



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

SUMMARY ACTION MINUTES Regular Meeting of Wednesday, May 15, 2019

1. CALL TO ORDER AND ROLL CALL

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

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

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

2. PLEDGE OF ALLEGIANCE

Bookkeeper Amy Simpson led the Pledge of Allegiance.

3. AGENDA REVIEW

Approved as presented.

4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

There was no public comment.

5. CONSENT AGENDA:

5A. Approval of Warrants

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

Chair Lee opened the Public Comment period.

Julie Tacker commented on the warrant register.

Chair Lee closed the Public Comment period.

Administrator Ghent responded that the bulk of the increase in legal fees is due to the project related expenses of moving the Redundancy Project forward. He also

said the District has two vacancies open at the operator level and the warrant for RGS is a recruitment to hire one of the positions.

Motion: Director Ray Russom motioned to adopt the Consent Agenda as presented.

Second: Director Austin

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

6. ACTION ITEMS:

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

Administrator Ghent presented this item. Mr. Alex Handlers was present to answer questions. The overall objective of the 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". This agreement would cover three services. Task A- General Financing Assistance; Task B- Interim Financing for USDA Loan; and Task C- Revenue Bonds/Certificates of Participation.

Mr. Handlers said the previous rates adopted are adequate to cover the new costs of the Redundancy Project. This new proposal will cover going after low cost financing for USDA for about 19% of funding based on Oceano's population the project will serve.

Director Ray Russom asked about the fiscal consideration.

Administrator Ghent responded that the fiscal consideration of \$500,000 was referencing the Redundancy Project budget that lays out the phases of financial support. It also contains the MKN agreement for administrative services. This \$61,000 is being charged to that phase in project development.

Director Ray Russom also asked for clarification on the difference between a competitive bond and a negotiated bond sale.

Mr. Handlers explained the difference of the two types of bond sales and said the initial preference of Bartle Wells is to start with the competitive sale. The goal is to get the lowest cost financing.

Chair Lee asked if the PLA would change anything in the proposal regarding bond issuance.

Mr. Handlers said not in the proposal but may be reflected down the road in salaries and benefits as an outcome of the PLA agreement.

Chair Lee opened the Public Comment period

Julie Tacker encouraged the Board to reject staff recommendation and go with RFP and to avoid sole sourcing.

Chair Lee closed the Public Comment period.

Administrator Ghent responded to the comment. He said this agreement is fully compliant and meets public contract code. We started project with this financial consultant and his knowledge is very valuable. Sole sourcing is allowed for professional services because they are invested in the project and have background information that can't be readily substituted by an additional party.

Legal Counsel said the process in front of the Board today is legal.

Motion: Director Austin motioned to 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.

Second: Chair Lee

Action: Approved unanimously by roll call vote.

6B. REDUNDANCY PROJECT LABOR AGREEMENTS UPDATE

Administrator Ghent presented this item. He said the initial draft from the trade's consultant Virtus had been received on May 7th. Staff has passed the document to outside counsel for review where it remained until today. On the funding side, one USDA staff member did express concern over the agreement and wanted to review the document to verify that it did qualify for a fair and competitive process. Other USDA staff have indicated that it is completely compatible. USDA has funded many projects with project labor agreements. A second potential issue is the construction management contract for the project. There is a labor compliance component as part of the contract. Staff issued the request for qualifications with general language about the PLA. So far it has been well received with the construction management firms. The firms have expressed specific concerns regarding inspection services and the District has indicated that the construction management contract will be excluded from the PLA. The frontend bid documents for the project have several areas where staff will have to cross reference the PLA.

Director Austin asked Mr. Ghent to expand on the USDA funding component concerns.

Administrator Ghent said when he informed USDA that we have added a PLA, the staff member said he would have to check on this and make sure it is compliant. USDA has agreed to review the City of SLO's document since the District's is still in draft to speed up the process.

Director Ray Russom asked if Mr. Ghent had seen red flags in the draft he had received from outside counsel today.

Mr. Ghent responded that inspection services and soil testing were not included in the City of SLO's PLA but were in the District draft PLA. The inspection services are very specific tasks staff is very engaged in.

Chair Lee asked if prior to going out to bid, the full document needed to be reviewed by USDA.

Administrator Ghent said the review is not critical for bidding, but it must be received by May 31st to present to the Board by June 5th.

Chair Lee opened the Public Comment period

Cherie Cabral with the building trades said they have been working with Mr. Ghent and the USDA and have been reassured by USDA that the District will have what they need to facilitate moving along as rapidly as possible without any risk to financing. The only change in the document from the original document for the city was the name of the city and the local hire zip code delineations and the soils testing.

Chair Lee asked if surveying would be included in the PLA.

Cherie Cabral responded that the PLA would apply to anything that is controlled by prevailing wage classification.

Chair Lee closed the Public Comment period.

Action: The Board received and filed this report.

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

Administrator Ghent presented this item. He said this is largely a status quo budget with one major exception which is the District going into construction this year. This will make substantial changes with the 18 million funding going into the budget. He also said capital projects will be slowed down to accommodate the construction space needed for the redundancy project.

Chair Lee opened the Public Comment period

Julie Tacker commented on Fund 20.

Chair Lee closed the Public Comment period.

Administrator Ghent responded that there is capacity in reserves to cover the 7.2 million, but that is not what is being proposed. The funding is expected to be received this year. Absent of securing funding, we would not begin construction. He also said, Pismo is aware we are holding this money for the EIR but there is still nothing to report on the EIR.

Chair Lee asked about Fund 20 being called Expansion rather than Restricted.

Administrator Ghent responded that legal counsel did an analysis of Fund 20 in 2016. The Board took specific action to pledge Fund 20 money for redundancy by Resolution as anticipation for securing bond and SRF funding.

Action: The Board gave consensus to set a Noticed Public Hearing for June 5, 2019.

6D. ROTATION OF DISTRICT MEETING LOCATION

Administrator Ghent presented this item. This item was initiated by the Board at a former meeting to change the rotation to four-month intervals with the goal to host at each agency during a fiscal year.

Chair Lee opened the Public Comment period.

Julie Tacker commented on meeting in Grover Beach.

Chair Lee closed the Public Comment period.

Chair Lee said Grover is acceptable to participating in the cycle.

Motion: Director Ray Russom motioned to change the rotation to trimesters based on the fiscal year with the rotation starting July 1 at Oceano then Grover Beach at the second trimester and Arroyo Grande at the final trimester.

Second: Director Austin

Action: Approved by voice vote unanimously.

6E. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

Administrator Ghent presented the Administrators Report. The Coastal Commission has approved the redundancy plans and we have received our final coastal development permit. We are soliciting statement of qualifications for construction management services. Submittals are to be received by the District by June 27. MKN completed the project engineering report and it has been submitted to USDA. District received the new RAV 4 and will be planning to dispose of the Ford Explorer. A charter school will be touring the plant.

Plant Superintendent Jones presented the Plant Operations report. Numbers continue to be well within permit limits. He reported the District had an equipment failure of the influent flow transmitter. He listed the operations and maintenance projects and the work orders completed. The District did receive the notice of violation from APCD on May 7th. The District is required to advise the APCO in writing before May 21 on the corrective action taken and measures taken to prevent any further violations.

Chair Lee opened the Public Comment period.

Julie Tacker commented on the student tour; the USDA application and the project engineering report and the cost of dewatering groundwater.

Administrator Ghent thanked Ms. Tacker for bringing up the teachable moment. Flushable wipes are not flushable. Accommodations have been taken to treat a substantial amount of dewatering during construction and there will be a cost associated and he cannot estimate that cost right now.

Chair Lee closed the Public Comment period.

Action: The Board received and filed the report.

7. MISCELLANEOUS ITEMS:

None

8. BOARD MEMBER COMMUNICATIONS

Administrator Ghent proposed to move the July 3rd meeting to July 17th.

Staff will put out a cancellation notice for July 3rd and notice a July 17th meeting.

9. CLOSED SESSION:

Legal Counsel announced 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 7:40 p.m.

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

THESE MINUTES WERE APPROVED BY THE BOARD OF DIRECTORS AT THE MEETING OF JUNE 5, 2019.