



**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
Grover Beach City Hall Council Chambers
154 S. Eighth Street,
Grover Beach, CA 93433
Wednesday, February 5, 2020 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
Shirly Gibson, 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 January 15, 2020

6. ACTION ITEMS:

6A. ELECTION OF CALENDAR YEAR 2020 BOARD OFFICERS

Recommendation: Consider and elect a Chair and Vice-Chair for the 2020 Calendar Year.

6B. PRESENTATION AND APPROVAL OF FISCAL YEAR ENDING 2019 FINANCIAL AUDIT

Recommendation: That the Board receive a presentation of the audit report of the District's financial records by Moss Levy & Hartzheim, LLP, the District's independent auditor, resolve questions, call for revisions and file the 2018-19 Financial Audit.

6C. AWARD FOR PRIMARY CLARIFIER NO. 2 REHABILITATION AND COATINGS PROJECT TO FLUID RESOURCE MANAGEMENT

Recommendation:

1. Award a contract for installation and construction of the Primary Clarifier No. 2 Rehabilitation and Coatings Project to Fluid Resource Management, in the amount of \$243,257.34.
2. Authorize the District Administrator to reallocate budgeted funds, in the amount of \$107,000 to the Primary #2 Clarifier Rehab budget: and
3. Approve a specific contingency fund for this project up to 10% (\$24,325) of the total project amount for unforeseen future project events

6D. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

Recommendation: Receive and File.

7. MISCELLANEOUS ITEMS:

8. BOARD MEMBER COMMUNICATIONS:

9. CLOSED SESSION:

PUBLIC EMPLOYEE APPOINTMENT pursuant to Government Code Section 54957
Title: General Counsel

10. ADJOURNMENT:

**The next regularly scheduled Board Meeting is March 4, 2020, 6:00 pm at the
Arroyo Grande City Hall Council Chambers
Branch Street, Arroyo Grande, California 93420**

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SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
WARRANT REGISTER
2/5/2020

VENDOR	BUDGET LINE ITEM	DETAIL	WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
AGP VIDEO	AGP VIDEO	DECEMBER 2019	011420-4257	7080	650.00	650.00
ALLIED ADMINISTRATORS	DENTAL	FEBRUARY	4258	6025	720.77	720.77
ALL STAR INDUSTRIAL	SAFETY SUPPLIES	10/8/1906	4259	8056	310.22	310.22
ARAMARK	UNIFORMS	11/29; 01/03; 01/10	4260	7025	765.18	765.18
BRENNTAG	PLANT CHEMICALS	BPI12539	4261	8050	5,142.02	5,142.02
CENTRAL CITY TOOL SUPPLY	SMALL TOOLS	10/12/2150	4262	8055	97.86	97.86
CHARTER	INTERNET AND PHONE	12/19/19-01/28/20	4263	7013	309.95	309.95
CITY OF GROVER BEACH	BILLING	Dec-19	4264	7081	1,933.25	1,933.25
COASTAL ROLLOFF SERVICE	RUBBISH	Dec-19	4265	7093	871.06	871.06
CULLIGAN/CCWT	EQUIPMENT RENTAL	60340	4266	7032	60.00	60.00
ENGEL & GRAY	BIOSOLIDS HANDLING	Dec-19	4267	7085	1,977.48	1,977.48
EVERYWHERE RIGHT NOW	COMPUTER SUPPORT	JANUARY	4268	7082	100.00	100.00
GILBERT TRUJILLO	LEGAL	Dec-19	4269	7071	647.50	647.50
HARDY DIAGNOSTICS	LABORATORY SUPPLIES	2242089	4270	8040	182.95	182.95
HAULAWAY	RENTAL EQUIPMENT	11/28/19-12/25/19	4271	7032	93.80	93.80
INDUSTRIAL MEDICAL SUPPLY	SAFETY SUPPLIES	90388	4272	8056	80.00	80.00
JAN PRO	STRUCTURE MAINTENANCE	JANUARY	4273	8060	260.00	260.00
JB DEWAR	FUEL	925856	4274	8020	238.22	238.22
KEMIRA WATER	PLANT CHEMICALS	9017659031	4275	8050	8,219.80	8,219.80
MARIO DE LEON	CONFERENCE	PER DIEM	4276	6075	35.00	35.00
MKN ENGINEERS	REDUNDANCY	ADMINISTRATION	4277	20-7080	2,343.26	2,867.27
	REDUNDANCY	PROJECT PREQUAL		20-7080	524.01	
MINERS	ADMIN BUILDING	Dec-19	4278	8045	430.15	430.15
OILFIELD ENVIRONMENTAL	CHEMICAL ANALYSIS	1906213	4279	7078	85.00	85.00
PRAXAIR	EQUIPMENT RENTAL	10/20/19-11/20/19	4280	7032	32.50	32.50
RINCON	REDUNDANCY	CEQA PLUS & USDA FUNDING	4281	20-7080	5,060.00	11,260.50
	REDUNDANCY	COASTAL HAZARDS MONITORING		20-7080	6,200.50	
SAN LUIS POWERHOUSE	EQUIPMENT MAINTENANCE	EMERGENCY BYPASS PUMP	4282	8030	422.95	422.95
SO CAL GAS	UTILITY GAS	11/30/19-01/02/20	4283	7092	3,725.20	3,725.20
SO CO SANITARY	RUBBISH	JANUARY	4284	7093	412.08	412.08
SPRINT	CELL PHONE	12/04/19-01/03/20	4285	7014	109.27	109.27
STANLEY	ALARMS	FEBRUARY	4286	7011	71.28	71.28
STATE FUND INSURANCE	WORK COMP	JANUARY	4287	6080	1,706.33	1,706.33
SWRCB	FEES	ACL ORDER NO. R3-2019-0123	4288	7068	6,000.00	6,000.00
VOID	VOID	VOID	4289	VOID	0.00	0.00
TRIBUNE	ADVERTISING	BID INVITE	4290	7005	490.05	490.05
UMPQUA	CREDIT CARD	Dec-19	4291	4035	3,920.18	3,920.18
VWR	LABORATORY SUPPLIES	8088691838	4292	8040	299.12	299.12
SUB TOTAL					\$ 54,526.94	\$ 54,526.94
SSLOCS	DECEMBER TRANSFER	PAYROLL	4293		59,020.64	92,394.54
		RETIREMENT		6060	15,759.63	
		MEDICAL		6010	17,614.27	
SUB TOTAL					92,394.54	92,394.54
GRAND TOTAL					\$ 146,921.48	146,921.48

Warrant Register continues on next page.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
WARRANT REGISTER CONTINUED
2/5/2020

VENDOR	BUDGET LINE ITEM	DETAIL	WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
AMERICAN BUSINESS MACHINES	OFFICE SUPPLIES	496036	012820-4294	8045	253.95	253.95
ARAMARK	EMPLOYEE UNIFORMS	01/17/20; 01/24/20	4295	7025	597.55	597.55
AT&T	TELEPHONE	01/11/20-02/10/20	4296	7013	404.83	404.83
BRENNTAG	PLANT CHEMICALS	BPI14986	4297	8050	5,180.80	5,180.80
BRISCO MILL & LUMBER	EQUIPMENT MAINTENANCE	175717	4298	8030	54.84	54.84
CAL ELECTRIC SUPPLY	411569; 411211	EQUIPMENT MAINTENANCE	4299	8030	97.20	97.20
CANNON	STRUCTURE MAINTENANCE	PRIMARY CLARIFIER 2 CONTROL BOX	4300	26-8065	4,242.24	4,242.24
CITY OF ARROYO GRANDE	BILLING	OCTOBER THROUGH DECEMBER	4301	7073	5,652.75	5,652.75
CULLIGAN CCWT	EQUIPMENT RENTAL	60579	4302	7032	190.00	190.00
DE JESUS LANDSCAPING	STRUCTURE MAINTENANCE	1669	4303	8060	450.00	450.00
GRAINGER	EQUIPMENT MAINTENANCE	9412352883; 9399983296	4304	8030	520.31	520.31
JAN PRO	STRUCTURE MAINTENANCE	Feb-20	4305	8060	260.00	260.00
JB DEWAR	FUEL	927095	4306	8020	73.90	73.90
JOHN DEERE	EQUIPMENT MAINTENANCE	PLANT CARTS	4307	8030	275.28	275.28
JONES AND MAYER	LEGAL COUNSEL	DECEMBER	4308	7071	92.50	92.50
OILFIELD	CHEMICAL ANALYSIS	200186	4309	7078	85.00	85.00
PG&E	ELECTRICITY	12/10/19-01/08/20	4310	7091	13,108.97	13,108.97
SAFETY KLEEN	EQUIPMENT MAINTENANCE	82,175,125.00	4311	8020	4,858.50	4,858.50
SANTA MARIA FAMCON	EQUIPMENT MAINTENANCE	S100020147.001	4312	8030	154.44	154.44
USA BLUEBOOK	EQUIPMENT MAINTENANCE	126,647.00	4313	8030	147.00	147
VWR	LAB SUPPLIES	MULTIPLE	4314	8040	1,356.16	1356.16
SUB TOTAL					\$ 38,056.22	\$ 38,056.22
GRAND TOTAL					\$ 184,977.70	\$ 184,977.70

We hereby certify that the demands numbered serially from 011420-4257 to 012820-4314 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, January 15, 2020

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
Shirly Gibson, Alternate, Oceano Community Services District

District Staff: Jeremy Ghent, District Administrator
Keith Collins, District Legal Counsel
Amy Simpson, District Bookkeeper/Secretary

2. PLEDGE OF ALLEGIANCE

Superintendent Jones led the Pledge of Allegiance.

3. AGENDA REVIEW

Approved as published.

4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

Julie Tacker commented on the Central Coast Blue project and said the scoping meeting will be next Wednesday January 22 at the City of Pismo Beach.

5. CONSENT AGENDA:

5A. Approval of Warrants

5B. Approval of Meeting Minutes of December 4, 2019

There was no public comment.

Motion: Director Ray Russom motioned to approve the consent agenda.

Second: Director Gibson

Action: Approved unanimously by voice vote.

6. ACTION ITEMS:

6A. CONTRACT FOR WWTP REDUNDANCY PROJECT ADMINISTRATION SERVICES WITH MKN AND ASSOCIATES

Administrator Ghent presented this item. It was a request to authorize the District Administrator to execute a contract for continued Wastewater Treatment Plant Redundancy Project Administration Services with MKN and Associates, Inc. (MKN), in the amount of \$152,196 for the 2020 calendar year. Eileen Shields from MKN was also present to answer any questions the Board had.

Julie Tacker commented on ground water and the red legged frog mitigation costs.

Motion: Director Ray Russom motioned to authorize the District Administrator to execute a contract for continued Wastewater Treatment Plant Redundancy Project Administration Services with MKN and Associates, Inc. (MKN), in the amount of \$152,196 for the 2020 calendar year.

Second: Director Gibson

Action Approved unanimously by roll call vote.

6B. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

Superintendent Jones reported that the District continues to meet permit limitations. He provided an update on operations and maintenance projects, work orders completed and training.

Administrator Ghent presented the Administrators Report. He provided updates on the Redundancy Project and Central Coast Blue. He said MNS, the Redundancy construction management firm, is now actively engaged in the project. The District is revisiting use of a Cogen to utilize methane gas to power and heat portions of the plant. The Halcyon refunds have been mailed. He said he met with Will Clemons, General Manager of the OCSD, to discuss a path for moving forward with all agencies using the same method for District billing.

Julie Tacker commented on the Redundancy Project and comments from the USDA related to the PLA.

Eileen Shields from MKN answered Ms. Tackers questions.

Action: The Board received and filed this report.

7. MISCELLANEOUS ITEMS:

There were none.

8. BOARD MEMBER COMMUNICATIONS

Director Gibson announced Oceano is presenting a fire tax informational session on Saturday January 25 at the Oceano Community Services District at 3 p.m.

Director Ray Russom announced there is a lane shut down on Oak Park due to a developing sink hole.

Chair Lee said the Grover Beach City Council will be hearing the MOU for Central Coast Blue at their regularly scheduled meeting on Tuesday, January 21.

9. CLOSED SESSION:

Legal Counsel Collins announced Closed Session.

PUBLIC EMPLOYEE APPOINTMENT pursuant to Government Code Section 54957 subsection B

Title: General Counsel

Julie Tacker commented on a letter of resignation and conflict of interest.

Patricia Price commented on conflict of interest.

10. REPORT OUT OF CLOSED SESSION:

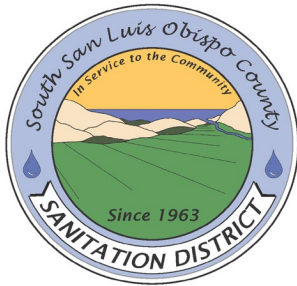
- Board accepted the Retirement of Gil Trujillo, General Legal Counsel
- Board appointed Jones & Meyer as interim General Legal Counsel
- Board directed staff to pursue an RFP for new General Legal Counsel

11. ADJOURNMENT:

7:15 p.m.

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

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STAFF REPORT

Date: February 05, 2020
To: Board of Directors
From: Jeremy Ghent, District Administrator
Subject: **ELECTION OF CHAIR AND VICE CHAIR FOR THE 2020 CALENDAR YEAR**

RECOMMENDATION:

The Board consider and elect a Chair and Vice Chair for the 2020 Calendar Year.

BACKGROUND AND DISCUSSION:

Section 1 of the District Bylaws state:

- 1.4** The Chair and Vice Chair of the Board shall be elected annually at the first meeting in January of each calendar year, or at the next regular or special meeting if Directors have not been timely designated by their respective agencies.

Attachment:

District Bylaws Update May 2019

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

1. OFFICERS OF THE BOARD OF DIRECTORS

- 1.1** The officers of the Board of Directors are the Chair and Vice Chair.
- 1.2** The Chair of the Board of Directors shall serve as Chair at all Board meetings. He/she shall have the same rights as the other Directors of the Board in voting, introducing motions, resolutions and ordinances, and any discussion of questions that follow said actions.
- 1.3** In the absence of the Chair, the Vice Chair of the Board of Directors shall serve as Chair over all meetings of the Board. If the Chair and Vice Chair of the Board will both be absent, the Chair may name any member of the Board to perform the duties of the presiding officer prior to the meeting. If the Chair's absence is unexpected, the Chair shall be as specified by standing order of the Chair.
- 1.4** The Chair and Vice Chair of the Board shall be elected annually at the first meeting in January of each calendar year, or at the next regular or special meeting if Directors have not been timely designated by their respective agencies.
- 1.5** The term of office for the Chair and Vice Chair of the Board shall commence on February 1 of the year immediately following their election.
- 1.6** The Chair, or in his/her absence, the Vice Chair, are authorized to attend meetings of the San Luis Obispo County Planning Commission, meetings of the California Coastal Commission, meetings of the San Luis Obispo County Board of Supervisors, meetings between District Staff and Water Board Personnel, including either Regional Water Quality Control Staff or State Water Board Staff on behalf of the District, without compensation except reimbursement for use of his/her private vehicle to attend such meetings pursuant to District Policy 11.1(b). If the Chair is absent, the Vice Chair or Board member may attend these meetings.
- 1.7** The Chair, or in his/her absence, the Vice Chair shall meet with the District Administrator in advance of a regularly scheduled meeting to review all Warrants to be presented at the next regular Board meeting.

2. MEETINGS

- 2.1** Subject to holidays and scheduling conflicts, regular meetings of the Board of Directors shall commence at 6:00 p.m. on the first of each calendar month at such meeting location within the District boundaries designated by the Board. The Board of Directors reserves the right to cancel and/or designate other dates, places and times for Director Meetings due to scheduling conflicts and holidays.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

2.2 SPECIAL MEETINGS

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

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

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

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

2.5 MEETING PROTOCOL

- (a) Policy. The purpose of oral presentation at District meetings, as well as written presentations, is to formally communicate to the Board of Directors on matters (1) listed on the Agenda, or (2) matters that are within the jurisdiction of the Board of Directors during general public comment. Such presentations are helpful to the Board in its decision- making process. The Board of Directors welcomes information and expressions of opinion from members of the public on any item which it may be considering. However, the Board of Directors is not required to provide a public forum for remarks or conduct in violation of the Rules of Decorum.
- (b) Public Comment. Subject to the following rules, the Board of Directors shall set aside 30 minutes on each agenda item for public comment.
- (c) The Chair, after consideration of the length of the Agenda, the nature of the agenda item, and the meeting limitations of Section 2.1, may expand or further limit the 30-minute time allocation for public comment.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

- (d) Each public commenter shall be limited to three (3) minutes unless shortened or extended by the Chair with consideration of the length of the Agenda, the nature of the agenda item, and the meeting limitations of Sections 2.1, above.

2.6 DISTURBANCE OF BOARD MEETINGS

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

- (a) No person shall address the Board of Directors without first being recognized by the Chair.
- (b) Persons addressing the Board have the option to state their name and their general place of residence.
- (c) Public comment and public testimony shall be directed to the Chair and shall be addressed to the Board of Directors as a whole. Persons addressing the Board of Directors shall not engage in a dialogue with individual Directors, District staff or members of the audience. The Chair shall determine whether, or in what manner, the District will respond to questions.
- (d) Persons addressing the Board are limited to one opportunity per Agenda item unless otherwise directed by the Chair in his/her discretion.
- (e) A person cannot defer his/her time allocation to another person.
- (f) When a group or organization wishes to address the Board on the same subject, the Chair may request that a spokesperson be chosen to speak for that group. The spokesperson's three (3) minute time allocation may be extended by the Chair in his/her discretion.
- (g) Persons addressing the Board shall confine the subject matter of their comments to the Agenda item being considered by the Board of Directors.
- (h) Each person addressing the Board of Directors shall do so in an orderly and civil manner and shall not engage in conduct which disrupts the orderly conduct of the District meeting.
- (i) The Chair may rule a speaker out of order who is unduly repetitious or extending discussion of irrelevance.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

- (j) Except as provided below, persons who reference or read from documents such as reports, exhibits, or letters ("Documents") as part of his/her comment to the Board shall lodge the Document (or a copy) with the District Secretary at the end of the comment, to allow the Document to be appropriately referenced in the meeting Minutes and to allow District staff the opportunity to review and respond to the Document. The Chair has the discretion to strike a speaker's comments from the record for failure to lodge the referenced Documents. Upon request, the lodged Documents shall be returned to the speaker after 1:00 p.m. on the day following the meeting.

2.6.2 Exceptions:

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

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

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

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

- 2.8** Limitations (Government Code §59454.3(c)). The Rules of Decorum shall not be interpreted to prohibit public criticism of the policies, procedures, programs or services of the District.
- 2.9** The Chair, or in his/her absence the Vice Chair, or if both are absent, the Chair's designee as provided by Paragraph 1.3, shall be the presiding officer at District Board meetings. He/she shall conduct all meetings in a manner consistent with the policies of the District. He/she shall determine the order in which agenda items shall be considered for discussion and/or actions taken by the Board. He/she shall announce the Board's decision on all subjects. He/she shall vote on all questions and on roll call votes his/her name shall be called last.
- 2.10** Two (2) Directors of the Board shall constitute a quorum for the transaction of business. When a quorum is lacking for a regular, adjourned, or special meeting, the Chair, Vice Chair, or any Director shall adjourn such meeting; or, if no Director is present, the District Secretary shall adjourn the meeting.
- 2.11** Except as otherwise specifically provided by law, a majority vote of the total membership of the Board of Directors is required for the Board of Directors to take action.
- 2.12** A roll call vote shall be taken upon the passage of all ordinances and resolutions and shall be entered in the Minutes of the Board, showing those Directors voting aye, those voting no, those not voting because of a conflict of interest, abstention or absent. A roll call vote shall be taken and recorded on any motion not passed unanimously by the Board. Silence shall be recorded as an affirmative vote.
- 2.13** Any person attending a meeting of the Board of Directors may record the proceedings with an audio or video tape recorder or a still or motion picture camera in the absence of a reasonable finding that the recording cannot continue without disruptive noise, illumination, or obstruction of view that constitutes or would constitute a disruption of the proceedings.
- 2.14** All video tape recorders, still and/or motion picture cameras shall remain stationary and shall be located and operated from behind the public speaker's podium once the meeting begins. The Chair retains the discretion to alter these guidelines, including the authority to require that all video tape recorders, still and/or motion picture cameras be located in the back of the room.

3. ETHICS TRAINING

- 3.1** Pursuant to sections 53234 et seq. of the Government Code all Directors and designated District personnel shall receive at least two (2) hours of ethics training every two years.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

- 3.2** Each newly appointed Board member will receive such training from their Agency. Each newly designated District personnel shall receive ethics training no later than one year from the first day of service with the District and thereafter shall receive ethics training at least once every two years.

4. AGENDAS

- 4.1** The District Administrator, in cooperation with the Board Chair, shall prepare the agenda for each regular and special meeting of the Board of Directors. Any Director may call the District Administrator and request an item to be placed on the regular meeting agenda no later than 5 p.m. eleven (11) calendar days prior to the meeting date. Such a request must also be submitted in writing either at the time of communication with the District Administrator or delivered to the office within the next working day.
- 4.2** A block of thirty (30) minutes time shall be set aside to receive general public comment. Comments on agendized items should be held until the appropriate item is called. Unless otherwise directed by the Chair, public comment shall be presented from the podium. The person giving public comment may choose to state his/her name and whether or not he/she lives within the District boundary prior to giving his/her comment. Public comment shall be directed to the Chair of the Board and limited to three (3) minutes unless extended or shortened by the Chair at his/her discretion.
- 4.3** Those items on the District Agenda which are considered to be of a routine and non-controversial nature are placed on the "Consent Agenda". These items shall be approved, adopted, and accepted by one motion of the Board of Directors; examples of routine items include approval of Minutes, approval of Warrants, various Resolutions accepting developer improvements, minor budgetary items, status reports, and routine District operations.
- (a)** Directors may request that any item listed under "Consent Agenda" be removed from the "Consent Agenda", and the Board will then take action separately on that item. Members of the public will be given an opportunity to comment on the "Consent Agenda"; however, only a member of the Board of Directors can remove an item from the "Consent Agenda". Items which are removed ("pulled") by Directors of the Board for discussion will typically be heard after other "Consent Agenda" items are approved unless a majority of the Board chooses an earlier or later time.
- (b)** A Director may ask questions on any item on the "Consent Agenda." When a Director has a minor question for clarification concerning a consent item which will not involve extended discussion, the item may be discussed for clarification and the questions will be addressed along with the rest of the "Consent Agenda". Directors are encouraged to seek clarifications prior to the meeting if possible.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

- (c) When a Director wishes to consider/"pull" an item simply to register a dissenting vote, or conflict of interest, the Director shall inform the presiding officer that he/she wishes to register a dissenting vote, or conflict of interest, on a particular item without discussion. The item will be handled along with the rest of the Consent Agenda, and the District Secretary shall register a "no" vote, or abstention due to a conflict of interest.

5. PREPARATION OF MINUTES AND MAINTENANCE OF TAPES

- 5.1** The minutes of the Board shall be kept by the District Secretary and shall be neatly produced and kept in a file for that purpose, with a record of each particular type of business transacted set off in paragraphs with proper subheads.
- 5.2** The minutes of the Board of Directors shall record the aye and no votes taken by the members of the Board of Directors for the passage or denial of all ordinances, resolutions or motions.
- 5.3** The District Secretary shall be required to make a record only of such business as was actually considered by a vote of the Board and, except as provided in Sections 5.4 and 5.6 below, shall not be required to record any remarks of Directors or any other person.
- 5.4** Any Director may request for inclusion into the Minutes brief comments pertinent to an agenda item, only at the meeting in which the item is discussed. In addition, the minutes shall include brief summaries of public comment, the District Administrator's report, and matters of concern to District legal counsel, District committee reports, and Directors' reports. Materials submitted with such comments shall be appended to the minutes at the request of the District Administrator, District Counsel, the Board Chair, or any Director.
- 5.5** The District Secretary shall attempt to record the names and general place of residence of persons addressing the Board, the title of the subject matter to which their remarks related, and whether they spoke in support or opposition to such matter.
- 5.6** Whenever the Board acts in a quasi-judicial proceeding such as in assessment matters, the District Secretary shall compile a summary of the testimony of the witnesses.

6. DIRECTORS

- 6.1** Directors shall prepare themselves to discuss agenda items at meetings of the Board of Directors.
- 6.2** Members of the Board of Directors shall exercise their independent judgment **on** behalf of the interest of the entire District, including the residents, property owners and the public as a whole.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

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

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

6.9 Any Director may complain to the District about another Director's conduct.

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

The District Administrator and Counsel shall review the submitted information, investigate further as needed, and forward a preliminary report to the District Board.

The District Board may:

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

7. AUTHORITY OF DIRECTORS

7.1 The Board of Directors is the unit of authority within the District. Apart from his/her normal function as a part of this unit, Directors have no individual authority. As individuals, Directors may not commit the District to any policy, act or expenditure.

7.2 Directors do not represent any fractional segment of the District but are, rather, a part of the body which represents and acts for the District as a whole.

7.3 The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are to be delegated to professional staff members of the District.

7.4 Directors, when attending other meetings, may refer to their affiliation as a member of the Board of Directors and may make statements on their own behalf or endorsements on their own behalf as long as there is no misrepresentation made or implied about the District's position in regards to the issue presented.

8. AUTHORITY OF THE DISTRICT ADMINISTRATOR

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

8.1 The implementation of the policies established by the Board of Directors for the operation of the District.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

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

9. DIRECTOR GUIDELINES

- 9.1** Directors, by making a request to the District Administrator, shall have access to information relative to the operation of the District, including but not limited to statistical information, information serving as the basis for certain actions of Staff, justification for Staff recommendations, etc. If the District Administrator cannot timely provide the requested information by reason of information deficiency, or major interruption in work schedules, workloads, and priorities, then the District Administrator shall inform the individual Director why the information is not or cannot be made available.
- 9.2** In handling complaints from residents or property owners within the District, or other members of the public, Directors are encouraged to listen carefully to the concerns, but the complaint should be referred to the District Administrator for processing and the District's response, if any.
- 9.3** Directors, when seeking clarification of policy-related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and programming, should refer said concerns directly to the District Administrator.
- 9.4** When approached by District personnel concerning specific District policy, Directors should direct inquiries to the District Administrator. The chain of command should be followed.
- 9.5** Directors and District Administrator should develop a working relationship so that current issues, concerns and District projects can be discussed comfortably and openly.
- 9.6** When responding to constituent request and concerns, Directors should respond to individuals in a positive manner and route their questions to the District Administrator.
- 9.7** Directors are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission.
- 9.8** No Board member may participate in a hearing or take action on an item which creates an economic conflict of interest for the member. Where there is an economic conflict of interest, the conflicted member shall announce the nature of the conflict of interest and recuse himself or herself from the hearing or deciding the matter and thereon step down from the dais and leave the room until the matter has been fully considered and voted upon, or otherwise continued.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
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10. DIRECTOR COMPENSATION

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

11. DIRECTOR REIMBURSEMENT

- 11.1** Each Director is entitled to reimbursement for their actual and necessary expenses, including the cost of programs and seminars, incurred in the performance of the duties required or authorized by the Board.
- (a) It is the policy of the District to exercise prudence with respect to hotel/motel accommodations. It is also the policy of the District for Directors and staff to stay at the main hotel/motel location of a conference, seminar, or class to gain maximum participation and advantage of interaction with others whenever possible.
- If lodging is in connection with a conference or organized education activity, lodging costs shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the member of the Board of Directors at the time of booking. If the group rate is not available, the Director shall use lodging that is comparable with the group rate. Personal phone calls, room service, and other discretionary expenditures are not reimbursable.
- (b) Members of the Board of Directors shall use government and group rates offered by a provider of transportation for travel when available. Directors using his/her private vehicle on District business, shall be compensated at the prevailing IRS per diem mileage rate.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

- (c) Any Director traveling on District business shall receive in addition to transportation and lodging expenses, a per diem allowance to cover ordinary expenses such as meals, refreshments and tips. The amount set for per diem shall be considered fair reimbursement. The per diem shall include breakfast, lunch and dinner. The per diem rate shall be pursuant to current General Services Administration annually published rates for San Luis Obispo County at: gsa.gov.
 - (d) All travel and other expenses for District business, conferences, or seminars outside of the State of California shall require separate Board authorization, with specific accountability as to how the District shall benefit by such expenditure.
- 11.2 All expenses that do not fall within the reimbursement policy set forth in 11.1, above, shall be approved by the Board of Directors, at a public meeting, before the expense is incurred.
- 11.3 Board members shall submit an expense report on the District form within ten (10) calendar days after incurring the expense. The expense report shall be accompanied by receipts documenting each expense except for per diem allowances.
- 11.4 Members of the Board of Directors shall provide brief reports on meetings attended at the expense of the District at the next regular meeting of the Board of Directors and as required by AB 1234.

12. CORRESPONDENCE DISTRIBUTION POLICY

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

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

13. CONFLICTS AND RELATED POLICY

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

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
MAY 2019 UPDATE**

13.1 Conflict of Interest

Each Director is encouraged to review the District Conflict Code on an annual basis. The general rule is that an official may not participate in the making of a governmental decision if it is: reasonably foreseeable that the decision will have a material financial effect on the official or a member of his or her immediate family or on an economic interest of the official, and the effect is distinguishable from the effect on the public generally. Additionally, the FPPC regulations relating to interests in real property have recently been changed. If the real property in which the Director has an interest is located within 500 feet of the boundaries of the property affected by decision, that interest is now deemed to be directly involved in the decision. The existing Regulation 18702.2 eliminated a prior bright-line 500-foot rule. Determining materiality where a property is more than 500 feet from the property subject to the decision is more complicated and subjective, and requires a comprehensive review of all factors that potentially affect the value of the property.

13.2 Interest in Contracts, Government Codes Section 1090

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

13.3 Incompatible Office

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

14. EVALUATION OF CONSULTANTS

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

15. CONTINUING EDUCATION

Directors are encouraged to attend educational conferences and professional meetings when the purposes of such activities are to improve District operation. Subject to budgetary constraints, there is no limit to the number of Directors attending a particular conference or seminar when it is apparent that their attendance is beneficial to the District.

16. BOARD BYLAWS REVIEW POLICY

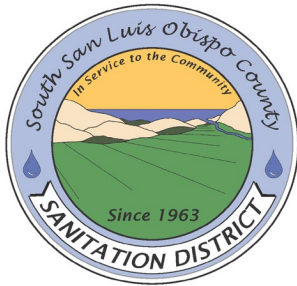
The Board Bylaws Policy shall be reviewed annually at the first regular meeting in February. The review shall be provided by District Counsel and ratified by Board action.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS BYLAWS
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17. RESTRICTIONS ON RULES

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

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SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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STAFF REPORT

Date: February 5, 2020
To: Board of Directors
From: Jeremy Ghent, District Administrator
Via: Amy Simpson, Bookkeeper/Secretary

**Subject: PRESENTATION AND APPROVAL OF FISCAL YEAR ENDING 2019
FINANCIAL AUDIT**

RECOMMENDATION:

That the Board receive a presentation of the audit report of the District's financial records by Moss Levy & Hartzheim, LLP, the District's independent auditor, resolve questions, call for revisions and file the 2018-19 Financial Audit.

BACKGROUND:

The Board executed a 3-year agreement with Moss, Levy & Hartzheim (MLH) to perform the District audit for FY 2016-17, 2017-18, and 2018-19 for an amount of \$9,300, \$9,630 and \$9,970 respectively. MLH was able to review District financial statements and records and met with District Staff to develop the Fiscal Year 2018-19 Audit Report at a cost of \$9,970.

DISCUSSION:

Alex Hom from MLH will be at the board meeting of February 5, 2020 to present the firm's final audit report of the District's financial records. Staff is seeking questions from the Board members regarding the Fiscal Year 2019 audit. The auditor will respond to these questions and resolve any issues. If the Board finds it is satisfied, Staff asks approval of the audit with any appropriate revisions by motion.

Attachment: 2018/19 Audit

**SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT**

FINANCIAL STATEMENTS
June 30, 2019

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
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June 30, 2019

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the South San Luis Obispo County Sanitation District (District) as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South San Luis Obispo County Sanitation District, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2020, on our consideration of the South San Luis Obispo County Sanitation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moss, Levy & Haugheim LLP

Santa Maria, CA
January 8, 2020

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

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2019

The following is a discussion of the consolidated financial condition and the results of operations of the South San Luis Obispo County Sanitation District (the District) for the year ending June 30, 2019. This discussion refers to and is qualified by information contained in the financial statements and in the notes to the financial statements. Thus, it should be read together with these statements in the Audit Report. The financial audit of the South San Luis Obispo County Sanitation District has been performed by Moss, Levy & Hartzheim, CPAs, in accordance with U.S. generally accepted auditing standards.

Financial Highlights

- At June 30, 2019 the District's total net position was \$15.02 million. Fiscal Year 2018 ended with a total net position of \$12.62 million. This is an increase of 19% for net position.
- Total operating revenues increased by 3% from \$4.97 million in 2018 to \$5.14 million at June 30, 2019. This increase is due to a rate increase that began on July 1st 2018.
- Depreciation expense decreased 37% from \$1.12 million in Fiscal Year 2018 to \$817,00 thousand in Fiscal Year 2019.
- Total operating expenses decreased by 18% from \$4.04 million to \$3.32 million.
- Non-operating revenues decreased from \$334 thousand in Fiscal Year 2018 to \$146 thousand in Fiscal Year 2019. The \$334 thousand in non-operating revenues received in FY 2018 was uniquely high after receiving \$222 thousand in settlement forgiveness from the Regional Water Quality Control Board. These funds were recorded as non-operating income.
- Overall increase of cash and cash equivalents realized a 21% increase from \$6.44 million in Fiscal Year 2018 to \$7.82 million in Fiscal year 2019.
- Net cash provided by operating activities decreased 6% from \$2.58 million in Fiscal year 2018 to \$2.42 million in Fiscal Year 2019.

Overview of the Financial Statements:

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position increased from \$12.62 million at June 30, 2018 to \$15.02 million at the close of June 30, 2019.

The largest portion of the net position, \$9.5 million as of June 30, 2019, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these fixed capital assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the monies needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Business-type activities.

The business-type activities increased the District's net position by \$2.4 million. The key elements are as follows: operating and non-operating revenues exceeded operating and non-operating expenses as of June 30, 2019. Capital contributions to the District's

system totaled \$442 thousand as of June 30, 2019. The total revenues exceeded expenses during the 2019 fiscal year. The District's construction in progress value has been recorded as capitalized amounts as detailed in Note 4 on page 15.

Capital Asset and Debt Administration

Capital Assets. The District's investments in capital assets for its business type activities as of June 30, 2019 amounts to \$9.5 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment.

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

Long-term liabilities. At the end of June 30, 2019, the District held long-term liabilities of compensated absences, OPEB liability, and net pension liability.

Additional information on the District's long-term liabilities can be found in Notes 5, 6, and 7 on pages 15-22 of this report.

Economic Factors and Next Year's Budgets and Rates

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

Rate Increase. The District implemented a series of annual rate increase beginning July 1, 2016 and ending July 1, 2019. The new rates are designed to meet the District's operational and capital funding needs, comply with legal requirements and be fair to all customers. Rate increases were phased in to minimize the annual impact on District customers.

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

Requests for Information

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2019

ASSETS

Current Assets:

Cash and investments	\$ 7,820,800
Accounts receivable	611,877
Interest receivable	16,103
Prepaid expenses	71,698
Total current assets	<u>8,520,478</u>

Noncurrent Assets:

Deposits	2,922
Capital assets	
Land	431,425
Construction in progress	2,761,195
Property, plant & equipment	25,411,729
Accumulated depreciation	(19,093,693)
Total noncurrent assets	<u>9,513,578</u>

Total assets	<u>18,034,056</u>
--------------	-------------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred pensions	327,113
Deferred OPEB	<u>69,690</u>
Total deferred outflows of resources	<u>396,803</u>

LIABILITIES

Current Liabilities:

Accounts payable	240,701
Accrued liabilities	14,220
Brine deposits	10,000
Total current liabilities	<u>264,921</u>

Long-Term Liabilities:

Compensated absences	34,547
Net pension liability	1,156,301
Other post employment benefits	1,789,268
Total long term liabilities	<u>2,980,116</u>

Total liabilities	<u>3,245,037</u>
-------------------	------------------

DEFERRED INFLOWS OF RESOURCES

Deferred pensions	92,222
Deferred OPEB	<u>69,224</u>
Total deferred inflows of resources	<u>161,446</u>

NET POSITION

Net investment in capital assets	9,510,656
Restricted for capital expansion	3,439,748
Unrestricted	<u>2,073,972</u>
Total net position	<u>\$ 15,024,376</u>

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019

Operating Revenues:

Sewer services fees	\$ 5,139,093
Total operating revenues	<u>5,139,093</u>

Operating Expenses:

Gross wages	702,820
Payroll taxes and benefits	55,523
Employee benefits	155,994
Retirement contribution	238,755
OPEB expense	141,183
Uniforms	12,070
Repairs and maintenance	175,006
Equipment rental	3,641
Insurance	34,812
Depreciation	816,716
Communications	13,139
Utilities	239,424
Property tax	30,951
Special services	126,753
Office and supplies	12,669
Fuel and oil	5,796
Membership, permits, and license fees	48,527
Legal	91,439
Accounting	29,023
Plant chemicals, lab, and analysis	318,489
Employee training	5,752
Solids handling	44,417
Small tools	<u>15,684</u>
Total operating expenses	<u>3,318,583</u>
Net operating income	<u>1,820,510</u>

Non-Operating Revenues (Expenses):

Interest income	141,484
Lease income	<u>4,092</u>
Total non-operating revenues (expenses)	<u>145,576</u>

Capital Contributions:

Connection fees	<u>442,299</u>
Change in net position	2,408,385

Net Position:

Net position, beginning of fiscal year	<u>12,615,991</u>
Net position, end of fiscal year	<u>\$ 15,024,376</u>

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 4,952,061
Payments to vendors	(2,019,224)
Payments to employees	<u>(508,044)</u>
Net cash provided by operating activities	<u>2,424,793</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Lease income	<u>4,092</u>
Net cash provided by noncapital financing activities	<u>4,092</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions	442,299
Acquisition and construction of capital assets	<u>(1,628,397)</u>
Net cash used by capital and related financing activities	<u>(1,186,098)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>137,073</u>
Net cash provided by investing activities	<u>137,073</u>
Net change in cash and cash equivalents	1,379,860
Cash and cash equivalents, July 1, 2018	<u>6,440,940</u>
Cash and cash equivalents, June 30, 2019	<u><u>\$ 7,820,800</u></u>

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (Continued)
For the Fiscal Year Ended June 30, 2019

Reconciliation of operating income to net cash provided

by operating activities:

Operating income	\$ 1,820,510
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	816,716
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Accounts receivable	(187,340)
Prepaid expenses	(1,084)
Deposits	1,392
Deferred outflows of resources relating to pensions	101,966
Deferred outflows of resources relating to OPEB	3,416
Accounts payable	(220,177)
Accrued liabilities	6,116
Compensated absences	15,207
OPEB liability	(1,147)
Net pension liability	(19,901)
Deferred inflows of resources relating to pensions	19,895
Deferred inflows of resources relating to OPEB	<u>69,224</u>

Net cash provided by operating activities	<u><u>\$ 2,424,793</u></u>
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SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - REPORTING ENTITY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

- D. Proprietary Fund Type

Enterprise Fund

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has two items which qualify for reporting in this category; refer to Note 6 and Note 7 for a detailed listing of the deferred outflows of resources the District has reported.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualifies for reporting in this category; refer to Note 6 and Note 7 for a detailed listing of the deferred inflows of resources the District has reported.

P. Other Postemployment Benefits (OPEB)

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

Q. Future Accounting Pronouncements

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

Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.

NOTE 3 - CASH AND INVESTMENTS

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2019, the District had the following cash and investments on hand:

Cash on hand	\$	65
Cash in Bank		177,710
Cash and investments with County Treasurer		5,123,095
Local Agency Investment Fund (LAIF)		<u>2,519,930</u>
Total cash and investment	\$	<u>7,820,800</u>

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

Investments Authorized by the California Government Code

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

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

Disclosures Relating to Interest Rate Risk

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 - 24 Months	25 - 60 Months	More than 60 Months
San Luis Obispo Investment Pool	\$ 5,123,095	\$ 5,123,095	\$ -	\$ -	\$ -
State Investment Pool (LAIF)	2,519,930	2,519,930			
	<u>\$ 7,643,025</u>	<u>\$ 7,643,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

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

Investment Type	Carrying Amount	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	Aa	Baa	Not Rated
San Luis Obispo Investment Pool	\$ 5,123,095	N/A	\$ -	\$ -	\$ -	\$ 5,123,095
State Investment Pool (LAIF)	2,519,930	N/A				2,519,930
	<u>\$ 7,643,025</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,643,025</u>

Concentration of Credit Risk

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

Custodial Credit Risk

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

As of June 30, 2019, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investment in State Pool (LAIF)

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

NOTE 4 - SCHEDULE OF CAPITAL ASSETS

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2019, is shown below:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Land	\$ 431,425	\$ -	\$ -	\$ -	\$ 431,425
Construction in Progress	2,551,346	1,374,362		(1,164,513)	2,761,195
Property, Plant, & Equipment	23,993,181	254,035		1,164,513	25,411,729
Total capital assets	26,975,952	1,628,397			28,604,349
Less Accumulated Depreciation	(18,276,977)	(816,716)			(19,093,693)
Net capital assets	<u>\$ 8,698,975</u>	<u>\$ 811,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,510,656</u>

NOTE 5 – LONG-TERM LIABILITIES

The changes in long-term liabilities at June 30, 2019, are as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due within One year
Compensated Absences	\$ 19,340	\$ 36,346	\$ (21,139)	\$ 34,547	\$ -
OPEB	1,790,415	66,865	(68,012)	1,789,268	
Net Pension Liability	1,176,202	78,318	(98,219)	1,156,301	
Total	<u>\$ 2,985,957</u>	<u>\$ 181,529</u>	<u>\$ (187,370)</u>	<u>\$ 2,980,116</u>	<u>\$ -</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.09% to 2.42%	1.0% to 2.5%
Required employee contribution rates	7.95%	6.25%
Required employer contribution rates	10.022%+\$64,233	6.842%+ \$399

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were \$136,795 for the fiscal year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$1,156,301 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2018, the District's proportion was 0.03068%, which increased by 0.00084% from June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$238,755. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 136,795	\$ -
Differences between expected and actual experience	44,365	15,097
Changes in assumptions	131,822	32,307
Net difference between projected and actual earnings on retirement plan investments	5,716	
Adjustment due to differences in proportions	8,415	7,888
Difference in actual contributions and proportionate share of contributions		36,930
	<u>\$ 327,113</u>	<u>\$ 92,222</u>

\$136,795 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal Year Ended June 30	Amount
2020	\$ 100,419
2021	51,230
2022	(43,154)
2023	(10,399)
	<u>\$ 98,096</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.0% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% Scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the 2017 experience study.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Change in Assumptions

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the Public Employees' Retirement Fund (PERF). The mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

Discount Rate

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

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Discount Rate (Continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

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

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

	<u>1% Decrease 6.15%</u>	<u>Discount Rate 7.15%</u>	<u>1% Increase 8.15%</u>
District's proportionate share of the net pension plan liability	\$ 1,776,190	\$ 1,156,301	\$ 644,592

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plan

At June 30, 2019, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2019.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District provides post-retirement health benefits to all retirees with five years of service who retire from the District, and must have reached the minimum age of 50. Benefits continue for the lifetime of the retiree. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered

As of the June 30, 2018, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	9
Inactive employees or beneficiaries currently receiving benefits	<u>6</u>
Total	<u><u>15</u></u>

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

OPEB Liability

The District's OPEB liability was measured as of June 30, 2018 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following assumptions:

Discount Rate	3.80%
Inflation	2.75%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Mortality Rate	Derived from 2014 CalPERS Active Mortality for Miscellaneous Employees
Pre-Retirement Turnover	2009 CalPERS Turnover for Miscellaneous employees.

Actuarial assumptions used in the June 30, 2018 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 3.80 percent.

Change of assumptions. The discount rate was increased from 3.50 percent to 3.80 percent.

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

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

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

OPEB Liability (Continued)

Discount Rate (Continued)

Reporting Date	Measurement Date	Long Term Expected Return of Plan Investments	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2019	June 30, 2018	3.80%	3.80%	3.80%
June 30, 2018	June 30, 2017	3.50%	3.50%	3.50%

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018 (Valuation Date, June 30, 2018)	<u>\$ 1,790,415</u>
Changes recognized for the measurement period:	
Service cost	75,519
Interest	68,178
Changes of assumptions	(76,832)
Contributions - employer	
Net investment income	
Benefit payments	<u>(68,012)</u>
Net Changes	<u>(1,147)</u>
Balance at June 30, 2019 (Measurement Date, June 30, 2018)	<u><u>\$ 1,789,268</u></u>

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.80 percent) or 1-percentage-point higher (4.80 percent) than the current discount rate:

	1% Decrease 2.80%	Current Rate 3.80%	1% Increase 4.80%
OPEB Liability	\$ 2,053,723	\$ 1,789,268	\$ 1,569,943

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

OPEB Liability (Continued)

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

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
OPEB Liability	\$ 1,555,386	\$ 1,789,268	\$ 2,067,927

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$141,183. As of the fiscal year ended June 30, 2019, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 69,690	\$ -
Change in assumptions		69,224
Net difference between projected and actual earnings on retirement plan investments		
	<u>\$ 69,690</u>	<u>\$ 69,224</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to OPEB liability to be recognized in future periods in a systematic and rational manner. \$69,690 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the pension expense as follows:

Fiscal year Ending June 30,	Amount
2020	\$ (7,608)
2021	(7,608)
2022	(7,608)
2023	(7,608)
Thereafter	(31,184)
	<u>\$ (69,224)</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Last 10 Years*
 As of June 30, 2019

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	0.01200%	0.01186%	0.01163%	0.01117%
Proportionate share of the net pension liability	\$ 1,156,301	\$ 1,176,202	\$ 1,006,552	\$ 766,801
Covered payroll	\$ 762,177	\$ 776,359	\$ 648,335	\$ 512,061
Proportionate share of the net pension liability as percentage of covered payroll	151.7%	151.5%	155.3%	149.7%
Plan's total pension liability	\$ 38,944,855,364	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402
Plan's fiduciary net position	\$ 29,308,589,559	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%
	<u>2015</u>			
Proportion of the net pension liability	0.00894%			
Proportionate share of the net pension liability	\$ 556,113			
Covered payroll	\$ 496,070			
Proportionate share of the net pension liability as percentage of covered payroll	112.1%			
Plan's total pension liability	\$ 30,829,966,631			
Plan's fiduciary net position	\$ 24,607,502,515			
Plan fiduciary net position as a percentage of the total pension liability	79.82%			

Notes to Schedule:

Changes in assumptions

In 2018, inflation was changed from 2.75 percent to 2.50 percent and individual salary increases and overall payroll growth was reduced from 3.00 percent to 2.75 percent.

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

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

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

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Years*
As of June 30, 2019

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

	2019	2018	2017	2016
Contractually required contribution (actuarially determined)	\$ 136,795	\$ 98,219	\$ 104,648	\$ 77,019
Contribution in relation to the actuarially determined contributions	136,795	98,219	104,648	77,019
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 702,820	\$ 762,177	\$ 776,539	\$ 648,335
Contributions as a percentage of covered payroll	19.46%	12.89%	13.48%	11.88%
	2015			
Contractually required contribution (actuarially determined)	\$ 48,422			
Contribution in relation to the actuarially determined contributions	48,422			
Contribution deficiency (excess)	\$ -			
Covered payroll	\$ 512,061			
Contributions as a percentage of covered payroll	9.46%			

Notes to Schedule

Valuation Date:	6/30/2014
Actuarial cost method	Entry Age Normal
Asset valuation method	5-year smoothed market
Amortization method	The unfunded actuarial accrued liability is amortized over an open 17 year period as a level percentage of payroll.
Discount rate	7.50%
Amortization growth rate	3.75%
Price inflation	3.25%
Salary increases	3.75% plus merit component based on employee classification and years of service
Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with a 2 year setback for males and a 4 year setback for females.
Valuation Date:	6/30/2016 6/30/2015
Discount Rate:	7.375% 7.65%

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 75,519	\$ 73,498
Interest on the total OPEB liability	68,178	60,374
Actual and expected experience difference		
Changes in assumptions	(76,832)	
Benefit payments	<u>(68,012)</u>	<u>(65,396)</u>
Net change in total OPEB Liability	(1,147)	68,476
Total OPEB liability - beginning	1,790,415	1,721,939
Total OPEB liability - ending	<u>\$ 1,789,268</u>	<u>\$ 1,790,415</u>
Covered payroll	\$ 762,177	\$ 776,359
Total OPEB liability as a percentage of covered payroll	234.76%	230.62%

*- Fiscal year 2018 was the 1st year of implementation, therefore only two years are shown.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS

Last 10 Years*

As of June 30, 2019

The District's contribution for the fiscal year ended June 30, 2019 was \$69,690. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

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

*- Fiscal year 2018 was the 1st year of implementation, therefore only two years are shown.

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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: February 5, 2020
To: Board of Directors
From: Jeremy Ghent, District Administrator
Via: Mychal Jones, Plant Superintendent
Subject: **AWARD FOR PRIMARY CLARIFIER NO. 2 REHABILITATION AND COATINGS PROJECT TO FLUID RESOURCE MANAGEMENT**

RECOMMENDATION:

1. Award a contract for installation and construction of the Primary Clarifier No. 2 Rehabilitation and Coatings Project to Fluid Resource Management, in the amount of \$243,257.34.
2. Authorize the District Administrator to reallocate budgeted funds, in the amount of \$107,000 to the Primary #2 Clarifier Rehab budget: and
3. Approve a specific contingency fund for this project up to 10% (\$24,325) of the total project amount for unforeseen future project events

BACKGROUND AND DISCUSSION:

The District's primary clarifier No. 2 was constructed in 1992. All the original equipment has remained on the clarifier since it was constructed and has reached or is coming to the end of its life span. In accordance with the District's capital improvement project list and in order to ensure continued safe operation, the District budgeted for the replacement of all the clarifier's major components.

In mid-December of 2019, design plans and specifications for the Primary Clarifier No. 2 Rehabilitation and Coatings Project were completed. On December 17, 2019, the District advertised a Notice Inviting Bids for this project. A request for proposals was posted at the District website and in a local newspaper. A pre-bid conference was held at the District's facility on January 7, 2020. The Bid opening for the project was held on January 23, 2020 at 2:00pm, with four bids received, ranging in price from \$243,257.34 to \$307,430.00. The Engineer's estimate for this project was \$200,000.

Fluid Resource Management posted the lowest qualified bid of \$243,257.34 (Attachment 1). The bid was evaluated by Cannon Corporation (Cannon), the District's consulted

project managers. After completing its review, Cannon recommended the District award the Primary Clarifier No. 2 Rehabilitation and Coatings Project to Fluid Resource Management (Attachment 2). District staff concurs with this recommendation, and that the bid meets all the District's requirements.

The District's Primary Clarifier No. 2 Rehabilitation and Coatings Project originally consisted of the replacement of all the clarifier's major components and installation of a new control box effluent valve. The District reviewed the overall project with Cannon, and it was recommended that the coating of the clarifier launder, interior scum box, and effluent box be included in the project. The inclusion of coating to the Project added an additional \$106,910.36 to the project. Due to this cost increase, Staff is requesting Board authorization to reallocate budgeted funds in the amount of \$107,000.

In addition, Staff is requesting Board approval for a specific contingency for this project up to 10% (\$24,325) of the total contract amount for unforeseen future project events.

With Award, the Primary Clarifier No. 2 Rehabilitation and Coatings Project can proceed. Installation and construction are anticipated to take three months to complete from issuance of a notice to proceed.

Fiscal Considerations:

A line item of \$295,000.00 was included in the Adopted Budget for Fiscal Year 2019/20, under Fund 26, Account No. 26-8065. Staff recommends that the remainder of budgeted funds from Fund 26 Primary #2 Rehab Project be used, \$107,000 from Fund 19-8015 Trunk Sewer Maintenance be reallocated, and \$24,325 from Fund 26 Contingency be used for the project. This reallocation of funds will be done internally and no increase to total budget expenditures is being requested at this time.

Attachments:

1. Fluid Resource Management Bid
2. Cannon Corporation Bid Recommendation Letter

FLUID RESOURCE
MANAGEMENT

**BID FORMS
(Addendum No. 1)**

**SSLOCSD PRIMARY CLARIFIER No. 2 and
COATINGS PROJECT**

DOCUMENT 00300

BID FORMS
(Addendum No.1)

PART 1 INTRODUCTION

1.01 THIS BID IS SUBMITTED

- A. For construction of the work, identified as follows:

SSLOCSD PRIMARY CLARIFIER No. 2 REHABILITATION and COATINGS PROJECT.

- B. To the Owner, identified as follows:

South San Luis Obispo County Sanitation District
1600 Aloha Place
Oceano, CA 93445

1.02 CONDITIONS

- A. The undersigned bidder proposes and agrees that if this bid is accepted by Owner, bidder shall enter into an agreement with Owner, in the form included in the bidding documents and designated Document 00500, Agreement; to perform and furnish the work as specified and indicated in the bidding documents for the contract price indicated in this bid, within the contract time indicated in said form of agreement, and in accordance with the other terms and conditions of the bidding documents.
- B. Bidder Accepts Terms and Conditions:
1. Bidder accepts the terms and conditions of Document 00022, Notice Inviting Bids, and Document 00100, Instructions to Bidders, including, without limitations, those dealing with the disposition of the bid security.
 2. This bid will remain subject to acceptance for sixty (60) days after the day of opening bids.
 3. Bidder will sign and return to Owner the form of Document 00500, Agreement, together with required bonds and insurance certificates, within the time stipulated in Document 00100, Instructions to Bidders.

PART 2 PRICES

2.01 PRICES INCLUDE

- A. Applicable sales taxes; state, federal, and special taxes; patent rights and royalties;

and other applicable taxes and fees are included in the prices of this bid.

- B. All prices have been filled in.

2.02 PROPOSAL FORM

- A. For construction of the BID for SSLOCSD PRIMARY CLARIFIER No. 2 REHABILITATION and COATINGS PROJECT.
- B. The undersigned declares that he/she has examined carefully the locations of the proposed work, the contract documents, including the specifications, contract and bond forms for the carrying out of the public project hereinafter described and he/she proposes and agrees that if this proposal is accepted he/she will contract on the form specified in said contract documents, with the District, to provide all necessary equipment, tools, labor and other means necessary to do all work specified in the contract, in the manner and time prescribed therein for the following items as payment in full:

PART 3 BID PROPOSAL FORM

SSLOCSD PRIMARY CLARIFIER No. 2 REHABILITATION and COATINGS PROJECT
(Addendum No. 1)

DESCRIPTION AND UNIT PRICE ON

ITEM	DESCRIPTION	QTY.	UNIT	UNIT PRICING	TOTAL PRICING
	BASE BID ITEMS				
1	Mobilization	1	LS	8,244.18	8,244.18
2	Remove Clarifier Mechanism, and dispose offsite (Drive Unit, scraper and scum assembly and walkway bridge)	1	LS	38,382.21	38,382.21
3	Install new owner furnished Clarifier Mechanism	1	LS	50,871.50	50,871.50
4	Sandblast and Coat Existing Metal Clarifier Mechanism to Remain	1	LS	33,138.60	33,138.60
5	Coat Owner Supplied Metal Clarifier Mechanism	1	LS	29,752.40	29,752.40
6	Provide for Functional Testing and Demonstration by Vendor Representative	1	LS	3,192.95	3,192.95
7	Adjust existing V-notch Weirs to match Clarifier No. 1	1	LS	3,248.27	3,248.27
8	Install SST guard to effluent outlet box	1	LS	2,655.47	2,655.47
9	Sandblast and coat existing Clarifier concrete Launder, Scum box & Effluent box	1	LS	73,771.76	73,771.76
	BASIS FOR SELECTION TOTAL BASE BID			\$ 243,257.34	

In the event of a discrepancy, unit pricing shall prevail.

It is understood that, except for lump sum items, the foregoing quantities set forth in the bid schedule are approximate only and are solely for the purpose of facilitating the comparison of bids, and that the Contractor's compensation will be computed on the basis of the final quantities in completed work, measured as specified, whether they be more or less than those shown.

PART 4 LIST OF SUBCONTRACTORS

4.01 CONDITIONS

- A. The undersigned bidder lists, under the following Article 4.02, the name, the location of the place of business, and the California contractor license number of each subcontractor who will perform work or labor or render service to the prime contractor in or about the construction of the work or improvement, or a subcontractor licensed by the State of California who, under subcontract to the prime contractor, specially fabricates and installs a portion of the work or improvement according to detailed drawings contained in the plans and specifications, in an amount in excess of one-half of 1 percent of the prime contractor's total bid or, in the case of bids or offers for the construction of streets or highways, including bridges, in excess of one-half of 1 percent of the prime contractor's total bid or ten thousand dollars (\$10,000), whichever is greater.
- B. The undersigned bidder understands that circumvention by bidder of the requirement to list subcontractors by the device of listing one subcontractor who will in turn sublet portions constituting the majority of the work is a violation of the Subletting and Subcontracting Fair Practices Act (Division 2, Part 1, Chapter 4, of the California Public Contract Code) and shall subject bidder to the penalties set forth in said Act (Sections 4110 and 4111 of said code).

4.02 LIST

<u>Name & Address of Business</u>	<u>Contractor Lic. #</u>	<u>DIR Registration #</u>	<u>Type of Work</u>
LOUIE'S CRANE 1560 21ST OCEANO			CRANE SERVICE

PART 5 EXPERIENCE DATA

5.01 INFORMATION

- A. The undersigned bidder submits under the following Article 5.02 a brief description of work previously executed by bidder and the locations of major projects, giving the year in which done, the manner of execution, name and address of Owner, overall cost when constructed, and such other information that show bidder's ability to prosecute vigorously the performance of the work.

5.02 EXPERIENCE DESCRIPTION

2012, SSLOCSD PRIMARY CLARIFIER REHAB
\$174,016.50

2016, SSLOCSD HEADWORKS IMPROVEMENTS
PROJECT \$548,419.03

2018, SSLOCSD DIVERSTER NO. 1 REHAB
\$404,765.17

MORE EXPERIENCE DATA AVAILABLE UPON
REQUEST.

6.01 DATA ON CONSTRUCTION EQUIPMENT

- ## 6.02 LIST

[illegible]

PART 7 BIDDER'S STATEMENTS

7.01 WORKERS COMPENSATION INSURANCE

- A. In conformance with current requirements of Section 1861 of the Labor Code of the State of California, the undersigned bidder confirms the following as its certification:

1. "I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract."

7.02 AUTHORITY TO SIGN

- A. The undersigned has the legal authority to bind bidder to a contract for the execution of the work.

7.03 BIDDER IDENTIFICATION

- A. Legal name of Bidder: ELLISON ENVIRONMENTAL, INC. dba
FLUID RESOURCE MANAGEMENT

- B. Type of Firm:

☐ sole proprietor ☐ partnership ☒ corporation

Other _____

1. If corporation, incorporated in the State of:

CALIFORNIA

- C. California Contractor's License:

<u>Number</u>	<u>Classification</u>	<u>Expiration Date</u>
<u>937346</u>	<u>A, C33</u>	<u>9/30/21</u>

- D. Bidder's Business Address: 2385 PRECISION DR. ARROYO GRANDE

- E. Business Telephone: 805-597-7100

- F. Business E-mail: robinc@frm-ops.com

7.04 ADDENDA

- A. The undersigned acknowledges receipt of addenda numbers:

1, 2, 3

7.05 PERSONS AND PARTIES INTERESTED IN THIS BID

- A. The names and residences of persons and parties interested in this bid as principals are listed under the following Paragraph "B."

1. The first and last names are given in full.

2. In case of corporation, the names and street addresses of the President, Secretary, Treasurer, and agent for service of process are given.

3. In case of partnerships and joint ventures, the names and street addresses of all partners, general and limited.

- B. List:


CHARLES ELLISON, MICHAEL ELLISON,
TROY ELLISON, CHRIS NALLY

2385 PRECISION DR. ARROYO GRANDE,
CA 93420

7.06 DECLARATION

- A. I/WE declare under penalty of perjury under the laws of the State of California that the statements in these bid forms are true and correct.

- B. Date 1/23/20 at ARROYO GRANDE, California.

- C. By 
(signature)

- D. Name: CHARLES ELLISON
(clearly printed)

- E. Position: PRESIDENT
(clearly printed)

- F. Seal

PART 8 NONCOLLUSION AFFIDAVIT TO BE EXECUTED BY BIDDER AND SUBMITTED WITH BID

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO)ss.

CHARLES ELLISON

The undersigned declares:
PRESIDENT ELLISON ENVIRONMENTAL, INC. dba FLUID RESOURCE MANAGEMENT
I am the ↓ of ↓, the party making the foregoing bid.

The bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The bid is genuine and not collusive or sham. The bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham bid. The bidder has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham bid, or to refrain from bidding. The bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the bid price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the bid price, or of that of any other bidder. All statements contained in the bid are true. The bidder has not, directly or indirectly, submitted his or her bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company, association, organization, bid depository, or to any member or agent thereof, to effectuate a collusive or sham bid, and has not paid, and will not pay, any person or entity for such purpose.

Any person executing this declaration on behalf of a bidder that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the bidder.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on ____ [date], at ____ [City], ____ [state].



Bidder Signature

SEE ATTACHED
NOTARIAL CERTIFICATE

Notary Signature

CALIFORNIA ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

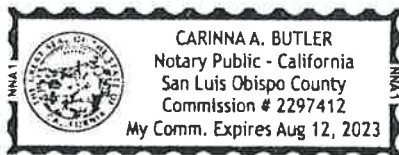
State of California

County of San Luis Obispo }

On January 13, 2020 before me, Carinna Butler, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Charles Ellison
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature]
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer – Title(s): _____

☐ Partner – ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer is Representing: _____

Signer's Name: _____

☐ Corporate Officer – Title(s): _____

☐ Partner – ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer is Representing: _____

PART 9 BIDDER'S BOND (10 Percent of the Total Bid)

KNOW ALL MEN BY THESE PRESENTS,

That we, Ellison Environmental, Inc. dba Fluid Resource Management

as Principal, and Berkley Insurance Company,

as Surety, are held and firmly bound unto the District in the County of San Luis Obispo, California, in the sum of TEN PERCENT (10%) of the Total Amount Bid-----Dollars (\$
) to be paid to the said District in the County of San Luis Obispo, California, its successors and assigns, for which payment, well and truly to be made, we bind ourselves, our heirs, executors and administrators, successors or assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH,

That if the certain bid and bid forms for the SSLOCSD PRIMARY CLARIFIER NO. 2 REHABILITATION AND COATINGS PROJECT of the above bounden is accepted by the said South San Luis Obispo County Sanitation District and if the above bounden his heirs, executors, administrators, successors, and assigns, shall duly enter into and execute Document 00500, Agreement, for such construction; and shall execute and deliver Document 00610, Performance Bond, and Document 00620, Payment Bond; and shall deliver evidence of insurance, all within 15 days from the date of the award and notice to the above bounden principal and surety by and from the said the South San Luis Obispo County Sanitation District, that said Document 00500, Agreement, is ready for execution, then this obligation shall become null and void; otherwise it shall be and remain in full force and virtue.

IN WITNESS WHEREOF,

We hereunto set our hands and seals this 16th day of January, 2020.

Berkley Insurance Company

(Name of Surety)

(Seal)

475 Steamboat Road, Greenwich, CT 06830

(Address)

(Attach here Acknowledgement
on Standard Form)

By: 

JAN 16 2020

(Signature of Representative) Edward N. Hackett, Attorney-in-Fact

973-775-5263

(Telephone Number)

Ellison Environmental, Inc. dba Fluid Resource Management

(Name of Bidder)

(Seal)

2385 Precision Drive, Arroyo Grande, CA 93420

(Address)

By: 

CHARLES ELLISON

(Signature of Representative)

805-597-7100

(Telephone Number)

*** END OF DOCUMENT 00300 ***

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

A notary public or other officer completing this certificate verified only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

County of Orange

On JAN 16 2020 before me, C. Maestas, Notary Public
(Here insert name and title of the officer)

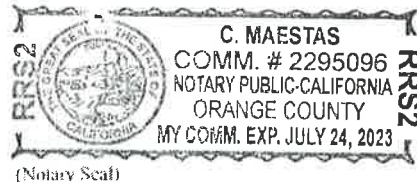
personally appeared Edward N. Hackett

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.


Signature of Notary Public



ADDITIONAL OPTIONAL INFORMATION

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

DESCRIPTION OF THE ATTACHED DOCUMENT

County of San Luis Obispo Bid Bond
(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages 2 Document Date JAN 16 2020

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- ☐ Individual (s)
☐ Corporate Officer

(Title)

- ☐ Partner(s)
☒ Attorney-in-Fact
☐ Trustee(s)
☐ Other _____

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~ is ~~are~~) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.

- Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
- Indicate title or type of attached document, number of pages and date.
- Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).

Securely attach this document to the signed document

POWER OF ATTORNEY
BERKLEY INSURANCE COMPANY
 WILMINGTON, DELAWARE

NOTICE: The warning found elsewhere in this Power of Attorney affects the validity thereof. Please review carefully.

KNOW ALL MEN BY THESE PRESENTS, that BERKLEY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Delaware, having its principal office in Greenwich, CT, has made, constituted and appointed, and does by these presents make, constitute and appoint: **Edward N. Hackett or Christine Maestas of Hackett Bonds & Insurance Services, LLC of Aliso Viejo, CA** its true and lawful Attorney-in-Fact, to sign its name as surety only as delineated below and to execute, seal, acknowledge and deliver any and all bonds and undertakings, with the exception of Financial Guaranty Insurance, providing that no single obligation shall exceed **Fifty Million and 00/100 U.S. Dollars (U.S.\$50,000,000.00)**, to the same extent as if such bonds had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office in their own proper persons.

This Power of Attorney shall be construed and enforced in accordance with, and governed by, the laws of the State of Delaware, without giving effect to the principles of conflicts of laws thereof. This Power of Attorney is granted pursuant to the following resolutions which were duly and validly adopted at a meeting of the Board of Directors of the Company held on January 25, 2010:

RESOLVED, that, with respect to the Surety business written by Berkley Surety, the Chairman of the Board, Chief Executive Officer, President or any Vice President of the Company, in conjunction with the Secretary or any Assistant Secretary are hereby authorized to execute powers of attorney authorizing and qualifying the attorney-in-fact named therein to execute bonds, undertakings, recognizances, or other suretyship obligations on behalf of the Company, and to affix the corporate seal of the Company to powers of attorney executed pursuant hereto; and said officers may remove any such attorney-in-fact and revoke any power of attorney previously granted; and further

RESOLVED, that such power of attorney limits the acts of those named therein to the bonds, undertakings, recognizances, or other suretyship obligations specifically named therein, and they have no authority to bind the Company except in the manner and to the extent therein stated; and further

RESOLVED, that such power of attorney revokes all previous powers issued on behalf of the attorney-in-fact named; and further

RESOLVED, that the signature of any authorized officer and the seal of the Company may be affixed by facsimile to any power of attorney or certification thereof authorizing the execution and delivery of any bond, undertaking, recognizance, or other suretyship obligation of the Company; and such signature and seal when so used shall have the same force and effect as though manually affixed. The Company may continue to use for the purposes herein stated the facsimile signature of any person or persons who shall have been such officer or officers of the Company, notwithstanding the fact that they may have ceased to be such at the time when such instruments shall be issued.

IN WITNESS WHEREOF, the Company has caused these presents to be signed and attested by its appropriate officers and its corporate seal hereunto affixed this 15th day of MAY, 2019.

Attest:

(Seal)

By

Ira S. Lederman

Executive Vice President & Secretary

Berkley Insurance Company

By

Jeffrey M. Hafter

Senior Vice President

WARNING: THIS POWER INVALID IF NOT PRINTED ON BLUE "BERKLEY" SECURITY PAPER.

STATE OF CONNECTICUT)

) ss:

COUNTY OF FAIRFIELD)

Sworn to before me, a Notary Public in the State of Connecticut, this 15th day of MAY, 2019, by Ira S. Lederman and Jeffrey M. Hafter who are sworn to me to be the Executive Vice President and Secretary, and the Senior Vice President, respectively, of Berkley Insurance Company.

MARIA C RUNDRAKEN
 NOTARY PUBLIC
 CONNECTICUT
 MY COMMISSION EXPIRES
 APRIL 30, 2024

Maria C. Rundraken
 Notary Public, State of Connecticut

CERTIFICATE

I, the undersigned, Assistant Secretary of BERKLEY INSURANCE COMPANY, DO HEREBY CERTIFY that the foregoing is a true, correct and complete copy of the original Power of Attorney; that said Power of Attorney has not been revoked or rescinded and that the authority of the Attorney-in-Fact set forth therein, who executed the bond or undertaking to which this Power of Attorney is attached, is in full force and effect as of this date.

Given under my hand and seal of the Company, this _____ day of _____

(Seal)

Vincent P. Forte

Please **verify the authenticity** of the instrument attached to this Power by:

Toll-Free Telephone: (800) 456-5486; or

Electronic Mail: BSGInquiry@berkleysurety.com

Any written notices, inquiries, claims or demands to the Surety on the bond attached to this Power should be directed to:

Berkley Surety
412 Mount Kemble Ave.
Suite 310N
Morristown, NJ 07960
Attention: Surety Claims Department

Or

Email: BSGClaim@berkleysurety.com

Please include with all communications the bond number and the name of the principal on the bond. Where a claim is being asserted, please set forth generally the basis of the claim. In the case of a payment or performance bond, please also identify the project to which the bond pertains.

Berkley Surety is a member company of W. R. Berkley Corporation that underwrites surety business on behalf of Berkley Insurance Company, Berkley Regional Insurance Company and Carolina Casualty Insurance Company.

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
SAN FRANCISCO

No 07382

Amended
Certificate of Authority

THIS IS TO CERTIFY THAT, Pursuant to the Insurance Code of the State of California,

Berkley Insurance Company

of Wilmington, Delaware, organized under the
laws of Delaware, subject to its Articles of Incorporation or
other fundamental organizational documents, is hereby authorized to transact within the State, subject to
all provisions of this Certificate, the following classes of insurance:

Fire, Marine, Surety, Disability, Plate Glass, Liability,
Workers' Compensation, Boiler and Machinery, Burglary,
Credit, Automobile, Aircraft, and Miscellaneous

as such classes are now or may hereafter be defined in the Insurance Laws of the State of California.

THIS CERTIFICATE is expressly conditioned upon the holder hereof now and hereafter being in
full compliance with all, and not in violation of any, of the applicable laws and lawful requirements made
under authority of the laws of the State of California as long as such laws or requirements are in effect
and applicable, and as such laws and requirements now are, or may hereafter be changed or amended.

IN WITNESS WHEREOF, effective as of the 10th
day of July, 2001, I have hereunto
set my hand and caused my official seal to be affixed this
10th day of July, 2001.



By

HARRY W. LOW
Insurance Commissioner
Victoria S. Sidbury
Deputy

NOTICE:

Qualification with the Secretary of State must be accomplished as required by the California Corporations Code promptly after issuance of this Certificate of Authority. Failure to do so will be a violation of Insurance Code Section 701 and will be grounds for revoking this Certificate of Authority pursuant to the covenants made in the application therefor and the conditions contained herein.



January 30, 2020

Jeremy Ghent
District Administrator
South San Luis Obispo County Sanitation District
1600 Aloha Way
Oceano, CA 93455

Subject: Bid Opening for Construction Award of the Clarifier No. 2 Rehabilitation and Coatings Project.

Dear Mr. Ghent,

Bids were received for the above project at 2:00 p.m. on January 23, 2020. Four (4) bidders submitted responsive bids, of which Fluid Resources Management (FRM), of Arroyo Grande, was the lowest responsive bidder. The four Bids received were as follows:

	<u>Base Bid</u>
Fluid Resources Management	\$ 243,257.34
Spiess Construction Co, Inc.	\$ 288,700.00
Cushman Contracting Corp.	\$ 288,990.00
J.R. Filanc Construction, Inc.	\$ 307,431.00

The engineers estimate was approximately \$200,000.00. FRM submitted and signed the appropriate bid forms. Cannon has reviewed the contractor's information and our investigations are provided below.

State Contractors License Board (Board): Ellison Environmental Incorporated dba Fluid Resources Management has (FRM's) license (#937346) and is current and active. This bidder meets the Class A Requirements and there are no complaints on record that resulted in legal action taken by the Board. The licenses for the listed subcontractors were also verified as current and active. FRM also has C33- painting and decorating classification.

Bid Bond: Cannon contacted Pam Berkland of Berkely Insurance Company, which is the surety who provided the bid bond. Ms. Berkland noted that FRM would have no trouble obtaining the required Bonds.

Project References: FRM provided project references for three recent SSLOCSD projects, ranging in size from \$ 174,016 to \$548,419 dollars. FRM has similar sized projects in scope

1050 Southwood Drive
San Luis Obispo, CA 93401
T 805.544.7407
F 805.544.3863

CannonCorp.us

Item 6C. Attachment No. 2



and costs on the references provided. These projects were previously completed without issues. FRM is well recognized in the Central Coast and competes similar project for neighboring agencies.

Based on our review, we found no reason for the South San Luis Obispo County Sanitation District not to award the project to Fluid Resources Management at \$243,257.34.

Enclosed are all four original bidders' packages.

If you have any questions, please feel free to call me.

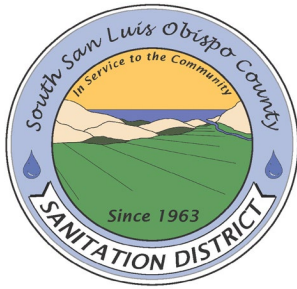
Sincerely,

A handwritten signature in blue ink, appearing to read "Amando Garza".

Amando Garza, P.E., BCEE

Enclosures: Bid Summary/Tabulation (4 bidders)
 Fluid Resources Management Bid Documents

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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

To: Board of Directors
From: Jeremy Ghent, District Administrator; Mychal Jones, Plant Superintendent
Date: February 5, 2020

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:

- *Contractor prequalification efforts are occurring.*
- *MNS has completed a constructability review of the plans*
- *AT&T utility coordination meeting was held on site on 2/3/2020*

Central Coast Blue:

- *The Project Team is planning a Joint Council Meeting/Public Forum to provide a project overview, technical presentation and to solicit public input.*
- *The intent would be for the forum to be held late February or early March. However, currently the dates are still TBD.*

Misc:

- *LAFCO Update for the District is occurring.*

Plant Tours:

1. *Tour 1/22/2020 Madeleine White, Cal Poly Student*
2. *Tour 1/30/2020 Jeff Edwards*

Upcoming Items (Anticipated Date):

Revisions to KJ ESDC contract for Compliance with USDA (TBD)

District Goals and Priorities (Mar 4th)

Midyear Budget Review (Mar 4th)

Plant Operations Report

During this reporting period (January 1st – January 30th) 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 January 30, 2019

January 2020	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/100 mL	Chlorine Usage lbs/day
Low	2.25	3.2	241	14.5		347	16.5		2	143
High	2.57	4.1	513	24.5		530	24.5		350	329
Average	2.39	3.6	400	20.2	95	434	20.9	95.2	35.5	216
Jan 2019 AVG	2.7	3.9	634	15.2	97.6	759	24.1	96.8	2.5	198
Limit	5.0			40/60/90			40/60/90	>80	2000	

*Limits – 40/60/90 represent the monthly average, weekly average, and instantaneous maximum value for plant effluent Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS). >80 represents the average monthly percent removal of BOD and TSS. 2000 represents the maximum daily value for plant effluent fecal coliform

Operation and Maintenance Projects

- Changed out boiler air filter
- Continued inspection of manholes
- San Luis Powerhouse replaced low coolant sensor on emergency bypass pump
- Removed and installed new chemical pump for filling of totes
- Performed confined space entry into primary clarifier No. 2 to take measurements for clarifier rehab project
- Surface Pumps, Inc. installed influent pump No. 3
 - Due to a pump water seal failure, the pump was removed after installation for repair and will be reinstalled at no charge to the District. The District will have to purchase a new water seal for the pump if the old seal cannot be repaired.
- Cleaned and organized the fixed film reactor downstairs storage area
- Troubleshoot and repaired front gate keypad
- Performed general cleanup of treatment plant

Work Orders Completed

- Inspected digester vacuum/pressure relief valves
- Rinsed weir, launder, and baffles on all clarifiers
- Inspected and serviced Amiad filters
- Ran emergency generator and emergency bypass pump
- De-ragged primary sludge pumps
- Flushed sodium bisulfite header at chlorine contact tank
- Changed oil in fixed film reactor distributor drive

Training

- Staff participated in training on Signs and Tags

Call Outs

- January 5th, 5:30 AM – Waste Gas Burner Pilot Light Failure. Operations staff responded and inspected waste gas burner. Due to high winds pilot light to waste gas burner was blown out. Upon arrival waste gas burner was operating normally.
- January 9th – Received chemical load from towing company to store on District property per CALFire's request. Load was from tipped over tanker.