



**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**

VIRTUAL ZOOM MEETING

Please click the link below to join the webinar:

Wednesday, December 1, 2021 at 6:00 p.m.

Board Members

Linda Austin, Chair
Jeff Lee, Vice Chair
Caren Ray Russom, Director

Agencies

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

Alternate Board Members

Shirley Gibson, Director
Karen Bright, Director
Lan George, Director

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

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/89532726351>

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1 253 215 8782
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1 312 626 6799
1 646 876 9923

Webinar ID: 895 3272 6351

International numbers available: <https://us02web.zoom.us/u/kezCwpiazy>

1. **CALL TO ORDER AND ROLL CALL**
2. **PLEDGE OF ALLEGIANCE**

3. AGENDA REVIEW

4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

Public Participation:

In order to prevent and mitigate the effects of the COVID-19 pandemic, the District, in accordance with Executive Order N-29-20, will not make available a physical location from which members of the public may observe the meeting and offer public comment. Remote public participation is allowed in the following ways:

Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the District Secretary at amy@sslocsd.us prior to the meeting and will be published on the District website. Agenda correspondence received less than 3 hours before the meeting start time may not be posted until after the meeting. Members of the public may watch the meeting either on cable Channel 20 or as streamed on SLOSPAN <https://slo-span.org/static/index.php>

Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided above. Please use the “raise hand” feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input.

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 November 3, 2021

5C. Adoption of Resolution 2021-434 to Continue to Allow Remote Board Meetings

6. ACTION ITEMS:

6A. PRESENTATION AND APPROVAL OF FISCAL YEAR ENDING JUNE 2021 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 any necessary revisions and file the 2020-21 Financial Audit.

6B. QUARTERLY UPDATE ON REDUNDANCY PROJECT.

Receive and file the Wastewater Treatment Plant Redundancy Project update.

6C. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

Recommendation: Receive and File.

7. BOARD MEMBER COMMUNICATIONS:

8. ADJOURNMENT:

The next regularly scheduled Board Meeting will be held January 5, 2022, at 6:00 pm. This meeting will be held either virtually via ZOOM or depending on the status of the COVID-19 Emergency at the Grover Beach City Council Chambers.

WARRANT REGISTER
12/1/2021

VENDOR	BUDGET LINE ITEM	DETAIL	WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
AGP VIDEO	PROFESSIONAL SERVICE	Sep-21	110221-5577	7080	460.00	460.00
ALLIED ADMINISTRATORS	EMPLOYEE DENTAL	DECEMBER 2021	5578	6025	815.10	815.10
ALLSTAR INDUSTRIAL	SAFETY	2805	5579	8056	241.31	241.31
ALLTECH COMPUTERS	OFFICE SUPPLIES	2290443	5580	8045	18.49	18.49
AMERICAN BUSINESS MACHINES	OFFICE SUPPLIES	589927	5581	8045	15.00	15.00
AMY SIMPSON	TRAINING	PER DIEM	5582	7067	124.00	124.00
ARAMARK UNIFORMS	UNIFORMS	10/15; 10/22; 10/29	5583	7025	1,006.70	1,006.70
AT&T	COMMUNICATIONS	10/11/21-11/10/21	5584	7013	453.79	453.79
AUTOSYS, LLC	SCADA	0068; 0070	5585	20-7060	5,495.00	5,495.00
BRENNTAG	CHEMICALS	BP1190483; 190076	5586	8050	12,293.21	12,293.21
CA SPECIAL DISTRICT ASSOC.	MEMBERSHIPS	ANNUAL 2022	5587	7050	8,195.00	8,195.00
CAREN RAY RUSSOM	BOARD SERVICE	NOVEMBER 2021	5588	7075	100.00	100.00
CHARTER COMMUNICATIONS	COMMUNICATIONS	09/29-11/28/21	5589	7013	639.51	639.51
CITY OF PISMO BEACH	RGSP EIR COST SHARE	0001336	5590	20-7094	9,817.33	9,817.33
EVERYWHERE RIGHT NOW	COMPUTER SUPPORT	NOVEMBER 2021	5591	7082	100.00	100.00
HOPKINS TECHNICAL	EQUIPMENT MAINTENANCE	3621301162	5592	8030	1,040.36	1,040.36
I.I. SUPPLY	EQUIPMENT MAINTENANCE	MULTIPLE	5593	8030	326.36	326.36
JAN PRO	STRUCTURE MAINTENANCE	NOVEMBER 2021	5594	8060	333.00	333.00
JB DEWAR	FUEL	129567; 128275	5595	8020	317.51	317.51
JEFF LEE	BOARD SERVICE	NOVEMBER 2021	5596	7075	100.00	100.00
JONES & MAYER	LEGAL COUNSEL	Sep-21	5597	7071	511.50	511.50
KENNEDY JENKS	REDUNDANCY	150588	5598	20-7080	54,473.33	54,473.33
LARRY WALKER ASSOCIATES	PRETREATMENT PROGRAM UPDATE	00667.01.2	5599	7077	7,649.20	7,649.20
LINDE GAS & EQUIPMENT	RENTAL EQUIPMENT	09/20/21-10/20/21	5600	7032	38.94	38.94
MINERS HARDWARE	EQUIPMENT MAINTENANCE	OCTOBER 2021	5601	8030	917.35	917.35
MNS ENGINEERS	REDUNDANCY	78837	5602	20-7080	69,807.48	69,807.48
OEC, INC	CHEMICAL ANALYSIS	MULTIPLE	5603	7078	224.00	1,244.00
	BRINE ANALYSIS	MULTIPLE		7086	1,020.00	
PG&E	ELECTRICITY	09/10/21-10/10/21	5604	7091	25,374.79	25,374.79
POLYDYNE INC.	PLANT CHEMICALS	1589361; 1558174	5605	8050	10,446.62	10,446.62
QUALITY PEST MANAGEMENT	SAFETY	27522	5606	8060	200.00	200.00
QUINN COMPANY	EQUIPMENT MAINTENANCE	PC030337232	5607	8030	12.32	12.32
READY REFRESH	ADMIN BUILDING SUPPLIES	09/25/21-10/24/21	5608	8035	164.70	164.70
REGIONAL GOVT. SERVICES	PROFESSIONAL SERVICE	12604	5609	7005	57.30	57.30
RINCON CONSULTANTS	REDUNDANCY	BIOLOGICAL MONITORING	5610	20-7080	307.50	307.50
LINDA AUSTIN	BOARD SERVICE	NOVEMBER 2021	5611	7075	100.00	100.00
VWR	LAB SUPPLY'S	2021-079; 083	5612	8040	548.18	548.18
SSLOCSD	MECHANIC BANK TRANSFER	OCTOBER 2021	5613		98,069.37	98,069.37
ARAMARK	UNIFORMS	11/12; 11/05	111521-5614	7025	693.68	693.68
BC PUMP SALES	EQUIPMENT MAINTENANCE	35285	5615	8030	683.73	683.73
BRAX	STRUCTURE MAINTENANCE	36406	5616	26-8065	9,174.35	9,174.35
BRENNTAG	PLANT CHEMICALS	VP1195679; BP1175230	5617	8050	9,954.86	9,954.86
COASTAL ROLL OFF	RUBBISH	OCTOBER 2021	5618	7093	900.20	900.20
CULLIGAN CCWT	EQUIPMENT RENTAL	NOVEMBER 2021	5619	7032	60.00	60.00
ENGEL & GRAY	BIOSOLIDS HANDLING	OCTOBER 2021	5620	7085	1,137.53	1,137.53
FGL	CHEMICAL ANALYSIS	18131A	5621	7078	812.00	812.00
GRAINGER	SAFETY	MULTIPLE	5622	8056	137.44	137.44
I.I. SUPPLY	SAFETY	80605; 80604	5623	8056	20.22	20.22
JR FILANC	REDUNDANCY	APPLICATION NO. 6	5624	20-7080	1,274,515.48	1,274,515.48
MICHAEL K NUNLEY & ASSOC.	REDUNDANCY	9813	5625	20-7080	9,026.15	10,040.70
	PRETREATMENT	9814		19-7077	1,014.55	
MOSS, LEVY & HARTZHEIM LLP	AUDIT	FY 2021	5626	7072	2,000.00	2,000.00
OILFIELD ENVIRONMENTAL COMP.	CHEMICAL ANALYSIS	MULTIPLE	5627	7078	322.00	808.00
	BRINE ANALYSIS	MULTIPLE		7086	486.00	
PACIFIC RESOURCES SERVICES	REDUNDANCY	CWA 2021-02	5628	20-7080	5,930.76	5,930.76
POWER FLO, INC	EQUIPMENT MAINTENANCE	58118	5629	8030	2,155.94	2,155.94
RINCON	COASTAL HAZARD MONITORING	34409	5630	7020	1,572.79	2,508.13
	BIOLOGICAL MONITORING	34840		20-7080	935.34	
ROYAL	SCADA	7842-1004105	5631	20-7060	1,001.01	1,001.01
SM TIRE	EQUIPMENT MAINTENANCE	515765	5632	8030	317.79	317.79
SO CAL GAS	UTILITY GAS	09/30/21-11/01/21	5633	7092	3,032.20	3,032.20
SO CO SANITARY SERVICE	RUBBISH	NOVEMBER 2021	5634	7093	394.20	394.20
SPRINT	CELL PHONES	10/04/21-11/03/21	5635	7014	145.96	145.96
STANLEY SECURITY	ALARMS	DECEMBER 2021	5636	7011	75.55	75.55
STATE WATER BOARD	ELAP	EA-LA-1021-1413	5637	7055	5,000.00	5,000.00
U.S. POSTAL SERVICE	OFFICE SUPPLY	ANNUAL PAYMENT	5638	8045	322.00	322.00
UMPQUA BANK	CREDIT CARD	OCTOBER 2021	5639		3,762.43	3,762.43
VWR SCIENTIST	LAB SUPPLIES	2021-085	5640	8040	280.51	280.51
WHITE CAP	SAFETY	50017158055	5641	8056	535.00	535.00
TOTAL					1,648,213.92	1,648,213.92

We hereby certify that the demands numbered serially from 110221-5577 to 111521-5641 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 Meeting of Wednesday, November 3, 2021

1. CALL TO ORDER AND ROLL CALL

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

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

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

2. PLEDGE OF ALLEGIANCE

3. AGENDA REVIEW

Action: Approved as presented.

4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

There was no public comment.

5. CONSENT AGENDA:

5A. Approval of Warrants

5B. Approval of Meeting Minutes of September 15, 2021

5C. Request Approval to Purchase New Vaughan Horizontal Pump

5D. Request Approval to Purchase New Headworks Influent Slide Gate and Replacement Parts for Existing Slide Gates at Chlorine Contact Tank

There was no public comment.

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

Second: Director Ray Russom

Action: Approved unanimously by roll call vote.

6. ACTION ITEMS:

6A. ADOPTION OF RESOLUTIONS TO CONTINUE TO ALLOW REMOTE BOARD MEETINGS.

Legal Counsel Keith Collins presented this staff report.

There was no public comment.

Motion: Director Lee motioned to adopt the attached Resolution No. 2021-433 making initial findings for the need to continue to hold remote Board meetings; and directed staff to place subsequent resolutions on upcoming consent calendars making the necessary findings to continue to hold remote Board meetings as required by AB 361.

Second: Director Ray Russom

Action: Approved unanimously by roll call vote.

6B. CONTRACT FOR COASTAL HAZARD MONITORING WITH RINCON CONSULTANTS

Administrator Ghent presented this staff report.

There was no public comment.

Motion: Director Ray Russom motioned to Authorize the District Administrator to execute a contract for Environmental Monitoring Services with Rincon Consultants in the amount of \$69,980; and Authorize the District Administrator to execute future contract amendments if required with Rincon Consultants for the Coastal Hazards Monitoring Program in an amount up to \$6,998 (10%) to address unanticipated changes to the Monitoring Program.

Second: Director Lee

Action: Approved unanimously by roll call vote.

6C. CONTRACT FOR COASTAL HAZARDS RESPONSE PLAN WITH MKN AND ASSOCIATES

Administrator Ghent presented this staff report.

The Board had a brief discussion.

There was no public comment.

Motion: Director Lee motioned to Authorize the District Administrator to execute a sole sourced contract for preparation of the Coastal Hazards Response Plan with Michael K. Nunley and Associates, Inc., (MKN) in the amount of \$39,886.

Second: Director Ray Russom

Action: Approved unanimously by roll call vote.

6D. AUTHORIZE EXECUTION OF CONTRACT AMENDMENT #4 FOR WWTP REDUNDANCY PROJECT CONSTRUCTION PHASE ENGINEERING SERVICES WITH KENNEDY/JENKS CONSULTANTS, INC., PENDING USDA CONCURRENCE

Administrator Ghent presented this staff report.

There was no public comment.

Motion: Director Ray Russom motioned to Authorize the District Administrator to execute a contract amendment for Construction Phase Design Engineering Services for the Wastewater Treatment Plant Redundancy Project with Kennedy/Jenks Consultants, Inc. in the amount of \$136,330 pending review and concurrence from USDA staff.

Second: Director Lee

Action: Approved unanimously by roll call vote.

6E. SUMMARY OF COMMUNITY WORKFORCE AGREEMENT (CWA) LOCAL HIRE GOALS AND PERFORMANCE TO DATE

Administrator Ghent presented this staff report. Report indicated that the District was exceeding it's local hire goal as set in the CWA.

There was no public comment.

Action: The Board received and filed this report.

6F. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

Administrator Ghent presented the Administrators Report.

Superintendent Jones presented the Plant Operations Report. He reported that the facility exceeded its NPDES Permit limit for daily maximum fecal coliform bacteria on October 20th. The Regional Water Quality Control Board has been notified. All other process values were within Permit limitations.

There was no public comment.

Action: The Board received and filed this report.

7. BOARD MEMBER COMMUNICATIONS

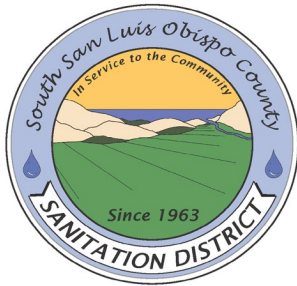
The Board thanked staff for good reports and wished everyone a Happy Thanksgiving.

8. ADJOURNMENT:

6:53 p.m.

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

DRAFT



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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STAFF REPORT

Date: December 1, 2021
To: Board of Directors
From: Keith F. Collins, General Counsel
Subject: **ADOPTION OF RESOLUTIONS TO CONTINUE TO ALLOW REMOTE BOARD MEETINGS**

RECOMMENDATION:

1. That the Board adopt the attached resolution making the required findings for the need to continue to hold remote Board meetings.

BACKGROUND AND DISCUSSION:

On Friday, September 17, 2021, the Governor signed AB 361. Because the bill contained urgency findings, the law is now in effect. AB 361 allows local agencies to continue to conduct remote ("Zoom") meetings during a declared state of emergency, provided local agencies comply with specified requirements. Absent this legislation, local agencies would have had to return to traditional meetings beginning on October 1, 2021.

Starting October 1, and running through the end of 2023, to participate in remote meetings, public agencies must comply with the requirements of new subsection (e) of Government Code section 54953.

Initial Remote Meeting

For the first remote public meeting a legislative body on or after October 1, 2021, such meeting is only allowed if it is during a state of emergency proclaimed by the Governor, and at least one of the following is true:

- 1) "[S]tate or local officials have imposed or recommended measures to promote social distancing"; or
- 2) The legislative body is holding a meeting for the purpose of determining "whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees." That is, the legislative body will be determining whether there is such risk.

- 3) By “majority vote” the legislative body determined that “*as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.*” That is, the legislative body already determined there is such risk.

The Board of Directors adopted this initial resolution on November 3, 2021.

Subsequent Remote Meetings

Any time after the first remote meeting of the legislative body, it can meet remotely if both of the following apply:

1. State/local emergency/social distancing. Either:
 - a. “a state of emergency remains active” or
 - b. “state or local officials have imposed or recommended measures to promote social distancing” and
2. 30 days. Within the last 30 days (which vote may occur at that meeting) the legislative body has made the following findings by majority vote “(A) *The legislative body has reconsidered the circumstances of the state of emergency.* (B) *Any of the following circumstances exist (i) The state of emergency continues to directly impact the ability of the members to meet safely in person. (ii) State or local officials continue to impose or recommend measures to promote social distancing.*”

Subsection (e)(3) states that after the legislative body makes this determination, the legislative body must make this determination “every 30 days thereafter.” That makes sense for legislative bodies which meet every 30 days – they can meet multiple times in that 30-day period without having to make the findings at every meeting. But the District only meets once a month, and some months there are no meetings.

A plain reading of the statute means that every time a legislative body meets after the first such meeting, it must have a meeting within 30 days – even if the only item on the agenda is to determine the need to meet remotely. This is the safest route, given that this complies with the letter of the law.

But some agencies are likely to find this impractical. Did the legislature truly intend to require legislative bodies to call a meeting for the sole purpose of preserving the right to future remote meetings? Courts are reluctant to attribute to the Legislature an intent to create “an illogical or confusing scheme.” If an agency is willing to accept the legal risk for these situations, it can take the position that the statute was meant to still allow remote meetings if more than 30 days had passed, provided that at the very first meeting since the last time the findings were made, the legislative body makes the requisite findings. That is, the legislature did not mean what it said, and that the 30-day language was meant to help, rather than hinder the operation of local government.

As a practical matter, if the District intends to conduct meetings remotely, it should add to every agenda a consent calendar item to reaffirm the findings described above, which are required to allow the remote meetings. Otherwise, the District runs the risk of forgetting to include the reaffirmation on any particular meeting agenda. The attached resolution makes the required findings to continue to authorize the District to hold remote meetings.

RESOLUTION NO. 2021-434

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT MAKING THE LEGALLY REQUIRED FINDINGS TO CONTINUE TO AUTHORIZE THE CONDUCT OF REMOTE “TELEPHONIC” MEETINGS DURING THE STATE OF EMERGENCY

WHEREAS, on March 4, 2020, pursuant to California Gov. Code Section 8625, the Governor declared a state of emergency stemming from the COVID-19 pandemic (“Emergency”); and

WHEREAS, on September 17, 2021, Governor Newsom signed AB 361, which went into immediate effect as urgency legislation; and

WHEREAS, AB 361 added subsection (e) to Government Code Section 54953 to authorize legislative bodies to conduct remote meetings provided the legislative body makes specified findings; and

WHEREAS, as of September 19, 2021, the COVID-19 pandemic has killed more than 67,612 Californians; and

WHEREAS, social distancing measures decrease the chance of spread of COVID-19; and

WHEREAS, this legislative body previously adopted a resolution to authorize this legislative body to conduct remote “telephonic” meetings; and

WHEREAS, Government Code 54953(e)(3) authorizes this legislative body to continue to conduct remote “telephonic” meetings provided that it has timely made the findings specified therein.

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

1. This legislative body declares that it has reconsidered the circumstances of the state of emergency declared by the Governor and at least one of the following is true: (a) the state of emergency, continues to directly impact the ability of the members of this legislative body to meet safely in person; and/or (2) state or local officials continue to impose or recommend measures to promote social distancing.

PASSED, APPROVED AND ADOPTED at a regular meeting of the South San Luis Obispo County Sanitation District Board held this _____ day of _____, 2021 by the following roll call vote:

AYES:

NOES:

ABSENT:

Linda Austin, Chair
Board of Directors
South San Luis Obispo County Sanitation District

ATTEST:

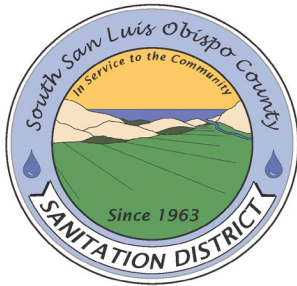
DISTRICT SECRETARY

APPROVED AS TO FORM:

BY: _____
DISTRICT COUNSEL

CONTENTS:

BY: _____
DISTRICT ADMINISTRATOR



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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Staff Report

To: Board of Directors
From: Jeremy Ghent, District Administrator
Via: Amy Simpson, Bookkeeper/Secretary
Date: December 1, 2021
Subject: **PRESENTATION AND APPROVAL OF FISCAL YEAR ENDING JUNE
2021 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 any necessary revisions and file the 2020-21 Financial Audit.

BACKGROUND:

MLH was hired as the District's independent auditor to review District financial statements and records and met with District Staff to develop the Fiscal Year 2020-21 Audit Report at a cost of \$10,680.

DISCUSSION:

Alex Hom, CPA from MLH will present the firm's final audit report of the District's financial records. Mr. Hom and staff are available to respond to questions from the Board members regarding the Fiscal Year 2020-21 audit. If the Board finds it is satisfied, Staff asks approval of the audit with any appropriate revisions by motion.

Attachment: 2020/21 Audit

**SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT**

FINANCIAL STATEMENTS
June 30, 2021

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
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June 30, 2021

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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, 2021, 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, 2021, 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 24, the schedule of Pension Contributions on page 25, the schedule of Changes in OPEB Liability and Related Ratios on page 26, and the schedule of OPEB Contributions on page 27 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 November 12, 2021, 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, Kelly & Haugheim LLP

Santa Maria, CA
November 12, 2021

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, 2021

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, 2021. 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, 2021 the District's total net position was \$19.67 million. Fiscal Year 2020 ended with a total net position of \$18.14 million. This is an increase of 8.4% for net position.
- Total operating revenues increased by 2.4% from \$5.59 million in 2020 to \$5.72 million at June 30, 2021.
- Total current cash and cash equivalents is \$36.81 million with a total current and long-term liability of \$33.70 million.
- Total operating expenses were \$3,638,217. Operating revenues exceeded operating expenses by \$2,084,646
- Overall increase of cash and cash equivalents realized an increase from \$10.80 million in Fiscal Year 2020 to \$36.81 million in Fiscal year 2021. This increase was due to the issuance of Certificates of Participation for the District's Redundancy Project.

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 10-23 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 \$18.14 million at June 30, 2020 to \$19.67 million at the close of June 30, 2021.

More than half of the net position, \$10.2 million as of June 30, 2021, 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 any District 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 \$1.53 million. The key elements are as follows: operating and non-operating revenues exceeded operating and non-operating expenses as of June 30, 2021. Capital contributions to the District's system totaled \$184 thousand as of June 30, 2021. The total revenues exceeded expenses during the 2021 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, 2021 amounts to \$10.2 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, 2021, the District held debt of Certificates of Participation, compensated absences, net pension liability and other post employment benefits.

Additional information on the District's long-term liabilities can be found in Notes 5, 6 and 7 on pages 15-23 of this report.

Economic Factors and Next Year's Budgets and Rates

Certificates of Participation. On December 1, 2020 the District issued two series of Certificates of Participation for funding the District's Redundancy Project. The payment of this debt for the upcoming 21/22 fiscal year is \$955,044 for the Series A and \$89,300 for the Series B.

Rate Increase. No increase to rates is currently needed. The District implemented a series of annual rate increases beginning July 1, 2016 and ending July 1, 2019. These rates are sized 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. Upon completion of the District's Redundancy Project, the District will undertake a review of rates as actual operation and maintenance expenses of the new facilities become known.

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, 2019 that was rolled forward to determine the District's June 30, 2020 total 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, 2021

ASSETS

Current Assets:

Cash and investments	\$ 36,806,292
Accounts receivable	473,267
Interest receivable	2,124
Prepaid expenses	76,162
Total current assets	<u>37,357,845</u>

Noncurrent Assets:

Deposits	1,713
Capital assets	
Land	431,425
Construction in progress	9,429,989
Property, plant & equipment	26,067,947
Accumulated depreciation	(20,555,107)
Total noncurrent assets	<u>15,375,967</u>

Total assets	<u>52,733,812</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred pensions	325,120
Deferred OPEB	424,797
Total deferred outflows of resources	<u>749,917</u>

LIABILITIES

Current Liabilities:

Accounts payable	1,539,473
Accrued liabilities	39,779
Compensated absences	16,985
Brine deposits	10,000
Interest payable	224,768
Certificate of participation, current portion	370,000
Unamortized premium, current portion	38,832
Total current liabilities	<u>2,239,837</u>

Long-Term Liabilities:

Compensated absences	53,469
Net pension liability	1,365,924
Other post employment benefits	1,821,962
Certificate of participation, net of current portion	27,140,000
Unamortized premium, net of current portion	1,077,588
Total long term liabilities	<u>31,458,943</u>

Total liabilities	<u>33,698,780</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred pensions	28,974
Deferred OPEB	87,290
Total deferred inflows of resources	<u>116,264</u>

NET POSITION

Net investment in capital assets	10,164,065
Restricted for capital expansion	3,461,135
Restricted for Redundancy project	22,791,696
Unrestricted	<u>(16,748,211)</u>
Total net position	<u>\$ 19,668,685</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, 2021

Operating Revenues:

Sewer services fees	\$ 5,722,863
Total operating revenues	<u>5,722,863</u>

Operating Expenses:

Gross wages	846,585
Payroll taxes and benefits	63,804
Employee benefits	179,807
Retirement contribution	231,028
OPEB expense	89,651
Uniforms	17,848
Repairs and maintenance	312,989
Equipment rental	2,592
Insurance	52,168
Depreciation	717,637
Communications	15,258
Utilities	260,850
Property tax	32,829
Special services	192,490
Office and supplies	6,771
Fuel and oil	5,648
Membership, permits, and license fees	77,862
Legal	45,185
Accounting	16,078
Plant chemicals, lab, and analysis	387,944
Employee training	1,161
Solids handling	71,631
Small tools	<u>10,401</u>
Total operating expenses	<u>3,638,217</u>
Net operating income	<u>2,084,646</u>

Non-Operating Revenues (Expenses):

Interest income	218,238
Lease income	4,758
Misc. income	31,324
Interest expense	(328,351)
Certificate of participation issuance costs	<u>(663,367)</u>
Total non-operating revenues (expenses)	<u>(737,398)</u>

Capital Contributions:

Connection fees	<u>184,384</u>
Change in net position	1,531,632

Net Position:

Net position, beginning of fiscal year	<u>18,137,053</u>
Net position, end of fiscal year	<u>\$ 19,668,685</u>

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 5,735,703
Payments to vendors	(2,138,953)
Payments to employees	<u>(731,414)</u>
Net cash provided by operating activities	<u>2,865,336</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Misc. income	31,324
Lease income	<u>4,758</u>
Net cash provided by noncapital financing activities	<u>36,082</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions	184,384
Acquisition and construction of capital assets	(5,165,416)
Proceeds from issuance of certificates of participation	28,665,252
Payment of issuance cost	(663,367)
Interest paid on capital debt	<u>(142,415)</u>
Net cash provided by capital and related financing activities	<u>22,878,438</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>225,525</u>
Net cash provided by investing activities	<u>225,525</u>

Net change in cash and cash equivalents	26,005,381
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Cash and cash equivalents, July 1, 2020	<u>10,800,911</u>
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Cash and cash equivalents, June 30, 2021	<u><u>\$ 36,806,292</u></u>
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SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (Continued)
For the Fiscal Year Ended June 30, 2021

**Reconciliation of operating income to net cash provided
by operating activities:**

Operating income	\$ 2,084,646
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	717,637
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Accounts receivable	18,112
Prepaid expenses	(3,559)
Deposits	(1,713)
Deferred outflows of resources relating to pensions	5,048
Deferred outflows of resources relating to OPEB	(307,128)
Accounts payable	(64,958)
Accrued liabilities	19,836
Compensated absences	16,985
OPEB liability	336,558
Net pension liability	103,541
Deferred inflows of resources relating to pensions	(54,998)
Deferred inflows of resources relating to OPEB	<u>(4,671)</u>
Net cash provided by operating activities	<u><u>\$ 2,865,336</u></u>

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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 7 and Note 8 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 7 and Note 8 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. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
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, 2020.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provision of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Future Accounting Pronouncements (Continued)

Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"	The provision of this statement except for paragraphs 6-9 are effective for fiscal years beginning after December 15, 2019. Paragraph 6-9 is effective for fiscal years beginning after June 15, 2021.
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NOTE 3 - CASH AND INVESTMENTS

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2021, the District had the following cash and investments on hand:

Cash on hand	\$ 40
Cash in Bank	166,147
Cash and investments with County Treasurer	34,039,028
Local Agency Investment Fund (LAIF)	<u>2,601,077</u>
Total cash and investment	<u>\$ 36,806,292</u>

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 measured under Level 2.

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

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	\$ 34,039,028	\$ 34,039,028	\$ -	\$ -	\$ -
State Investment Pool (LAIF)	2,601,077	2,601,077			
	<u>\$ 36,640,105</u>	<u>\$ 36,640,105</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	\$ 34,039,028	N/A	\$ -	\$ -	\$ -	\$ 34,039,028
State Investment Pool (LAIF)	2,601,077	N/A				2,601,077
	<u>\$ 36,640,105</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,640,105</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.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

As of June 30, 2021, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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, 2021, is shown below:

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Land	\$ 431,425	\$ -	\$ -	\$ -	\$ 431,425
Construction in Progress	3,385,945	6,501,625		(457,581)	9,429,989
Property, Plant, & Equipment	25,540,037	70,329		457,581	26,067,947
Total capital assets	29,357,407	6,571,954			35,929,361
Less Accumulated Depreciation	(19,837,470)	(717,637)			(20,555,107)
Net capital assets	<u>\$ 9,519,937</u>	<u>\$ 5,854,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,374,254</u>

NOTE 5 - LONG-TERM LIABILITIES

The changes in long-term liabilities at June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due within One year
Certificate of participation	\$ -	\$ 27,510,000	\$ -	\$ 27,510,000	\$ 370,000
Unamortized premium		1,155,252	(38,832)	1,116,420	38,832
Compensated absences	53,469	46,742	(29,757)	70,454	16,985
OPEB	1,485,404	404,450	(67,892)	1,821,962	
Net pension liability	1,262,383	265,464	(161,923)	1,365,924	
Total	<u>\$ 2,801,256</u>	<u>\$ 29,381,908</u>	<u>\$ (298,404)</u>	<u>\$ 31,884,760</u>	<u>\$ 425,817</u>

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 – CERTIFICATES OF PARTICIPATION

On December 1, 2020, the 2020 Certificates of Participation Series A for \$23,045,000 and Series B for \$4,465,000 at a premium of \$1,155,252 were issued to provide funding for the Redundancy Project. The District has pledged all net revenues to repay the 2020 Certificates of Participation. In the event of default, all principal and accrued interest becomes due. The certificates are payable semiannually on March 1 and September 1 of each year with interest rates varying from 2% to 5%. As of June 30, 2021, \$27,510,000 was still outstanding.

Future minimum payment obligations for the certificates at June 30, 2021, are as follows:

Series A			
Fiscal Year Ended June 30	Principal	Interest	Total
2022	\$ 370,000	\$ 585,044	\$ 955,044
2023	385,000	566,169	951,169
2024	400,000	546,544	946,544
2025	430,000	525,794	955,794
2026	450,000	503,794	953,794
2027-2031	3,325,000	2,086,045	5,411,045
2032-2036	3,805,000	1,612,557	5,417,557
2037-2041	4,155,000	1,268,233	5,423,233
2042-2046	4,600,000	824,637	5,424,637
2047-2051	5,125,000	293,456	5,418,456
	<u>\$ 23,045,000</u>	<u>\$ 8,812,273</u>	<u>\$ 31,857,273</u>

Series B			
Fiscal Year Ended June 30	Principal	Interest	Total
2022	\$ -	\$ 89,300	\$ 89,300
2023		89,300	89,300
2024		89,300	89,300
2025		89,300	89,300
2026	4,465,000	44,650	4,509,650
	<u>\$ 4,465,000</u>	<u>\$ 401,850</u>	<u>\$ 4,866,850</u>

NOTE 7 – 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 7 – 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, 2021, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
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%	6.75%
Required employer contribution rates	11.742%+\$87,727	7.732%+\$7,463

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 \$177,437 for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$1,365,924 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2020, the District's proportion was 0.03238%, which increased by 0.00086% from June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$231,028. 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, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – 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	\$ 177,437	\$ -
Differences between expected and actual experience	70,390	
Changes in assumptions		9,742
Net difference between projected and actual earnings on retirement plan investments	40,577	
Adjustment due to differences in proportions	36,716	1,867
Difference in actual contributions and proportionate share of contributions		17,365
	<u>\$ 325,120</u>	<u>\$ 28,974</u>

\$177,437 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, 2022. 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 Ending June 30	Amount
2022	\$ 17,577
2023	46,682
2024	34,988
2025	19,462
	<u>\$ 118,709</u>

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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 below 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.

<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.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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:

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
District's proportionate share of the net pension plan liability	\$ 2,045,239	\$ 1,365,924	\$ 804,627

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, 2021, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2021.

NOTE 8 – 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.

Benefit Terms

For those hired prior to 2013, the employee shall receive 100% of the stipulated amount. For those hired between 2013 through 2017, they shall receive 50% of the premium. For any employees hired after 2017, they will receive the minimum employer contribution.

Employees Covered

As of the June 30, 2020, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	8
Inactive employees or beneficiaries currently receiving benefits	7
Total	15

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

OPEB Liability

The District's OPEB liability was measured as of June 30, 2020 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following assumptions:

Discount Rate	2.20%
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, 2020 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 3.50 percent.

Change of assumptions. The discount rate was decreased from 3.50 percent to 2.20 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:

Reporting Date	Measurement Date	Long Term Expected Return of Plan Investments	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2021	June 30, 2020	2.20%	2.20%	2.20%
June 30, 2020	June 30, 2019	3.50%	3.50%	3.50%

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020 (Valuation Date, June 30, 2020)	<u>\$ 1,485,404</u>
Changes recognized for the measurement period:	
Service cost	8,416
Interest	50,948
Changes of assumptions	345,086
Experience (Gains)/Losses	(7,164)
Benefit payments	<u>(60,728)</u>
Net Changes	<u>336,558</u>
Balance at June 30, 2021 (Measurement Date, June 30, 2020)	<u><u>\$ 1,821,962</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 (1.20 percent) or 1-percentage-point higher (3.20 percent) than the current discount rate:

	1% Decrease 1.20%	Current Rate 2.20%	1% Increase 3.20%
OPEB Liability	\$ 2,163,613	\$ 1,821,962	\$ 1,544,058

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 (3.00%)	Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
OPEB Liability	\$ 1,708,796	\$ 1,821,962	\$ 2,012,009

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$89,651. As of the fiscal year ended June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 64,892	\$ -
Change in assumptions	359,905	54,008
Differences between expected and actual experience		33,282
	<u>\$ 424,797</u>	<u>\$ 87,290</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. \$64,892 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, 2022. 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:

<u>Fiscal year Ending June 30,</u>	<u>Amount</u>
2022	\$ 30,287
2023	30,287
2024	30,287
2025	30,287
2026	30,287
Thereafter	121,180
	<u>\$ 272,615</u>

NOTE 9 – 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.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Last 10 Years*
 As of June 30, 2021

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net pension liability	0.01255%	0.01232%	0.01200%	0.01186%
Proportionate share of the net pension liability	\$ 1,365,924	\$ 1,262,383	\$ 1,156,301	\$ 1,176,202
Covered payroll	\$ 784,070	\$ 702,820	\$ 762,177	\$ 776,359
Proportionate share of the net pension liability as percentage of covered payroll	174.2%	179.6%	151.7%	151.5%
Plan's total pension liability	\$ 43,702,930,887	\$ 41,426,453,489	\$ 38,944,855,364	\$ 37,161,348,332
Plan's fiduciary net position	\$ 32,822,501,335	\$ 31,179,414,067	\$ 29,308,589,559	\$ 27,244,095,376
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Proportion of the net pension liability	0.01163%	0.01117%	0.00894%	
Proportionate share of the net pension liability	\$ 1,006,552	\$ 766,801	\$ 556,113	
Covered payroll	\$ 648,335	\$ 512,061	\$ 496,070	
Proportionate share of the net pension liability as percentage of covered payroll	155.3%	149.7%	112.1%	
Plan's total pension liability	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631	
Plan's fiduciary net position	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515	
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	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, therefore only seven years are shown.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Years*

As of June 30, 2021

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

	2021	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 177,437	\$ 161,923	\$ 136,795	\$ 98,219
Contribution in relation to the actuarially determined contributions	177,437	161,923	136,795	98,219
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 846,584	\$ 784,070	\$ 702,820	\$ 762,177
Contributions as a percentage of covered payroll	20.96%	20.65%	19.46%	12.89%
	2017	2016	2015	
Contractually required contribution (actuarially determined)	\$ 104,648	\$ 77,019	\$ 48,422	
Contribution in relation to the actuarially determined contributions	104,648	77,019	48,422	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	
Covered payroll	\$ 776,539	\$ 648,335	\$ 512,061	
Contributions as a percentage of covered payroll	13.48%	11.88%	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:	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate:	7.000%	7.375%	7.375%	7.65%
Inflation:	2.500%	2.625%		

*- Fiscal year 2015 was the 1st year of implementation, therefore only seven 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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 8,416	\$ 71,936	\$ 75,519	\$ 73,498
Interest on the total OPEB liability	50,948	68,087	68,178	60,374
Actual and expected experience difference	(7,164)	(33,833)		
Changes in assumptions	345,086	63,487	(76,832)	
Change in benefit terms		(403,851)		
Benefit payments	<u>(60,728)</u>	<u>(69,690)</u>	<u>(68,012)</u>	<u>(65,396)</u>
Net change in total OPEB Liability	336,558	(303,864)	(1,147)	68,476
Total OPEB liability - beginning	<u>1,485,404</u>	<u>1,789,268</u>	<u>1,790,415</u>	<u>1,721,939</u>
Total OPEB liability - ending	<u>\$ 1,821,962</u>	<u>\$ 1,485,404</u>	<u>\$ 1,789,268</u>	<u>\$ 1,790,415</u>
Covered payroll	\$ 784,070	\$ 702,820	\$ 762,177	\$ 776,359
Total OPEB liability as a % of covered payroll	232.37%	211.35%	234.76%	230.62%

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

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS

Last 10 Years*

As of June 30, 2021

The District's contribution for the fiscal year ended June 30, 2021 was \$64,892. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2021, 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, 2020 was \$60,728. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2020, 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, 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 four years are shown.



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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Staff Report

To: Board of Directors

From: Jeremy Ghent, District Administrator

Date: December 1, 2021

Subject: **WWTP REDUNDANCY PROJECT UPDATE**

RECOMMENDATION:

Receive and file the Wastewater Treatment Plant Redundancy Project update.

BACKGROUND:

The District has been working to develop the Wastewater Treatment Plant (WWTP) Redundancy Project, the largest capital improvements project the District has undertaken since the 1986 WWTP Improvements. The project is intended to allow major process units to be removed from service for maintenance or repairs without risking violation of effluent permit limits. The project includes the following main components:

- Two activated sludge (AS) aeration basins
- One new secondary clarifier
- Fixed film reactor (FFR) effluent and primary effluent pump station
- Waste activated sludge (WAS) thickener with modifications to existing dewatering platform
- Blower, electrical, and motor control center (MCC) building
- Yard piping
- Site improvements
- Instrumentation and controls
- Electrical systems
- Floodproofing of critical plant systems
- Rehabilitation of existing secondary clarifier
- New generator to provide backup power for new facilities

The project construction documents were circulated for bid in September and bids were received in November 2020. After review and evaluation, the contract was awarded to J.R. Filanc Construction Company, Inc., (Filanc) in December 2020 and Notice to Proceed was issued January 25, 2021. MNS Engineers, Inc., (MNS) is serving as the Construction Manager, Kennedy/Jenks Consultants, Inc., (Kennedy Jenks) is the Design Engineer, and MKN & Associates, Inc., (MKN) is supporting as the District's Project Manager.

DISCUSSION:

This quarterly Project update covers the months of August, September, and October.

Schedule Summary (as of October 31, 2021):

Notice to Proceed:	January 25, 2021	Contract time elapsed	279
Original Contract Duration	900	Contract time remaining	619
Current Contract Duration	898	Change order days:	-2 days
Current Completion Date	July 12, 2023	Weather days:	0
Schedule Completion Date	July 14, 2023		
Percent complete by time	31%		
Notes: 1. Durations are in calendar days. 2. Schedule summary drafted on October 31, 2021.			

The Contractor's October 11, 2021 Schedule Update indicated completion on July 14, 2023. Filanc is assuming some hydostatic testing can be completed earlier than originally anticipated, which is being reviewed by the Design Engineer. The previous schedule without the expedited hydrostatic testing showed completion 8 calendar days after the contract completion date.

Executed Contract Change Order #3 included a credit of one day for allowing Filanc to work on a District holiday, October 11, 2021.

Budget Summary:

The budget summaries were drafted on November 16, 2021 and based on the invoices received and costs incurred to date.

Construction Contract:

Contract Award	\$26,939,042.00	Contract Earnings to Date	\$6,975,555.11
Contract Changes	\$3,153.54		
Current Contract	\$26,942,195.54		
Change Order Percent	0.01%	Percent Complete by Cost	25.9%

Change Order #2 was executed in October which totaled \$8,867.49, incorporating Potential Change Order 4 (added Blind Flange at Existing Primary Clarifier) and Potential Change Order 8 (Addition of Air Relief Valve at Pismo Outfall).

Contract Change Order #3 was also executed in October which included a credit of \$21,751.81 to the District for power and water used onsite by Filanc.

Overall Project Budget:

A summary of the overall project budget, including construction and professional services costs is provided in the table below. Additional details are attached. Amendment #4 to the Engineering Services Contract with Kennedy/Jenks Consultants in the amount of \$136,330 was reviewed and approved at the November 3, 2021 Board Meeting. The professional services contingency was reduced accordingly. The KJ Contract Amendment is currently under review by USDA, and the Board will be notified of any substantial comments.

Description	Budget	Spent to Date	Balance to Finish
Construction (Bid Price)	\$26,939,042	-	-
Change Orders (#1 – 3)	\$3,154	-	-
Current Construction Contract	\$26,942,196	\$6,975,555	\$19,154,832
Construction Contingency	\$3,188,192	-	\$3,188,192
Other Construction Costs (1)	\$162,566	\$162,566	\$0
<i>Subtotal (Construction + Construction Contingency + Other)</i>	\$30,292,953	\$7,138,121	\$23,154,832
Professional Services Costs	\$6,880,423	\$3,779,239	\$3,101,184
Professional Services Contingency	\$224,833	-	\$224,833
Total	\$37,400,000	\$10,917,360	\$26,480,849
Notes: (1) Other Construction Costs include PG&E Service costs and OCSD water fees.			

Summary of Work:

August

- Filanc completed excavation of the main work area and the installation of the aeration basin Load Transfer Platform (LTP), and began installing rebar for the aeration basin slab.
- Both the 36-inch Mixed Liquor (ML) and 18-inch Return Activated Sludge (RAS) lines were installed under the Secondary Clarifier 2 (SC2) slab.
- An additional dewatering well was installed Southeast of the existing Primary Clarifier No. 2.
- Concrete was placed around both the SC2 central column footing and the RAS wet well slab. Filanc then began concrete encasement of the ML & RAS pipelines.

September

- Construction of the LTP for SC2 was completed and both the below grade SC2 piping and lower RAS wet well sections were hydrostatically tested.
- Several concrete sections of the aeration basin slab and aeration feed control box were completed. All aeration basin slab rebar was installed.
- Demolition of the Rotary Drum Thickener (RDT) platform began.
- Filanc submitted a Federal Aviation Administration 7460 permit request at the direction of the County. While the Contractor waits for the FAA permit, the County will continue to issue Notices to Airmen (NOTAMS) for the Project.
- The District was notified by Oceano airport representatives of concerns regarding the height of the stockpile in the laydown area. Filanc lowered the elevation of the stockpile by 10 feet the following day.

October

- Concrete placement was completed for: the aeration basin slab, SC2 slab, and initial section of the aeration basin wall.
- The blower building retaining wall foundation was excavated and both the formwork and rebar were installed.
- Continued demolition of the RDT platform and began fire water pipeline trench excavation.

Anticipated Upcoming Work:

Anticipated upcoming work for the month of November includes the following activities:

- Continued concrete placements within the aeration basin walls, aeration feed control box, blower building footing and blower building retaining wall.
- Repairing and placing concrete to rehabilitate the RDT platform.
- Underground conduit installation to the blower building by Taft Electric and continued installation of the fire water pipeline by Filanc.

Fiscal Consideration:

The WWTP Redundancy Project budget and financing plan were updated after bids were received in November 2020. The project is being financed through Certificates of Participation and a loan from USDA Rural Development. Project costs are consistent with the budget.

Attachments:

1. Construction Photos August 5 – October 28, 2021

2. MNS Monthly Report Executive Summaries – August, September, October 2021
3. WWTP Redundancy Project Budget Status – November 16, 2021



ML & RAS Pipelines Beneath SC2_2021.08.05



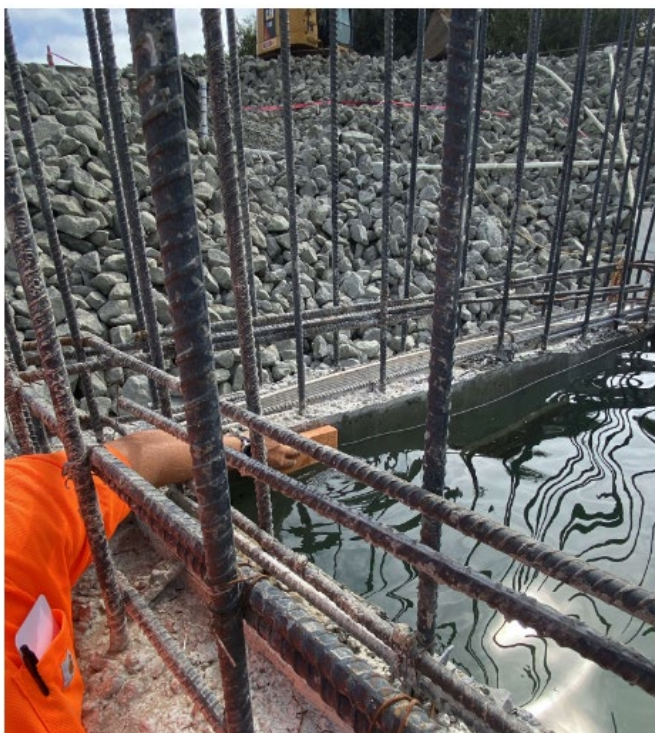
Aeration Basin Load Transfer Pad Installation_2021.08.23



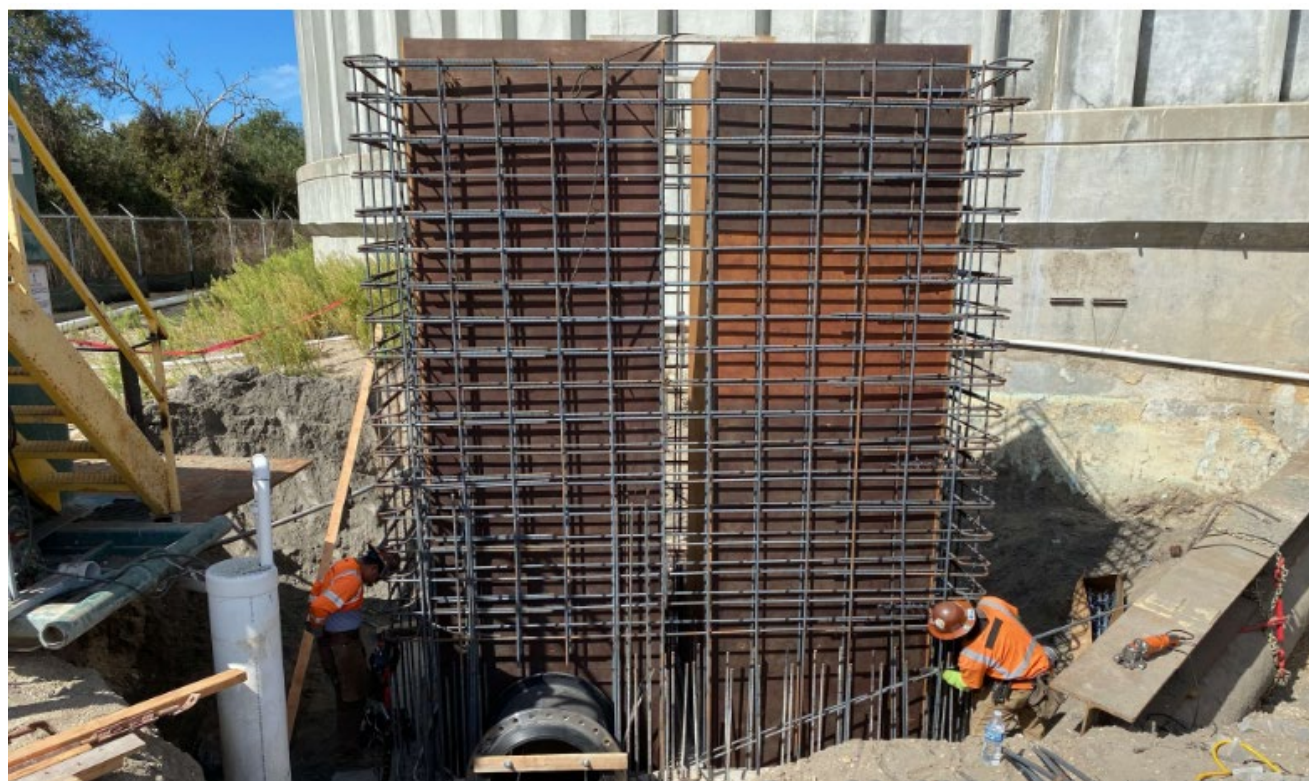
SC2 Center Footing Concrete Placement_2021.08.26



Aeration Basin Rebar Installation 2021.09.10



RAS Wet Well Hydraulic Testing_2021.09.17



Aeration Basin Feed Control Box. Forms and Rebar_2021.09.28



Waterstop Installation at North Aeration Basin_2021.10.01



Aeration Basin Drain Piping Pedestal Forms _2021.10.04



North Aeration Basin 36-inch Mixed Liquor Pipeline _2021.10.07



South Aeration Basin Rebar and Forms 2021.10.19



Aeration Basin Concrete Wall Placement 2021.10.25



Secondary Clarifier No. 2 Slab Wet Curing_2021.10.28

Executive Summary

Project-at-a-Glance

Award Price:	\$26,939,042.00	Change Orders:	\$16,037.86
Current Price:	\$26,955,079.86	Change Order Percent:	0.01%
Notice to Proceed:	25 January 2021	Change Orders Time:	-1 day
Contract Time:	900 calendar days	Paid To Date*:	\$4,526,597.87
Current Contract Time:	899 calendar days	Paid This Period:	\$627,095.00
Contract Completion:	13 July 2023	Retention To Date:	\$238,241.99
Schedule Completion:	21 July 2023	Percent Complete:	18%
Liquidated Damages**:	\$28,000.00	% of Time Lapsed:	24%
		(218 calendar days)	

* Accounts for progress payments approved prior to 31 August 2021.

** Liquidated Damages are not applied until Project completion.

August: Filanc completed excavation of the main work zone, installed the load transfer platform (LTP) for the aeration basin, installed the under-slab piping for Secondary Clarifier No.2 (SC2), and performed the first concrete placement for a major structure at SC2.

September: Filanc will continue installation of rebar and concrete placements for the aeration control feed box, aeration basin and SC2. Filanc will also complete the LTP at SC2 and begin the below grade electrical for the Blower Building.

Meetings this Month: Weekly Construction Meetings, Wastewater Flow & Treatment Management Plan Meeting

Key Project Indicator Grades:

Project Schedule:	A-	Safety:	A
Project Cost:	A	Contract Administration:	B+

Critical Issues:

Community Workforce Agreement: The Project is in compliance with the Community Workforce Agreement.

Biological: MNS staff conducted CA Red Legged Frog checks in open holes/trenches and standing water each morning and coordinated WEAP training of new on-site personnel.

Settlement Monitoring: Settlement monitoring is being closely monitored daily.

Dewatering Monitoring: Dewatering activities are being closely monitored daily. Project is in compliance with NPDES discharge requirements.

American Iron & Steel: The Project is in compliance with AIS.

Risk Management Log: The Risk Management Log has been updated. Key Items at this stage of the Project include monitoring change orders, dewatering volumes, unintended consequences of construction, and unknown underground utilities.



Executive Summary

Project-at-a-Glance

Award Price:	\$26,939,042.00	Change Orders:	\$16,037.86
Current Price:	\$26,955,079.86	Change Order Percent:	0.01%
Notice to Proceed:	25 January 2021	Change Orders Time:	-1 day
Contract Time:	900 calendar days	Paid To Date*:	\$4,526,597.87
Current Contract Time:	899 calendar days	Paid This Period:	\$0.00
Contract Completion:	13 July 2023	Retention To Date:	\$238,241.99
Schedule Completion:	21 July 2023	Percent Complete:	22%
Liquidated Damages**:	\$28,000.00	% of Time Lapsed: (248 calendar days)	28%

* Accounts for progress payments approved prior to 30 September 2021.

** Liquidated Damages are not applied until Project completion.

September: Filanc continued rebar, forming and concrete placement at major structures, including the Aeration Basin slab, Aeration Basin Feed Control Box, and RAS Wet Well at SC2. Filanc also began demolition at the RDT and continued electrical installation throughout the WWTP.

October: Filanc will continue installation of rebar and concrete placements for the aeration control feed box, aeration basin and SC2. Filanc will also begin the electrical underground at the Blower Building.

Meetings this Month: Weekly Construction Meetings, Submittal and Change Order Coordination Meetings

Key Project Indicator Grades:

Project Schedule:	A-	Safety:	A
Project Cost:	A	Contract Administration:	B

Critical Issues:

Community Workforce Agreement: The Project is in compliance with the Community Workforce Agreement.

Biological: MNS staff conducted CA Red Legged Frog checks in open holes/trenches and standing water each morning and coordinated WEAP training of new on-site personnel.

Settlement Monitoring: Settlement monitoring is being closely monitored daily.

Dewatering Monitoring: Project is in compliance with NPDES discharge requirements.

American Iron & Steel: The Project is in compliance with AIS.

Risk Management Log: The Risk Management Log has been updated. Key Items at this stage of the Project include monitoring change orders, dewatering volumes, unintended consequences of construction, and unknown underground utilities.

Executive Summary

Project-at-a-Glance

Award Price:	\$26,939,042.00	Change Orders:	\$3,153.54
Current Price:	\$26,942,195.54	Change Order Percent:	0.01%
Notice to Proceed:	25 January 2021	Change Orders Time:	-2 day
Contract Time:	900 calendar days	Paid To Date*:	\$5,352,261.87
Current Contract Time:	898 calendar days	Paid This Period:	\$825,664.00
Contract Completion:	12 July 2023	Retention To Date:	\$281,697.99
Schedule Completion:	14 July 2023	Percent Complete:	25%
Liquidated Damages**:	\$7,000.00	% of Time Lapsed: (279 calendar days)	31%

* Accounts for progress payments approved prior to 31 October 2021.

** Liquidated Damages are not applied until Project completion.

October: Filanc continued rebar, forming and concrete placement at major structures, including the Aeration Basin slab, Secondary Clarifier 2, and Blower Building retaining wall. Filanc also continued preparation of the Rotary Drum Thickener (RDT) platform and underground electrical installation at the Blower Building.

November: Filanc will continue installation of rebar and concrete placements for the Aeration Basin Feed Control Box, Aeration Basin walls and Blower Building. Filanc will continue the electrical underground at the Blower Building and RDT platform work.

Meetings this Month: Weekly Construction Meetings, Community Workforce Agreement Pre-Job Conference

Key Project Indicator Grades:

Project Schedule:	A	Safety:	A
Project Cost:	A	Contract Administration:	B+

Critical Issues:

Community Workforce Agreement: The Project is in compliance with the Community Workforce Agreement.

Biological: MNS staff conducted CA Red Legged Frog (CRLF) checks in open holes/trenches and standing water each morning and coordinated WEAP training of new on-site personnel. Rincon performed the CRLF survey on October 25, 2021 due to rain.

Settlement Monitoring: Settlement monitoring is being monitored weekly. Adjustments to control points have been made to account for the aeration basin walls blocking the existing points.

Dewatering Monitoring: Project is in compliance with NPDES discharge requirements. In the past 10 months since NTP to Filanc there have been zero violations due to project construction activity.

American Iron & Steel: The Project is in compliance with AIS.

Risk Management Log: The Risk Management Log has been updated. Key Items at this stage of the Project include monitoring change orders, dewatering volumes, unintended consequences of construction, unknown underground utilities, and introduction of the new treatment process to existing plant.



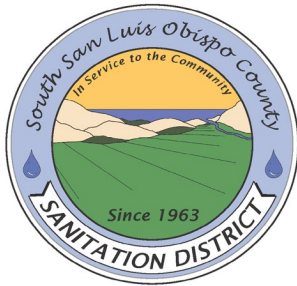
SSLOCSO WWTP Redundancy Project Budget Status

Updated 16-Nov-21

Description	Original Budget	Notes	Revised Budget	Notes	Earned Previously	Notes	Aug-21	Sep-21	Oct-21	This Period (Aug - Oct-21)	Total Spent to Date	Balance to Finish
Construction Costs												
General Contractor												
Construction (Bid Price)	\$ 26,939,042		\$ 26,939,042.00									
CCO#1 - Relocate existing water line	\$ -		\$ 16,037.86									
CCO#2 - Blind flange & air relief	\$ -		\$ 8,867.49									
CCO#3 - Deduct for utilities	\$ -		\$ (21,751.81)									
Updated Construction Contract	\$ 26,939,042		\$ 26,942,195.54		\$ 4,104,739.86	7	\$ 660,100.00	\$ 869,120.00	\$ 1,341,595.24	\$ 2,870,815.24	\$ 6,975,555.11	\$ 19,966,640
Other Construction Costs												
PG&E Service Cost	\$ -		\$ 161,866	4	\$ 161,865.62		\$ -	\$ -	\$ -	\$ -	\$ 161,865.62	\$ -
OCSO water fees	\$ -		\$ 700		\$ 700.00		\$ -	\$ -	\$ -	\$ -	\$ 700.00	\$ -
Construction Contingency	\$ 3,353,911	1	\$ 3,188,192	4							\$ -	\$ 3,188,192
Subtotal Construction + Construction Contingency	\$ 30,292,953		\$ 30,292,953		\$ 4,267,305.48		\$ 660,100.00	\$ 869,120.00	\$ 1,341,595.24	\$ 2,870,815.24	\$ 7,138,120.73	\$ 23,154,832.00
Professional Services Costs												
Engineering Design + Bid Support + Engr Service During Construction (KJ)	\$ 2,781,737		\$ 2,918,067		\$ 2,264,784.94		\$ 60,038.70	\$ 55,668.75	\$ 54,473.33	\$ 170,180.78	\$ 2,434,965.72	\$ 483,101
Engineering Design + Bid Phase Support	\$ 1,931,613		\$ 1,931,613									
Engineering Services During Construction	\$ 850,124		\$ 850,124									
Amendment 4 Engineering Services during Construction	\$ -		\$ 136,330	3								
Operations Services - Startup, Training, O&M (Estimated)	\$ 300,000		\$ 300,000		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Construction Management (MNS)	\$ 2,616,120		\$ 2,616,120		\$ 545,342.91		\$ 80,747.90	\$ 76,195.97	\$ 69,807.48	\$ 226,751.35	\$ 772,094.26	\$ 1,844,026
Legal/Admin Costs (Estimated)	\$ 669,921		\$ 705,758	3	\$ 263,157.24		\$ 6,254.94	\$ 7,527.51	\$ 14,956.91	\$ 28,739.36	\$ 291,897	\$ 413,862
Legal (Estimated)	\$ 50,000		\$ 50,000		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Admin (MKN)	\$ 500,093		\$ 535,930	3	\$ 218,843.96		\$ 6,254.94	\$ 7,527.51	\$ 9,026.15	\$ 22,808.60	\$ 241,652.56	\$ 294,277.44
Community Workforce Administration (Pacific Resources)	\$ 79,828		\$ 79,828		\$ 4,313.28		\$ -	\$ -	\$ 5,930.76	\$ 5,930.76	\$ 10,244.04	\$ 69,584
Development of Community Workforce Agreement	\$ 40,000		\$ 40,000		\$ 40,000.00		\$ -	\$ -	\$ -	\$ -	\$ 40,000.00	\$ -
Prequalification of Contractors	\$ 22,000		\$ 22,000		\$ 21,506.39		\$ -	\$ -	\$ -	\$ -	\$ 21,506.39	\$ 493.61
County Permits, Inspections, and Related Fees (Estimated)	\$ 314,878		\$ 314,878		\$ 256,872.38		\$ 467.50	\$ 303.75	\$ 307.50	\$ 1,078.75	\$ 257,951	\$ 56,927
CEQA	\$ 191,504		\$ 191,504		\$ 191,504.00		\$ -	\$ -	\$ -	\$ -	\$ 191,504.00	\$ -
NEPA documentation for USDA application	\$ 29,815		\$ 30,849		\$ 30,849.35		\$ -	\$ -	\$ -	\$ -	\$ 30,849.35	\$ -
Permits, inspections, other fees (estimated)	\$ 7,800		\$ 6,766		\$ -					\$ -	\$ -	\$ 6,766
Biological Monitoring (Rincon)	\$ 85,759		\$ 85,759		\$ 34,519.03		\$ 467.50	\$ 303.75	\$ 307.50	\$ 1,078.75	\$ 35,597.78	\$ 50,161
Construction photography	\$ -		\$ 3,600	6	\$ 550.00		\$ -	\$ 275.00	\$ 825.00	\$ 275.00	\$ 825.00	\$ 2,775
Subtotal of Soft Project Costs	\$ 6,704,656		\$ 6,880,423		\$ 3,352,214		\$ 147,509	\$ 139,971	\$ 139,545	\$ 427,025	\$ 3,779,239	\$ 3,101,184
Professional services contingency	\$ 397,000	2	\$ 224,833	3	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,833
Total (Budgets rounded up to the nearest \$10,000)	\$ 37,400,000		\$ 37,400,000		\$ 7,619,519		\$ 807,609	\$ 1,009,091	\$ 1,481,140	\$ 3,297,840	\$ 10,917,360	\$ 26,480,849

Notes:

1. Construction contingency is recommended at 12.45% based on 15% for estimated higher risk items and 10% for estimated lower risk items.
2. Professional services contingency is recommended at 10% for future non-construction expenditures based on uncertainty in construction schedule and level of effort for professional services, including engineering, construction management, biological monitoring, and administrative services
3. Estimated total cost for Administrative Services has increased based on project duration, and cost for Engineering Services During Construction was increased at the Nov 3, 2021 Board meeting (KJ contract amendment 4). The professional services contingency was reduced accordingly.
4. PG&E Service costs were realized in February 2021. The construction contingency was reduced accordingly.
5. Correction to Construction Management (MNS) invoice (August 21, 2021): The March 2021 invoice was incorrectly reported in the June 2021 Budget Update as \$42,207.20 and has been updated to \$45,207.20 to match the actual invoice amount.
6. A budget for professional construction photography (anticipated to be quarterly or semi-annual drone flights) was added in Summer 2021.
7. Construction costs include the 5% contract retainage.
8. Correction to Construction Management (MNS) invoices (September 20, 2021): The January 2021 invoices were incorrectly reported twice, once with February invoices and also with earned previously amount. The Earned Previously Amount has been reduced by \$56,472.46 to account for the previous duplication in reporting.



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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STAFF REPORT

Date: December 1, 2021

To: Board of Directors

From: Jeremy Ghent, District Administrator; Mychal Jones, Plant Superintendent

Subject: **DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT**

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

Capital Projects:

Redundancy Project:

- *Quarterly Update Provided*
- *APCD Permit for New Backup Generator for the Redundancy Project is requiring that the District pursue retrofitting our existing Backup Generator with a Diesel Particulate Filter.*

Central Coast Blue:

- *No Update*

Misc:

- *District staff has completed site visits for all the District's brine haulers.*

Plant Tours:

None

Tentative Items:

- *Present 1st Quarter Budget Review 01/05/2022*

Plant Operations Report

During this reporting period (November 1st – November 22nd) the District's facility exceeded its NPDES Permit limit for instantaneous maximum total chlorine residual. The Regional Water Quality Control Board has been notified. Exceedance, corrective action, and the District's path to prevent further reoccurrence is discussed at the end of this report. *All other process values were within Permit limitations.*

Monthly Plant Data for November 2021

November 2021	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	1.99	3	399	21.8		411	21.7		<1.8	94
High	2.25	4	540	30		566	29.4		540	219
Nov. 2021 AVG	2.14	3.4	492	25	94.9	481	24	95.0	70	147
Nov. 2020 AVG	2.38	3.8	518	22.4	95.7	553	24.3	96.1	40.5	286
Limit	5.0			40/60/90	>80		40/60/90	>80	2000	

Operation and Maintenance Tasks

- Reviewed and updated Standard Operating Procedure for switching the treatment plant to emergency generator power
- Troubleshoot and cleared plugged Digester No. 2 middle supernatant line
- Advanced Flow Systems performed permanent installation and calibration of influent flow meter
- Rewired Digester No. 2 sump level control sensor
- Worked on rehabilitation of removed Hellan Strainer
- Troubleshoot effluent level monitoring sensor. Replaced with new pressure transducer
- Changed Digester No. 1 mixing configuration and raised mixing pump output to reduce blanket on top of digester process liquid

Work Orders Completed

- Rinsed all surfaces of clarifiers
- Test ran emergency generator and emergency bypass pump
- De-ragged both primary sludge pumps
- Preventative Maintenance:
 - Digester vacuum/pressure relief valves
 - Forklift
 - Checked and verified AMP draw on sump pumps throughout treatment plant
 - All clarifier drive units
 - Fixed Film Reactor distributor drive and orifices
 - Effluent pumps
 - Amiad Filters

Training

- Operations staff participated in training on;
 - 2 – day Hach WIMS program Operator Training and Advanced User Training. The training consisted of general theory of Hach WIMS operation, monthly data entry, custom data entry, using digital logbooks, outputting reports and graphs, using Help, variable setup, monthly data entry form development, custom data entry form development, report design, dashboards, understanding and maintaining system services, admin, and interfaces.
 - Removal and installation of split seals. Operations staff performed a successful installation of a split seal on Fixed Film Reactor Feed Pump No. 1.

Call Outs

November 10th, 1:31 AM – Door Ajar (Heating & Mixing Building). Operations staff responded and inspected the area. No signs of entry and all doors were locked. The magnetic sensor on the door was faulty and replaced.

Non-Serious Violation

The District exceeded its NPDES Permit limit (9.96 mg/L) for instantaneous maximum total chlorine residual on November 8th. Operations staff observed a total chlorine residual of 11.3 mg/L at 1:10 PM on November 8th. Immediately following the observation, Operations staff lowered the bisulfite ORP setpoint to ensure de-chlorination was occurring. At 1:34 PM a resample was taken and a residual of 0.00 mg/L was recorded. Operations staff will continue to keep the lower setpoint on the bisulfite ORP setpoint to ensure de-chlorination is occurring and prevent reoccurrence.

The cause of the non-serious violation is unknown but may have been due to a high demand of chlorine at the chlorine contact tank. The high chlorine demand may have caused a heavier than normal load to the de-chlorination system and therefore causing the exceedance. All processes have returned to normal since the exceedance, but operations staff will continue to monitor the system to ensure proper operation. A mandatory minimum penalty of \$3,000 will be assessed to the District.

Corrective Action Plan for Non-Serious Violation

Staff has developed a scope of services with Michael K. Nunley & Associates (MKN) to perform an assessment of the District's disinfection system. The assessment and subsequent technical memorandum will include the following;

- Perform onsite inspection of the disinfection and dechlorination systems to document the existing equipment, its condition, connectivity, and control.
- Investigate physical configuration of the effluent chamber and location of instrumentation.
- Review available information on the existing control and instrumentation systems.
- Prepare a Technical Memorandum describing the system and providing recommendations for improving control of the disinfection and dechlorination system. The report will discuss if control improvements alone are recommended, or if physical improvements may be necessary.
- The Technical Memorandum will provide an assessment of additional potential improvements beyond revised loop control, such as improvements to physical configuration, location of probes, or additional features such as baffle or weirs, if warranted.

Upon completion of the Technical Memorandum and at the District's request, MKN will prepare a scope and fee to prepare Construction Plans, Specifications, and Estimates for the recommended improvements. The cost of the assessment is \$10,844 and will be funded from the District's General Engineering Budget.