

*South San Luis Obispo County Sanitation
District*

BUDGET

2020-21 Fiscal Year

**MEMBERS OF THE
BOARD OF DIRECTORS:**

Caren Ray Russom – Chair

Jeff Lee – Vice Chair

Linda Austin – Director

South San Luis Obispo County Sanitation District

PO Box 339

1600 Aloha Place

Oceano, CA 93445-9735

(805) 489-6666 Operations

(805) 481-6903 Business Office

(805)489-2765 Fax

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RESOLUTION NO. 2020-414

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH SAN LUIS OBISPO
COUNTY SANITATION DISTRICT
ADOPTING THE 2020-21 FISCAL YEAR BUDGET**

WHEREAS, The District is required, pursuant to State codes, to designate a financial budget for its expenditures and revenues; and

WHEREAS, such budgeting requires that proper methods be used for the acquisition and disbursements of District monies; and

WHEREAS, the District desires to make known its planned activities and associated costs for the 2020-21 Fiscal Year.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Directors, South San Luis Obispo County Sanitation District, San Luis Obispo County, California, as follows:

That the proposed budget titled, "South San Luis Obispo County Sanitation District, Fiscal Year Budget 2020-21" be adopted.

That the final budget be administered as established by past policies and practices.

PASSED AND ADOPTED at a Public Hearing held during the regular meeting of the South San Luis Obispo County Sanitation District on June 3, 2020.

Upon motion of Director Lee and seconded by Director Austin and on the following roll call vote to wit:

AYES: Lee, Austin, Ray Eussom
NOES: -
ABSENT: -
CONFLICTS: -

Resolution 2020-414

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the South San Luis Obispo County Sanitation District held June 3, 2020.

**CHAIR OF THE BOARD OF DIRECTORS
SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**

ATTEST:

DISTRICT SECRETARY

APPROVED AS TO FORM:

BY: _____
DISTRICT COUNSEL

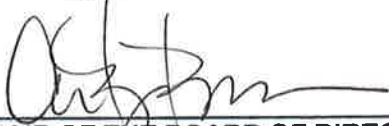
APPROVED AS TO CONTENT:

BY: _____
**JEREMY GHENT,
DISTRICT ADMINISTRATOR**

Resolution 2020-414

CERTIFICATION:

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the South San Luis Obispo County Sanitation District held June 3, 2020.



**CHAIR OF THE BOARD OF DIRECTORS
SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT**

ATTEST:


DISTRICT SECRETARY

APPROVED AS TO FORM:


**BY: _____
DISTRICT COUNSEL**

APPROVED AS TO CONTENT:


**BY: _____
JEREMY GHENT,
DISTRICT ADMINISTRATOR**

**NOTICE OF PUBLIC HEARING
SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT
ADOPTION OF FISCAL YEAR 2020-2021 BUDGET**

**DATE: June 3, 2020
TIME: 6:00 p.m.
PLACE: Arroyo Grande City Council Chambers
215 E. Branch Street
Arroyo Grande, CA 93420**

PLEASE TAKE NOTICE:

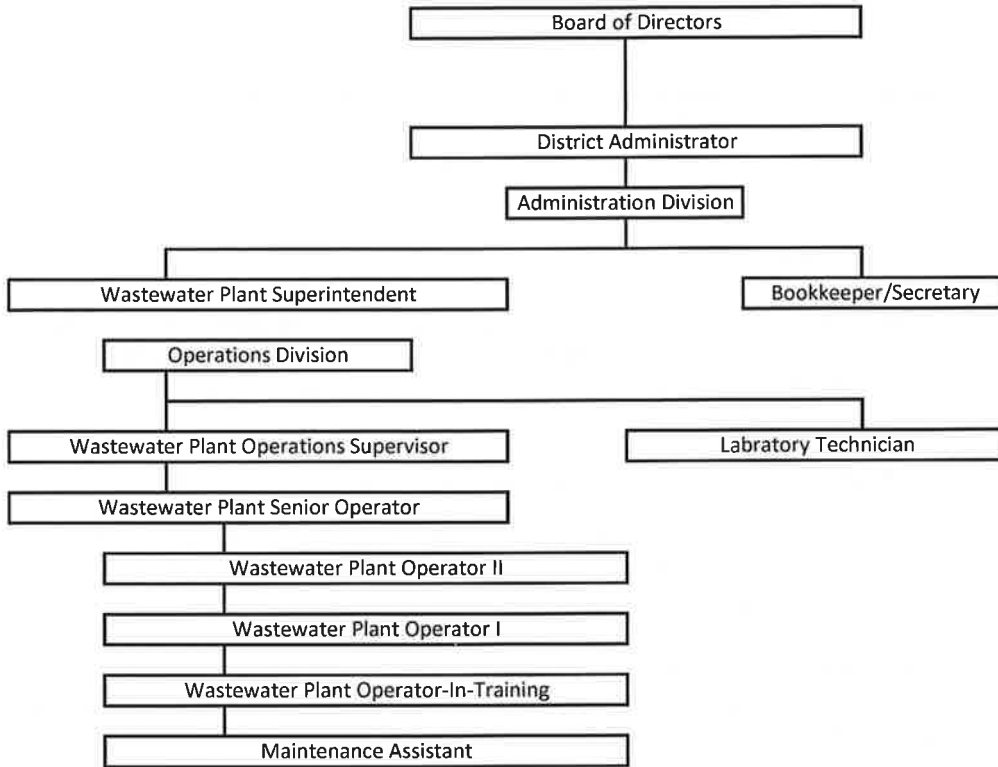
1. The District Administrator has prepared a proposed final Budget, which is available for inspection, during regular business hours, 7:30 a.m. to 4:00 p.m., Monday through Friday, at the District Office located at 1600 Aloha Place, Oceano, California.

At 6:00 p.m., on June 3, 2020, through a virtual Zoom meeting or at the Arroyo Grande City Council Chambers, 215 E. Branch Street, Arroyo Grande, CA, 93420, South San Luis Obispo County Sanitation District Board of Directors will meet to consider and to adopt the final Fiscal Year 2020-2021 Budget.

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

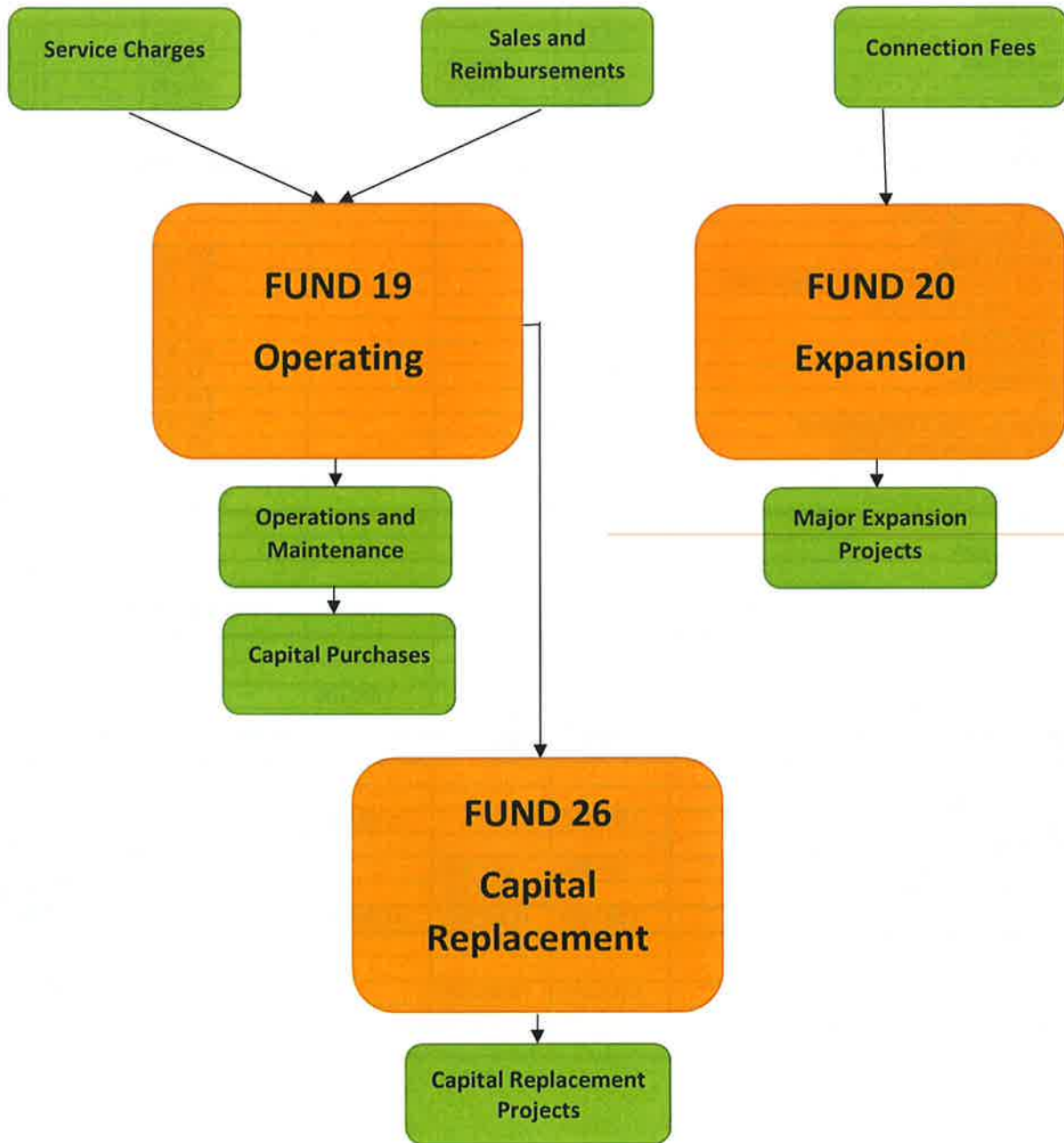
If you should have questions related to the Budget, please contact Amy Simpson, District Bookkeeper/Secretary, at (805) 481-6903.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT



South San Luis Obispo County Sanitation District

Accounting Funds



	Fund 19 Operating Fund	Fund 20 Expansion Fund	Fund 26 Replacement Fund	FY 2020/21	Prior Year FY 2019/20
Revenues					
Gross Revenues					
Service Charges and Fees	5,305,000			5,305,000	5,305,000
Connection Fees		156,000		156,000	156,000
Interest	112,000	70,000		182,000	176,000
Brine Revenue	132,000			132,000	132,000
Bond and USDA Funding		18,710,000		18,710,000	18,710,000
Total Revenues	5,549,000	18,936,000	-	24,485,000	24,479,000
Expenditures & Other Uses					
Operating Expenditures					
Salaries and Wages	831,000			831,000	829,000
Employee Benefits and Other Personnel Costs	496,100			496,100	491,500
Permits, Fees and Licenses	58,600			58,600	48,500
Communications	16,800			16,800	14,600
Administrative Costs	470,800			470,800	354,000
Disposal Services	64,000			64,000	63,000
Utilities	240,500			240,500	234,800
Maintenance, Tools & Replacements	367,000			367,000	330,200
Materials, Services and Supplies	371,200			371,200	374,700
Training, Education & Memberships	48,500			48,500	59,000
Total Operating Expenditures	2,964,500	-	-	2,964,500	2,799,300
Total Other Charges					
Debt Service	440,000			440,000	440,000
MOU with City of Pismo Beach		113,400		113,400	113,400
Total Other Charges	440,000	113,400	-	553,400	553,400
Capital Outlay					
Capital Replacement/Maintenance (Fund 26)			1,552,000	1,552,000	919,325
Capital Equipment	161,000	7,265,000		7,426,000	7,506,000
Total Capital Outlay	161,000	7,265,000	1,552,000	8,978,000	8,425,325
Other Financing Sources & Uses					
Transfers Out Fund 26	1,552,000		(1,552,000)	-	-
Contingency					23,675
Redundancy Designations	431,500	(431,500)		-	-
Designated Funding Redundancy		11,989,100		11,989,100	12,677,300
Total Other Financing Sources & Uses	1,983,500	11,557,600	(1,552,000)	11,989,100	12,700,975
Total Funding Source	5,549,000	18,936,000	-	24,485,000	24,479,000
Total Expense	5,549,000	18,936,000	-	24,485,000	24,479,000
Net Change (Deficit)	-	-	-	-	-

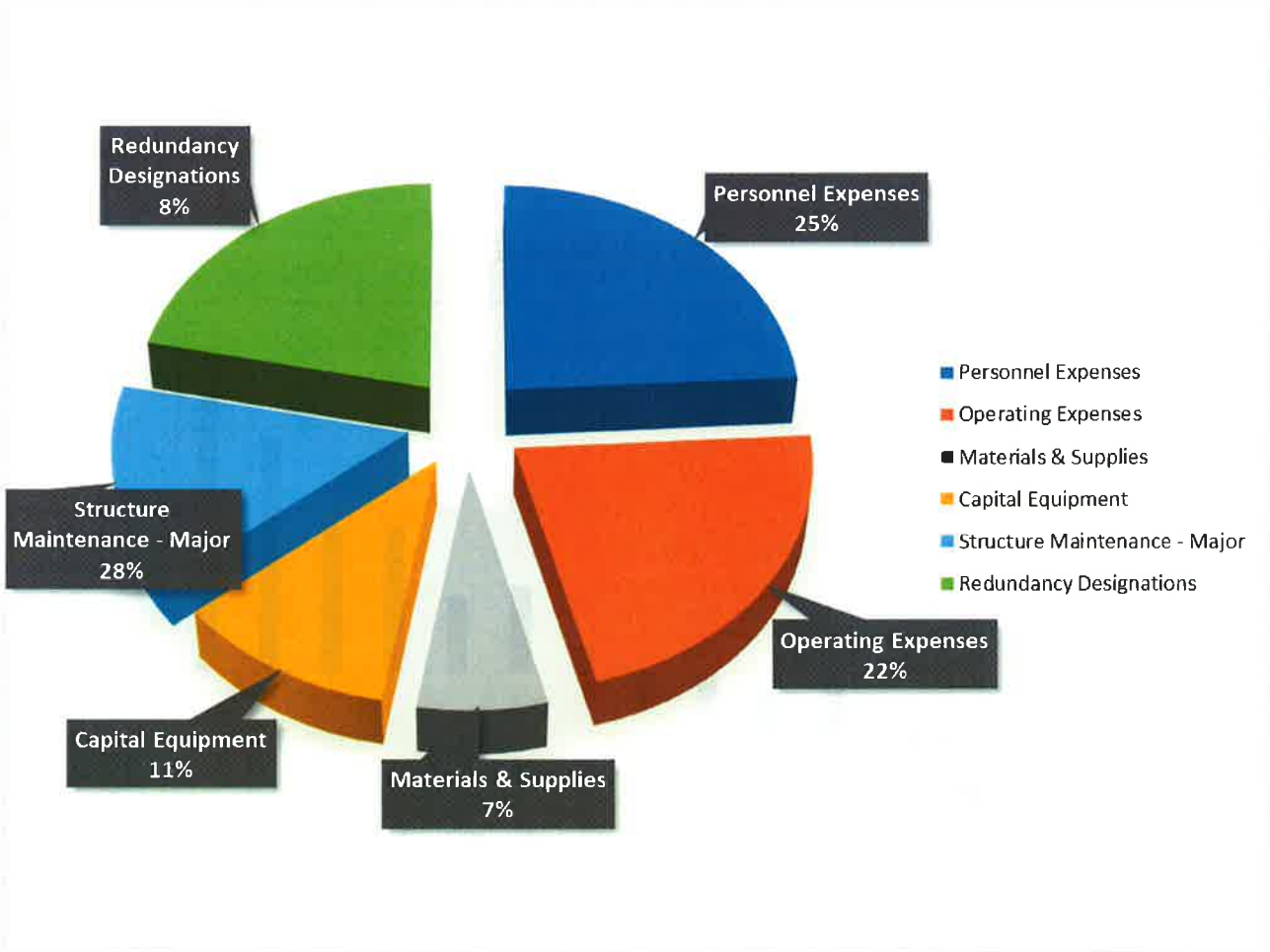
Operating Fund 19

Provides for routine daily operations, as well as funding transfers for major maintenance and capital purchases. Primarily funded by user service fees.

	Fund 19 Operating Fund	Fund 20 Expansion Fund	Fund 26 Replacement Fund	FY 2020/21	Prior Year FY 2019/20
Revenues					
Gross Revenues					
Service Charges and Fees	5,305,000			5,305,000	5,305,000
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Redundancy Designations	431,500	(431,500)		-	-
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Total Funding Source	5,549,000	18,936,000	-	24,485,000	24,479,000
Total Expense	5,549,000	18,936,000	-	24,485,000	24,479,000
Net Change (Deficit)	-	-	-	-	-

2020-21 BUDGET ALLOCATIONS

OPERATING FUND 19



Personnel Expenses	\$	1,385,700
Operating Expenses	\$	1,207,600
Materials & Supplies	\$	371,200
Capital Equipment	\$	601,000
Structure Maintenance - Major	\$	1,552,000
Redundancy Designations	\$	431,500

TOTAL OPERATING BUDGET

\$5,549,000

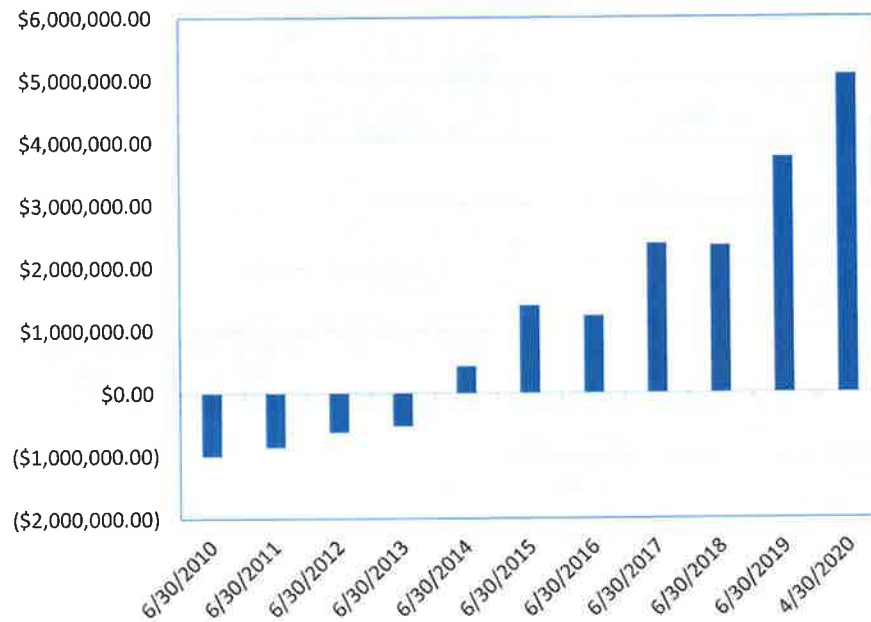
SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

OPERATING FUND 19

CASH BALANCE HISTORY

2010 - 2020

19 OPERATING



Service Charges

ORDINANCE NO. 2016 – 01**AN ORDINANCE OF THE BOARD OF DIRECTORS OF SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT INCREASING CHARGES FOR WASTEWATER TREATMENT
SERVICES AND FACILITIES**

THE BOARD OF DIRECTORS OF SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT ORDAINS AS FOLLOWS:

WHEREAS, Health & Safety Code §§5471 provides that, by an ordinance approved by a two-thirds vote of its membership, the Board of Directors of a sanitation district may prescribe, revise and collect charges for services and facilities it furnishes; and

WHEREAS, California Constitution Article XIII D, §6, entitled “property related fees and charges,” specifies procedures the District must use when increasing charges for wastewater treatment services and facilities, and imposes substantive requirements for those charges; and

WHEREAS, Government Code §53755 contains additional procedures and clarifications for use by agencies that wish to impose an increase to their property-related fees and charges, including charges for wastewater treatment services and facilities; and

WHEREAS, the District needs to increase its charges for wastewater treatment services and facilities because, besides operating and maintaining its regional treatment plant (which includes repair and replacement of aging plant facilities and increased costs for staffing, electricity, chemicals, insurance and other operating expenses), the District must build major new facility upgrades to comply with state and federal laws and regulations; and

WHEREAS, in compliance with the authorities set out above and subsequent case law, the District has commissioned a Wastewater Financial Plan & Rate Study, revised 2/9/16, from Bartle Wells Associates, which demonstrates all of the following with regard to the District’s proposed increased charges:

- Revenues derived from the charges do not exceed the funds required to provide the property related service.
- Revenues derived from the charges will not be used for any purpose other than that for which the fee or charge was imposed.
- The amount of the charge imposed upon any parcel or person as an incident of property ownership does not exceed the proportional cost of the service attributable to the parcel.
- The charges will not be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question.
- The charges are not imposed for general governmental services, but only for wastewater treatment services and facilities; and

WHEREAS, also in compliance with the authorities set out above and subsequent case law, the District has identified the parcels upon which the increased charge is to be imposed as all parcels that are currently customers receiving wastewater treatment services from the District; and

WHEREAS, also in compliance with the authorities set out above and subsequent case law, the District has calculated the amount of the charge proposed to be imposed on each parcel; and

WHEREAS, also in compliance with the authorities set out above and subsequent case law, the District on December 30, 2015 caused notice of a public hearing on the proposed increases (a copy of which is set out in the Wastewater Financial Plan & Rate Study) to be sent by first-class mail to the address contained in the County Assessor's office for the record owner of each identified parcel *and* to the address of record for each customer signed up for wastewater treatment service at each identified parcel; and

WHEREAS, District staff has received proof of this mailing in electronic format, which is maintained at District offices; and

WHEREAS, on February 17, 2016, the District conducted a public hearing upon the proposed increases, which date is more than 45 days after mailing of the notice; and

WHEREAS, at the public hearing, the District considered all written protests previously filed concerning the proposed increases, and all protests concerning the proposed increases offered at the public hearing—and has determined that no majority protest has been presented; and

WHEREAS, the approval of this ordinance is exempt from the California Environmental Quality Act pursuant to Public Resources Code §21080(b)(8).

NOW, THEREFORE, THE DISTRICT finds that the above recitals are true, and ordains:

Section 1. Wastewater treatment rates shall be increased as shown in the following chart:

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Wastewater Treatment Rates

	Monthly Service Charges Effective on or After			
	July 1 2016	July 1 2017	July 1 2018	July 1 2019
a. Residences & Apartments	\$19.60	\$21.56	\$23.52	\$25.48
b. Hotel Units with Kitchens	17.14	18.85	20.56	22.27
c. Hotel Units without Kitchens	11.02	12.12	13.22	14.32
d. Hotel Room	11.02	12.12	13.22	14.32
e. Commercial Establishments	8.81	9.69	10.57	11.45
Each additional employee above 5	1.77	1.95	2.13	2.31
f. Beauty Shops	17.63	19.39	21.15	22.91
Each additional operator above 5	2.66	2.93	3.20	3.47
g. Eating Establishments w/o Grinders	27.43	30.17	32.91	35.65
Each additional 5 seats above 30	4.12	4.53	4.94	5.35
h. Restaurants (w/Grinders) <30 seats	44.09	48.50	52.91	57.32
Restaurants (w/Grinders) over 30 seats	61.72	67.89	74.06	80.23
i. Laundromats - per washing machine	12.63	13.89	15.15	16.41
Minimum Charge	37.91	41.70	45.49	49.28
j. Service Stations - no wash/rack	51.92	57.11	62.30	67.49
Service Stations - with wash/rack	74.47	81.92	89.37	96.82
k. Factories	29.39	32.33	35.27	38.21
Each additional employee above 20	1.47	1.62	1.77	1.92
l. Churches	16.26	17.89	19.52	21.15
Per ADA with elementary school	0.49	0.54	0.59	0.64
Per ADA with other school	0.72	0.79	0.86	0.93
m. Bottling Plants	35.28	38.81	42.34	45.87
n. Schools (Non-boarding)	9.76	10.74	11.72	12.70
Per ADA with elementary school	0.49	0.54	0.59	0.64
Per ADA with other school	0.72	0.79	0.86	0.93
o. Schools (Boarding)	9.80	10.78	11.76	12.74
Per ADA with elementary school	0.98	1.08	1.18	1.28
Per ADA with other school	1.38	1.52	1.66	1.80
p. Trailer/Mobile Home Space	11.77	12.95	14.13	15.31
q. RV Dump Stations - Less than 50 services	91.12	100.23	109.34	118.45

Section 2. Severability. Should any provision, section, paragraph, sentence or word of this Ordinance be declared invalid by any court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections paragraphs, sentences or words of this Ordinance shall remain in full force and effect and, to that end, the provisions of this Ordinance are severable.

Section 3. Effective date. This ordinance shall become effective 30 days from the date of final passage.

Section 4. Publication. Within 15 days of its final passage, this ordinance shall be published once, with the names of the Board members voting for and against the ordinance, in a newspaper of general circulation published in the County of San Luis Obispo.

Alternatively, a summary of the proposed ordinance may be prepared by District Counsel and published by the District Bookkeeper. A certified copy of the full text of the proposed ordinance shall be made available to the public upon request at least five days prior to the District Board meeting at which the proposed ordinance is to be adopted. The District Bookkeeper shall also post a copy of the full text of the ordinance on the District's Internet website five days prior to the District Board meeting at which the proposed ordinance is to be adopted. Within 15 days after adoption of the ordinance, the District Bookkeeper shall publish a summary of the ordinance with the names of those directors voting for and against the matter and shall make available to the public, upon request, a certified copy of the full text of the ordinance. The District Bookkeeper shall also post a copy of the full text of the ordinance with the names of those directors voting for and against the ordinance on the District's Internet website.


Introduced at a regular meeting of the South San Luis Obispo County Sanitation District held February 17, 2016, and **passed and adopted** at a regular meeting of the South San Luis Obispo County Sanitation District held March 2, 2016, by the following roll-call vote:

AYES: John Shoals, Matthew Guerrero, Jim Hill

NOES:

ABSENT:

ABSTENTIONS:



 John Shoals, Chairman

ATTEST:



 Secretary

APPROVED AS TO FORM:



 District Counsel

Expansion Fund 20

To Provide for major expenses in order to increase capacity or new equipment as required. Primarily funded by new user connection fees.

	Fund 19 Operating Fund	Fund 20 Expansion Fund	Fund 26 Replacement Fund	FY 2020/21	Prior Year FY 2019/20
Revenues					
Gross Revenues					
Service Charges and Fees	5,305,000			5,305,000	5,305,000
Connection Fees		156,000		156,000	156,000
Interest	112,000	70,000		182,000	176,000
Brine Revenue	132,000			132,000	132,000
Bond and USDA Funding		18,710,000		18,710,000	18,710,000
Total Revenues	5,549,000	18,936,000	-	24,485,000	24,479,000
Expenditures & Other Uses					
Operating Expenditures					
Salaries and Wages	831,000			831,000	829,000
Employee Benefits and Other Personnel Costs	496,100			496,100	491,500
Permits, Fees and Licenses	58,600			58,600	48,500
Communications	16,800			16,800	14,600
Administrative Costs	470,800			470,800	354,000
Disposal Services	64,000			64,000	63,000
Utilities	240,500			240,500	234,800
Maintenance, Tools & Replacements	367,000			367,000	330,200
Materials, Services and Supplies	371,200			371,200	374,700
Training, Education & Memberships	48,500			48,500	59,000
Total Operating Expenditures	2,964,500	-	-	2,964,500	2,799,300
Total Other Charges					
Debt Service	440,000			440,000	440,000
MOU with City of Pismo Beach		113,400		113,400	113,400
Total Other Charges	440,000	113,400	-	553,400	553,400
Capital Outlay					
Capital Replacement/Maintenance (Fund 26)			1,552,000	1,552,000	919,325
Capital Equipment	161,000	7,265,000		7,426,000	7,506,000
Total Capital Outlay	161,000	7,265,000	1,552,000	8,978,000	8,425,325
Other Financing Sources & Uses					
Transfers Out Fund 26	1,552,000		(1,552,000)	-	-
Contingency					23,675
Redundancy Designations	431,500	(431,500)		-	-
Designated Funding Redundancy		11,989,100		11,989,100	12,677,300
Total Other Financing Sources & Uses	1,983,500	11,557,600	(1,552,000)	11,989,100	12,700,975
Total Funding Source	5,549,000	18,936,000	-	24,485,000	24,479,000
Total Expense	5,549,000	18,936,000	-	24,485,000	24,479,000
Net Change (Deficit)	-	-	-	-	-

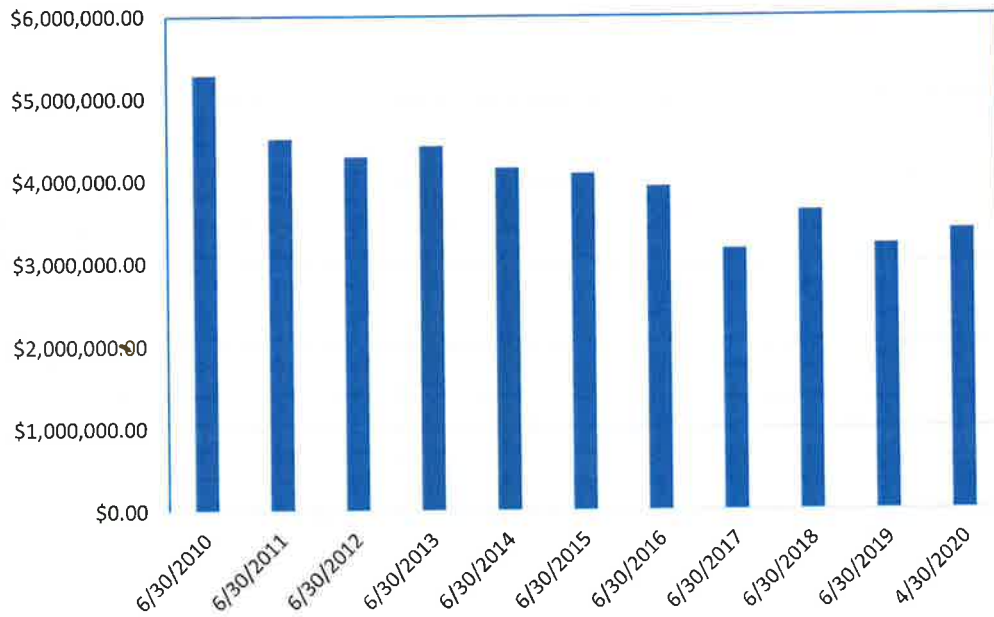
SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

EXPANSION FUND 20

CASH BALANCE HISTORY

2010 - 2020

20 EXPANSION



M E M O R A N D U M

TO: SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

FROM: DISTRICT CO-COUNSEL STOCKTON

RE: USE OF FUND 20

DATE: May 17, 2016

QUESTION:

For what purposes may money held in Fund 20 properly be used?

SHORT ANSWER:

Money held in Fund 20 is to be used:

- for emergency treatment plant maintenance and repair (to be borrowed at no interest);
- to equalize “the cost of sewage installation beyond the trunk system” (applies to specific charges for specified property);
- for a sinking fund for plant expansion and sewer line enlargement.

BACKGROUND AND DISCUSSION:

A. Background. In 1966 the District created a separate bank account to hold sewer connection fees. Since then the District has enacted several ordinances establishing and adjusting the cost of connecting to the system of pipes leading to the Oceano treatment plant.

In 1981 the District specified how connection fees may be spent. Ordinance 1981-3 required that connection fees be used for “maintaining a sinking fund for treatment plant expansion and sewer line enlargement.” The ordinance also provided:

- a surcharge of \$15/foot would apply to specified connections, and this surcharge would be “for the purpose of equalizing the cost of sewage installation beyond the trunk system;”
- “Funds may be borrowed at no interest by the District for the purpose of emergency maintenance and repair to the District facilities.”

B. Discussion. When connection fees pay for existing or new public facilities which proportionally benefit property, they are called “capacity charges.” The law requires that capacity charges *not* exceed the reasonable cost to provide the service for which they are collected. Also, capacity charges:

- Must not exceed the reasonable cost of providing the service for which they are charged unless approved by 2/3 of the voters;
- Must be deposited into a separate capital facilities fund;
- Must be accounted for in a manner to avoid any commingling with other moneys of the local agency, except for investments;

- And any interest they earn, must be spent solely for the purposes for which they are collected. [Government Code §66013(c)];
- Must be identified in a report available to the public within 180 days after the last day of each fiscal year. [Government Code §66013(d).]

The law does not require any particular process to be used to spend connection fees collected. Authority to spend could be provided through the budget process, purchasing guidelines, an interpreting resolution or ordinance, or Board action on individual projects. Public agencies commonly create a list of short- and long-term projects for partial funding by connection fees.

Please advise if you have questions concerning this memo.

Replacement Fund 26

To Provide for the replacement of Plant treatment and processing equipment. Also provides for future solids handling requirements. Primarily funded by user service fees provided for through transfers from the Operating Fund as budgeted annually.

	Fund 19 Operating Fund	Fund 20 Expansion Fund	Fund 26 Replacement Fund	FY 2020/21	Prior Year FY 2019/20
Revenues					
Gross Revenues					
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Total Other Charges					
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Total Capital Outlay	161,000	7,265,000	1,552,000	8,978,000	8,425,325
Other Financing Sources & Uses					
Transfers Out Fund 26	1,552,000		(1,552,000)	-	-
Contingency					23,675
Redundancy Designations	431,500	(431,500)		-	-
Designated Funding Redundancy		11,989,100		11,989,100	12,677,300
Total Other Financing Sources & Uses	1,983,500	11,557,600	(1,552,000)	11,989,100	12,700,975
Total Funding Source	5,549,000	18,936,000	-	24,485,000	24,479,000
Total Expense	5,549,000	18,936,000	-	24,485,000	24,479,000
Net Change (Deficit)	-	-	-	-	-

Fund 26 Capital Replacement/Maintenance

Trunk Sewer Maintenance	100,000.00	
ASKO Dishwasher	10,000.00	
Brine Flow Meter	3,000.00	
Clarifier #2 Sludge Pump & VFD	32,000.00	
Cogeneration Unit Design	100,000.00	
Digester Cleaning & Coating		
Engineering Support		65,000.00
Rental Centrifuge		200,000.00
Digester Cleaning & Coating		700,000.00
Total Digester Cleaning & Coating	965,000.00	
Digester Sump Pump #1	25,000.00	
FFR Distributor Drive Rehab	22,000.00	
FFR Pump #1 Rehab	50,000.00	
Influent Slide Gate	60,000.00	
Laboratory Centrifuge	6,000.00	
Laboratory Furnace	7,000.00	
Reference Weights	2,000.00	
Sludge Feed Pumps #1 & #2	50,000.00	
Sludge Bed Water Valve Replace	15,000.00	
Standby Water Well	12,000.00	
Street Sweeper	50,000.00	
Telephone System	18,000.00	
Emergency Equipment Repair	25,000.00	
	1,552,000.00	

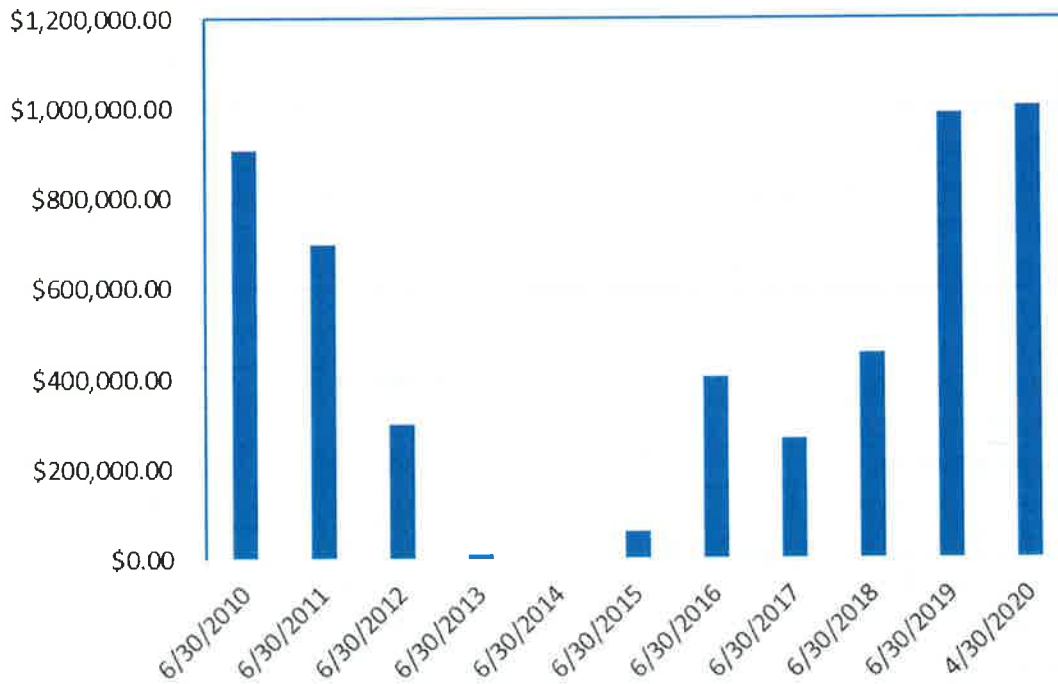
SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

REPLACEMENT FUND 26

CASH BALANCE HISTORY

2010 - 2020

26 REPLACEMENT



Investment Policy

Investment Policy to establish the guidelines for the prudent Investment of South San Luis Obispo County Sanitation District Funds. The objectives of this policy are safety, liquidity, yield, and compliance with state and federal laws and policies.

**SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
RESOLUTION NO. 2009-256**

**A RESOLUTION OF THE
BOARD OF DIRECTORS OF THE
SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
ADOPTING THE YEAR 2009 DISTRICT INVESTMENT POLICY**

WHEREAS, the Board of Directors of the South San Luis Obispo County Sanitation District ("District") believes that public funds should, so far as is reasonably possible, be invested in financial institutions to produce revenue for the District rather than to remain idle; and


WHEREAS, from time to time there are District funds which for varying periods of time will not be required for immediate use by the District, and which will, therefore, be available for the purpose of investing in financial institutions with the objectives of safety, liquidity, yield and compliance with state and federal laws and policies.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South San Luis Obispo County Sanitation District as follows:

1. The District hereby adopted the Investment Policy attached hereto as Exhibit "A" as the District's Investment Policy;
2. The District Administrator shall act as Treasurer/Finance Officer of the District and is authorized to invest and re-invest funds in accordance with the Investment Policy for the succeeding twelve (12) month period or until such time as the delegation of authority is revoked.


PASSED AND ADOPTED by the Board of Directors of the South San Luis Obispo County Sanitation District this 18th day of February, 2009, on the following roll call vote:

AYES: Jim Hill, Bill Nicolls
NOES: None
ABSENT: Tony Ferrara
ABSTAIN: None



Bill Nicolls, Chairperson,
South San Luis Obispo County
Sanitation District

ATTEST:



John Wallace
Secretary to the Board

APPROVED AS TO FORM:



Michael W. Seitz,
District Legal Counsel

**RESOLUTION 2009-
EXHIBIT A**

YEAR 2009 INVESTMENT POLICY
SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

1. INTRODUCTION

The purpose of this written *Investment Policy* is to establish the guidelines for the prudent investment of South San Luis Obispo County Sanitation District funds (herein referred to as District funds). The objectives of this policy are safety, liquidity, yield and compliance with state and federal laws and policies.

District funds are to be managed with a high degree of care and prudence. Though all investments contain a degree of risk, the proper concern for prudence, maintenance of high level of ethical standards and proper delegation of authority reduces the potential for any realized loss.

This policy establishes the standards under which the District's Finance Officer will conduct business with financial institutions with regard to the investment process.

2. FINANCE OFFICER

The Board of Directors appoints the District Administrator as the District Finance Officer and Treasurer.

3. SCOPE

The District investment portfolio shall consist of money held in a sinking fund of, or surplus money in, the District's treasury not required for the immediate necessities of the District. The District's investment portfolio shall be invested in accordance with this policy.

4. OBJECTIVES

The primary objectives are safety, liquidity, yield, and compliance.

A. SAFETY

The investment portfolio shall be managed in a manner that ensures the preservation of capital. The objective is to minimize credit risk and interest rate risk.

B. LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements. This shall be accomplished by structuring the investment portfolio so that investments mature concurrent with cash needs.

C. YIELD

Yield shall be a consideration only after the requirements of safety and liquidity have been met.

D. COMPLIANCE

This Investment Policy is written to be in compliance with California and Federal law.

**RESOLUTION 2009-
EXHIBIT A**

YEAR 2009 INVESTMENT POLICY
SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

5. STANDARDS OF CARE

A. PRUDENCE

The Finance Officer will manage the portfolio pursuant to the "Prudent Investor Standard." When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds in the District's investment portfolio, the Finance Officer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

B. DISCLOSURES

Finance Officer shall disclose any material interest in financial institutions with which he/she conducts the District business.

6. INVESTMENTS AUTHORITY

A. PERMITTED INVESTMENTS

The District Finance Officer is authorized to invest in the following institutions:

1. County pooled funds (California Government Code § 61730)
2. The Local Agency Investment Fund created by the California State Treasury (California Government Code § 16429.1)
3. One or more FDIC insured Banks and/or Savings and Loan Associations that are designated as District depositories by resolution of the Board of Directors (California Government Code § 61053).
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

B. PROHIBITED INVESTMENTS

The District's Finance Officer shall not invest in:

1. Inverse floaters, range notes or interest only strips that are derived from a pool of mortgages.
2. Any security that could result in a zero interest accrual if held to maturity.
3. A state or federal credit union, if a member of the District's Board of Directors or an administrative officer also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or supervisory committee, of the state or federal credit union.

C. DIVERSIFIED INVESTMENTS

Investments, other than investments referenced in paragraphs A (1) and (2) above, will be diversified to avoid losses that may be associated with any one investment.

**RESOLUTION 2009-
EXHIBIT A**

YEAR 2009 INVESTMENT POLICY
SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

7. REPORTS

A. MONTHLY REPORT

Finance Officer/Treasurer shall make monthly reports to the Board of investments made or retired during the preceding month.

B. QUARTERLY REPORT

Finance Officer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the District's Board of Directors within thirty (30) days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1) (California Government Code § 53646). Required elements of the quarterly report are as follows:

1. Type of Investment.
2. Institution.
3. Date of Maturity (if applicable).
4. Amount of deposit or cost of the security.
5. Current market value of securities with maturity in excess of twelve months (if applicable).
6. Rate of Interest.
7. Statement relating the report to the Statement of Investment Policy.
8. Statement of the District's ability to meet cash flow requirements for the next six months.
9. Accrued Interest (if applicable).

C. ANNUAL REPORT

Prior to June 30th of each year, the Finance Officer shall file and submit an annual report to the District's auditor and Board of Directors which will contain the same information required in the quarterly report.

The annual report will include a recommendation to the Board of Directors to either:

1. Readopt the District's then current annual Investment Policy; or
2. Amend the District's then current Investment Policy.

D. LIMITED QUARTERLY REPORT

If the District has placed all of its investments in the Local Agency Investment Fund (LAIF), created by California Government Code § 16429.1, or in Federal Deposit Insurance Corporation, insured accounts in a bank or savings and loan association, in a County investment pool, or any combination of these, the Finance Officer may submit to the Board of Directors, and the auditor of the District the most recent statement or statements received by the District from these institutions in lieu of the information required in paragraph 7.B above. This special reporting policy does not relieve the Finance Officer of the obligation to prepare an annual investment report as identified in paragraph 7.C, above.

Purchasing Policy

Policy and Procedures for the expenditure of District Funds for supplies, equipment, construction, and services.

RESOLUTION NO. 2019-410

A RESOLUTION OF THE BOARD OF SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT AMENDING THE ADOPTED POLICIES AND PROCEDURES FOR THE EXPENDITURE OF DISTRICT FUNDS FOR SUPPLIES, EQUIPMENT, CONSTRUCTION, AND SERVICES AS SET FORTH IN RESOLUTION NO. 2010-274 AND AMENDED IN RESOLUTION NO. 2014-314 AND NO. 2016-353

ARTICLE I

Adoption of Purchasing and Construction Policies

- 1.1 **Statutory Authority:** These policies and procedures are adopted pursuant to the Government Code Section 54201 (l), et seq., and the Public Contract Code Section 22000 et seq. ("Uniform Public Construction Cost Accounting Act") in order to establish an efficient procedure for the purchase of supplies, equipment and contracting for work and services.
- 1.2 **Board Findings and Declaration:** The Board finds and declares that placing all of these policies in one procedural set of guidelines will make these procedures clearer and easier to find. Furthermore, it is the intent of the Board in enacting these procedures to achieve the following objectives:
 - A. To establish an efficient procedure for the purchase of supplies, equipment, and services at the lowest possible cost;
 - B. To assure that all supplies, equipment, construction and services at the plant are of sufficient quality to assure the efficient running of the plant;
 - C. To exercise positive financial control over purchases;
 - D. To clearly define authority for the purchase of supplies and equipment and for contracting for outside services and construction;
 - E. To assure as full and open competition as possible on all purposes;
 - F. Fitness and quality being equal, a preference may be granted to local vendors for the purchase of materials, supplies and services with a bid price less than \$45,000. The District may provide a preference to each qualified local vendor if the bid of a local qualified vendor does not exceed the lowest bid or price quoted by other vendors by more than five percent. To qualify as a local vendor, a business must have all current applicable city licenses and permits, must maintain its primary office and/or place of business within district boundaries. This preference is not applicable to any materials, supplies or services for which formal bids are required pursuant to statutory or California common law.

ARTICLE II
Purchase of Supplies and Equipment
District Manager Duties

- 2.0** The Board of Directors of the District shall approve all contracts for services and/or supplies and equipment in excess of \$30,000.00.
- 2.1** The District Administrator or Plant Superintendent, as the case may be, shall be the purchasing authority whose functions shall include the following powers and duties:
- A. To purchase or contract for supplies and equipment required by the District in accordance with the purchasing procedures outlined herein.
 - B. To negotiate and recommend execution of contracts for the purchase of supplies and equipment.
 - C. To ensure as full and open competition as possible on all purchases.
 - D. To inspect supplies and equipment delivered, as well as contractual services performed, to determine their conformance with the specifications set forth in the purchase orders and contracts.
 - E. To sell surplus supplies and equipment to interested private and/or public agencies or vendors.
 - F. To keep informed of current developments in the field of purchasing, prices, market conditions and new products.
 - G. To maintain a bidders' list, vendors' catalog file and records.
 - H. To develop and prescribe administrative policies, forms, and files as may be reasonably necessary for the internal management and operation of these purchasing procedures.
- 2.2 Exemptions From Policies**
- A. **Emergencies:** The purchasing procedures described above may be dispensed with at the discretion and judgment of the purchasing authority in the best interest of the District when the Board of Directors adopts a resolution by two-thirds vote declaring that it is in the public interest and necessity to demand an immediate expenditure of public funds to safeguard life, health, or property.
 - B. **Single Source:** When the Board of Directors adopts a finding that there is only a single source of procurement and that the purchase is for the sole purpose of duplicating or replacing supplies, equipment, or material which is in use.
 - C. **Deliveries Under Annual or Biannual Contracts:** When the Board of Directors has contracted for services or supplies on an annual or other regular basis, the payment for delivery of such services or supplies upon delivery is exempt from the need for additional authority for payment. This exemption does not apply to the actual

negotiation or contracting for services or delivery of supplies.

2.3 Supplies and Equipment - District purchases under \$2,500.00

- A. The Plant Superintendent shall act as purchasing agent for the District in connection in obtaining materials, supplies, and equipment with a cost of **\$2,500.00** or less.
- B. Open Accounts:
 - 1. The Plant Superintendent shall maintain a list of all open accounts with suppliers on which employees of the District have the ability to sign for purchases. The list of open accounts shall be approved by the District Administrator.
 - 2. The Plant Superintendent shall maintain a list of all employees with the ability to sign on open accounts and such list shall be approved by the District Administrator.
 - 3. No employee shall sign on an open account without prior approval of the District Administrator.
- C. In regards to the purchases of supplies or equipment with a cost of **\$300.00** or more, a "purchase order" shall be used.
 - 1. District employees shall submit a requisition for any required supplies, equipment, or services with an anticipated cost in excess of **\$300.00** on a form approved by the District Administrator.
 - 2. If the requisition is approved by the Plant Superintendent, the Plant Superintendent shall seek the most favorable terms and price for the approved requisition either through comparative pricing or competitive bidding, whichever method the Plant Superintendent deems most appropriate under the circumstances. To the extent possible, the Plant Superintendent will review at least two quotations to ensure that the products or supplies purchased are of a quality suitable for the District's purposes and to obtain the lowest price available.
 - 3. Once the Plant Superintendent has determined the most advantageous price or bid, as the case may be, for the requisition, he/she shall issue a purchase order which will constitute a formal offer by the District to purchase the supplies, equipment, or to procure the service for the price and terms indicated therein.
- D. Except in cases of emergency or in cases where specific authority has been first obtained from the District Administrator, the Plant Superintendent shall not purchase supplies or equipment unless there exists an unencumbered appropriation in the fund account against which the purchase is to be charged.

2.4 Supplies and Equipment - District purchases under \$15,000.00

The District Administrator shall act as purchasing agent for the District in connection with the obtaining of supplies, equipment, or services with costs in excess of **\$2,500.00** but not

more than **\$15,000.00**.

A. The purchase of supplies and equipment with a value of **\$2,500.00** to **\$15,000.00** may be made by the District Administrator in the open market pursuant to the procedure hereinafter proscribed:

1. The District Administrator or his/her designee shall solicit quotations for the purchase of all such goods and supplies. Said quotations may be solicited by telephone or in writing.
2. Open market purchases shall, whenever possible, be based on at least three written quotations approved by the District Administrator and shall be awarded to the supplier submitting the lowest responsive quote.
 - a. Single Source Items: If the District Administrator determines that there is a single source of procurement and that the purchase of the supplies or equipment is for the sole purpose of duplicating or replacing supplies, equipment, or material which is in use, the requirement of obtaining competitive quotations shall not be required.

2.5 Supplies and Equipment - District Purchases over \$15,000.00 and less than \$60,000.00

A. For the purposes of this section, the District Administrator shall be the purchasing agent for the District in connection with supplies, equipment, and services with a cost in excess of **\$15,000.00**, but not more than **\$60,000.00**.

B. The District Administrator and/or his/her designee shall solicit quotations for all goods and supplies with a cost of more than **\$15,000.00** and less than **\$60,000.00**. Said quotations may be solicited by telephone or in writing.

1. Open market purchases shall, whenever possible, be based upon at least three written quotations approved by the District and shall be awarded to the entity submitting the lowest responsive quote. The Board of Directors of the District shall approve all purchases in excess of **\$15,000.00** and less than **\$60,000.00**.

- a. Exception: When the District Administrator determines that it is reasonably necessary to purchase equipment and supplies on an expedited basis, the District Administrator may do so, but only on approval by the Chairman of the Board of Directors obtained prior to the actual purchase.

2.6 Supplies and Equipment -District Purchases over \$60,000.00 and less than \$200,000.00 – Informal Bidding Process

A. For the purposes of this section, the District Administrator shall be the purchasing agent for the District in connection with supplies, equipment, and services with costs in excess of **\$60,000.00**, but not more than **\$200,000.00**.

B. Public projects, as defined by the Uniform Public Construction Cost Accounting Act (Act) and in accordance with the limits listed in Section 22032 of the Public Contract Code, may be let to contract by informal procedures as set forth in Section 22032, et

seq., of the Code.

- C. A list of contractors shall be developed and maintained in accordance with the provisions of Section 22034 of the Public Contract Code and criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission.

D. Notice Inviting Informal Bids:

Where a public project is to be performed, which is subject to the provisions of the Act, a notice inviting informal bids may be mailed to all contractors for the category of work to be bid and shall be mailed to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified at the discretion of the District Administrator and/ or his/her designee, provided however:

1. If there is no list of qualified contractors maintained by the District for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission.
2. If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such a contractor or contractors.

- E. The District Administrator is authorized to award informal contracts pursuant to this section.

2.7 Supplies and Equipment - District Purchases over \$200,000.00 - Formal Competitive Bidding/Notice

Except as otherwise provided in these procedures, purchases and contracts for supplies and equipment subject to the two-hundred thousand-dollar contract limitations of the Uniform Public Construction Cost Accounting Act (or an amount specified in a subsequent statute), shall be by written contract with the lowest responsible bidder pursuant to the procedures prescribed herein.

A. Notice of Inviting Bids:

1. Notices inviting bids shall include, but not be limited to, the following:
 - a. The notice shall distinctly state the supplies and equipment to be purchases;
 - b. The location and deadline for submission of bids;
 - c. The location where bid blanks and specifications may be secured;
 - d. The date, time, and place assigned for the opening of sealed bids;
 - e. The type and character of bidder's security required, if any;
 - f. Notice that the District reserves the right to waive minor irregularities in the bid.

- g. Notice that no bidder can withdraw his/her bid for a period of 60 days after the date set for the award of the contract.
 - h. Notice that a successful bidder can substitute securities for performance retention pursuant to Public Contract Code Section 22300.
2. Notices inviting bids shall be published at least twice, not less than 5 days apart, in a newspaper of general circulation, printed and published in the District, or if there is none, the notice shall be posted in at least three public places in the District that have been designated by the District Board of Directors as places for posting such notice.
 3. The first publication or posting of the notice shall be at least ten days before the date of opening bids.

B. Supplies and Equipment Bids - Security Requirements:

Bidder's security may be required when deemed necessary. Bidders shall be entitled to the return of any bid security within 60 days from the time the award is made. A successful bidder shall forfeit his/her bid security, however, upon refusal or failure to execute a contract within 15 days after notice of award of the contract unless the district is responsible for the delay. The contract may be awarded to the next lowest responsible bidder upon the refusal or failure of the successful bidder to execute the contract within the time herein prescribed.

C. Bids Opening:

Sealed bids shall be opened in public at a time and place stated in the notice of inviting bids. A tabulation of all bids received shall be made available for public inspection until the award of the contract.

D. Bid Rejection:

The District may reject:

1. Any bid that fails to meet the bidding requirements in any respect; or
2. All bids, for any reason whatsoever, and may readvertise for new bids;
3. All bids, and adopt by two-thirds vote, a resolution declaring that the materials or supplies can be furnished at a lower price in the open market and the District may purchase the materials or supplies as stated in the resolution in order to take advantage of the lower cost.

E. Contract Award:

Contracts shall be awarded at the next regularly scheduled meeting after the date set for opening bids to the lowest responsible bidder except as follows:

1. If two or more bids are the same and the lowest, the District Board may accept the one it chooses.

2. If no bids are received, the District Board may order the supplies and equipment purchased without further bid.

F. Determination of Lowest Responsible Bidder:

In addition to the bid or quotation price, criteria for determining the lowest responsible bid or quotation, shall include, but not be limited to, the following:

1. The character, integrity, reputation, judgment, experience and efficiency of the bidder (this may include an analysis of previous dealings with the District or other public agencies);
2. The ability of the bidder to provide the supplies, equipment or services required, within the time specified, without delay or interference;
3. The ability of the bidder to provide future maintenance, repair parts and replacement of purchased equipment or supplies; and
4. Compliance by the bidder with Federal Acts, Executive Orders, and State Statutes.

Upon motion of Director Austin, seconded by Director Ray Russom,
and on the following roll call vote, to wit:

AYES: Austin, Ray Russom, Lee

NOES:

ABSENT:

ABSTAINING:

The forgoing Resolution is hereby adopted this 6th day of Nov 2016.



Chairman

ATTEST:



District Administrator

APPROVED AS TO FORM:



District Legal Counsel