonds. The MSRB also serves as an objective resource on the municipal market, conducts extensive education and outreach to market stakeholders, and provides market leadership on key issues. The MSRB is a Congressionally-chartered, self-regulatory organization governed by a 21-member board of directors that has a majority of public members, in addition to representatives of regulated entities. The MSRB is subject to oversight by the Securities and Exchange Commission.



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

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STAFF REPORT

Date: May 15, 2019
To: Board of Directors
From: Jeremy Ghent, District Administrator
Subject: **REDUNDANCY PROJECT LABOR AGREEMENTS UPDATE**

RECOMMENDATION:

That the Board receive and consider the update, and if appropriate, provide direction to staff.

BACKGROUND:

At the May 1st, 2019 District Board meeting staff was directed to pursue adoption of a PLA for implementing construction of the Redundancy Project. Staff was directed to utilize the recent PLA adopted by the City of San Luis Obispo as a template in order to shorten the effort and timeframe.

DISCUSSION:

General: Following the May 1st direction the District Administrator reached out to Jones & Mayer and was able to identify counsel with relevant PLA experience. On May 7th the District received an initial draft from the trade's consultant Virtus. Staff passed the document to Counsel and the Project Team. Review and edits to the document has commenced and are ongoing.

Legal: Staff has used the recently negotiated agreement between the Tri County Building and Construction Trades Council, AFL-CIO and the City of San Luis Obispo as a template in order to streamline the process to avoid any further delays to the Redundancy Project. The law firm of Jones & Mayer has begun its review and revision to the PLA as necessary to tailor the agreement to the needs of the Sanitation District. Jones & Mayer anticipates completing its review and transmitting a draft to the Tri County Trades Council for their review and comment by May 15, 2019. Staff will provide the Board with an updated oral progress report at the Board meeting.

Funding:

USDA Expressed concern over the PLA and asked to review the PLA. While USDA has funded projects with PLAs, USDA expressed a need to have the agreement vetted before they could

agree to fund the project with the PLA included. At this time staff has been provided no assurance from USDA that the PLA is compatible with their funding. Staff has requested a timeline for review but has not yet received a response. Based on past interactions it may take 60 days to receive any formal response.

Construction Management:

Staff began the solicitation of qualifications for selection of the project's Construction Management and Inspection Services Consultant on Thursday May 9th, 2019. Staff prepared general language to describe the project's potential inclusion of a Project Labor Agreement. Counsel reviewed the language prior to release.

Bid Documents:

Staff, counsel, and our project management team are reviewing the PLA with the Bid Documents to identify modifications prior to advertising. Changes and inclusions have not been fully identified at the time of preparing this staff report.

Future:

The District is working toward finalizing an agreement to be presented to the Board for consideration at the June 5th 2019 meeting.

OPTIONS:

1. Provide direction to staff.



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STAFF REPORT

Date: May 15, 2019
To: Board of Directors
From: Jeremy Ghent, District Administrator
Via: Mychal Jones, Plant Superintendent; and Amy Simpson, Bookkeeper/Secretary
Subject: **2019/20 FISCAL YEAR BUDGET; SET PUBLIC HEARING FOR JUNE 5, 2019**

RECOMMENDATIONS:

1. That the Board Provide Input Regarding the Proposed 2019-20 Fiscal Year (FY) Budget and,
2. Set a Noticed Public Hearing for June 5, 2019.

DISCUSSION:

A draft of the District Budget for Fiscal Year 2019-20 is attached. This budget covers the period of July 1, 2019 to June 30, 2020. Currently the District has a combined cash reserve of \$7,471,645 and annual operating revenue of \$5,477,000.

The draft budget proposes to meet the operational, maintenance and capital needs of the District. Budget numbers referenced for FY 18/19 include all adjustments approved by the Board during the current fiscal year and reflect projected fiscal year-end expenditures.

Using past experiences and best professional judgement, the draft budget for fiscal year 2019-20 was prepared using conservative estimates and assumptions, mindful of the need to operate the facility in a safe, cost effective, efficient manner while complying with applicable federal, state and local requirements. Revenue values for wastewater and collection fees were projected from past revenues and the District's 2016 Rate Study/Ordinance No. 2016-01 approved by the Board on February 17, 2016.

Tabulated below are summary values extracted from the Consolidated Budget.

Consolidated Budget

(Attachment No. 1)

Revenues by Fund Source

	Fund 19	Fund 20	Fund 26	Totals
Total Revenues	\$5,477,000	\$18,930,000	0	\$24,407,000

Expenditures by Fund Source

	Fund 19	Fund 20	Fund 26	Totals
Total Operating Expenditures	\$2,877,300	0	0	\$2,877,300
Total Capital Outlay	\$306,000	\$7,200,000	\$788,000	\$8,294,000
Total Other Funding and Uses	\$788,000	\$113,400	(\$788,000)	\$113,400
Contingency	\$0	0	0	\$0
Total Other Charges	\$ 440,000	\$0		\$440,000
Total Expense	\$4,411,300	\$7,313,400	\$0	\$11,724,700

Fund 19

Fund 19 revenues are primarily wastewater service charges collected from Arroyo Grande, Grover Beach and Oceano. Other revenues are primarily generated from brine disposal with minor contributions from lease payments and other reimbursements.

Fund 19 supports the following general categories of District activities:

- Personnel – Salaries, Wages and Benefits & Other Personnel Costs
- Permits, Fees and Licenses
- Communications and Computer Support
- Administrative Costs, including Professional Services – Temporary Labor, Advertisements/Recruitment, Insurance Liability, Zone 1/1A Property Tax, Office and Safety Supplies
- Disposal Services – Solids Handling, Brine Disposal Sampling
- Utilities – Electricity, Gas, Rubbish, Water
- Maintenance, Tools & Replacements – Equipment and Structures Maintenance
- Materials, Services and Supplies – Plant Chemicals, Temporary Labor, Fuel
- Training, Education and Memberships – Professional Certificates/Licenses
- Scheduled Maintenance: \$184,500
- New Capital Equipment: \$306,000
- Transfer out of Fund 19 Funds to Support Fund 26 Projects - \$788,000

Staffing

The staff roster consists of District Administrator (1), Secretary/Bookkeeper (1), Plant Superintendent (1), Plant Supervisor (1), Plant Senior Operator (1), Laboratory Technician (1), Operator in Training - Plant Operator II (4), There are ten (10) full time positions funded in the draft budget. Two Operator positions are presently vacant. The District will complete a recruitment for an Operator in Training during FY 19/20. The purpose of the Operator in Training position is to hire an entry-level employee to train into the career series eventually

reaching the position of Plant Operator II.

Proposed Operation and Maintenance Projects:

1. Budget of \$306,000, New Capital Equipment proposed within line No. 19-8010.
2. Budget of \$184,500, Equipment Maintenance, is proposed under Line Item No. 19-8030 including \$30,000 for unexpected maintenance contingency.

Fund 20

Fund 20 revenue is provided primarily from connection fees from the three-member agencies. A minor amount of revenue is received from interest on the fund balance account. This fund is the designated fund in support of the redundancy project. Revenues from loans and bonds (\$18,710,000) for the Redundancy Project will be received in this account during the fiscal year.

This fund supports capacity, expansion, and studies.

- Wastewater Redundancy Project: Line item 20-7080 provides \$7.2 million to complete FY 19/20 Efforts on the Redundancy Project
- An expenditure of \$113,400 is proposed under Line Item No. 20-7094 MOU with City of Pismo Beach for a joint Environmental Impact Report. This is a carryover from the prior year.

Fund 26

Fund 26 expenditures are wholly supported by transfers from other funds. The draft budget calls for a transfer from Fund 19 (\$788,000). Fund 26 funds regular capital replacement projects.

Proposed Fund 26 Project Budgets:

1. \$738,000 is proposed under Line Item No. 26-8065 Structure/Grounds Replacement & Improvement.
2. \$50,000 is proposed under Line Item No. 26-8070 Emergency Equipment Repair.

Conclusion

The draft budget emphasizes maintenance, and construction of the redundancy project.

Repairs to Primary Clarifier No. 2 and replacement of Chemical Storage Tanks highlight non-redundancy capital replacement projects.

Attachments:

- Attachment 1: Consolidated Budget
- Attachment 2: Fund 19 Operating Budget Spreadsheet, with Schedules
- Attachment 3: Fund 20 Expansion Budget Spreadsheet
- Attachment 4: Fund 26 Replacement Budget Spreadsheet with Schedule
- Attachment 5: Notice of Public Hearing

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT CONSOLIDATED BUDGET FOR FY 2019/20

	Fund 19 Operating Fund	Fund 20 Expansion Fund	Fund 26 Replacement Fund	FY 2019/20
Revenues				
Gross Revenues				
Service Charges and Fees	5,305,000			5,305,000
Connection Fees		156,000		156,000
Interest	40,000	64,000		104,000
Other Revenues	132,000	18,710,000		18,842,000
Total Revenues	5,477,000	18,930,000	-	24,407,000
Expenditures & Other Uses				
Operating Expenditures				
Salaries and Wages	829,000			829,000
Employee Benefits and Other Personnel Costs	491,500			491,500
Permits, Fees and Licenses	33,500			33,500
Communications	14,600			14,600
Computer Support	10,000			10,000
Administrative Costs	346,500			346,500
Disposal Services	63,000			63,000
Utilities	225,500			225,500
Maintenance, Tools & Replacements	442,200			442,200
Materials, Services and Supplies	362,500			362,500
Training, Education & Memberships	59,000			59,000
Total Operating Expenditures	2,877,300	-	-	2,877,300
Total Other Charges				
Other Charges	440,000	113,400		
Total Other Charges	440,000	113,400		
Capital Outlay				
Capital Replacement/Maintenance (Fund 26)			788,000	788,000
Capital Equipment	306,000	7,200,000		7,506,000
Total Capital Outlay	306,000	7,200,000	788,000	8,294,000
Other Financing Sources & Uses				
Transfers Out (In)	788,000		(788,000)	-
Contingency				
Total Other Financing Sources & Uses	788,000	-	(788,000)	-
Beginning Cash Balances Used for Funding				
Beginning Fund Balance Available				
TOTAL BEGINNING CASH BALANCE				
Total Funding Source	5,477,000	18,930,000		
Total Expense	4,411,300	7,313,400		
Net Change (Deficit)	1,065,700	11,616,600	-	12,682,300

	Actuals Jul '17 - Jun 18	Actuals Jul '18 - Apr 19	Jun '18 - Jul 19 Budget	Recommended Jun '19 - Jul 20 Budget
Ordinary Income/Expense				
Income				
19-4015 Arroyo Grande Services	2,174,691.95	1,684,239.75	2,414,000.00	2,430,000.00
19-4022 Grover Beach Services	1,639,028.83	1,307,020.87	1,794,000.00	1,887,000.00
19-4035 Oceano Services	853,472.46	887,554.28	912,000.00	923,000.00
19-4040 Other Service Income	13,822.99	23,880.22	25,000.00	25,000.00
19-4045 School Services	38,126.00	0.00	40,000.00	40,000.00
19-4050 Brine Disposal Service	246,811.14	109,472.21	145,000.00	132,000.00
19-5015 Interest	42,968.65	54,568.64	30,000.00	40,000.00
19-5023 FOG Reimbursement	640.00	0.00	750.00	
Total Income	5,009,561.98	4,066,735.97	5,360,750.00	5,477,000.00
Gross Profit	5,009,561.98	4,066,735.97	5,360,750.00	5,477,000.00
Expense				
19-6010 Medical Insurance	255,425.08	173,386.32	210,000.00	215,000.00
19-6025 Dental Insurance	7,897.37	7,980.08	9,000.00	8,500.00
19-6030 Plant Operators	474,955.27	390,620.31	543,008.00	597,000.00
19-6035 Student Interns	0.00	0.00	5,000.00	5,000.00
19-6040 Secretary/Bookkeeper	66,706.82	53,814.74	60,912.00	62,000.00
19-6042 Severance	187,500.00	0.00		
19-6045 District Administrator	33,015.26	132,601.40	155,000.00	170,000.00
19-6050 S.S. & Medicare	59,171.02	44,150.82	65,000.00	65,000.00
19-6055 State Disability Insure	2,702.52	2,823.82	3,500.00	3,500.00
19-6060 State Retirement	86,006.82	61,592.46	80,000.00	80,000.00
19-6065 Unfunded Liability	50,162.00	62,373.00	65,000.00	76,000.00
19-6075 Medical Reimbursement	5,658.17	1,044.06	6,500.00	6,500.00
19-6080 Workers Compensation	40,884.84	22,780.22	33,000.00	27,000.00
19-6085 Temp Labor Service	29,725.53	0.00	10,000.00	5,000.00
19-6090 Payroll Process Fee	3,584.45	2,750.75	3,500.00	3,500.00
19-6095 Unemployment Reimburse	10,373.16	6,300.01	12,000.00	10,000.00
19-7005 Advert/Legal Recruit	13,235.04	1,563.59	10,000.00	10,000.00
19-7011 Communications	3,187.40	3,770.08	4,500.00	4,000.00
19-7013 Communications-Telephone	8,869.20	5,185.86	10,000.00	7,000.00
19-7014 Communications-Cell	2,866.93	2,201.86	2,500.00	3,600.00
19-7015 Off. Equip/Computer/GIS	6,839.72	4,547.40	10,000.00	9,000.00
19-7025 Employee Uniforms	12,138.05	10,061.80	12,500.00	12,000.00
19-7032 Equip Rental Other	3,763.33	3,144.53	5,000.00	5,000.00
19-7040 Admin. Office Space	1,125.00	0.00		
19-7043 Ins, Liability/Auto	31,411.20	34,615.28	35,000.00	40,000.00
19-7050 Membships/Seminars/Mtg	8,852.69	12,182.89	15,000.00	16,000.00
19-7055 Prof. Certs/Licenses	1,775.00	420.00	3,000.00	3,000.00
19-7060 Ocean Outfall Maint	0.00	0.00	25,000.00	25,000.00
19-7062 Prof Serv.-Electrician	12,607.50	3,395.39	6,000.00	6,000.00

	Actuals Jul '17 - Jun 18	Actuals Jul '18 - Apr 19	Jun '18 - Jul 19 Budget	Recommended Jun '19 - Jul 20 Budget
19-7065 Public Outreach	3,738.91	0.00	5,000.00	4,000.00
19-7067 Training	5,155.70	4,659.15	10,000.00	40,000.00
19-7068 Permits/Fees/License	38,506.03	22,737.21	30,000.00	30,000.00
19-7069 LAFCO Budget Share	13,727.97	12,838.28	14,000.00	14,000.00
19-7070 Prof Serv -Out. Counsel	74,874.92	22,351.27	30,000.00	30,000.00
19-7071 Prof Serv-Attorney Fee	157,473.50	28,452.19	36,000.00	36,000.00
19-7072 Prof Serv - Auditing	9,750.00	24,260.00	30,000.00	12,000.00
19-7073 Prof Serv - AG Billing	22,701.00	16,901.50	22,000.00	23,000.00
19-7074 Prof Serv - Oceano Com	10,546.59	9,175.49	10,000.00	11,000.00
19-7075 Prof Serv - Brd Member	8,727.41	4,500.00	7,500.00	4,000.00
19-7076 Prof Serv- H R Service	46,386.86	9,410.00	40,000.00	25,000.00
19-7077 Prof Serv-Engineering	257,952.17	3,731.25	25,000.00	20,000.00
19-7078 Prof Serv-Chem Analysis	33,394.02	14,830.79	20,000.00	20,000.00
19-7079 Prof Serv-Records Mgmt.	0.00	0.00	5,000.00	4,000.00
19-7080 Prof Serv - AGP Video	15,112.50	11,942.50	14,000.00	8,500.00
19-7081 Prof Serv-GB Bill	22,189.50	16,789.75	23,000.00	23,000.00
19-7082 Prof. Serv.-Comp. Support	10,124.59	7,849.30	10,000.00	10,000.00
19-7083 Prof Serv-Fiscal Serv.	30,115.00	13,695.00	25,000.00	20,000.00
19-7085 Solids Handling	115,370.15	31,259.51	89,000.00	60,000.00
19-7086 Brine Disposal Sampling	1,213.00	1,811.00	3,000.00	3,000.00
19-7088 Prof Serv-Strat Planning	0.00	0.00	5,000.00	5,000.00
19-7091 Util-Elec	177,466.87	138,987.45	190,000.00	175,000.00
19-7092 Util-Gas	17,729.31	26,258.96	35,000.00	35,000.00
19-7093 Util-Rubbish	15,485.66	10,773.57	13,000.00	13,000.00
19-7094 Util-Water	1,177.85	849.75	3,000.00	2,500.00
19-7095 Zone 1/1A Agreement	30,099.38	30,950.96	31,000.00	31,000.00
19-7120 Depreciation Expense	1,121,538.67	0.00		0.00
19-8010 Capital Equipment	0.00	18,692.96	367,000.00	306,000.00
19-8015 Trunk Sewer Maintenance	0.00	0.00	155,400.00	200,000.00
19-8020 Gas & Oil	9,006.06	5,382.41	10,000.00	7,500.00
19-8030 Equipment Maint-Reg	57,482.31	62,578.00	204,500.00	184,500.00
19-8032 Automotive Maint	871.05	342.09	5,000.00	1,500.00
19-8035 Household Expense	2,397.32	1,260.08	4,000.00	3,000.00
19-8040 Lab Supplies	8,696.99	7,167.60	10,000.00	10,000.00
19-8045 Office Supplies	7,463.23	5,488.91	6,000.00	6,000.00
19-8050 Plant Chemicals	241,144.65	230,774.88	300,000.00	300,000.00
19-8055 Small Tools	78.04	961.73	1,200.00	1,200.00
19-8056 Safety Supplies	3,467.99	8,287.15	8,000.00	10,000.00
19-8060 Structure Maint-Reg	14,446.46	9,561.71	20,000.00	20,000.00
19-8061 Struct Maint - Major	3,405.96	14,211.93	33,000.00	0.00
19-8077 Contingency	0.00	0.00	25,000.00	0.00
Total Expense	4,009,456.99	1,873,030.99	3,274,520.00	3,183,300.00

	Actuals Jul '17 - Jun 18	Actuals Jul '18 - Apr 19	Jun '18 - Jul 19 Budget	Recommended Jun '19 - Jul 20 Budget
Net Ordinary Income	1,000,104.99	2,193,704.98	2,086,230.00	2,293,700.00
Other Income/Expense				
Other Income				
19-4055 Lease (AT&T)	2,395.71	0.00	0.00	0.00
19-8079 Transfer to Replacement	-1,413,400.00	-968,100.00	1,536,200.00	788,000.00
DEBT SERVICE				440,000.00
19-8080 Trsf to Expansion	0.00	-400,000.00	400,000.00	0.00
19-8085 Wallace Restitution	18,097.70	0.00		
19-8095 SDRMA	15,000.00	0.00		
Total Other Income	-1,377,906.59	-1,368,100.00	1,936,200.00	1,228,000.00
Other Expense				
PRIOR PERIOD ADJUSTMENT	658,773.03	0.00		0.00
Total Other Expense	658,773.03	0.00		0.00
Net Other Income	-2,036,679.62	-1,368,100.00	1,936,200.00	1,228,000.00
Net Income	-1,036,574.63	825,604.98	4,022,430.00	3,521,700.00

	2019/2020 Detail List of New Capital Equipment in Fund 19	
	Account 19-8010	
Project No.	Capital Equipment Account 19-8010	Cost
	Valve Turner	3,000
	Chlorine Contact Tank Catwalk	50,000
	Chlorine Contact Tank Skimmer	40,000
	SCADA	75,000
	Chlorine Contact Tank PLC	50,000
	Brine Tank	50,000
	Laboratory Centrifuge	5,000
	Thermolyne Furnace	6,500
	Teledyne ISCO 5800 Refrigerated Sampler	6,500
	YSI 5000 Dissolved Oxygen Meter & probe	3,000
	ASKO Dishwasher 8-Steel System	10,000
	pH Meter & Probe	2,500
	Electrical Conductivity Meter & Probe	2,500
	Media Dispenser	2,000
	Total of Capital Equipment in Fund 19	306,000

	2019/2020 Detail List of Equipment Maintenance in Fund 19 Existing Assets - Scheduled Maintenance	
	Account 19-8030	
Project No.	Project	Cost
	Amiad Filters	1,500
	Boiler	8,000
	Cart Tires	5,000
	Centrifuge	5,000
	Chemical Feed Pumps	3,000
	Chemical Feed Back-up Systems	2,000
	CCT Chlorine/Bisulfite Control System	5,000
	Plant Degredation Control	5,000
	Electrical Conductor Replacement	10,000
	Electrical Equipment Replacement	10,000
	Emergency Generator	4,000
	Emergency By-Pass Pump	8,000
	Flare	8,000
	Flow Calibration	5,000
	Flow Chart Repair	3,000
	Forklift	2,000
	Front Loader	2,000
	Heat Exchanger	1,000
	Sludge Pumps	8,000
	Plant Storm Drains/Pumps	8,000
	Primary Clarifier #1	8,000
	Primary Clarifier #2	8,000
	Sludge Mixing Pump	2,000
	Sludge/Water Valves	25,000
	Tree Line Maintenance	8,000
	Unexpected Maintenance Contingency	30,000
	TOTAL OF EQUIPMENT MAINTENANCE FUND 19	\$184,500

	2019/2020 Detail List of Replacement Projects in Fund 19	
	19-8060 Structure Maint. Regular/Major	
Project No.	Item	Cost of Purchase & Installation
	Eco-Blocks	20,000
	TOTAL OF ALL PROJECTS IN FUND 19	20,000

	Actuals Jul '17 - Jun 18	Actuals Jul '18 - Apr 19	Jun '18 - Apr 19 Budget	Recommended Budget
Ordinary Income/Expense				
Income				
20-4010 AG Connections	74,249.00	156,510.75	110,000.00	100,000.00
20-4020 GB Connections	54,445.00	62,488.00	30,000.00	50,000.00
20-4030 OCSD Connections	7,425.00	0.00	6,000.00	6,000.00
MUNICIPAL BOND PROCEEDS				13,500,000.00
USDA INTERIM FINANCING				5,210,000.00
20-5015 Interest Income	34,862.55	44,201.66	30,000.00	64,000.00
Total Income	170,981.55	263,200.41	176,000.00	18,930,000.00
Expense				
20-7080 Redundancy Project				
Phase 1	-487,784.08	34,255.68	0.00	135,000.00
Phase 3	0.00	0.00	0.00	45,000.00
Phase 4	0.00	0.00	0.00	120,000.00
Phase 5	0.00	0.00	0.00	400,000.00
Phase 6	20,729.44	14,704.37	0.00	130,000.00
Phase 7	0.00	0.00	0.00	6,300,000.00
Contingency	0.00	0.00	0.00	70,000.00
20-7080 Redundancy Project - Other	0.00	0.00	1,400,000.00	0.00
Total 20-7080 Redundancy Project	-467,054.64	48,960.05	1,400,000.00	7,200,000.00
20-7094 MOU w/Pismo Joint EIR	16,558.04	0.00	113,400.00	113,400.00
20-8010 Capital Equip/SCADA	0.00	8,011.55	75,000.00	0.00
Total Expense	-450,496.60	56,971.60	1,588,400.00	7,313,400.00
Net Ordinary Income	621,478.15	206,228.81	-1,412,400.00	11,616,600.00
Other Income/Expense				
Other Income				
20-4005 Use of Fund Bal. Avail.	0.00	0.00	862,370.00	0.00
20-5040 TRSF from Operating	0.00	400,000.00	400,000.00	1,205,000.00
Total Other Income	0.00	400,000.00	1,262,370.00	1,205,000.00
Net Other Income	0.00	400,000.00	1,262,370.00	1,205,000.00
Net Income	621,478.15	606,228.81	-150,030.00	12,821,600.00

	Actuals Jul '17 - Jun 18	Actuals Jul '18 - Apr 19	Budget Jul '18- Jun 19	Recommended Budget Jul '19 - Jun 20
Ordinary Income/Expense				
Expense				
26-8015 Trunk Sewer Maintenanc	105.00	7,990.00	175,000.00	
26-8061 Struct/Grnds Maint-Maj	2,367.84	0.00	40,000.00	
26-8065 Struct/Grnds Repl&Imp	0.00	237,469.76	1,271,200.00	738,000.00
26-8070 Emergency Equip Repair	0.00	0.00	50,000.00	50,000.00
Total Expense	2,472.84	245,459.76	1,536,200.00	788,000.00
Net Ordinary Income	-2,472.84	-245,459.76	-1,536,200.00	-788,000.00
Other Income/Expense				
Other Income				
26-4005 Beginning Fund Balance	0.00	0.00	0.00	
26-5040 Transfer from funds	1,413,400.00	968,100.00	1,536,200.00	0.00
Total Other Income	1,413,400.00	968,100.00	1,536,200.00	0.00
Net Other Income	1,413,400.00	968,100.00	1,536,200.00	0.00
Net Income	1,410,927.16	722,640.24	0.00	-788,000.00

	2019/2020	
	Detail List of Replacement Projects in Fund 26	
	26-8065 Struct/Grnds Replace-Improvement	
Project No.	Item	Cost of Purchase & Installation
	Primary Clarifier #2 Rehabilitation	275,000
	Engineering Support	20,000
	Effluent Valve to Primary Clarifier #2	8,000
	Chemical Tank & Chemical Pumping System	100,000
	Engineering Support	20,000
	Disinfection Control System	60,000
	Engineering Support	10,000
	Parshall Flume Flow Transmitter	10,000
	FFR Blower #1 and Motor	20,000
	FFR Blower #2 and Motor	20,000
	Digester #1 APCD Equipment	45,000
	Digester #2 APCD Equipment	45,000
	Sludge Feed Pump	25,000
	Polymer Feed System	20,000
	Digester Sump Pump	20,000
	Chlorine Contact Tank Valves	40,000
	TOTAL OF ALL PROJECTS IN FUND 26	738,000

**NOTICE OF PUBLIC HEARING
SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT
ADOPTION OF FISCAL YEAR 2019-2020 BUDGET**

DATE: June 5, 2019
TIME: 6:00 p.m.
PLACE: Arroyo Grande City Council Chambers
215 E. Branch Street
Arroyo Grande, CA 93420

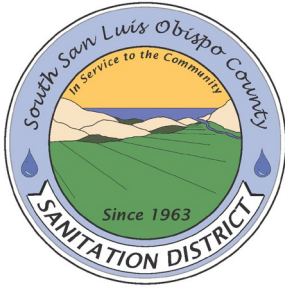
PLEASE TAKE NOTICE:

1. The District Administrator has prepared a proposed final Budget, which is available for inspection, during regular business hours, 7:30 a.m. to 4:00 p.m., Monday through Friday, at the District Office located at 1600 Aloha Place, Oceano, California.

At 6:00 p.m., on June 5, 2019, at the Arroyo Grande City Council Chambers, 215 E. Branch Street, Arroyo Grande, CA, 93420, San Luis Obispo County Sanitation District Board of Directors will meet to consider and to adopt the final Fiscal Year 2019-2020 Budget.

2. At the time and place specified in this Notice, any person may appear to be heard regarding any item in the Budget or regarding the addition of any other items.
3. The hearing on the Budget may be continued if necessary.

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



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

STAFF REPORT

Date: May 15, 2019
To: Board of Directors
From: Jeremy Ghent, District Administrator
Subject: **NOTICE OF ROTATION OF DISTRICT BOARD MEETING LOCATION**

RECOMMENDATION:

That the Board Discuss the Rotation of District Meeting Location, and if Appropriate, Provide Direction to Staff.

BACKGROUND AND DISCUSSION:

On July 6, 2016 the meetings rotated to the Oceano Community Services District Board Room and remained in Oceano until December 21, 2016.

On January 4, 2017 meetings rotated to the Grover Beach Council Chambers and remained in Grover Beach until August 2, 2017.

On August 16, 2017 meetings rotated to Arroyo Grande City Council Chambers and remained in Arroyo Grande until December 06, 2017.

On January 17, 2018 the meetings rotated to the Oceano Community Services District Board Room and remained in Oceano until June 20, 2018.

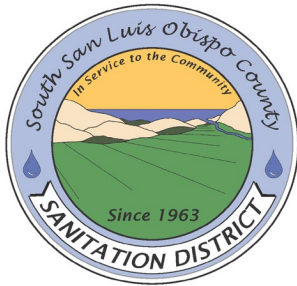
On July 18, 2018 meetings rotated to Grover Beach Chambers where it remains today.

District staff has contacted Oceano regarding the availability of their meeting facility. Oceano has offered to the District the use of the Board Chambers beginning July 3rd.

At the December 5th 2018 meeting Director Nicolls and members of the public expressed desire to explore a 4 month rotation. Staff was directed to bring a discussion item back with the next meeting rotation item. With a 4 month rotation all member agencies and community ratepayers are served inside of one fiscal year. A preference was also expressed for Oceano to have the summer months in order to take advantage of the long evenings to offset the limited parking lot lighting at the OCSD facility.

OPTIONS:

1. Direct staff to adopt a 4 month rotation.
2. Direct staff to adopt a 6 month rotation.
3. Table this discussion to a future agenda.



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STAFF REPORT

Date: May 15, 2019
To: Board of Directors
From: Jeremy Ghent, District Administrator; Mychal Jones, Plant Superintendent
Subject: **DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT**

This report represents ongoing information on the latest District staff activities on major capital projects and studies, programmatic initiatives, regional collaboration, miscellaneous activities, and Plant Operations. *Updates since the last report are provided in italics below:*

Capital Projects:

Redundancy Project:

- *Staff is putting in substantial effort to include a project labor agreement by June 5th*
- *California Coastal Commission approved the District's final plans.*
- *District and MKN have begun soliciting statements of qualifications for Construction Management Services*
- *District and MKN have submitted the Project Engineering Report to USDA for project funding.*

Misc:

- *District received new RAV4 to replace the Ford Explorer.*
- *District Administrator met with the Grover Beach Public works director for an initial review of the City's efforts on their sanitary sewer masterplan.*

Central Coast Blue:

No Update

Plant Tours:

1. NONE

Upcoming Items:

District Goals and Priorities

Redundancy Project Construction Management Services Contract

Central Coast Blue update tentatively scheduled for August 7th 2019 meeting

2019/20 Budget

Plant Operations Report

During this reporting period (April 25th – May 8th) 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 May 8, 2019

May 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	0.73**	3.4	520	18.6		754	24.5		<2	125
High	2.73	4.4	645	20		792	26.8		2.0	250
Average	2.32	3.73	583	19.3	96.7	773	25.7	96.7	2.4	181
May 2018 AVG	2.4	3.68	559	24	95.7	601	25	95.8	256	168
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.

** The District's flow meter failed causing a faulty reading for daily influent flow. The District has temporarily fixed the flow meter until replacement parts have been received.

Fecal Coliform Numbers for May 2019

5/2/2019	<	2	MPN/100 mL
5/3/2019	=	2	MPN/100 mL
5/4/2019	=	2	MPN/100 mL
5/7/2019	=	4	MPN/100 mL
5/8/2019	=	2	MPN/100 mL

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

Note – The District is waiting for fecal analysis results from contracted lab (5/7/19). The result will be reported once it is received.

Operation and Maintenance Projects

- Prepared confined space entry equipment for installation of new submersible pump into sump
- Performed maintenance on sludge bed valve and reinstalled
- Cleaned filter and piping for well water system
- Checked and marked Underground Service Alerts
- Repaired chlorine tote fitting
- RS Fire Protection performed annual inspection of all District fire extinguishers
- Re-sanded and prepared sludge beds for use
- Continued review of Standard Operating Procedures

Work Orders Completed

- Inspected digester vacuum/pressure relief valves
- Flushed sodium bisulfite header
- Ensured sodium hypochlorite and sodium bisulfite tanks are not siphoning
- Calibrated ferric chloride dosage at Grit King
- Test ran Emergency Generator and Emergency Bypass Pump
- Rinsed all clarifiers
- Completed Monthly Safety Walk
- Changed oil in digester mixing pump seal
- Exercised both effluent pumps
- De-ragged both primary sludge pumps
- Performed semi-annual cleaning of Fixed Film Reactor variable frequency drive cabinets
- Cleaned reclaim water filter baskets
-

Notice of Violations

- The District received a San Luis Obispo County Air Pollution Control District (APCD) Notice of Violation on May 7th. The violations were for venting of untreated digester gas to the atmosphere and for failure to report the upset condition and breakdown to the Air Pollution Control Officer with four (4) hours of detection. The District will advise the Air Pollution Control Officer in writing on or before May 21, 2019, of corrective action taken and measures taken to prevent further violations of this type. Upon receipt of the District's response, the APCD will contact the District regarding settlement of the violation.

Training

- Operations staff participated in training on operation of the new front loader

Call Outs

- May 4th, 2:07 AM – Primary Clarifier No. 2 Failed. Operations staff responded and inspected clarifier operation. Clarifier was operating normally, and alarm was reset.
- May 5th, 1:42 AM – Low Wet Level. Operations staff responded and inspected wet well level, shut down pumps to allow level to rise, and placed pumps back into normal operation. Pumps and level were operating normally and reset alarm. *Operations staff is in the process of installing new level sensors.*
- May 6th, 2:07 AM – Primary Clarifier No. 2 Failed. Operations staff responded and inspected clarifier operation. Clarifier was operating normally, and alarm was reset. *Thoma Electric inspected clarifier alarm circuits, clarifier drive wiring, and found electrical lines arcing. Replacement of the electrical lines have been scheduled.*