

### SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

# AGENDA BOARD OF DIRECTORS MEETING Arroyo Grande Council Chambers, 215 E. Branch Street, Arroyo Grande, California 93420

Wednesday, May 7, 2025, at 6:00 p.m.

#### **Board Members**

Kassi Dee, Chair Linda Austin, Vice Chair Caren Ray Russom, Director

#### **Alternate Board Members**

Clint Weirick, Director Shirly Gibson, Director Jim Guthrie, Director

#### Agencies

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

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

- 1. CALL TO ORDER AND ROLL CALL
- 2. PLEDGE OF ALLEGIANCE
- 3. AGENDA REVIEW

#### 4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

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

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

Please adhere to the following procedures when addressing the Board:

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

Any writing or document pertaining to an open-session item on this agenda which is distributed to a majority of the Board after the posting of this agenda will be available for public inspection at the time the subject writing or document is distributed. The writing or document will be available for public review in the offices of the Oceano CSD, a member agency located at 1655 Front Street, Oceano, California. Consistent with the Americans with Disabilities Act (ADA) and California

Government Code §54954.2, requests for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires modification or accommodation in order to participate at the above referenced public meeting by contacting the District Administrator or Bookkeeper/Secretary at (805) 481-6903. So that the District may address your request in a timely manner, please contact the District two business days in advance of the meeting.

#### 5. CONSENT AGENDA:

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

- **5A.** Approval of Warrants
- 5B. Approval of Meeting Minutes of March 5, 2025

#### 6. ACTION ITEMS:

### 6A. PRESENTATION AND APPROVAL OF FISCAL YEAR ENDING JUNE 30, 2024 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 2023-24 Financial Audit.

### 6B. RECEIVE DRAFT 2025 WASTEWATER RATE STUDY AND DIRECT STAFF TO SCHEDULE PUBLIC HEARING AND MAIL NOTIFICATIONS

Recommendation: That the Board of Directors

- (1) Review the attached 2025 Wastewater Rate Study and draft Notice of Public Hearing on Proposed Wastewater Treatment Rate Increases,
- (2) Direct staff to schedule a Public Hearing on proposed increases to District rates for July 2, 2025, and
- (3) Direct staff to move forward with printing and mailing the required Notices to District customers and property owners.

#### 6C. INTERIM PAYMENT AGREEMENT WITH KENNEDY JENKS

Recommendation: Authorize the District Administrator to execute an agreement with Kennedy Jenks that affords the District a \$2,000,000 line of credit to assist the District with cash flow availability while the secondary clarifier claim is pending.

## 6D. AUTHORIZE EXECUTION OF CONTRACT AMENDMENT #4 FOR WWTP REDUNDANCY PROJECT CONSTRUCTION MANAGEMENT SERVICES WITH MNS ENGINEERS, INC., PENDING USDA CONCURRENCE

Recommendation: Authorize the District Administrator to execute a contract amendment for Construction Management Services for the Wastewater Treatment Plant Redundancy Project with MNS Engineers, Inc., (MNS) in the amount of \$166,009.87 pending USDA concurrence.

## 6E. AUTHORIZE EXECUTION OF AMENDMENT #3 FOR WWTP STARTUP AND OPERATIONS SUPPORT SERVICES WITH PERC WATER, INC.

Recommendation: Authorize the District Administrator to execute a budget amendment for startup and operations support services for the Wastewater Treatment Plant related to the Wastewater Treatment Plant Redundancy Project with Perc Water, Inc., (Perc) in the amount of \$8,112.

#### 6F. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

Recommendation: Receive and File.

#### 7. BOARD MEMBER COMMUNICATIONS:

#### 8. ADJOURNMENT

The next regularly scheduled Board Meeting is June 4, 2025, 6:00 pm at the Arroyo Grande Council Chambers, 215 E. Branch Street, Arroyo Grande, California 93420

#### WARRANT REGISTER 5/7/2025 FISCAL YEAR 2024/25

VENDOR	DUDGET LINE ITEM	FISCAL YEAR 2024/25	WARRANT NO.	ACCT	ACCT DDKDN	TOTAL
ALLIED ADMINISTRATORS	BUDGET LINE ITEM EMPLOYEE DENTAL	DETAIL APRIL 2025	030725-8365	6025	ACCT BRKDN 967.87	967.87
BRENNTAG	PLANT CHEMICALS	BPI499335; BPI500150	8366	8050	28,047.99	28,047.99
CHARTER COMMUNICATIONS	COMMUNICATIONS	003/01/25-03/28/25	8367	7013	319.96	319.96
COASTAL JANITORIAL	STRUCTURE MAINTENANCE	FEBRUARY 2025	8368	8060	775.00	775.00
CULLIGAN WATER	RENTAL EQUIPMENT	120677	8369	7032	60.00	60.00
ERIKA FROST	PROFESSIONAL SERVICE	001	8370	7067	1,287.50	1,287.50
EVERYWHERE RIGHT NOW	COMPUTER SUPPORT	4247; 4254	8371	7082	222.22	222.22
FOUR STAR VILLAGE AUTO	AUTOMOTIVE	0097087	8372	8032	666.13	666.13
GRAINGER	EQUIPMENT MAINTENANCE	MULTIPLE	8373	8030	172.54	172.54
II SUPPLY	SAFETY SUPPLY'S	MULTIPLE	8374	8030	578.70	578.70
JB DEWAR	FUEL	385474	8375	8020	291.56	291.56
LINDE GAS	RENTAL EQUIPMENT	48172504	8376	7075	44.63	44.63
MCMASTER CARR	EQUIPMENT MAINTENANCE	MULTIPLE	8377	8030	232.49	232.49
MINERS	EQUIPMENT MAINTENANCE	FEBRUARY 2025	8378	8030	516.09	516.09
OILFIELD	CHEMICAL ANALYSIS	MULTIPLE	8379	7078	11,003.50	11,003.50
PHENOVA	LAB SUPPLY'S	212959; 213229	8380	8040	2,390.16	2,390.16
POLYDYNE, INC	PLANT CHEMICALS	1906252	8381	8050	3,599.98	3,599.98
RAIN FOR RENT	EQUIPMENT MAINTENANCE	2110713	8382	8030	409.89	409.89
READY REFRESH	ADMIN BUILDING SUPPLY'S	01/25/25-02/24/25	8383	8045	181.89	181.89
SECURITAS	ALARMS	MARCH 2025	8384	7011	84.09	84.09
SO CO SANITARY	UTILITY RUBBISH	MARCH 2025	8385	7093	658.48	658.48
SSLOCSD	BENEFITS TRANSFER	FEBRUARY 2025	8386		138,000.00	138,000.00
T-MOBILE	COMMUNICATIONS	01/16/25-02/15/25	8387	7014	60.22	60.22
UMPQUA BANK	CREDIT CARD	MARCH 2025	8388		4,882.47	4,882.47
VESTIS	UNIFORMS	02/17; 02/24; 03/03	8389	7025	1,545.36	1,545.36
VWR INTERNATIONAL	LAB SUPPLY'S	MULTIPLE	8390	8040	2,701.65	2,701.65
AGP VIDEO	PROFESSIONAL SERVICE	FEBRUARY 2025	032125-8391	7080	650.00	650.00
AIRFLOW FILTER SERVICE	EQUIPMENT MAINTENANCE	77659	8392	8030	85.00	85.00
AKESO OCCUPATIONAL HEALTH	RECRUITMENT	GILMER	8393	7005	575.00	575.00
ALLTECH COMPUTERS	COMPUTER SUPPORT	32928225; 32928279	8394	7082	1,400.00	3,103.25
	EQUIPMENT	32928225		8010	1,703.25	
AMERICAN BUSINESS MACHINES	OFFICE SUPPLY'S	795435	8395	8045	85.83	85.83
AT&T MOBILITY	COMMUNICATIONS	02/03/25-03/02/25	8396	7013	80.48	80.48
AUTOSYS LLC	EQUIPMENT MAINTENANCE	INV-0243; 0242	8397	8030	3,080.00	3,080.00
BRENNTAG	PLANT CHEMICALS	BPI502001	8398	8050	8,394.21	8,394.21
CAREN RAY RUSSOM	BOARD SERVICE	MARCH 2025	8399	7075	100.00	100.00
COASTAL ROLLOFF	RUBBISH	FEBRUARY 2025	8400	7093	1,176.05	1,176.05
ENGEL & GRAY	BIOSOLIDS HANDLING	FEBRUARY 2025	8401	7085	6,375.73 32.95	6,375.73 32.95
FEDEX GSOLUTIONZ	CHEMICAL ANALYSIS COMMUNICATIONS	8-791-67939 02/22/2025-003/21/2025	8402 8403	7078 7013	32.95 370.36	370.36
HACH COMPANY	EQUIPMENT MAINTENANCE	2025-342; 353	8404	8030	449.06	449.06
II SUPPLY	EQUIPMENT MAINTENANCE	104451; 104452	8405	8030	233.55	233.55
JONES MAYER	LEGAL COUNSEL	FEBRUARY 2025	8406	7071	1,483.50	1,483.50
JR FILANC	REDUNDANCY	APPLICATION 46	8407	20-7080	224,571.40	224,571.40
KASSANDRA DEE	BOARD SERVICE	MARCH 5, 2025	8408	8030	100.00	100.00
KENNEDY JENKS	PROCESS MODEL	177050	8409	20-7080	22,600.00	22,600.00
MCMASTER CARR	EQUIPMENT MAINTENANCE	42282159	8410	8030	51.17	51.17
MICHAEL K NUNLEY	REDUNDANCY	10500002336	8411	20-7080	8,948.13	18,831.61
	COASTAL HAZARDS RESPONSE	FEBRUARY 2025		7020	4,611.80	. 5,55 61
	TRUNK SEWER CAPACITY	FEBRUARY 2025		26-8065	2,186.18	
	WATER EVAL	FEBRUARY 2025		26-8015	567.25	
	NPDES NOAA CERT	FEBRUARY 2025		26-8015	2,033.25	
	RATE STUDY	FEBRUARY 2025		7077	485.00	
MNS ENGINEERING	REDUNDANCY	JANUARY 2025	8412	7005	81,665.48	81,665.48
PERC WATER	REDUNDANCY	6843	8413	20-7080	8,532.00	8,532.00
PRECISE WEIGHING SYSTEMS	EQUIPMENT MAINTENANCE	4352	8414	7091	385.00	385.00
RINCON CONSULTANTS	COASTAL HAZARDS RESPONSE	63872	8415	7020	11,567.10	12,987.60
	BIOLOGICAL MONITORING	64003		20-7080	1,420.50	
ROYAL	SCADA	MULTIPLE	8416	20-7060	7,769.62	7,769.62
SAFETY KLEEN	CHEMICAL ANALYSIS	96679331	8417	7078	129.00	129.00
SECURITAS	STRUCTURE MAINTENANCE	2024-324	8418	26-8060	20,237.36	20,237.36
SHIRLEY GIBSON	BOARD SERVICE	MARCH 5, 2025	8419	7075	100.00	100.00
USA BLUEBOOK	EQUIPMENT MAINTENANCE	MULTIPLE	8420	8030	543.32	543.32
VESTIS	UNIFORMS	03/10/2025; 03/17/2025	8421	7025	1,086.69	1,086.69
VWR INTERNATIONAL	LAB SUPPLY'S	2025-352; 355	8422	8040	269.05	269.05
SO CAL GAS	UTIILITY GAS	01/30/25-03/03/25	040225-8423	7092	5,603.45	5,603.45
SUB TOTAL		CONTNIUED ON NEXT PAGE			631,438.09	631,438.09

#### WARRANT REGISTER 5/7/2025 Continued FISCAL YEAR 2024/25

AGE PUIDE C  ALLICE ADMINISTRATORS  MIT OVER DERTYLL  AUTO VIEW DETTAIL  AUTO VIEW DETTAI	VENDOR	BUDGET LINE ITEM	DETAIL	WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
ALLIED ADMINISTRATORS			==:::=				
AUTOSYS LLC  RENNITAG  GARTIER COMMUNICATIONS							
RENNITAG	_						
CHAPTER COMMUNICATIONS   COMMUNICATIONS							
COASTAL JANTORIAL  COLILICAM WATER  RUTHAL EQUIPMENT  APPRIL 2025  APRIL 2025							
CULICAN WATER   COMPUTER SUPPORT   MARCH 2025   4:00   70:32   301:40   301:40   500:40   4:00   5							
SURPRIVISITION							
EERGUSON ELECTRICAL  GRANAGER  EQUIPMENT MAINTENANCE  GRANAGER  EQUIPMENT MAINTENANCE  MAY 2025							301.40
SCHAMBGER   EQUIPMENT MAINTENANCE   SOULTIFICE   SA13   B030   B80.08   B							100.00
SSOLUTIONZ   COMMUNICATIONS   MAY 2025   843   7013   101-15   101			*				3,260.00
MACH COMPANY							880.08
SUPPLY   SOURMENT MAINTENANCE   194577   8436   8030   206.08   206.08							101.15
BIOEWAR				8435			164.13
LINDE GAS MERTACORN EQUIPMENT MAINTENANCE MACMASTER CARR EQUIPMENT MAINTENANCE MACMASTER CARR MINERS EQUIPMENT MAINTENANCE MACS, LEVY HARTZHEIM AGENCY BILLING NOSS, LEVY HARTZHEIM AGENCY BILLING NOSS, LEVY HARTZHEIM AGENCY BILLING AGENCY BILLING COLIPMENT MAINTENANCE AGENCY CARD AGENCY CARD AGENCY COLIPMENT MAINTENANCE AGENCY CARD AGENCY CARD AGENCY COLIPMENT MAINTENANCE AGENCY CARD AGENCY				8436	8030	206.08	206.08
MCMASTER CARR         EOUIPMENT MAINTENANCE         MULTIPLE         8439         8030         231 88         231           MOSS, LEVY HARTZHEIM         AUDIT 2025         I-7026         8441         7072         2,000.00         2,000           NS         ACENCY BILLING         AFRIT OJUNE 2025         844         7072         2,000.00         2,000           NNIRO         EOUIPMENT MAINTENANCE         4617,4883         8443         8030         370.00         370           PGAE         ELECTRICITY         Q20025-0310925         844         8030         370.00         370           PGAE         ELECTRICITY         Q20025-0310925         844         8030         370.00         314.23           PRENOVA         LAB SUPPLYS         2198567         844         8030         40.98         4692           SARETY KLEEN         CHEMICAL ANALYSIS         96982487         844         8030         40.98         40.9           SECURITAS         ALARGIN         ALARGIN         APRIL 2025         8440         7071         84.09         44.1           SLO COUNTY APCD         PERMITIS         24336         841         706         8300         14.141         14.1         14.1         14.1         14.1 <td></td> <td></td> <td>390674</td> <td>8437</td> <td></td> <td>161.59</td> <td>161.59</td>			390674	8437		161.59	161.59
MMERS MOSS, LEVY HARTZHEIM AUDIT 2025  NAGENCY BILLING AGENCY BILLING AGENCY BILLING COUNTED THAINTENANCE AGENCY BILLING AGENCY BILLING COUNTED THAINTENANCE ALB SUPPLYS AFRICTO TO 2006225-0309025 B444 B0300 B370 00 B370 00 B370 00 B444 B0300 B32 04 B3300 B34 40 B34 43 B32 B34 B645 B640 B640 B640 B640 B640 B640 B640 B640	LINDE GAS		02/20/25-03/20/25	8438	7032	42.14	42.14
MOSS, LEVY HARTZHEIM ADUT 2025 NS AGENCY BILING AGENCY BILING AFRI TO JUNE 2025 AGENCY BILING AGENCY BILING AFRI TO JUNE 2025 AGENCY BILING AGENCY BILING AFRI TO JUNE 2025 AGENCY BILING AGENCY BILIN	MCMASTER CARR	EQUIPMENT MAINTENANCE	MULITPLE	8439	8030		231.98
NS AGENCY BILLING APRIL TO JUNE 2025 842 7074 1,703 00 1,703 00 1,703 00 N/RO EQUIPMENT MAINTENANCE 1617: 4893 8493 8030 370 00	MINERS	EQUIPMENT MAINTENANCE	MARCH 2025	8440	8030	794.26	794.26
NORO OCSD EQUIPMENT MAINTENANCE CSD EQUIPMENT MAINTENANCE CSD EQUIPMENT MAINTENANCE CSD EQUIPMENT MAINTENANCE CSD ELECTRICITY CO260625-03/08/25 CAST RAIN FOR RENT EQUIPMENT MAINTENANCE CSD SAFETY KLEEN CHEMICAL ANALYSIS CHEMICAL ANALYSIS CHEMICAL ANALYSIS CHEMICAL ANALYSIS CHEMICAL ANALYSIS CHEMICAL COLOR CAST SECURITAS ALARMS ALARMS APRIL 2025 CHEMICAL ANALYSIS CHEMICAL CAST ALARMS APRIL 2025 CHEMICAL ANALYSIS CHEMICAL CAST CHEMICAL ANALYSIS CHEMICAL CAST CHE	MOSS, LEVY HARTZHEIM	AUDIT 2025	I-7026	8441	7072	2,000.00	2,000.00
OCSD         EOUIPMENT MAINTENANCE         1201         8444         8030         632.84         632           PORSE         ELECTRICITY         0206925-0306925         8445         7091         34,735.23         347,735           PHENOVA         LAS SUPPLY'S         21382-213968         8446         7091         34,735.23         347,835           RAIN FOR RENT         COUIPMENT MAINTENANCE         2119567         8447         8030         40,889         400           SACETY KLEEN         CHEMICAL ANALYSIS         69682487         8448         7078         270,46         270           SCURITAS         ALARMS         APRIL 2025         8449         7011         84.06         84           SITE ONE LANDSCAPE         EOUIPMENT MAINTENANCE         151187625-001         8450         8030         141.41         141         42         42         40         40	NBS	AGENCY BILLING	APRIL TO JUNE 2025	8442	7074	1,703.00	1,703.00
PASE HELECTRICITY  LAB SUPPLYS 213832:213908 446 840 0 34,735.32 34,735 RAIN FOR RENT EQUIPMENT MAINTENANCE 211957 8447 8030 409.89 409 80582487 8448 7078 8020 8040 80582487 8449 7078 8030 409.89 409 80582487 8449 8030 409.89 80582487 8449 8030 409.89 80582487 8449 8030 8040 8040 80582617 80582617 80	NVIRO	EQUIPMENT MAINTENANCE	4617; 4683	8443	8030	370.00	370.00
PHENOVA	OCSD	EQUIPMENT MAINTENANCE	1201	8444	8030	632.84	632.84
RAIN FOR RENT CHEMICAL ANALYSIS SAFETY KILEN CHEMICAL ANALYSIS SAFETY KILEN CHEMICAL ANALYSIS SECURITAS ALARMS APRIL 2025 SECURITAS ALARMS APR	PG&E	ELECTRICITY	02/06/25-03/09/25	8445	7091	34,735.32	34,735.32
SAFETY KLEEN CHEMICAL ANALYSIS SECURITAS ALARMS ALARMS APRIL 2025 SH49 7071 34.09 SITE ONE LANDSCAPE EQUIPMENT MAINTENANCE SITE ONE LANDSCAPE SITE	PHENOVA	LAB SUPPLY'S	213832; 213968	8446	8040	314.22	314.22
SECURITAS ALARMS SITE ONE LANDSCAPE EQUIPMENT MAINTENANCE SPEEDS OIL TOOL SERVICE REDUNDANCY T427S 8452 20-7080 3,600.00 3,600.00 3,600.00 3,600.00 3,600.00 3,600.00 3,600.00 3,600.00 3,600.00 3,600.00 3,600.00 4,	RAIN FOR RENT	EQUIPMENT MAINTENANCE	2119557	8447	8030	409.89	409.89
SITE ONE LANDSCAPE  EQUIPMENT MINITENANCE  SIDE OUNTY APOD  PERMITS  SPEED'S OIL TOOL SERVICE  REDUNDANCY  REDUNDA	SAFETY KLEEN	CHEMICAL ANALYSIS	96582487	8448	7078	270.46	270.46
SITE ONE LANDSCAPE  EQUIPMENT MAINTENANCE  SINC COUNTY APCD  PERMITS  A24336  A8451  A8451  A846  A847  A847  A8482  A8481  A848  A8481  A8481  A8483  A8481  A8481	SECURITAS	ALARMS	APRIL 2025	8449	7011	84.09	84.09
SLO COUNTY APCD SPEED'S OIL TOOL SERVICE REDINDANCY RED	SITE ONE LANDSCAPE	EQUIPMENT MAINTENANCE	151187525-001	8450	8030		141.41
SPEEDS OIL TOOL SERVICE REDUNDANCY 74275 8452 20-7080 3,600 3,600 WIPFORD ABMACK CREDIT CAPD MARCH 2025 8453 8,934 99 8,934 93 8,							7,372.23
UMPQUL BANK							3,600.00
USA BLUEBOOK EQUIPMENT MAINTENANCE UNIFORMS 03/24, 03/31 8455 7025 1,128,02 1,229							8.934.99
VESTIS         UNIFORMS SAFETY SUPPLIES         0324 (-0331)         8455         7025         1,129.02         1,229           AMERICAN BUSINESS MACHINES         OFFICE SUPPLYS         801097         041425-8456         8056         100.00           ANNA GILMER         CERTIFICATIONS         LAB ANALYST GRADE I         8457         7055         209.00         209           AR\$T MOBILITY         COMMUNICATIONS         030325-0402025         8458         7013         80.48         80         80         180         80         80         80         180         80         80         20					8030		1,140.60
SAFETY SUPPLIES							1,229.02
AMERICAN BUSINESS MACHINES  OFFICE SUPPLY'S  ANNA GILMER  CERTIFICATIONS  LAB ANLYST GRADE I  8457  7055  209.00  209.  AT\$ T MOBILITY  COMMUNICATIONS  03/03/25-04/02/25  8458  7013  80.48  80.60  11,404.80  10,775.00  775.00			*	0.00			.,
ANNA GILMER ATRÀ MOBILITY COMMUNICATIONS ATRÀ MOBILITY BRENNTAG PLANT CHEMICALS MULTIPLE 4459 BOSO 11,404,80 11,404 COASTAL JANITORIAL COASTAL PARIL 2025 ENGEL & GRAY BIOSOLIDS HANDLING BRINSTAG BIOSOLIDS HANDLING ENRIKER ENIKA FROST PROFESSIONAL SERVICE 002 8463 T025 675.00 675 GRAINGER EQUIPMENT MAINTENANCE MULTIPLE 8459 BOSO 11,404,80 11,404 COASTAL JANITORIAL COASTAL PARIL 2025 8461 T093 495,43 495 ENGEL & GRAY BIOSOLIDS HANDLING MARCH 2025 8462 T085 8462 T085 8462 T085 8462 T085 8463 T025 675.00 675 675.00 675 675.00 675 675.00 675 675.00 675 675.00 675 675.00 675 675.00 675 675.00 675 675.00 675 675 675 675 675 675 675 675 675 675	AMERICAN BUSINESS MACHINES			041425-8456			121.72
AT&T MOBILITY COMMUNICATIONS 03/03/25-04/02/25 8458 7013 80.48 80 BRENNTAG PLANT CHEMICALS MULTIPLE 8459 8050 11,404.80 11,404							209.00
BRENNTAG         PLANT CHEMICALS         MULTIPLE         8459         8050         11,404.80         11,404           COASTAL JANITORIAL         STRUCTURE MAINTENANCE         APRIL 2025         8461         7093         495.43         495           ENCEL & GRAY         BIOSOLIDS HANDLING         MARCH 2025         8461         7095         4,858.72         4,858           ERIKA FROST         PROFESSIONAL SERVICE         002         8463         7025         675.00         675           GRAINGER         EQUIPMENT MAINTENANCE         MULTIPLE         8464         8030         394.62         394           INTERSTATE BATTERIES         STRUCTURE MAINTENANCE         10042122         8465         8030         1,129.24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,129         24         1,125         309         1,125 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td>80.48</td></t<>							80.48
COASTAL JANITORIAL COASTAL ROLLOFF RUBBISH RUBBISH RUBBISH RUSCLUS HANDLING BIOSOLIDS HANDLINGH BIOSOLIDS HANDLINGH BIOSOLIDS HANDLINGH BIOSOLIDS							
COASTAL ROLLOFF RUBBISH BIOSOLIDS HANDLING ENGEL & GRAY BIOSOLIDS HANDLING ENGEL & GRAY BIOSOLIDS HANDLING ENGEL & GRAY BIOSOLIDS HANDLING BIOSOLIDS HANDLING BIOSOLIDS HANDLING ENGER PROFESSIONAL SERVICE 002 8463 7025 675.00 6							775.00
ENGEL & GRAY ENGESSIONAL SERVICE ENGRAINGER EQUIPMENT MAINTENANCE INTERSTATE BATTERIES STRUCTURE MAINTENANCE INTERSTATE BATTERIES STRUCTURE MAINTENANCE IND42122 BA65 BA63 BA66 BA20 BA67 BA68 BA68 BA68 BA68 BA68 BA68 BA69 BA68 BA69 BA69 BA69 BA69 BA69 BA69 BA69 BA69							495.43
ERIKA FROST GRAINGER EQUIPMENT MAINTENANCE GRAINGER EQUIPMENT MAINTENANCE GRAINGER EQUIPMENT MAINTENANCE GRAINGER GRAINGER EQUIPMENT MAINTENANCE MULTIPLE M464 B030 M394.82 M394 B2394 M247 M247 M247 M247 M248 M247 M248 M247 M248 M387905 M366 M300 M200.50 M300.200.50 M300.200.20 M300							4,858.72
GRAINGER         EQUIPMENT MAINTENANCE         MULTIPLE         8464         8030         394.82         394           INTERSTATE BATTERIES         STRUCTURE MAINTENANCE         10042122         8465         8030         1,129.24         1,129           JB DEWAR         FUEL         387905         8466         8020         247.84         247           MCMASTER CARR         EQUIPMENT MAINTENANCE         MULTIPLE         8467         8030         200.50         200           MICHAEL K NUNLEY         REDUNDANCY         MARCH 2025         8468         20-7080         7,721.15         14,214           COASTAL HAZARDS RESPONSE         MARCH 2025         7020         4,152.53         7020         4,152.53           TRUNK SEWER CAPACITY         MARCH 2025         26-8065         1,418.83         199.75           NPDES NOAA CERT         MARCH 2025         26-8015         199.75           NPDES NOAC SERT         MARCH 2025         26-8015         70.24           OCEANO CSD         UTILITY WATER         01/18/25-03/18/25         8469         7094         262.90         262           OILFIELD ENVIRO. & COMPLIANCE         CHEMICAL ANALYSIS         2501271         8470         7078         204.00         204							675.00
NTERSTATE BATTERIES   STRUCTURE MAINTENANCE   10042122   8465   8030   1,129.24   1,129   1,							394.82
DE DEWAR   FUEL   387905   8466   8020   247.84   247.							
MCMASTER CARR         EQUIPMENT MAINTENANCE         MULTIPLE         8467         8030         200.50         200           MICHAEL K NUNLEY         REDUNDANCY         MARCH 2025         8468         20-7080         7,721.15         14,214           COASTAL HAZARDS RESPONSE TRUNK SEWER CAPACITY         MARCH 2025         26-8065         1,418.83           WATER EVAL         MARCH 2025         26-8015         199.75           NPDES NOAA CERT RATE STUDY         MARCH 2025         26-8015         72.25           OCEANO CSD         UTILITY WATER         01/18/25-03/18/25         8469         7094         262.90         262.90           OILFIELD ENVIRO. & COMPLIANCE         CHEMICAL ANALYSIS         2501271         8470         7078         204.00         204.00           PERC WATER         REDUNDANCY         6877         8471         20-7080         14,256.00         14,256.           POLYDYNE         PLANT CHEMICALS         1917925         8472         8050         8,425.43         8,425           RINCON CONSULTANTS         COASTAL HAZARDS MONITORING         64670         8471         7020         9,989.99         9,989.99         9,989         9,989.99         9,989.99         9,989.99         9,989.99         9,989.99         9,989.99							
MICHAEL K NUNLEY  REDUNDANCY COASTAL HAZARDS RESPONSE TRUNK SEWER CAPACITY MARCH 2025 MARCH							
COASTAL HAZARDS RESPONSE TRUNK SEWER CAPACITY MARCH 2025 MARCH 202							
TRUNK SEWER CAPACITY WATER EVAL MARCH 2025 NPDES NOAA CERT RATE STUDY MARCH 2025 NATE STUDY MARCH 2025 NET STUDY MARCH 2025 MARCH 20	MICHAEL K NUNLEY			8468			14,214.70
WATER EVAL NPDES NOAA CERT RATE STUDY MARCH 2025  OCEANO CSD OILFIELD ENVIRO. & COMPLIANCE PERC WATER POLYDYNE PLANT CHEMICALS RINCON CONSULTANTS COASTAL HAZARDS MONITORING SAN LUIS POWERHOUSE SO CO SANITARY INC GARBAGE UNIFORMS WATER EVAL MARCH 2025 MA							
NPDES NOAA CERT   MARCH 2025   26-8015   72.25							
RATE STUDY MARCH 2025 19-7077 650.25  OCEANO CSD UTILITY WATER 01/18/25-03/18/25 8469 7094 262.90 262  OILFIELD ENVIRO. & COMPLIANCE CHEMICAL ANALYSIS 2501271 8470 7078 204.00 204.  PERC WATER REDUNDANCY 6877 8471 20-7080 14,256.00 14,256.  POLYDYNE PLANT CHEMICALS 1917925 8472 8050 8,425.43 8,425.  READY REFRESH AMIN OFFICE SUPPLY'S 02/25/25-03/24/25 8473 8045 369.54 36							
OCEANO CSD         UTILITY WATER         01/18/25-03/18/25         8469         7094         262.90         262           OILFIELD ENVIRO. & COMPLIANCE         CHEMICAL ANALYSIS         2501271         8470         7078         204.00         204           PERC WATER         REDUNDANCY         6877         8471         20-7080         14,256.00         14,256           POLYDYNE         PLANT CHEMICALS         1917925         8472         8050         8,425.43         8,425           READY REFRESH         AMIN OFFICE SUPPLY'S         02/25/25-03/24/25         8473         8045         369.54         369           RINCON CONSULTANTS         COASTAL HAZARDS MONITORING         64670         8474         7020         9,989.99         9,989           SO CAL GAS CO         UTILITY GAS         03/03/25-04/01/25         8475         8030         4,859.13         4,859           SO CO SANITARY INC         GARBAGE         APRIL 2025         8477         7093         390.89         390           USA BLUEBOOK         EQUIPMENT MAINTENANCE         MULTIPLE         8478         8030         1,002.62         1,002           VESTIS         UNIFORMS         04/14/2025         8479         7025         567.01         567.01							
OILFIELD ENVIRO. & COMPLIANCE         CHEMICAL ANALYSIS         2501271         8470         7078         204.00         204           PERC WATER         REDUNDANCY         6877         8471         20-7080         14,256.00         14,256           POLYDYNE         PLANT CHEMICALS         1917925         8472         8050         8,425.43         8,425           READY REFRESH         AMIN OFFICE SUPPLY'S         02/25/25-03/24/25         8473         8045         369.54         369.54           RINCON CONSULTANTS         COASTAL HAZARDS MONITORING         64670         8474         7020         9,989.99         9,989.99           SAN LUIS POWERHOUSE         EQUIPMENT MAINTENANCE         52944; 52945         8475         8030         4,859.13         4,859.           SO CAL GAS CO         UTILITY GAS         03/03/25-04/01/25         8476         7092         5,288.03         5,288.           SO CO SANITARY INC         GARBAGE         APRIL 2025         8477         7093         390.89         390.           USA BLUEBOOK         EQUIPMENT MAINTENANCE         MULTIPLE         8478         8030         1,002.62         1,002.           VESTIS         UNIFORMS         04/14/2025         8479         7025         567.01         567.0							
PERC WATER         REDUNDANCY         6877         8471         20-7080         14,256.0							262.90
POLYDYNE         PLANT CHEMICALS         1917925         8472         8050         8,425,43         8,425           READY REFRESH         AMIN OFFICE SUPPLY'S         02/25/25-03/24/25         8473         8045         369,54         369           RINCON CONSULTANTS         COASTAL HAZARDS MONITORING         64670         8474         7020         9,989,99         9,989           SAN LUIS POWERHOUSE         EQUIPMENT MAINTENANCE         52944; 52945         8475         8030         4,859,13         4,859           SO CAL GAS CO         UTILITY GAS         03/03/25-04/01/25         8476         7092         5,288.03         5,288.           SO CO SANITARY INC         GARBAGE         APRIL 2025         8477         7093         390.89         390.           USA BLUEBOOK         EQUIPMENT MAINTENANCE         MULTIPLE         8478         8030         1,002.62         1,002.           VESTIS         UNIFORMS         04/14/2025         8479         7025         567.01         567.01           VWR INTERNATIONAL         LAB SUPPLY'S         PO #2025-362         8480         8040         791.25         791.							204.00
READY REFRESH AMIN OFFICE SUPPLY'S 02/25/25-03/24/25 8473 8045 369.54 36							14,256.00
RINCON CONSULTANTS COASTAL HAZARDS MONITORING 64670 8474 7020 9,989.99 9,989 9,989 SAN LUIS POWERHOUSE EQUIPMENT MAINTENANCE 52944; 52945 8475 8030 4,859.13 4,859. SO CAL GAS CO UTILITY GAS 03/03/25-04/01/25 8476 7092 5,288.03 5,288 SO CO SANITARY INC GARBAGE APRIL 2025 8477 7093 390.89 390. USA BLUEBOOK EQUIPMENT MAINTENANCE MULTIPLE 8478 8030 1,002.62 1,002 VESTIS UNIFORMS 04/14/2025 8479 7025 567.01 567. WWR INTERNATIONAL LAB SUPPLY'S PO #2025-362 8480 8040 791.25 791.						-,	8,425.43
SAN LUIS POWERHOUSE       EQUIPMENT MAINTENANCE       52944; 52945       8475       8030       4,859.13       4,859.13       4,859.13       5,288.03       5,288.03       5,288.03       5,288.03       5,288.03       5,288.03       5,288.03       5,288.03       5,288.03       5,288.03       390.89       390.89       390.89       390.89       390.89       390.89       390.89       390.89       390.89       1,002.62       <	READY REFRESH						369.54
SO CAL GAS CO         UTILITY GAS         03/03/25-04/01/25         8476         7092         5,288.03         5,288           SO CO SANITARY INC         GARBAGE         APRIL 2025         8477         7093         390.89         390           USA BLUEBOOK         EQUIPMENT MAINTENANCE         MULTIPLE         8478         8030         1,002.62         1,002           VESTIS         UNIFORMS         04/14/2025         8479         7025         567.01         567.01           VWR INTERNATIONAL         LAB SUPPLY'S         PO #2025-362         8480         8040         791.25         791.25	RINCON CONSULTANTS			8474			9,989.99
SO CO SANITARY INC         GARBAGE         APRIL 2025         8477         7093         390.89         390           USA BLUEBOOK         EQUIPMENT MAINTENANCE         MULTIPLE         8478         8030         1,002.62         1,002           VESTIS         UNIFORMS         04/14/2025         8479         7025         567.01         567.           VWR INTERNATIONAL         LAB SUPPLY'S         PO #2025-362         8480         8040         791.25         791			*	8475			4,859.13
USA BLUEBOOK         EQUIPMENT MAINTENANCE         MULTIPLE         8478         8030         1,002.62         1,002           VESTIS         UNIFORMS         04/14/2025         8479         7025         567.01         567.           VWR INTERNATIONAL         LAB SUPPLY'S         PO #2025-362         8480         8040         791.25         791.	SO CAL GAS CO	UTILITY GAS	03/03/25-04/01/25	8476	7092	5,288.03	5,288.03
VESTIS         UNIFORMS         04/14/2025         8479         7025         567.01         567.01           VWR INTERNATIONAL         LAB SUPPLY'S         PO #2025-362         8480         8040         791.25         791.	SO CO SANITARY INC	GARBAGE	APRIL 2025	8477	7093	390.89	390.89
VWR INTERNATIONAL         LAB SUPPLY'S         PO #2025-362         8480         8040         791.25         791.	USA BLUEBOOK	EQUIPMENT MAINTENANCE	MULTIPLE	8478	8030	1,002.62	1,002.62
	VESTIS	UNIFORMS	04/14/2025	8479	7025	567.01	567.01
	VWR INTERNATIONAL	LAB SUPPLY'S	PO #2025-362	8480	8040	791.25	791.25
SUBTOTAL CONTINUED ON NEXT FAGE I 103.542.371 163.542.	SUBTOTAL		CONTNIUED ON NEXT PAGE			165,942.37	165,942.37

#### WARRANT REGISTER 5/7/2025 Continued FISCAL YEAR 2024/25

VENDOR	BUDGET LINE ITEM	DETAIL	WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
AUTOSYS LLC	EQUIPMENT MAINTENANCE	INV-0267	042525-8485	8030	922.50	922.50
BACKYARD IMPROVEMENT CENTER	EQUIPMENT MAINTENANCE	1226	8486	8030	63.64	63.64
BARTLE WELLS ASSOCIATES	RATE STUDY	2415-1001	8487	7070	9,690.00	9,690.00
ELECTRICRAFT	STRUCTURE MAINTENANCE	18807	8488	26-8065	27,096.88	27,096.88
FEDEX	CHEMICAL ANALYSIS	8-827-52625	8489	7078	97.27	97.27
GRAINGER	EQUIPMENT MAINTENANCE	9468086682	8490	8030	55.81	55.81
GSOLUTIONZ	COMMUNICATIONS	03/22/25-04/21/25	8491	7013	370.36	370.36
JB DEWAR	FUEL	393505	8492	8020	324.88	324.88
JONES MAYER	LEGAL COUNSEL	128653	8493	7071	1,053.50	1,053.50
LINDE GAS	RENTAL EQUIPMENT	49290803	8494	7032	44.63	44.63
MNS ENGINEERS	REDUNDANCY	FEBRUARY AND MARCH	8495	20-7080	110,867.49	110,867.49
OCSD	EQUIPMENT MAINTENANCE	1204	8496	8030	463.02	463.02
PERRY FORD LINCOLN	AUTOMOTIVE	6156644; 6164742	8497	8032	996.60	996.60
PG&E	ELECTRICITY	03/10/25-04/07/25	8498	7091	32,197.34	32,197.34
PG&E NEW REVENUE DEPT	STRUCTURE MAINTENANCE	COGEN PROJECT	8499	26-8065	7,172.00	7,172.00
RINCON CONSULTANTS	BIOLOGICAL MONITORING	6849	8500	20-7080	736.50	736.50
SAN LUIS POWERHOUSE	EQUIPMENT MAINTENANCE	53039	8501	8030	633.00	633.00
SECURITAS	ALARMS	MAY 2025	8502	7011	84.09	84.09
SM TIRE	AUTOMOTIVE	747769	8503	8032	368.68	368.68
T-MOBILE	COMMUNICATIONS	03/16/25-04/25/25	8504	7014	60.42	60.42
USA BLUEBOOK	LAB SUPPLY'S	INV000684002	8505	8040	248.33	248.33
VESTIS	UNIFORMS	04/21/2025	8506	7025	564.51	564.51
VWR INTERNATIONAL	LAB SUPPLY'S	2025-362; 352; 365	8507	8040	1,156.55	1,156.55
SUBTOTAL					195,268.00	195,268.00
GRAND TOTAL					992,648.46	992,648.46

We hereby certify that the demands numbered serially from 030725-8365 to 042525-8507 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	ı			_	Secretary



## SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

## SUMMARY ACTION MINUTES Meeting of Wednesday, March 5, 2025

#### 1. CALL TO ORDER AND ROLL CALL

Chair Kassi Dee called the meeting to order and recognized a quorum.

Present: Kassi Dee, Chair, City of Grover Beach

Shirley Gibson, Vice Chair, Oceano Community Services District

Caren Ray Russom, Director, City of Arroyo Grande

District Staff: Jeremy Ghent, District Administrator

Mychal Jones, Plant Superintendent Wendy Stockton, District Legal Counsel Amy Simpson, District Bookkeeper/Secretary

#### 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 February 5, 2024

There was no public comment.

**Motion:** Director Ray Russom motioned to approve the Consent Agenda as

presented.

**Second:** Director Gibson

**Action:** Approved unanimously by voice vote.

#### 6. ACTION ITEMS:

## 6A. 2019 AND 2025 SEWER SYSTEM MANAGEMENT PLAN UPDATES, ADOPTION, & CERTIFICATION

District Administrator Ghent introduced this item and Superintendent Jones presented this item.

There was no public comment.

**Motion:** Director Ray Russom motioned to adopt Resolution 2025-458,

approving the 2019 Sewer System Management Plan Update; and adopt Resolution 2025-459, approving the 2025 Sewer System Management Plan Update; and authorize the District's Plant Superintendent, or designee, to recertify the 2025 Sanitary Sewer Management Plan with the State Water

Resources Control Board.

Second: Director Gibson

Action: Motion approved by voice vote.

#### 6B. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

District Administrator Jeremy Ghent presented the Administrator Report. He reported that the repair of the secondary clarifier has been completed and the clarifier is in operation. Superintendent Mychal Jones presented the Plant Operations report. During the reporting period of February 1<sup>st</sup> – February 28<sup>th</sup> the District may exceed its National Pollutant Discharge Elimination System (NPDES) Permit. Staff are awaiting results from the subcontracted laboratory for effluent biochemical oxygen demand (BOD). Operations staff have made operational adjustments that should return values back to within Permit limitations. All other process values were within Permit limitations.

There was no Public Comment.

The Board had a brief discussion regarding a celebration for the completion of the Redundancy Project and the timeline for the co-gen project.

**Action:** The Board received and filed this report.

#### 7. BOARD MEMBER COMMUNICATIONS

None.

#### 8. ADJOURNMENT:

6:17 p.m.

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



## SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

Staff Report

**To:** Board of Directors

**From:** Jeremy Ghent, District Administrator

Via: Amy Simpson, Bookkeeper/Secretary

**Date:** May 7, 2025

Subject: PRESENTATION AND APPROVAL OF FISCAL YEAR ENDING JUNE

**2024 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 2023-24 Financial Audit.

#### **BACKGROUND:**

Moss, Levy & Hartzheim, LLP 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 2023-24 Audit Report.

State law requires that every general-purpose local government publish an annual report on its financial position and activity, and that the report be audited by an independent firm of certified public accountants. The goal of the independent audit is to provide a reasonable assurance that the District's financial statements are free of material misstatements. In addition, the audit is responsible for providing an independent review of the District's internal financial controls. The District's financial statements, internal documents, and financial controls have been audited by the certified public accountant firm of Moss, Levy & Hartzheim, LLP for the fiscal year ending June 30, 2024.

#### **DISCUSSION:**

The District has received a clean unmodified opinion for the 2024 Fiscal Year audit. Chris Padilla, CPA from MLH, will present the firm's final audit report of the District's financial records. Mr.

Padilla and staff are available to respond to questions from the Board members regarding the Fiscal Year 2023-24 audit. If the Board finds it is satisfied, Staff asks approval of the audit with any appropriate revisions by motion.

Attachment: 2023/24 Audit

## SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Audited Financial Statements June 30, 2024



## SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

#### **TABLE OF CONTENTS**

FINANCIAL SECTION	
Independent Auditors' Report	1
Management Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position – Proprietary Fund	6
Statement of Revenues, Expenses, and Changes in	
Net Position – Proprietary Fund	7
Statement of Cash Flows – Proprietary Fund	8
Notes to Basic Financial Statements	9
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of Net Pension Liability	22
Schedule of Pension Contributions	23
Schedule of Changes in OPEB Liability and Related Ratios	24
Schedule of OPEB Contributions	25



FINANCIAL SECTION



#### **INDEPENDENT AUDITORS' REPORT**

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

#### **Opinions**

We have audited the accompanying financial statements of the South San Luis Obispo Sanitation District (the District), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of the District, as of June 30, 2024, 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.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting
  estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of Proportionate Share of Net Pension Liability, the schedule of Pension Contributions, the schedule of Changes in OPEB Liability and Related Ratios, and the schedule of OPEB Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, 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 April 30, 2025, 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, Reny & Hartgheim LLP
Santa Maria, CA
May 5, 2025

#### 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, 2024

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, 2024. 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, 2024 the District's total net position was \$23.64 million. Fiscal Year 2023 ended with a total net position of \$22.59 million. This is an increase of 4.74% for net position.
- Total operating revenues decreased by 0.19% from \$5.79 million in 2023 to \$5.78 million at June 30, 2024.
- At June 30, 2024 cash and cash equivalents is \$11.69 million with a total current and long-term liability of \$32.12 million.
- Total operating expenses were \$5,141,928. Operating revenues exceeded operating expenses by \$634,310.
- Overall decrease of cash and cash equivalents realized from \$14.99 million in Fiscal Year 2023 to \$11.69 million in Fiscal year 2024. This decrease was due to the expenditure of Redundancy construction funding.

#### **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 \$22.59 million at June 30, 2023 to \$23.64 million at the close of June 30, 2024.

Net position reflects the District's 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 \$1.05 million. The key elements are as follows: operating and non-operating revenues exceeded operating and non-operating expenses as of June 30, 2024. Capital contributions to the District's system totaled \$234 thousand as of June 30, 2024. The total revenues exceeded expenses during the 2024 fiscal year. The District's Construction in Progress value has been recorded as capitalized amounts as detailed in Note 4 on page 14.

#### Capital Asset and Debt Administration

**Capital Assets.** The District's investments in capital assets for its business type activities as of June 30, 2024 amounts to \$15.29 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 14 of this report.

**Long-term Debt.** At the end of June 30, 2024, the District held debt of Certificates of Participation and compensated absences.

Additional information on the District's long-term debt can be found in Notes 5 and 6 and 7 on pages 15 to 20 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 24/25 fiscal year is \$955,794 for the Series A and \$89,300 for the Series B.

**Rate Increase.** The District is undertaking a review of rates as actual operation and maintenance expenses of the new facilities become known. The District is currently conducting a rate study to be considered and implemented during fiscal year 25/26

**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 valuation was performed with a measurement date of June 30, 2023 that was used to determine the District's Total OPEB Liability for its June 30, 2024 fiscal year-end. Information can be found on page 21.

#### **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.

#### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS	
Cash and investments	\$ 11,693,154
Accounts receivable	823,743
Prepaid expenses	161,860
Total current assets	12,678,757
CAPITAL ASSETS, net	42,645,701
Total assets	55,324,458
DEFERRED OUTFLOW OF RESOURCES	
Deferred pensions	787,775
Deferred OPEB	279,853
Total assets and deferred outflows of resources	\$ 56,392,086
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 1,572,381
Compensated absences, current portion	16,379
Brine deposits	50,000
Interest payable	205,780
Certificate of participation, current portion	430,000
Unamortized premium, current portion	38,832
Total current liabilities	2,313,372
NONCURRENT LIABILITIES	
Compensated absences, net of current portion	49,136
Net pension liability	1,711,082
Other post employment benefits	1,148,134
Certificate of participation, net of current portion	25,925,000
Unamortized premium, net of current portion	961,092
Total liabilities	32,107,816
DEFERRED INFLOWS OF RESOURCES	
Deferred pensions	70,971
Deferred OPEB	577,159
Total deferred inflows of resources	648,130
NET POSITION	
Net investment in capital assets	15,290,777
Restricted for capital expansion	3,330,633
Restricted for Redundancy project	8,926,776
Unrestricted	(3,912,046)
Total net position	23,636,140
Total liabilities, deferred inflow of resources, and net position	\$ 56,392,086

OPERATING REVENUE		
Sewer services fees	\$	5,776,238
Total operating revenues		5,776,238
rotal operating rotalized		0,1.0,200
OPERATING EXPENSE		
Gross wages		1,209,365
Payroll taxes and benefits		85,628
Employee benefits		277,370
Retirement contribution		289,655
OPEB expense		25,522
Uniforms		31,200
Repairs and maintenance		753,757
Equipment rental		2,137
Insurance		82,235
Depreciation		605,776
Communications		15,861
Utilities		492,501
Property tax		17,395
Special services		183,431
Office and supplies Fuel and oil		8,668
		11,816
Membership, permits, and license fees		70,942
Legal Accounting		24,151 12,624
Accounting		843,161
Plant chemicals, lab, and analysis Employee training		11,785
Solids handling		70,513
Small tools		16,435
Sitiali tools		10,433
Total operating expenses		5,141,928
OPERATING INCOME		634,310
NONOPERATING REVENUE (EXPENSES)		
Investment income		760,014
Interest expense		(584,106)
Total man anamatin managana (aumana aa)		475.000
Total non-operating revenues (expenses)		175,908
CAPITAL CONTRIBUTIONS		
Connection fees		233,514
Change in net position		1,043,732
NET POSITION, beginning of fiscal year		22,592,408
NET DOCITION, and of facel year	Φ.	00 606 440
NET POSITION, end of fiscal year	<u> </u>	23,636,140

CASH FLOWS FROM OPERATING ACTIVITIES Receipts from customers Payments to vendors	\$ 5,383,772 (3,081,963)
Payments to employees	(1,159,604)
Net cash provided by operating activities	1,142,205
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES Capital contributions Acquisition and construction of capital assets Principal paid on capital debt Interest paid on capital debt	233,514 (4,400,340) (400,000) (635,844)
Net cash used in capital and related financing activities	(5,202,670)
CASH FLOWS FROM INVESTING ACTIVITIES Interest income	760,014
Net cash provided by investing activities	760,014
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,300,451)
CASH AND CASH EQUIVALENTS, July 1, 2023	14,993,605
CASH AND CASH EQUIVALENTS, June 30, 2024	\$ 11,693,154
Reconciliation of operating income to net cash provided by operating activities Operating income Adjustments to reconcile operating income to net cash provided by operating activities	\$ 634,310
Depreciation Change in assets, deferred outflows, liabilities, and deferred inflows,	605,776
Accounts receivable Prepaid expenses Deposits Deferred outflows of resources relating to pensions	(352,645) (59,541) 20,280 (22,759)
Deferred outflows of resources relating to OPEB Accounts payable Compensated absences OPEB liability	53,834 244,824 16,209 (151,965)
Net pension liability  Deferred inflows of resources relating to pensions  Deferred inflows of resources relating to OPEB	119,905 (45,400) 79,377
Net cash provided by operating activities	\$ 1,142,205

#### **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, No. 80 and No. 90.

#### 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.
- 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 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 – An 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 to 40 years) under the straight-line method of depreciation.
- 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.
- 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.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

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 qualify 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.

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. **Future accounting pronouncements** – GASB statements listed below will be implemented in future financial statements:

Statement No. 101	"Compensated Absences"	This statement requires requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The provisions of this statement are effective for fiscal years beginning after December 31, 2023.
Statement No. 102	"Certain Risk Disclosures"	This statement requires enhanced note disclosures regarding concentrations and constraints that could make the reporting unit vulnerable to a substantial impact. The provisions of this statement are effective for fiscal years beginning after June 15, 2024.
Statement No. 103	"Financial Reporting Model Improvements"	This statement revises financial statement presentation requirements—including enhancements to Management's Discussion and Analysis (MD&A), proprietary fund reporting, and disclosures for major component units. The provisions of this statement are effective for fiscal years beginning after June 15, 2025.
Statement No. 104	"Disclosure of Certain Capital Assets"	This statement establishes new disclosure requirements for certain types of capital assets, including assets held for sale. The provisions of this statement are effective for fiscal years beginning after June 15, 2025.

#### **NOTE 3 - CASH AND INVESTMENTS**

Investments are carried at fair value in accordance with GASB Statement No. 31. On June 30, 2024, the District had the following cash and investments on hand:

Cash in bank and on hand	\$ 102,540
Cash and investments with County Treasurer	8,835,853
Local Agency Investment Fund (LAIF)	 2,754,761
Total cash and investments. Statement of Net Position	\$ 11 693 154

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, those external pools are not measured under Level 1, 2, or 3.

#### NOTE 3 - CASH AND INVESTMENTS (Continued)

**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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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 Reserve			
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	\$ 75,000,000
State Registered Warrants, Notes or			
Bonds	N/A	None	None
Notes and Bonds for other Local			
California Agencies	5 Years	None	None

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

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:

			Remaining Maturity (in Months)				
Investment Type	Carrying Amount	12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months		
San Luis Obispo Investment Pool State Investment Pool (LAIF)	\$ 8,835,853 2,754,761	\$ 8,835,853 2,754,761	\$ -	\$ - -	\$ - -		
	\$ 11,590,614	\$ 11,590,614	\$ -	\$ -	\$ -		

#### NOTE 3 - CASH AND INVESTMENTS (Continued)

**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.

		Minimum	Exem	pt	Ra	ting as	of Fiscal	Yea	r End
Investment Type	Carrying Amount	Legal Rating	From <u>Disclos</u>		 AAA		Aa	_	Not Rated
San Luis Obispo Investment Pool State Investment Pool (LAIF)	\$ 8,835,853 2,754,761	N/A N/A	\$	<u>-</u>	\$ 	\$		<u>-</u>	\$ 8,835,853 2,754,761
	\$11,590,614		\$		\$ _	\$		_	\$ 11,590,614

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

As of June 30, 2024, 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, 2024, is shown below:

	Balance at July 1, 2023	Additions	Transfers	Balance at June 30, 2024
Capital assets not being depreciated				
Land	\$ 431,425	\$ -	\$ -	\$ 431,425
Construction in progress	32,113,845	4,357,940	(43,604)	36,428,181
Total capital assets not being depreciated	\$ 32,545,270	\$ 4,357,940	\$ (43,604)	\$ 36,859,606
Capital assets being depreciated				
Property, plant, and equipment	\$ 28,162,622	\$ 42,400	\$ 43,604	28,248,626
Total capital assets being depreciated	28,162,622	42,400	43,604	28,248,626
Less accumulated depreciation	(21,856,755)	(605,776)		(22,462,531)
Total capital assets being depreciated, net	\$ 6,305,867	\$ (563,376)	\$ 43,604	\$ 5,786,095
Capital assets, net	\$ 38,851,137	\$ 3,794,564	\$ -	\$ 42,645,701

#### **NOTE 5 - LONG-TERM LIABILITIES**

The changes in long-term liabilities for the fiscal year ended June 30, 2024, are as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due within One year
Certificate of participation Unamortized premium Compensated absences	\$ 26,755,000 1,038,756 49,306	\$ - 67,488	\$ (400,000) (38,832) (51,279)	\$ 26,355,000 999,924 65,515	\$ 430,000 38,832 16,379
OPEB Net pension liability Total	1,300,099 1,591,177 \$ 30,734,338	119,905 \$ 187,393	(151,965) - - \$ (642,076)	1,148,134 1,711,082 \$ 30,279,655	- - \$ 485,211

#### **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, 2024, \$26,355,000 was still outstanding.

#### NOTE 6 - CERTIFICATES OF PARTICIPATION (Continued)

Future minimum payment obligations for the certificates on June 30, 2024, are as follows:

	 Seri			
Fiscal Year Ended June 30	Principal		Interest	Total
Julie 30	 гинсіраі		IIILEIESI	 TULAI
2025 2026	\$ 430,000 450,000	\$	525,794 503.794	\$ 955,794 953,794
			/ -	•
2027	605,000		477,419	1,082,419
2028	635,000		446,419	1,081,419
2029	670,000		413,794	1,083,794
2030-2034	3,665,000		1,750,019	5,415,019
2035-2039	4,000,000		1,420,860	5,420,860
2040-2044	4,410,000		1,011,749	5,421,749
2045-2049	4,905,000		516,742	5,421,742
2050-2051	2,120,000		47,926	2,167,926
	 		•	
	\$ 21,890,000	\$	7,114,516	\$ 29,004,516
	Serie	es R		
	 COIN	<u> </u>		
Fiscal Year Ended				
June 30	 Principal		Interest	 Total
2025	\$ _	\$	89,300	\$ 89,300
2026	4,465,000		44,650	4,509,650
				<u> </u>
	\$ 4,465,000	\$	133,950	\$ 4,598,950

#### **NOTE 7 - DEFINED BENEFIT PENSION PLAN**

#### A. General Information about the Pension Plans

**Plan description** – 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.

**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.

#### NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)

The Plans' provisions and benefits in effect on June 30, 2024, are summarized as follows:

	Miscellaneous		
	Classic Member New Member		
	Hired Prior to	On or after January	
Hire Date	January 1, 2013*	1, 2013	
Benefit formula	2.0% @ 55	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	1.46% to 2.418%	1.0% to 2.5%	
Required employee contribution rates	7.00%	7.75%	
Required employer contribution rates	13.34% + \$113,325	7.68% + \$0	

<sup>\*</sup> A new employee may transfer into the Classic Member formula if he/she comes from another agency participating in the CalPERS' or reciprocal retirement system and did not have more than a six month break in service.

**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 \$237,910 for the fiscal year ended June 30, 2024.

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

As of June 30, 2024, the District reported a liability of \$1,711,082 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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. On June 30, 2023, the District's proportion was 0.03422%, which increased by 0.00021% from June 30, 2022.

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$289,655. 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. As of June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred		D	eferred
	Οι	utflows of	ln	flows of
	Re	Resources Res		sources
Differences between expected and actual experience	\$	87,411	\$	13,560
Changes in assumptions		103,306		-
Net difference between projected and actual earnings on				
retirement plan investments		277,040		-
Adjustment due to differences in proportion		9,081		57,411
Changes in proportion and differences between District				
contributions and proportionate share of contributions		73,027		-
District contributions subsequent to the measurement date		237,910		
	\$	787,775	\$	70,971

#### NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)

\$237,910 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 fiscal year ended June 30, 2025. 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
2025	\$ 138,348
2026	101,288
2027	231,309
2028	 7,949
	\$ 478,894

**Actuarial assumptions** – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Acturial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Mortality	Derived using CalPERS' Membership
	Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.30% until
	Purchasing Power Protection Allowance
	Floor on Purchasing Power applies;
	2.30% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS' website.

**Discount rate** – The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-term expected rate of return** – 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 considered 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

#### NOTE 7 - DEFINED BENEFIT PENSION PLAN (Continued)

benefits was 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.

	New Strategic	
Asset Class	Allocation	Real Return (a,b)
Global Equity - cap-weighted	30.0%	4.54%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporations	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5%	-0.59%
Total	100.0%	

<sup>(</sup>a) An expected inflation of 2.30% was used for this period.

**Sensitivity 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 6.90 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 (5.90 percent) or 1- percentage point higher (7.90 percent) than the current rate:

	Disc	ount Rate-1%	Curren	t Discount Rate	Disc	ount Rate +1%
		5.90%		6.90%		7.90%
District's proportionate share of the net						
pension plan liability	\$	2,495,256	\$	1,711,082	\$	1,065,640

**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

As of June 30, 2024, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2024

#### 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 No.75.

<sup>(</sup>b) Figures are based on the 2021 Asset Liability Management Study.

#### NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

**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, 2022, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	10
Inactive employees or beneficiaries currently receiving benefits	7_
Total	17_

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

**OPEB liability** – The District's OPEB liability was measured as of June 30, 2023 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2022 that was rolled forward to determine the June 30, 2023 total OPEB liability, based on the following assumptions:

Discount Rate	3.65%
Inflation	2.50%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%

Mortality Rate Derived from 2021 CalPERS' Activity Mortality

For Miscellaneous Employees

Pre-Retirement Turnover 2021 CalPERS' Turnover for Miscellaneous employees

Actuarial assumptions used in the June 30, 2022 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 3.65 percent.

Change of assumptions - The discount rate was increased from 3.54 percent to 3.65 percent.

Discount rate – GASB Statement No. 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.

#### NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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:

Departing Data	Magauram ant Data	Long Term Expected Return	Municipal 20 Year High Grade	Discount Date
Reporting Date	Measurement Date	of Plan Investments	Rate Index	Discount Rate
June 30, 2024	June 30, 2023	3.65%	3.65%	3.65%
June 30, 2023	June 30, 2022	3.54%	3.54%	3.54%
June 30, 2022	June 30, 2021	2.16%	2.16%	2.16%

Changes in OPEB Liability are as follows:

	Iotal	
	OPEB Liability	
Balance at June 30, 2023		
(Valuation Date, June 30, 2022)	\$	1,300,099
Changes recognized for the measurement period:		
Service cost		28,057
Interest		45,276
Changes in assumptions		2,318
Experience (Gains)/Losses		(169,590)
Benefit payments		(58,026)
Net changes		(151,965)
Balance at June 30, 2024		
(Measurement Date, June 30, 2023)	\$	1,148,134

**Sensitivity of the OPEB liability to changes in the discount rate** – The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease	Curi	Current Rate 3.65%		1% Increase 4.65%	
	2.65%	3				
OPEB Liability	\$ 1,301,4	71 \$	1,148,134	\$	1,022,462	

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:

			Hea	althcare Cost			
	19	6 Decrease	7	rend Rate	19	% Increase	
		(3.00%)		(4.00%)		(5.00%)	
OPEB Liability	\$	1.084.517	\$	1.148.134	\$	1.236.448	

#### 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, 2024, the District recognized OPEB expense of \$25,522. As of the fiscal year ended June 30, 2024, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

		red Outflows Resources	 rred Inflows Resources
OPEB contributions subsequent to measurement date Changes in assumptions Differences between expected and actual experience	\$	44,276 235,577 -	\$ - 379,693 197,466
	_\$	279,853	\$ 577,159

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. \$44,276 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 fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the pension expense as follows:

Fiscal year ending June 30	 Amount
2025	\$ (47,811)
2026	(47,811)
2027	(47,811)
2028	(47,811)
2029	(41,881)
Thereafter	 (108,457)
	\$ (341,582)

#### **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.

REQUIRED SUPPLEMENTARY INFORMATION

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

		2024		2023		2022		2021		2020
Proportion of the net pension liability		0.01372%		0.01378%		0.01606%		0.01255%		0.01232%
Proportionate share of the net pension liability (asset)	\$	1,711,082	\$	1,591,117	\$	868,708	\$	1,365,924	\$	1,262,383
Covered payroll	\$	927,281	\$	862,697	\$	846,584	\$	784,070	\$	702,820
Proportionate share of the net pension liability as a percentage of covered payroll		184.5%		184.4%		102.6%		174.2%		179.6%
Plan's total pension liability	\$ 52	,441,984,274	\$ 49,	525,975,138	\$ 46	,174,942,264	\$43	,702,930,887	\$41	,426,453,489
Plan's fiduciary net position	\$ 39	,966,633,692	\$ 37,	975,170,163	\$40	,766,653,876	\$32	,822,501,335	\$31	,179,414,067
Plan fiduciary net position as a percentage of the total pension liability		76.21%		76.68%		88.29%		75.10%		75.26%
		2019		2018		2017		2016		2015
Proportion of the net pension liability		<b>2019</b> 0.01200%		<b>2018</b> 0.01186%		<b>2017</b> 0.01163%		<b>2016</b> 0.01117%		<b>2015</b> 0.00894%
Proportion of the net pension liability  Proportionate share of the net pension liability (asset)	\$		\$		\$		\$		\$	
Proportionate share of the net pension	\$ \$	0.01200%	\$	0.01186%	\$	0.01163%	\$	0.01117%	\$ \$	0.00894%
Proportionate share of the net pension liability (asset)		0.01200%		0.01186%		0.01163%		0.01117% 766,801		0.00894%
Proportionate share of the net pension liability (asset)  Covered payroll  Proportionate share of the net pension liability	\$	0.01200% 1,156,301 762,177	\$	0.01186% 1,176,202 776,359	\$	0.01163% 1,006,552 648,335	\$	0.01117% 766,801 512,061	\$	0.00894% 556,113 496,070
Proportionate share of the net pension liability (asset)  Covered payroll  Proportionate share of the net pension liability as a percentage of covered payroll	\$ 38	0.01200% 1,156,301 762,177 151.70%	\$ 37,	0.01186% 1,176,202 776,359 151.50%	\$ 33	0.01163% 1,006,552 648,335 155.30%	\$ 31	0.01117% 766,801 512,061 149.70%	\$ 30	0.00894% 556,113 496,070 112.10%

#### Note to Schedule

There were no changes in assumptions or benefit terms for the fiscal year ended June 30, 2024.

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

Contractually required contribution (actuarially determined)	<b>2024</b> \$ 237,910	<b>2023</b> \$ 262,671	<b>2022</b> \$ 204,264	<b>2021</b> \$ 177,437	<b>2020</b> \$ 161,923
Contribution in relation to the actuarially determined 'contributions Contribution deficiency (excess)	237,910 \$ -	262,671 \$ -	204,264 \$ -	177,437 \$ -	161,923 \$ -
Covered payroll	\$1,077,320	\$ 927,281	\$ 862,697	\$ 846,584	\$ 784,070
Contributions as a percentage of covered payroll	22.08%	28.33%	23.68%	20.96%	20.65%
Contractually required contribution (actuarially determined)	<b>2019</b> \$ 136,795	<b>2018</b> \$ 98,219	<b>2017</b> \$ 104,648	<b>2016</b> \$ 77,019	<b>2015</b> \$ 48,422
Contribution in relation to the actuarially determined 'contributions Contribution deficiency (excess)	136,795 \$ -	98,219	104,648	77,019 \$ -	48,422 \$ -
Covered payroll	\$ 702,820	\$ 762,177	\$ 776,539	\$ 648,335	\$ 512,061
Contributions as a percentage of covered payroll	19.46%	12.89%	13.48%	11.88%	9.46%

#### **Note to Schedule**

For the fiscal year ended June 30, 2024, the discount rate was decreased from 7.00% to 6.80% and the price inflation assumption was decreased from 2.50% to 2.30%.

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 28,057	\$ 38,862	\$ 12,593	\$ 8,416
Interest on the total OPEB liability	45,276	33,032	39,495	50,948
Actual and expected experience difference	(169,590)	(10,285)	(29,564)	(7,164)
Changes in assumptions	2,318	(246,749)	(234,894)	345,086
Change in benefit terms				
Benefit payments	(58,026)	(59,461)	(64,892)	(60,728)
Net change in total OPEB Liability	(151,965)	(244,601)	(277,262)	336,558
Total OPEB liability - beginning	1,300,099_	1,544,700	1,821,962	1,485,404
Total OPEB liability - ending	\$ 1,148,134	\$ 1,300,099	\$ 1,544,700	\$ 1,821,962
Covered payroll	927,281	862,687	846,584	784,070
Total OPEB liability as a % of covered payroll	123.82%	150.70%	182.46%	232.37%
	2020	2019	2018	· ·
Total OPEB Liability				
Service cost	\$ 71,936	\$ 75,519	\$ 73,498	
Interest on the total OPEB liability	68,087	68,178	60,374	
Actual and expected experience difference	(33,833)			
Changes in assumptions	63,487	(76,832)		
Change in benefit terms	(403,851)			
Benefit payments	(69,690)	(68,012)	(65,396)	
Net change in total OPEB Liability	(303,864)	(1,147)	68,476	
Total OPEB liability - beginning	1,789,268	1,790,415	1,721,939	
Total OPEB liability - ending	\$ 1,485,404	\$ 1,789,268	\$ 1,790,415	
Covered payroll				
Covered payroll	702,820	762,177	776,359	

<sup>\*</sup>Fiscal year 2018 was the first year of implementation, therefore only seven years are shown.

The District's contribution for the fiscal year ended June 30, 2024 was \$44,276. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2024, 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, 2023 was \$58,026. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2023, 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, 2022 was \$59,461. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2022, 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, 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 first year of implementation, therefore only seven years are shown.



## SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

**Staff Report** 

To: Board of Directors

From: Jeremy Ghent, District Administrator

Via: Amy Simpson, Bookkeeper/Secretary

**Date:** May 7, 2025

Subject: RECEIVE DRAFT 2025 WASTEWATER RATE STUDY AND DIRECT

STAFF TO SCHEDULE PUBLIC HEARING AND MAIL NOTIFICATIONS

#### **RECOMMENDATION:**

Staff recommends that the Board of Directors

- (1) Review the attached 2025 Wastewater Rate Study and draft Notice of Public Hearing on Proposed Wastewater Treatment Rate Increases,
- (2) Direct staff to schedule a Public Hearing on proposed increases to District rates for July 2, 2025, and
- (3) Direct staff to move forward with printing and mailing the required Notices to District customers and property owners.

#### **BACKGROUND:**

The District last increased its rates effective July 1, 2019. Since then, the District has experienced substantial increases in operating expenses with no corresponding rate adjustments. After almost six years of no rate adjustments, rate increases are now needed to bring revenues back in line with the costs of operations, support adequate funding for capital improvements, and support repayment of a new USDA Loan. Key factors driving the needs for rate increases include:

Escalating costs of operations – Since rates were last increased in 2019, inflation (as measured by CPI) has increased roughly 25% and the District's costs for electricity and chemicals have roughly doubled. The proposed rates are designed to support the costs of providing service, fund new operating expenses for the Redundancy Project, and address the District's escalating costs of operations which are expected to rise by 3.5% annually.

- New USDA Loan & debt service coverage requirements The District anticipates obtaining a 1.375% low-interest-rate loan from USDA Rural Development within the next few months. Rate increases are needed to fund the new debt service and ensure the District continues to meet its annual debt service coverage requirements on outstanding debt
- Capital improvement needs of aging infrastructure Much of the District's wastewater conveyance and treatment facilities are now almost 60 years old. An updated 5-year capital improvements plan (CIP) identifies over \$9 million of high-priority improvements needed over the next five years to rehabilitate and replace aging equipment and infrastructure and improve reliability. One of the main needed projects is rehabilitation of the WWTP fixed film reactor, a project which is only now becoming feasible since the WWTP Redundancy Project is nearing completion. Additional funding needs are expected to be identified by the District's Trunk Sewer Capacity Study, which is not yet completed.

District staff have been working with Bartle Wells Associates (BWA), an independent financial consulting firm, on a new rate study. BWA developed the District's last rate study in 2016. Updated financial projections presented in the new rate study indicate the need for nine percent annual rate increases for each of the next five years. The proposed rate increases are designed to put the District on a long-term path toward supporting balanced budgets, meeting debt coverage requirements for existing loans, and providing adequate funding for ongoing rehabilitation and replacement of aging infrastructure.

#### **DISCUSSION:**

With full implementation of the proposed rates, the District's charges in five years will be the same as if current rates had been escalated by approximately 4.4% per year since they originally went into effect on July 1, 2019.

The combined sewer charges of the District and each of its member agencies are currently among the very lowest in the region. With the District's proposed rate increases and planned local sewer rate increases from each member agency, rates are projected to remain in the lower to middle range in future years.

Rate increases must be adopted pursuant to the procedural requirements established by Proposition 218, which requires 45-day advance mailed notification to customers / property owners and the holding of a public hearing. At the public hearing, rate increases are subject to majority protest. The District cannot consider adoption of the proposed rates if valid written protests were received for a majority of affected parcels.

#### **FISCAL CONSIDERATION:**

The attached draft 2025 Wastewater Rate Study identifies the required rate increases needed to support the District's ongoing operating expenses and provide funding for ongoing rehabilitation and replacement of aging infrastructure. Additionally, the District is legally obligated to raise rates as needed to ensure compliance with debt service coverage requirements of the 2020 Wastewater Certificates and the new USDA loan. Based on the analysis in the Draft Report, without the proposed rate increases, the District will not meet the required minimum debt service coverage.

#### **OPTIONS:**

- 1. Review and accept the 2025 Wastewater Rate Study and direct Staff to move forward with the Proposition 218 rate increase process (Schedule a public hearing. Issue a notice of public hearing on proposed rate increases).
- 2. Reject the Study and its rate recommendations.
- 3. Review the Study and direct Staff to modify recommendations and return.

#### **Attachments:**

Attachments A – 2025 Wastewater Rate Study Attachments B – Draft of the Notice of Public Hearing on Proposed Rate Increases



# South San Luis Obispo County Sanitation District



# 2025 Wastewater Rate Study



# South San Luis Obispo County Sanitation District

## 2025 Wastewater Rate Study

May 2025

## Prepared by:



Bartle Wells Associates 2625 Alcatraz Ave, #602 Berkeley, CA 94705 Tel: 510.653.3399

www.bartlewells.com





May 1, 2025

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

Attn: Jeremy Ghent, District Administrator

Re: 2025 Wastewater Rate Study

Bartle Wells Associates is pleased to submit the attached *2025 Wastewater Rate Study*. The study develops ten-year financial projections and recommends rate increases designed to fund the District's operating and capital programs and support future balanced budgets. The proposed rate increases are phased in over the next five years to minimize the annual impact on ratepayers.

The District last adjusted its wastewater treatment rates on July 1, 2019, almost six years ago. The District's regional wastewater treatment rates combined with the local sewer collection system rates levied by Arroyo Grande, Grover Beach and Oceano Community Services District are currently among the lowest in the region.

The proposed rate increases are needed to a) support escalating costs of operating and maintaining the District's regional conveyance pipelines and wastewater treatment facilities, b) provide adequate funding for rehabilitation and replacement of aging infrastructure to support safe and reliable service, and c) support repayment of an approximately \$4.5 million, 1.375% low-interest-rate loan from USDA Rural Development.

I enjoyed working with the District on this study and appreciate the ongoing collaboration, input and assistance received from the District's project team. Please contact me anytime if you have questions about this report or other issues related to utility rates and finance.

**BARTLE WELLS ASSOCIATES** 

alex Hamdlers

Alex Handlers, CIPMA Principal/President

## **TABLE OF CONTENTS**

1	Bac	kground, Objectives & Key Findings	1
	1.1	Background	1
	1.2	Rate Study Objectives	
	1.3	Summary of Key Findings & Recommendations	2
	1.4	Regional Sewer Rate Survey	3
2	Dist	rict Rates & Finances	4
	2.1	Wastewater Treatment Rates	4
	2.2	Billing & Collection	5
	2.3	Revenues & Expenses	6
	2.4	Debt Service 8	
3	Fina	ancial & Rate Projections	10
	3.1	Financial Challenges / Key Drivers of Rate Increases	10
		3.1.1 Capital Improvement Needs of Aging Infrastructure	
		3.1.2 Ongoing Operating Cost Inflation	
		3.1.3 New USDA Loan Debt Service & Debt Service Coverage Requirements	
	3.2	10-Year Financial Projections	
	3.3	Projected Rate Increases	
	3.4	Proposed Rates	
	3.5	Rate Survey with Proposed Rates	16
		LIST OF TABLES	
		– Historical Wastewater Treatment Rates	
Ta	ble 2	– Historical Revenues	6
Ta	ble 3	– Historical & Estimated Operating Expenses	7
Ta	ble 4	– Outstanding & Projected Debt Service	9
Та	ble 5	– 5-Year Capital Improvement Plan	10
Ta	ble 6	- 10-Year Cash Flow Projections	12
Та	ble 7	– Proposed Rates	15
		LIST OF FIGURES	
Eio	uro 1	- Single Family Residential Sewer Rate Survey	າ
		- Historical Monthly Residential Rates	
		- Water Utility Projected Revenues & Expenses	
		- Historical & Projected Residential Rates	
FIE	ure 5	- Sewer Rate Survey with Proposed Rates	16

## 1 BACKGROUND, OBJECTIVES & KEY FINDINGS

#### 1.1 Background

The South San Luis Obispo County Sanitation District (SSLOCSD or District) is a special district that provides wastewater treatment services to the communities of Arroyo Grande, Grover Beach, and Oceano. The District is located in southwestern San Luis Obispo County, California approximately 15 miles south of the City of San Luis Obispo. The District serves a population of roughly 39,000 as well as commercial, industrial, and institutional accounts within its service area.

The District was formed in 1963 and is governed by a three-member Board of Directors who are appointed by the governing bodies of its three member agencies: the Cities of Arroyo Grande and Grover Beach, and the Oceano Community Services District. Each Board Member has an equal vote. Each of the member agencies owns and operates its own local sewer collection system.

The District owns and operates a regional wastewater treatment plant with a permitted capacity of 5.0 million gallons per day (mgd) of average dry weather flow, an ocean outfall for disposal of treated effluent, and almost nine miles of wastewater trunk lines that convey sewage from its member agencies to the treatment plant. The District also assists in providing wastewater source control programs and inspection services on behalf of its member agencies.

The District is a financially self-supporting agency that relies primarily on revenues from wastewater treatment rates to fund its costs of providing service. The District has not increased its rates in almost six years. Current rates have been in effect since July 1, 2019.

## 1.2 Rate Study Objectives

In 2025, the District retained Bartle Wells Associates (BWA) to develop a wastewater rate study and recommend rate increases needed to support the District's operating, debt service, and capital improvement funding needs. Key elements of the rate study include

- Develop updated 10-year financial projections to identify annual funding needs and evaluate rate increases
- Incorporate the latest available financial information as well as reasonable projections of future operating, maintenance and capital improvement expenses
- Develop rate recommendations designed to:
  - Recover the District's costs of providing service and support long-term financial stability
  - Provide adequate funding for capital improvement needs including repair and replacement of aging infrastructure



1

- Support debt repayment and ongoing compliance with debt service coverage requirements of outstanding debt and an anticipated new low-interest-rate USDA Loan
- Maintain a prudent level of fund reserves
- Comply with Article 13D of the California Constitution established by Proposition 218
- Aim for gradual annual rate increases to help minimize the annual impact on customers

The recommendations presented in this report were developed with input from the District's project team which included District staff and the District's independent engineering consultant.

## 1.3 Summary of Key Findings & Recommendations

Since rates were last adjusted in 2019, the District has faced significant cost increases without any corresponding rate adjustments. Additionally, the District will need to start funding new operating expenses for the recently-completed Redundancy Project and new debt service for an anticipated USDA Loan. Proposed rate increases are needed to:

- ➤ Catch Up & Keep Up with Operating Cost Inflation Since the District's rates were last adjusted in 2019, inflation (CPI) has increased roughly 25% and costs for electricity and chemicals have roughly doubled. Proposed rate increases are needed to support the District's escalating costs of providing service and fund new operating expenses for the recently-completed Redundancy Project built to address regulatory requirements and improve treatment plant reliability.
- Fund Capital Improvement Needs of Aging Facilities The District's wastewater treatment plant began operating in 1966 and is now almost 60 years old. Although some major improvements have been completed over the years, additional ongoing capital improvements are needed due the age and condition of District facilities. The District has identified over \$9 million of high-priority capital improvements needed over the next five years to rehabilitate and replace aging equipment and infrastructure, address existing deficiencies, and improve reliability.
- ➤ Support Repayment of a New Low-Interest-Rate USDA Loan The District anticipates receiving an approximately \$4.5 million, 1.375% interest rate loan from USDA Rural Development within the next few months. Annual debt service is projected at roughly \$147,000 per year.

BWA worked with District staff to develop updated financial projections to identify annual funding needs and evaluate rate increases needed to support the District's projected costs of providing service. The projections indicate the need for 9% annual rate increases for each of the next five years.

These projected 9% rate increases follow a period of no rate increases for six years. From the date of the last increase on July 1, 2019 through full implementation of the proposed rate increases in 5 years, the average annual rate increase will equate to approximately 4.4% per year.





## 1.4 Regional Sewer Rate Survey

The chart on the following page shows a survey of regional sewer charges for a typical single family home. Charges shown for the District's member agencies of Arroyo Grande, Grover Beach and Oceano Community Services District include both a) each local agency's sewer collection system charges, and b) the District's regional wastewater treatment rates. The combined sewer charges for each of the District's member agencies are currently among the very lowest in the region.

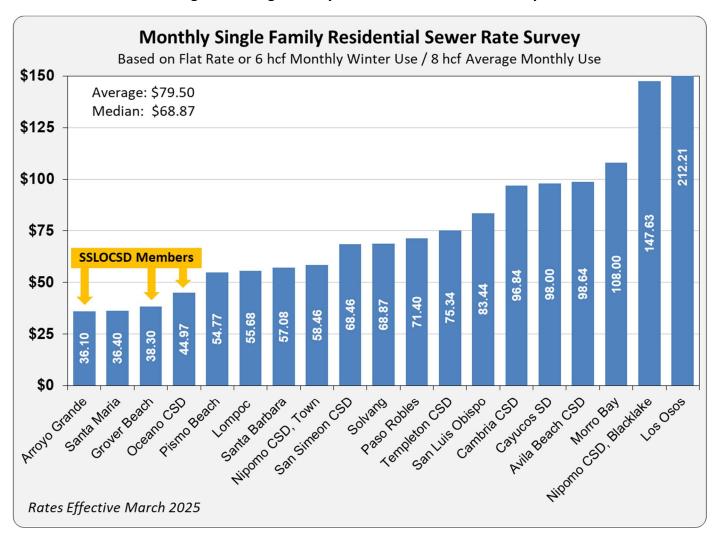


Figure 1 – Single Family Residential Sewer Rate Survey

## 2 DISTRICT RATES & FINANCES

#### 2.1 Wastewater Treatment Rates

Table 1 shows a history of the District's wastewater treatment rates. The District has not increased its rates for almost six years. Current rates have been in effect since July 1, 2019. Residential customers are charged a flat monthly rate per dwelling unit. Nonresidential customers pay fixed monthly charges that vary by factors including customer type, number or employees, number of restaurant seats, number of students, and other factors as shown below. The District's rates are designed to recover each customer's proportional share of the District's costs of providing service.

Table 1 – Historical Wastewater Treatment Rates

Residences & Apartments   \$6.50   \$8.93   \$10.70   \$20.9   \$20.0   \$20.0   \$20.0   \$20.5   \$			Prior	Jan 1	May 1	May 1	May 1	May 1	July 1	July 1	July 1
b.         Hotel Units with Kitchens         5.20         9.41         11.29         12.98         14.28         15.71         18.85         20.56         22.27           c.         Hotel Units without Kitchens         4.40         6.02         7.22         8.30         9.12         10.02         12.12         13.22         14.32           d.         Hotel Room         4.55         6.22         7.46         8.58         9.42         10.36         12.12         13.22         14.32           e.         Commercial Establishments         6.73         4.59         5.51         6.66         6.97         7.65         9.69         10.57         11.45           Each additional employee above 5         0.44         0.92         1.10         1.25         1.39         1.53         1.93         2.13         2.31         2.31         2.31         2.91         1.14         1.70         1.93         2.12         2.33         2.93         3.20         3.47         3.56         5.56         Each additional operator above 5         8.66         1.41         1.70         1.23         2.13         2.13         2.51         3.29         3.24         48.5         2.93         3.20         3.33         4.53         4.94			Rates	2007	2007	2008	2009	2010	2017	2018	2019
c.         Hotel Units without Kitchens         4.40         6.02         7.22         8.30         9.12         10.02         12.12         13.22         14.32           d.         Hotel Room         4.55         6.22         7.46         8.58         9.42         10.36         12.12         13.22         14.32           e.         Commercial Establishments         6.73         4.59         5.51         6.26         6.97         7.65         9.69         10.57         11.43           f.         Commercial Establishments         6.67         4.49         0.92         1.10         1.25         1.39         1.53         1.93         2.13         2.31           f.         Beauty Shops         8.66         8.49         10.19         11.60         12.73         13.97         19.39         21.15         2.91           g. Eating Establishments w/o Grinders         9.31         9.11         10.92         12.56         13.79         15.16         30.17         32.91         35.55           Each additional operator above 5         0.86         1.41         1.70         1.93         2.12         2.33         2.93         3.29         3.29         3.25         3.45         3.55         4.59	a.	•		•	-				•	•	
d.         Hotel Room         4.55         6.22         7.46         8.58         9.42         10.36         12.12         13.22         14.32           e.         Commercial Establishments         6.73         4.59         5.51         6.26         6.97         7.65         9.69         10.57         11.45           Each additional employee above 5         0.44         0.92         1.10         1.25         1.39         1.53         1.95         2.13         2.31           f.         Beauty Shops         8.66         8.49         10.19         11.60         12.73         13.97         19.39         2.115         22.91           Eath additional operator above 5         0.86         1.41         1.70         1.93         2.12         2.33         2.93         3.20         3.47           g.         Eating Establishments w/o Grinders         9.31         9.11         10.92         12.56         13.79         15.16         30.17         32.91         35.65           Eating Establishments w/o Grinders         9.31         9.11         10.92         12.56         13.79         15.16         30.17         32.91         35.65           Eating Establishments w/o Grinders         9.31         17.3	b.										
e.         Commercial Establishments         6.73         4.59         5.51         6.26         6.97         7.65         9.69         10.57         11.45           Each additional employee above 5         0.44         0.92         1.10         1.25         1.39         1.53         1.95         2.13         2.31           f.         Beauty Shops         8.66         8.49         10.19         11.60         12.73         13.97         19.39         21.15         22.91           g.         Eath additional operator above 5         0.86         1.41         1.70         1.93         2.12         2.33         2.93         3.20         3.47           g.         Eating Establishments w/o Grinders         9.31         9.11         1.092         12.56         13.79         15.16         30.17         32.91         35.65           Each additional Systems and Systems         14.78         17.50         20.67         24.31         28.12         31.07         48.50         52.91         5.73           h.         Restaurants (w/Grinders) less than 30 seats         14.78         17.50         20.67         24.31         28.12         31.07         48.50         52.91         5.732         7.32           estaturant	_										
Each additional employee above 5         0.44         0.92         1.10         1.25         1.39         1.53         1.95         2.13         2.31           f.         Beauty Shops         8.66         8.49         10.19         11.60         12.73         13.97         19.39         21.15         22.91           Each additional operator above 5         0.86         1.41         1.70         1.93         2.12         2.33         2.93         3.20         3.47           g.         Eating Establishments w/o Grinders         9.31         9.11         10.92         12.56         13.79         15.16         30.17         32.91         35.65           b.         Eating Establishments w/o Grinders         1.01         1.52         1.82         2.09         2.30         2.53         4.53         4.94         5.35           h.         Eating Establishments w/o Grinders         1.478         17.30         20.67         24.31         28.12         31.07         48.50         52.91         57.32           h.         Eating Establishments w/or Grinders         1.478         17.30         20.61         24.31         28.11         31.07         48.50         52.91         52.32         1.31         31.17         36.06 </td <td>d.</td> <td></td> <td>4.55</td> <td>6.22</td> <td>7.46</td> <td>8.58</td> <td>9.42</td> <td>10.36</td> <td>12.12</td> <td>13.22</td> <td>14.32</td>	d.		4.55	6.22	7.46	8.58	9.42	10.36	12.12	13.22	14.32
f. Beauty Shops         8.66         8.49         10.19         11.60         12.73         13.97         19.39         21.15         22.91           Each additional operator above 5         0.86         1.41         1.70         1.93         2.12         2.33         2.93         3.20         3.47           g. Eating Establishments w/o Grinders         9.31         9.11         10.92         12.56         13.79         15.16         30.17         32.91         35.65           Each additional 5 seats above 30         1.01         1.52         1.82         2.09         2.30         2.53         4.53         4.94         5.35           h. Restaurants (w/Grinders) less than 30 seats         14.78         17.30         20.67         24.31         28.12         31.07         48.50         52.91         57.32           Restaurants (w/Grinders) over 30 seats         18.29         22.18         26.51         31.17         36.06         39.84         67.89         74.06         80.23           i. Laundromats - per washing maching         2.96         5.83         7.01         7.98         8.85         9.71         13.89         15.15         16.41           j. Service Stations - no wash/rack         7.86         23.26         27.91	e.	Commercial Establishments	6.73	4.59	5.51	6.26	6.97	7.65	9.69	10.57	11.45
Each additional operator above 5         0.86         1.41         1.70         1.93         2.12         2.33         2.93         3.20         3.47           g. Eating Establishments w/o Grinders         9.31         9.11         10.92         12.56         13.79         15.16         30.17         32.91         35.65           Each additional 5 seats above 30         1.01         1.52         1.82         2.09         2.30         2.53         4.53         4.94         5.35           h. Restaurants (w/Grinders) less than 30 seats         14.78         17.30         20.67         24.31         28.12         31.07         48.50         52.91         57.32           h. Restaurants (w/Grinders) over 30 seats         14.78         17.30         20.67         24.31         28.12         31.07         48.50         52.91         57.32           h. Lundromats - per washing maching         2.96         5.83         7.01         7.98         8.85         9.71         13.89         15.15         16.41           j. Service Stations - no wash/rack         7.86         23.26         27.91         31.84         34.11         37.41         57.11         62.30         62.30           j. Service Stations - with wash/rack         12.47         13.34 <td></td> <td>Each additional employee above 5</td> <td>0.44</td> <td>0.92</td> <td>1.10</td> <td>1.25</td> <td>1.39</td> <td>1.53</td> <td>1.95</td> <td>2.13</td> <td>2.31</td>		Each additional employee above 5	0.44	0.92	1.10	1.25	1.39	1.53	1.95	2.13	2.31
g. Eating Establishments w/o Grinders         9.31         9.11         10.92         12.56         13.79         15.16         30.17         32.91         35.65           Each additional 5 seats above 30         1.01         1.52         1.82         2.09         2.30         2.53         4.53         4.94         5.35           h. Restaurants (w/Grinders) less than 30 seats         14.78         17.30         20.67         24.31         28.12         31.07         48.50         52.91         57.32           Restaurants (w/Grinders) less than 30 seats         18.29         22.18         26.51         31.17         36.06         39.84         67.89         74.06         80.23           i. Laundromats - per washing maching         2.96         5.83         7.01         7.98         8.85         9.71         13.89         15.15         16.41           j. Service Stations - no wash/rack         7.86         23.26         27.91         31.84         34.11         37.41         57.11         62.30         67.49           j. Service Stations - no wash/rack         7.86         23.26         27.91         31.84         34.11         37.41         57.11         62.30         67.49           j. Service Stations - no wash/rack         12.47         <	f.	Beauty Shops	8.66	8.49	10.19	11.60	12.73	13.97	19.39	21.15	22.91
Each additional 5 seats above 30         1.01         1.52         1.82         2.09         2.30         2.53         4.53         4.94         5.35           h. Restaurants (w/Grinders) less than 30 seats         14.78         17.30         20.67         24.31         28.12         31.07         48.50         52.91         57.32           i. Laundromats - per washing maching         2.96         5.83         7.01         7.98         8.85         9.71         13.89         15.15         16.41           Minimum Charge         8.71         17.50         21.03         23.93         26.54         29.14         41.70         45.49         49.28           j. Service Stations - no wash/rack         7.86         23.26         27.91         31.44         34.11         37.41         57.11         62.30         67.49           service Stations - with wash/rack         12.47         13.34         16.02         18.30         20.08         22.05         32.33         35.27         38.21           k. Factories         12.47         13.34         16.02         18.30         20.08         22.05         32.33         35.27         38.21           l. Churches         6.71         7.57         9.10         10.34         11.44 </td <td></td> <td>Each additional operator above 5</td> <td>0.86</td> <td>1.41</td> <td>1.70</td> <td>1.93</td> <td>2.12</td> <td>2.33</td> <td>2.93</td> <td>3.20</td> <td>3.47</td>		Each additional operator above 5	0.86	1.41	1.70	1.93	2.12	2.33	2.93	3.20	3.47
h. Restaurants (w/Grinders) less than 30 seats         14.78         17.30         20.67         24.31         28.12         31.07         48.50         52.91         57.32           Restaurants (w/Grinders) over 30 seats         18.29         22.18         26.51         31.17         36.06         39.84         67.89         74.06         80.23           i. Laundromats - per washing maching         2.96         5.83         7.01         7.98         8.85         9.71         13.89         15.15         16.41           Minimum Charge         8.71         17.50         21.03         23.93         26.54         29.14         41.70         45.49         49.28           j. Service Stations - no wash/rack         7.86         23.26         27.91         31.84         34.11         37.41         57.11         62.30         67.49           Service Stations - with wash/rack         12.47         34.18         41.06         48.65         49.65         54.40         81.92         89.37         96.82           k. Factories         52.41         12.47         13.34         16.02         18.30         20.08         22.05         32.33         35.27         38.21           l. Churches         6.71         7.57         9.10	g.	Eating Establishments w/o Grinders	9.31	9.11	10.92	12.56	13.79	15.16	30.17	32.91	35.65
Restaurants (w/Grinders) over 30 seats         18.29         22.18         26.51         31.17         36.06         39.84         67.89         74.06         80.23           i.         Laundromats - per washing maching         2.96         5.83         7.01         7.98         8.85         9.71         13.89         15.15         16.41           Minimum Charge         8.71         17.50         21.03         23.93         26.54         29.14         41.70         45.49         49.28           j.         Service Stations - no wash/rack         7.86         23.26         27.91         31.84         34.11         37.41         57.11         62.30         67.49           service Stations - with wash/rack         12.47         34.18         41.06         46.56         49.65         54.40         81.92         89.37         96.82           k.         Factories         12.47         13.34         16.02         18.30         20.08         22.05         32.33         35.27         38.21           L.         Churches         6.71         7.57         9.10         10.34         11.44         12.56         17.89         19.52         21.15           Per ADA with elementary school         0.21         0.21		Each additional 5 seats above 30	1.01	1.52	1.82	2.09	2.30	2.53	4.53	4.94	5.35
i.       Laundromats - per washing maching       2.96       5.83       7.01       7.98       8.85       9.71       13.89       15.15       16.41         Minimum Charge       8.71       17.50       21.03       23.93       26.54       29.14       41.70       45.49       49.28         j.       Service Stations - no wash/rack       7.86       23.26       27.91       31.84       34.11       37.41       57.11       62.30       67.49         service Stations - with wash/rack       12.47       34.18       41.06       46.56       49.65       54.40       81.92       89.37       96.82         k.       Factories       12.47       13.34       16.02       18.30       20.08       22.05       32.33       35.27       38.21         L.       Churches       6.71       7.57       9.10       10.34       11.44       12.56       17.89       19.52       21.15         Per ADA with elementary school       0.21       0.21       0.25       0.28       0.31       0.34       0.54       0.59       0.64         Per ADA with other school       0.30       0.30       0.36       0.42       0.46       0.51       0.79       0.86       0.93         <	h.	Restaurants (w/Grinders) less than 30 seats	14.78	17.30	20.67	24.31	28.12	31.07	48.50	52.91	57.32
Minimum Charge         8.71         17.50         21.03         23.93         26.54         29.14         41.70         45.49         49.28           j.         Service Stations - no wash/rack         7.86         23.26         27.91         31.84         34.11         37.41         57.11         62.30         67.49           service Stations - with wash/rack         12.47         34.18         41.06         46.56         49.65         54.40         81.92         89.37         96.82           k.         Factories         12.47         13.34         16.02         18.30         20.08         22.05         32.33         35.27         38.21           Each additional employee above 20         0.38         0.66         0.80         0.91         1.00         1.10         1.62         1.77         1.92           I.         Churches         6.71         7.57         9.10         10.34         11.44         12.56         17.89         19.52         21.15           Per ADA with elementary school         0.21         0.21         0.25         0.28         0.31         0.34         0.54         0.59         0.66           m. Bottling Plants         12.47         13.34         16.02         18.30		Restaurants (w/Grinders) over 30 seats	18.29	22.18	26.51	31.17	36.06	39.84	67.89	74.06	80.23
j.         Service Stations - no wash/rack         7.86         23.26         27.91         31.84         34.11         37.41         57.11         62.30         67.49           Service Stations - with wash/rack         12.47         34.18         41.06         46.56         49.65         54.40         81.92         89.37         96.82           k.         Factories         12.47         13.34         16.02         18.30         20.08         22.05         32.33         35.27         38.21           Each additional employee above 20         0.38         0.66         0.80         0.91         1.00         1.10         1.62         1.77         1.92           I.         Churches         6.71         7.57         9.10         10.34         11.44         12.56         17.89         19.52         21.15           Per ADA with elementary school         0.21         0.21         0.25         0.28         0.31         0.34         0.54         0.59         0.64           Per ADA with other school         0.30         0.30         0.36         0.42         0.46         0.51         0.79         0.86         0.93           m.         Schools (Non-boarding)         3.25         4.27         5.13	i.	Laundromats - per washing maching	2.96	5.83	7.01	7.98	8.85	9.71	13.89	15.15	16.41
Service Stations - with wash/rack         12.47         34.18         41.06         46.56         49.65         54.40         81.92         89.37         96.82           k.         Factories         12.47         13.34         16.02         18.30         20.08         22.05         32.33         35.27         38.21           Each additional employee above 20         0.38         0.66         0.80         0.91         1.00         1.10         1.62         1.77         1.92           I.         Churches         6.71         7.57         9.10         10.34         11.44         12.56         17.89         19.52         21.15           Per ADA with elementary school         0.21         0.21         0.25         0.28         0.31         0.34         0.54         0.59         0.64           Per ADA with other school         0.30         0.30         0.36         0.42         0.46         0.51         0.79         0.86         0.93           m.         Bottling Plants         12.47         13.34         16.02         18.30         20.08         22.05         38.81         42.34         45.87           n.         Schools (Non-boarding)         3.25         4.27         5.13         5.83 </td <td></td> <td>Minimum Charge</td> <td>8.71</td> <td>17.50</td> <td>21.03</td> <td>23.93</td> <td>26.54</td> <td>29.14</td> <td>41.70</td> <td>45.49</td> <td>49.28</td>		Minimum Charge	8.71	17.50	21.03	23.93	26.54	29.14	41.70	45.49	49.28
k.         Factories         12.47         13.34         16.02         18.30         20.08         22.05         32.33         35.27         38.21           I.         Each additional employee above 20         0.38         0.66         0.80         0.91         1.00         1.10         1.62         1.77         1.92           I.         Churches         6.71         7.57         9.10         10.34         11.44         12.56         17.89         19.52         21.15           Per ADA with elementary school         0.21         0.21         0.25         0.28         0.31         0.34         0.54         0.59         0.64           Per ADA with other school         0.30         0.30         0.36         0.42         0.46         0.51         0.79         0.86         0.93           m.         Bottling Plants         12.47         13.34         16.02         18.30         20.08         22.05         38.81         42.34         45.87           n.         Schools (Non-boarding)         3.25         4.27         5.13         5.83         6.44         7.07         10.74         11.72         12.70           Per ADA with other school         0.30         0.31         0.36	j.	Service Stations - no wash/rack	7.86	23.26	27.91	31.84	34.11	37.41	57.11	62.30	67.49
Each additional employee above 20   0.38   0.66   0.80   0.91   1.00   1.10   1.62   1.77   1.92     I. Churches   6.71   7.57   9.10   10.34   11.44   12.56   17.89   19.52   21.15     Per ADA with elementary school   0.21   0.21   0.25   0.28   0.31   0.34   0.54   0.59   0.64     Per ADA with other school   0.30   0.30   0.36   0.42   0.46   0.51   0.79   0.86   0.93     M. Bottling Plants   12.47   13.34   16.02   18.30   20.08   22.05   38.81   42.34   45.87     Schools (Non-boarding)   3.25   4.27   5.13   5.83   6.44   7.07   10.74   11.72   12.70     Per ADA with elementary school   0.21   0.20   0.24   0.27   0.30   0.33   0.54   0.59   0.64     Per ADA with other school   0.30   0.31   0.36   0.43   0.47   0.52   0.79   0.86   0.93     O. Schools (Boarding)   3.25   4.27   5.13   5.83   6.44   7.07   10.78   11.76   12.74     Per ADA with elementary school   0.38   0.43   0.51   0.59   0.65   0.71   1.08   1.18   1.28     Per ADA with other school   0.48   0.57   0.68   0.78   0.86   0.95   1.52   1.66   1.80     P. Trailer/Mobile Home Space   6.50   2.52   3.02   3.47   3.81   4.19   12.95   14.13   15.31		Service Stations - with wash/rack	12.47	34.18	41.06	46.56	49.65	54.40	81.92	89.37	96.82
I.         Churches         6.71         7.57         9.10         10.34         11.44         12.56         17.89         19.52         21.15           Per ADA with elementary school         0.21         0.21         0.25         0.28         0.31         0.34         0.54         0.59         0.64           Per ADA with other school         0.30         0.30         0.36         0.42         0.46         0.51         0.79         0.86         0.93           m. Bottling Plants         12.47         13.34         16.02         18.30         20.08         22.05         38.81         42.34         45.87           n. Schools (Non-boarding)         3.25         4.27         5.13         5.83         6.44         7.07         10.74         11.72         12.70           Per ADA with elementary school         0.21         0.20         0.24         0.27         0.30         0.33         0.54         0.59         0.64           Per ADA with other school         0.30         0.31         0.36         0.43         0.47         0.52         0.79         0.86         0.93           O. Schools (Boarding)         3.25         4.27         5.13         5.83         6.44         7.07         10.78 <td>k.</td> <td>Factories</td> <td>12.47</td> <td>13.34</td> <td>16.02</td> <td>18.30</td> <td>20.08</td> <td>22.05</td> <td>32.33</td> <td>35.27</td> <td>38.21</td>	k.	Factories	12.47	13.34	16.02	18.30	20.08	22.05	32.33	35.27	38.21
Per ADA with elementary school         0.21         0.21         0.25         0.28         0.31         0.34         0.54         0.59         0.64           Per ADA with other school         0.30         0.30         0.36         0.42         0.46         0.51         0.79         0.86         0.93           m.         Bottling Plants         12.47         13.34         16.02         18.30         20.08         22.05         38.81         42.34         45.87           n.         Schools (Non-boarding)         3.25         4.27         5.13         5.83         6.44         7.07         10.74         11.72         12.70           Per ADA with elementary school         0.21         0.20         0.24         0.27         0.30         0.33         0.54         0.59         0.64           Per ADA with other school         0.30         0.31         0.36         0.43         0.47         0.52         0.79         0.86         0.93           o.         Schools (Boarding)         3.25         4.27         5.13         5.83         6.44         7.07         10.78         11.76         12.74           Per ADA with elementary school         0.38         0.43         0.51         0.59         0.		Each additional employee above 20	0.38	0.66	0.80	0.91	1.00	1.10	1.62	1.77	1.92
Per ADA with other school         0.30         0.30         0.36         0.42         0.46         0.51         0.79         0.86         0.93           m. Bottling Plants         12.47         13.34         16.02         18.30         20.08         22.05         38.81         42.34         45.87           n. Schools (Non-boarding)         3.25         4.27         5.13         5.83         6.44         7.07         10.74         11.72         12.70           Per ADA with elementary school         0.21         0.20         0.24         0.27         0.30         0.33         0.54         0.59         0.64           Per ADA with other school         0.30         0.31         0.36         0.43         0.47         0.52         0.79         0.86         0.93           o.         Schools (Boarding)         3.25         4.27         5.13         5.83         6.44         7.07         10.78         11.76         12.74           Per ADA with elementary school         0.38         0.43         0.51         0.59         0.65         0.71         1.08         1.18         1.28           Per ADA with other school         0.48         0.57         0.68         0.78         0.86         0.95         <	I.	Churches	6.71	7.57	9.10	10.34	11.44	12.56	17.89	19.52	21.15
m.         Bottling Plants         12.47         13.34         16.02         18.30         20.08         22.05         38.81         42.34         45.87           n.         Schools (Non-boarding)         3.25         4.27         5.13         5.83         6.44         7.07         10.74         11.72         12.70           Per ADA with elementary school         0.21         0.20         0.24         0.27         0.30         0.33         0.54         0.59         0.64           Per ADA with other school         0.30         0.31         0.36         0.43         0.47         0.52         0.79         0.86         0.93           o.         Schools (Boarding)         3.25         4.27         5.13         5.83         6.44         7.07         10.78         11.76         12.74           Per ADA with elementary school         0.38         0.43         0.51         0.59         0.65         0.71         1.08         1.18         1.28           Per ADA with other school         0.48         0.57         0.68         0.78         0.86         0.95         1.52         1.66         1.80           p. Trailer/Mobile Home Space         6.50         2.52         3.02         3.47         3.81		Per ADA with elementary school	0.21	0.21	0.25	0.28	0.31	0.34	0.54	0.59	0.64
n.       Schools (Non-boarding)       3.25       4.27       5.13       5.83       6.44       7.07       10.74       11.72       12.70         Per ADA with elementary school       0.21       0.20       0.24       0.27       0.30       0.33       0.54       0.59       0.64         Per ADA with other school       0.30       0.31       0.36       0.43       0.47       0.52       0.79       0.86       0.93         0.       Schools (Boarding)       3.25       4.27       5.13       5.83       6.44       7.07       10.78       11.76       12.74         Per ADA with elementary school       0.38       0.43       0.51       0.59       0.65       0.71       1.08       1.18       1.28         Per ADA with other school       0.48       0.57       0.68       0.78       0.86       0.95       1.52       1.66       1.80         p.       Trailer/Mobile Home Space       6.50       2.52       3.02       3.47       3.81       4.19       12.95       14.13       15.31		Per ADA with other school	0.30	0.30	0.36	0.42	0.46	0.51	0.79	0.86	0.93
Per ADA with elementary school         0.21         0.20         0.24         0.27         0.30         0.33         0.54         0.59         0.64           Per ADA with other school         0.30         0.31         0.36         0.43         0.47         0.52         0.79         0.86         0.93           O. Schools (Boarding)         3.25         4.27         5.13         5.83         6.44         7.07         10.78         11.76         12.74           Per ADA with elementary school         0.38         0.43         0.51         0.59         0.65         0.71         1.08         1.18         1.28           Per ADA with other school         0.48         0.57         0.68         0.78         0.86         0.95         1.52         1.66         1.80           p. Trailer/Mobile Home Space         6.50         2.52         3.02         3.47         3.81         4.19         12.95         14.13         15.31	m.	Bottling Plants	12.47	13.34	16.02	18.30	20.08	22.05	38.81	42.34	45.87
Per ADA with other school         0.30         0.31         0.36         0.43         0.47         0.52         0.79         0.86         0.93           o. Schools (Boarding)         3.25         4.27         5.13         5.83         6.44         7.07         10.78         11.76         12.74           Per ADA with elementary school         0.38         0.43         0.51         0.59         0.65         0.71         1.08         1.18         1.28           Per ADA with other school         0.48         0.57         0.68         0.78         0.86         0.95         1.52         1.66         1.80           p. Trailer/Mobile Home Space         6.50         2.52         3.02         3.47         3.81         4.19         12.95         14.13         15.31	n.	Schools (Non-boarding)	3.25	4.27	5.13	5.83	6.44	7.07	10.74	11.72	12.70
o.       Schools (Boarding)       3.25       4.27       5.13       5.83       6.44       7.07       10.78       11.76       12.74         Per ADA with elementary school       0.38       0.43       0.51       0.59       0.65       0.71       1.08       1.18       1.28         Per ADA with other school       0.48       0.57       0.68       0.78       0.86       0.95       1.52       1.66       1.80         p.       Trailer/Mobile Home Space       6.50       2.52       3.02       3.47       3.81       4.19       12.95       14.13       15.31		Per ADA with elementary school	0.21	0.20	0.24	0.27	0.30	0.33	0.54	0.59	0.64
Per ADA with elementary school       0.38       0.43       0.51       0.59       0.65       0.71       1.08       1.18       1.28         Per ADA with other school       0.48       0.57       0.68       0.78       0.86       0.95       1.52       1.66       1.80         p. Trailer/Mobile Home Space       6.50       2.52       3.02       3.47       3.81       4.19       12.95       14.13       15.31		Per ADA with other school	0.30	0.31	0.36	0.43	0.47	0.52	0.79	0.86	0.93
Per ADA with other school         0.48         0.57         0.68         0.78         0.86         0.95         1.52         1.66         1.80           p. Trailer/Mobile Home Space         6.50         2.52         3.02         3.47         3.81         4.19         12.95         14.13         15.31	0.	Schools (Boarding)	3.25	4.27	5.13	5.83	6.44	7.07	10.78	11.76	12.74
p. Trailer/Mobile Home Space 6.50 2.52 3.02 3.47 3.81 4.19 12.95 14.13 15.31		Per ADA with elementary school	0.38	0.43	0.51	0.59	0.65	0.71	1.08	1.18	1.28
		Per ADA with other school	0.48	0.57	0.68	0.78	0.86	0.95	1.52	1.66	1.80
	p.	Trailer/Mobile Home Space	6.50	2.52	3.02	3.47	3.81	4.19	12.95	14.13	15.31
	q.	·	21.00	25.22	30.15	35.20	38.75	42.69	100.23	109.34	118.45
r. Brine (per gallon) 0.1125 0.1125 0.1125 0.1125 0.1125 0.1125 0.1125 0.1125 0.1125	r.	Brine (per gallon)	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125	0.1125

The following chart shows a history of the District's monthly residential rates. Current rates are equivalent to the District's 2007 charges escalated by 4.94% per year.

South San Luis Obispo County Sanitation District Historical Monthly Residential Rates \$50 Last Rate Increase Became Effective July 1, 2019 \$40 No rate increases for past 6 years \$30 25.48 23.52 No rate increases \$20 for 7 years Current Rate = 2007 Rate with 4.94% Escalation 12.31 \$10 \$0 2015 2010 2012 2023 2024 2022

Figure 2 - Historical Monthly Residential Rates

## 2.2 Billing & Collection

The District's regional wastewater treatment charges are currently collected on the sewer bills of Arroyo Grande and Grover Beach while customers in the Oceano Community Services District are billed via the San Luis Obispo County's property tax rolls. The District's wastewater treatment charges are billed as separate charges from each local agency's rates for sewer collection system services.

## 2.3 Revenues & Expenses

SSLOCSD is a financially self-supporting agency that relies primarily on revenues from its wastewater treatment rates to funds its costs of providing service. Table 2 shows a breakdown of historical revenues for the past four fiscal years. Over the period shown, service charges and fees have accounted for a little over 90% of total annual revenues on average.

Table 2 – Historical Revenues

	2020/21	2021/22	2022/23	2023/24
Service Charges & Fees				
Arroyo Grande	\$2,665,093	\$2,704,579	\$2,684,934	\$2,692,061
Grover Beach	1,911,505	1,907,909	1,921,446	1,947,301
Oceano CSD	978,627	992,871	999,822	997,802
Schools/Other Service Income	40,492	54,003	50,568	50,898
Subtotal	5,595,717	5,659,363	5,656,769	5,688,062
Connection Fees				
Arroyo Grande	121,273	17,324	26,805	39,737
Grover Beach	14,231	31,555	97,138	188,087
Oceano CSD	48,880	(2,475)	12,375	5,690
Subtotal	184,384	46,404	136,318	233,514
Other Revenues				
Brine Disposal Services	131,904	89,959	130,362	101,696
Interest Earnings: Fund 19	203,677	(52,367)	86,279	658,830
Interest Earnings: Fund 20	14,561	(281,065)	331,859	101,184
Other/Grants	31,323			
Subtotal	381,465	(333,432)	418,138	760,013
Total Revenues	6,161,567	5,372,335	6,211,224	6,681,589

Source: South San Luis Obispo County Sanitation District, Profit & Loss Statements

Note: Interest Earnings may include unrealized gains/losses (which are non-cash accounting estimates)

Note: Revenues exclude interfund transfers

Table 3 shows historical operating and maintenance expenses from the prior four fiscal years as well budgeted and estimated expenses for the current fiscal year 2024/25. Compared to the 2024/25 Budget, the Base Year Estimates for 2024/25 are slightly adjusted to more accurately reflect ongoing funding levels used as basis for financial projections. The District experienced a significant increase in operating expenses over the period shown, which includes a period of historically high cost inflation. For example, over the past five years, the District's costs for electricity purchased from PG&E and chemicals needed for wastewater treatment processing have roughly doubled.

**Table 3 – Historical & Estimated Operating Expenses** 

	2020/21	2021/22	2022/23	2023/24	2024/25	2024/25
OPERATING & MAINTENANCE EXPENSES	Actual	Actual	Actual	Actual	Budget	Base Year Estimates
Salaries & Benefits						
Salaries and Wages	846,584	862,687	896,217	1,088,611	1,126,000	1,126,000
Employee Benefits/Personnel Costs	<u>564,292</u>	<u>767,512</u>	<u>205,446</u>	<u>658,703</u>	<u>708,500</u>	708,000
Subtotal	1,410,876	1,630,199	1,101,663	1,747,314	1,834,500	1,834,000
Utilities	260,849	356,141	354,091	492,506	556,000	580,000
Plant Chemicals	354,687	373,420	665,833	746,867	660,000	660,000
Other Materials, Services and Supplies	57,968	60,851	84,181	216,160	338,500	338,000
Maintenance, Tools & Replacements						
Maintenance, Tools & Replacements	167,278	212,061	237,668	236,385	296,000	296,000
Capital Equipment	<u>0</u>	<u>0</u>	<u>0</u>	42,400	<u>35,000</u>	35,000
Subtotal	167,278	212,061	237,668	278,786	331,000	331,000
Other Operating Expenses						
Permits, Fees and Licenses	54,918	31,301	59,204	64,427	55,500	55,500
Communications	15,258	17,536	15,245	15,861	21,100	21,000
Administrative Costs	144,197	173,838	177,188	212,387	301,800	302,000
Legal Costs	44,633	16,559	30,211	24,038	60,000	50,000
Engineering	8,387	48,792	7,054	5,237	100,000	60,000
Coastal Hazards & Monitoring	83,298	60,699	71,524	87,832	78,000	78,000
LAFCO Budget Share	14,152	15,626	16,535	32,250	18,000	18,000
Zone 1/1A Agreement	32,829	33,810	34,821	35,862	36,000	36,000
Agency Billing	43,656	51,362	58,836	40,141	65,000	65,000
Disposal Services	72,519	64,198	90,610	72,491	91,000	91,000
Training, Education & Memberships	<u>13,525</u>	<u>25,467</u>	<u>21,875</u>	<u>25,790</u>	43,500	43,500
Subtotal	527,371	539,189	583,103	616,314	869,900	820,000
Total	2,779,029	3,171,861	3,026,539	4,097,946	4,589,900	4,563,000

Source: Based on information provided by South San Luis Obispo County Sanitation District; excludes interfund transfers and use of debt proceeds.

#### 2.4 Debt Service

Table 3 shows a schedule of outstanding and projected debt service. The District's outstanding debt service includes 2020 Wastewater Revenue Certificates of Participation (similar to bonds) which were issued to help fund the recently-completed "Redundancy Project", a major upgrade to the District's treatment plant which was required by the Regional Water Quality Control Board to address regulatory requirements and improve treatment plant reliability.

The 2020 Wastewater Certificates include two components:

- Series A Long-term debt service issued to fund most of the Redundancy Project, and
- Series B A shorter-term component designed to provide interim financing for a little under \$4.5 million of project costs that will ultimately be funded by a long-term USDA Loan.

The table also shows projected debt service for an anticipated low-interest-rate USDA Loan that the District pursued to help minimize annual debt service expenses. Only a portion of project costs were eligible for USDA Loan financing. Proceeds from the USDA Loan will be used to pay off the Series B interim financing. Debt repayment for the USDA Loan is projected to start in August of 2026 and will result in an increase in annual debt service starting fiscal year 2026/27.

The District was successful in securing financing for its required Redundancy Project at very low interest rates:

- The Series A Certificates were issued with a True Interest Cost (TIC) of approximately 2.1% over a 30-year repayment term.
- The USDA Loan was locked in at an interest rate of 1.375% and has a 40-year repayment term.

Table 4 – Outstanding & Projected Debt Service

F:124	2020 24		LICDA-	
Fiscal Year	2020 Wastewate		USDA Loan	Total
Ending 6/30	Series A	Series B <sup>1</sup>	Payments <sup>2</sup>	Payments
2021	123,811	18,604	-	142,415
2022	955,044	89,300	-	1,044,344
2023	951,169	89,300	-	1,040,469
2024	946,544	89,300	-	1,035,844
2025	955,794	89,300	-	1,045,094
2026	953,794	4,509,650	-	5,463,444
2027	1,082,419		147,000	1,229,419
2028	1,081,419		147,000	1,228,419
2029	1,083,794		147,000	1,230,794
2030	1,081,619		147,000	1,228,619
2031	1,081,794		147,000	1,228,794
2032	1,083,231		147,000	1,230,231
2033	1,084,381		147,000	1,231,381
2034	1,083,994		147,000	1,230,994
2035	1,082,038		147,000	1,229,038
2036	1,083,913		147,000	1,230,913
2037	1,085,044		147,000	1,232,044
2038	1,085,403		147,000	1,232,403
2039	1,084,463		147,000	1,231,463
2040	1,082,713		147,000	1,229,713
2041	1,085,613		147,000	1,232,613
2042	1,083,163		147,000	1,230,163
2043	1,084,800		147,000	1,231,800
2044	1,085,463		147,000	1,232,463
2045	1,085,700		147,000	1,232,700
2046	1,085,513		147,000	1,232,513
2047	1,084,288		147,000	1,231,288
2048	1,082,013		147,000	1,229,013
2049	1,084,231		147,000	1,231,231
2050	1,085,888		147,000	1,232,888
2051	1,082,038		147,000	1,229,038
2052			147,000	147,000
2053			147,000	147,000
2054			147,000	147,000
2055			147,000	147,000
2056			147,000	147,000
2057			147,000	147,000
2058			147,000	147,000
2059			147,000	147,000
2060			147,000	147,000
2061			147,000	147,000
2062			147,000	147,000
2063			147,000	147,000
2064			147,000	147,000
2065			147,000	147,000
2066			147,000	147,000
Total	31,981,083	4,885,454	5,880,000	42,746,537
L				

1 Includes \$4,465,000 of principal that will be repaid by Sept-1, 2025 by an anticipated USDA Loan. 2 USDA Loan assumes \$4,464,000 of principal, 1.375% interest rate, 40-year repayment term.



## 3.1 Financial Challenges / Key Drivers of Rate Increases

After six years of no rate increases, the District needs to resume raising rates to support escalating costs of service and provide adequate funding for capital improvements to aging infrastructure. Key drivers of rate increases include:

#### 3.1.1 Capital Improvement Needs of Aging Infrastructure

The District's conveyance pipelines and wastewater treatment plant began operating in 1966 and are now almost 60 years old. While the District has completed some major upgrades to the treatment plant over the years, ongoing funding is needed to address rehabilitation and replacement of aging equipment and infrastructure to support safe and reliable service.

As shown on Table 5 below, the District has identified over \$9 million of high-priority capital improvements needed over the next five years to rehabilitate and replace aging equipment and infrastructure, address existing deficiencies, and improve reliability. While some funding is included for improvements to the District's aging trunk mains that convey wastewater from Arroyo Grande, Grover Beach and Ocean to the treatment plant, additional funding needs are expected to be identified from the District's Trunk Sewer Capacity Study, which is not yet completed.

2025/26 2028/29 2026/27 2027/28 2029/30 Total 2,050,000 FFR Rehabilitation 310,000 1,740,000 250,000 250,000 Structural Inspections **Headworks Improvements** 233,000 1,320,000 1,553,000 690,000 Digester #1 Cleanout & Rehab 90,000 600,000 Amiad Filter (Plant Water) 28,000 28.000 **Emergency Generator** 184,000 920,000 1,104,000 480,000 1,812,000 MCC Improvements 1,332,000 110,000 110,000 SCADA System Improvements Mobile Equipment 70,000 70,000 Laboratory Equipment 50,000 50,000 Truck Main Allowance 200,000 1,350,000 200,000 200,000 250,000 500,000 Total 9,067,000 1,018,000 2,263,000 2,120,000 1,766,000 1,900,000

Table 5 – 5-Year Capital Improvement Plan

Note: Trunk Main allowance will be reviewed and refined after the Trunk Sewer Capacity Study is completed.

The District anticipates that future capital funding needs after the next five years will continue at \$1.9 million per year with 3% cost escalation, roughly the same levels included in the 5-Year Capital Improvement Program.

#### 3.1.2 Operating Cost Inflation & New Expenses

Since the District last adjusted its rates on July 1, 2019, it has faced significant operating cost increases without any corresponding rate adjustments. Rate increases are needed to bring revenues back in line with the cost of providing service and support funding for the District's escalating costs of electricity, chemicals, materials, insurance, operations, and professional services, which have increased substantially in recent years and are expected to continue increasing in future years. For planning purposes, future operating and maintenance expenses are projected to escalate at the annual rate of 3.5%. Additionally, the District will need to start funding new expenses for operating the recently-completed Redundancy Project.

#### 3.1.3 New USDA Loan Debt Service & Debt Service Coverage Requirements

As previously noted, the District anticipates obtaining a 1.375% USDA Loan to repay interim financing used to fund a portion of the District's wastewater treatment plant redundancy project. Debt repayment for the USDA Loan is projected to start in August of 2026 and will result in an increase in annual debt service starting fiscal year 2026/27. Additionally, the District is legally obligated to raise rates as needed in future years to ensure compliance with debt service coverage requirements of the 2020 Wastewater Certificates and the new USDA Loan.

## 3.2 10-Year Financial Projections

Bartle Wells Associates developed 10-year financial projections to identify future funding needs and evaluate rate increases. Cash flow projections are shown on the following page. The projections incorporate the latest information available as well as a number of reasonable and slightly conservative assumptions. Key assumptions include:

- Operating and maintenance costs are based on the 2024/25 Budget, with a few small adjustments, and escalate at the annual rate of 3.5% to account for future cost inflation.
- Growth from new development and/or redevelopment is conservatively projected at the equivalent of 40 new single family homes per year (a little over 0.20%) for financial planning purposes.
- New operating and maintenance expense for the Redundancy Project are projected at \$500,000 per year plus 3.5% cost escalation starting fiscal year 2025/26.
- Capital improvement costs are based on the District's updated 5-Year Capital Improvement Program
  with future capital costs projected at \$1.9 million per year escalating by 3% per year.
- The District maintains a healthy level of fund reserves and anticipates drawing down about \$3.5 million of fund reserves over the next five years to help fund the District's capital program while rate increases are gradually phased in.
- The table also calculates annual debt service coverage based on a) total annual revenues less operating and maintenance expenses, divided by b) annual debt service.





**Table 6 - 10-Year Cash Flow Projections** 

		Sou	South San	Luis Obi	spo CSD	Cash F	an Luis Obispo CSD Cash Flow Projections	jections				
		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/24	2034/35
Rate Increases		%0	%6	%6	%6	%6	%6	3%	3%	3%	3%	3%
Monthly Residential Treatment Charge	e.	\$25.48	\$27.77	\$30.27	\$32.99	\$35.96	\$39.20	\$40.38	\$41.59	\$42.84	\$44.13	\$45.45
Growth (ERUs)			40	40	40			40	40			40
Est. Growth % Interest Earnings Rate		3.5%	3.0%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22%	0.22% 2.0%	0.22% 2.0%	0.22%
Beginning Fund Reserves		\$11,687,000	\$14,518,000	\$14,117,000	\$12,430,000	\$11,288,000	\$10,959,000	\$11,033,000	\$11,127,000	\$11,239,000	\$11,369,000	\$11,518,000
REVENUES Sewer Treatment Charges		5.660.000	6.183.000	6.754.000	7.378.000	8.060.000	8.805.000	000.680.6	9.382.000	9.685.000	000'266'6	10.319.000
Brine Disposal		90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Connection Fees Total Revenues		400,000	100,000 6,809,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Repair Reimbursement Owed as of 6/30/24	30/24	2,380,000										
EXPENSES Operating & Maintenance												
	3.5%	1,834,000	1,898,000	1,964,000	2,033,000	2,104,000	2,178,000	2,254,000	2,333,000	2,415,000	2,500,000	2,588,000
	3.5%	580,000	900,009	621,000	643,000	966,000	689,000	713,000	738,000	764,000	791,000	819,000
Plant Chemicals Other Materials Services & Supplies	3.5% 3.5%	338,000	350,000	362,000	375,000	388,000	785,000	812,000	840,000	869,000	899,000	930,000
	3.5%	331,000	343,000	355,000	367,000	380,000	393,000	407,000	421,000	436,000	451,000	467,000
	3.5%	820,000	849,000	879,000	910,000	942,000	975,000	1,009,000	1,044,000	1,081,000	1,119,000	1,158,000
ncy Project O&M Expenses	3.5%	I	200,000	518,000	536,000	555,000	574,000	594,000	615,000	637,000	629,000	682,000
Subtotal		4,563,000	5,223,000	5,406,000	2,596,000	5,793,000	2,996,000	6,205,000	6,422,000	6,648,000	6,881,000	7,122,000
<b>Debt Service</b> 2020 Wastewater Revenue COPs		1,045,000	954,000	1,082,000	1,081,000	1,084,000	1,082,000	1,082,000	1,083,000	1,084,000	1,084,000	1,082,000
USDA Loan				147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Subtotal		1,045,000	954,000	1,229,000	1,228,000	1,231,000	1,229,000	1,229,000	1,230,000	1,231,000	1,231,000	1,229,000
Capital Improvements	3.0%	200,000	1,018,000	2,263,000	2,120,000	1,766,000	1,900,000	1,957,000	2,016,000	2,076,000	2,138,000	2,202,000
Total Expenses		6,108,000	7,195,000	8,898,000	8,944,000	8,790,000	9,125,000	9,391,000	9,668,000	9,955,000	10,250,000	10,553,000
Revenues Less Expenses		2,831,000	(386,000)	(1,672,000)	(1,127,000)	(314,000)	89,000	109,000	127,000	145,000	164,000	186,000
Transfer to USDA Debt Service Rsrv Fund		1	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Ending Fund Reserves		14,518,000		12,430,000	11,288,000	10,959,000	11,033,000	11,127,000	11,239,000	11,369,000	11,518,000	11,689,000
Ending USDA Debt Svc Reserve Fund		1	15,000	30,000	45,000	90,000	75,000	90,000	105,000	120,000	135,000	150,000
Debt Service Coverage (Min≥1.20)		1.91	1.66	1.48	1.81	2.18	2.62	2.68	2.74	2.80	2.87	2.94

The following chart graphically shows a 10-year projection of District revenues and expenses based on the cash flow projections. The proposed rate increases are designed to put the District on a long-term path toward supporting balanced budgets while providing adequate funding for ongoing rehabilitation and replacement of aging infrastructure. In the near term, the projections assume the District will draw down roughly \$3.5 million of fund reserves over the next five years to support capital improvement needs while rate increases are gradually phased in.

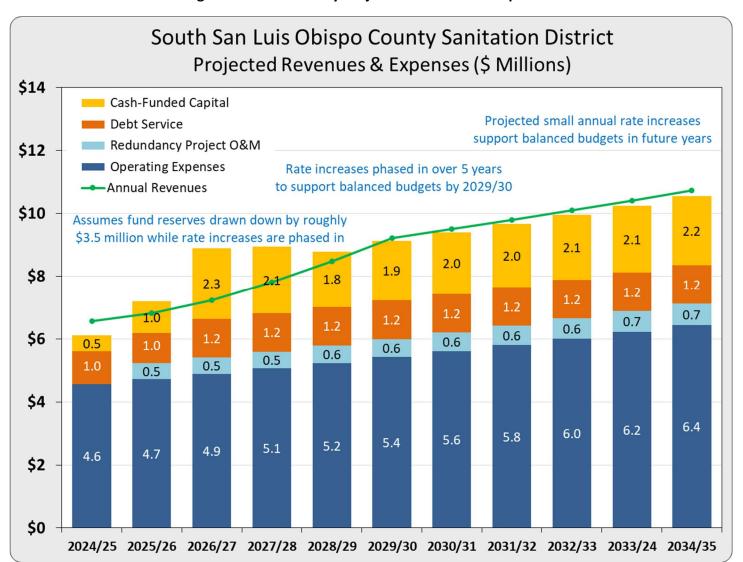


Figure 3 – Water Utility Projected Revenues & Expenses

## 3.3 Projected Rate Increases

The cash flow projections indicate the need to raise rates by 9% each year for the next five years in order to meet the District's projected operating, debt service and capital funding needs. These projected rate increases follow a period of no rate increases for six years. With full implementation of the proposed rate increases, the average annual rate increase from July 1, 2019 to 2029 equates to approximately 4.4% per year.

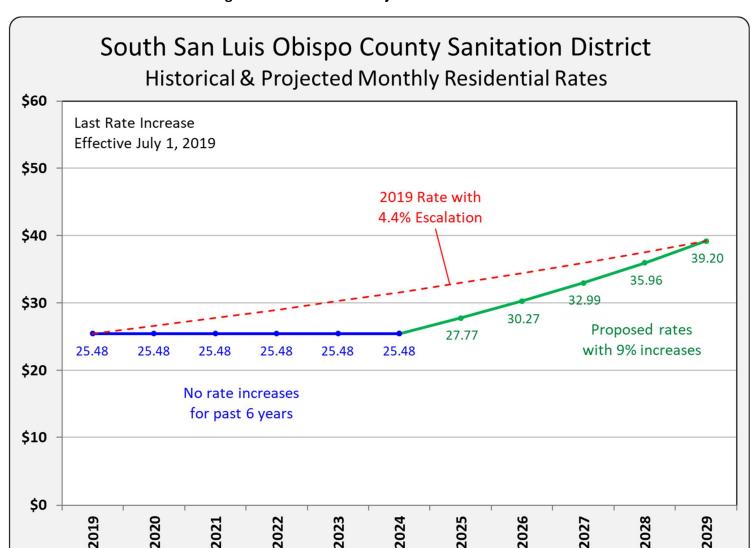


Figure 4 – Historical & Projected Residential Rates

## 3.4 Proposed Rates

Table 7 shows a schedule of proposed wastewater treatment rates for the next five years. Proposed rates are scheduled to become effective on July 1 at the beginning of each fiscal year except for the first year which assumes an increase effective September 1 to provide adequate time for the District to go through the Proposition 218 rate increase process. The District's current rates are based on the prior rate study developed by Bartle Wells Associates that realigned rates with the cost of providing service to each customer class. Based on review of rates and expenses, no modifications are proposed to the rate structure at this time. Rate increases are applied on an across-the-board percentage basis to each customer class, maintaining proportionality of cost recovery in the District's rate structure

**Table 7 – Proposed Rates** 

		Current		Proposed R	ates Effective	On or After	
		Rates	Sept 1	July 1	July 1	July 1	July 1
		(Since 2019)	2025	2026	2027	2028	2029
% Ra	te Increases		9%	9%	9%	9%	9%
Resid	dential Rate Increase		\$2.29	\$2.50	\$2.72	\$2.97	\$3.24
a.	Residences & Apartments	\$25.48	\$27.77	\$30.27	\$32.99	\$35.96	\$39.20
b.	Hotel Units with Kitchens	22.27	24.27	26.45	28.83	31.42	34.25
C.	Hotel Units without Kitchens	14.32	15.61	17.01	18.54	20.21	22.03
d.	Hotel Room	14.32	15.61	17.01	18.54	20.21	22.03
e.	Commercial Establishments	11.45	12.48	13.60	14.82	16.15	17.60
	Each additional employee above 5	2.31	2.52	2.75	3.00	3.27	3.56
f.	Beauty Shops	22.91	24.97	27.22	29.67	32.34	35.25
	Each additional operator above 5	3.47	3.78	4.12	4.49	4.89	5.33
g.	Eating Establishments w/o Grinders	35.65	38.86	42.36	46.17	50.33	54.86
	Each additional 5 seats above 30	5.35	5.83	6.35	6.92	7.54	8.22
h.	Restaurants (w/Grinders) less than 30 seats	57.32	62.48	68.10	74.23	80.91	88.19
	Restaurants (w/Grinders) over 30 seats	80.23	87.45	95.32	103.90	113.25	123.44
i.	Laundromats - per washing maching	16.41	17.89	19.50	21.26	23.17	25.26
	Minimum Charge	49.28	53.72	58.55	63.82	69.56	75.82
j.	Service Stations - no wash/rack	67.49	73.56	80.18	87.40	95.27	103.84
	Service Stations - with wash/rack	96.82	105.53	115.03	125.38	136.66	148.96
k.	Factories	38.21	41.65	45.40	49.49	53.94	58.79
	Each additional employee above 20	1.92	2.09	2.28	2.49	2.71	2.95
1.	Churches	21.15	23.05	25.12	27.38	29.84	32.53
	Per ADA with elementary school	0.64	0.70	0.76	0.83	0.90	0.98
	Per ADA with other school	0.93	1.01	1.10	1.20	1.31	1.43
m.	Bottling Plants	45.87	50.00	54.50	59.41	64.76	70.59
n.	Schools (Non-boarding)	12.70	13.84	15.09	16.45	17.93	19.54
	Per ADA with elementary school	0.64	0.70	0.76	0.83	0.90	0.98
	Per ADA with other school	0.93	1.01	1.10	1.20	1.31	1.43
0.	Schools (Boarding)	12.74	13.89	15.14	16.50	17.99	19.61
	Per ADA with elementary school	1.28	1.40	1.53	1.67	1.82	1.98
	Per ADA with other school	1.80	1.96	2.14	2.33	2.54	2.77
p.	Trailer/Mobile Home Space	15.31	16.69	18.19	19.83	21.61	23.55
q.	RV Dump Stations - Less than 50 services	118.45	129.11	140.73	153.40	167.21	182.26
r.	Brine (per gallon)	0.1125	0.1226	0.1336	0.1456	0.1587	0.1730

## 3.5 Rate Survey with Proposed Rates

The following chart shows the regional survey of current single family residential rates, but also includes a) the District's proposed wastewater treatment rate increase for the upcoming fiscal year and b) projected increases to the local sewer collection system charges for each of the District's member agencies in the upcoming fiscal year. The projected member agency rate increases are estimates shown for informational purposes only. Each agency anticipates going through its own Proposition 218 rate increase process. Final rates adopted by each agency may differ. As shown, with both the District's proposed rate increases and estimated member agency rate increases, the total combined sewer charges for customers served by each member agency are projected to remain low compared to other regional agencies. Also note that many other regional agencies have already adopted or are anticipating rate increases in the upcoming fiscal year, which are not reflected on the survey.

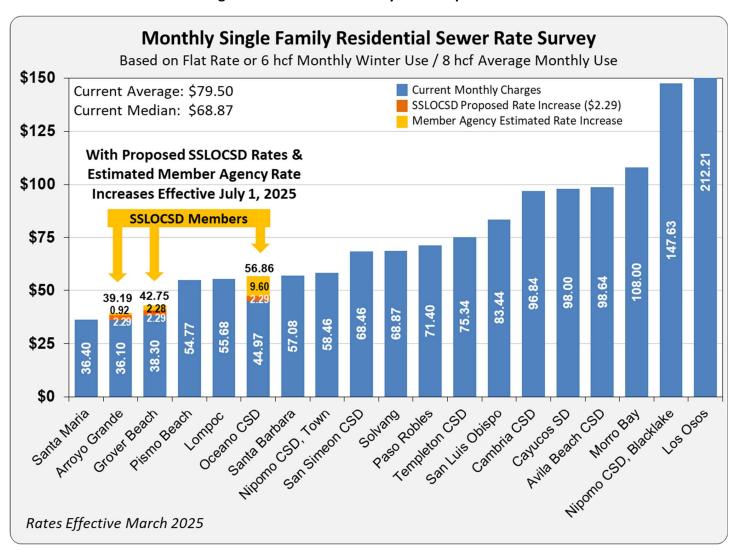


Figure 5 – Sewer Rate Survey with Proposed Rates



PRSRT STD U.S. Postage **PAID** Permit No.\_\_\_\_\_, CA

Notice of Public Hearing on Proposed Wastewater Treatment Rate Increases

DRAFT

## Notice of Public Hearing on Proposed Wastewater Treatment Rate Increases

The South San Luis Obispo County Sanitation District provides wastewater treatment services to customers in Arroyo Grande, Grover Beach and Oceano. The District receives wastewater from collection systems that are run by local agencies in the three communities, conveys the wastewater to the District's regional wastewater treatment facilities, and processes the wastewater in a manner that meets stringent regulatory and environmental requirements. The District has not increased wastewater treatment rates in almost six years but now needs to raise rates to support escalating costs of service and provide adequate funding for capital improvements needed to support safe and reliable service. The District is proposing to gradually increase its wastewater treatment rates over the next five years and will hold a public hearing on the proposed rates at the District Board Meeting scheduled as follows:

Date: July 2, 2025
Time: 6:00 p.m. PST

Place: Oceano CSD

1655 Front St, Oceano CA 93445

#### Rate Increases Needed for Escalating Costs of Operations & Rehabilitation of Aging Infrastructure

The District relies primarily on revenues from wastewater treatment rates to fund its costs of providing service. The District last adjusted its wastewater treatment rates on July 1, 2019, almost six years ago. Since then, the District has faced significant cost increases without any corresponding rate adjustments. Additionally, while the District has completed upgrades to its wastewater treatment plant over the years, ongoing funding is needed to address rehabilitation and replacement of aging equipment and infrastructure. The proposed rate increases are needed to:

- ➤ Catch Up & Keep Up with Operating Cost Inflation Since the District's rates were last adjusted in 2019, inflation (CPI) has increased roughly 25% and costs for electricity and chemicals have roughly doubled. The proposed rates are designed to support the District's escalating costs of providing service and fund new annual operating expenses for the recently-completed Redundancy Project.
- ➤ Fund Capital Improvement Needs of Aging Facilities The District's wastewater treatment plant began operating in 1966 and is now almost 60 years old. The District has identified over \$9 million of high-priority capital improvements needed over the next five years to rehabilitate and replace aging equipment and infrastructure, address existing deficiencies, and improve reliability. Some key projects include improvements to the treatment plant's headworks, rehabilitation of fixed film reactors, cleanout and rehabilitation of Digester 1, and rehabilitation of portions of the District's aging pipelines that convey wastewater from Arroyo Grande, Grover Beach and Oceano to the regional wastewater treatment plant.
- ➤ Support Repayment of a New Low-Interest-Rate USDA Loan The District anticipates receiving an approximately \$4.5 million, 1.375% interest rate loan from USDA Rural Development within the next few months. Annual debt service is projected at roughly \$147,000 per year.

#### **Proposed Wastewater Treatment Rates**

The District proposes to phase in a series of rate increases over the next five years as shown in the table below. Residential customers are charged a flat monthly rate per dwelling unit. Nonresidential customers pay fixed monthly charges that vary by factors including customer type, number or employees, number of restaurant seats, number of students, and other factors as shown below. The rates are designed so that no customer is charged more than their proportional share of the District's costs of providing service.

The District's regional wastewater treatment charges are currently collected on the sewer bills of Arroyo Grande and Grover Beach while customers in the Oceano Community Services District are billed via the San Luis Obispo County's property tax rolls. The District's wastewater treatment charges are billed as separate charges from each local agency's rates for sewer collection system services.

Proposed Wastewater Treatment Rates									
		Current	Proposed Monthly Rates Effective On or After						
		Rates	Sept 1	July 1	July 1	July 1	July 1		
		(Since 2019)	2025	2026	2027	2028	2029		
a.	Residences & Apartments	\$25.48	\$27.77	\$30.27	\$32.99	\$35.96	\$39.20		
b.	Hotel Units with Kitchens	22.27	24.27	26.45	28.83	31.42	34.25		
c.	Hotel Units without Kitchens	14.32	15.61	17.01	18.54	20.21	22.03		
d.	Hotel Room	14.32	15.61	17.01	18.54	20.21	22.03		
e.	Commercial Establishments	11.45	12.48	13.60	14.82	16.15	17.60		
	Each additional employee above 5	2.31	2.52	2.75	3.00	3.27	3.56		
f.	Beauty Shops	22.91	24.97	27.22	29.67	32.34	35.25		
	Each additional operator above 5	3.47	3.78	4.12	4.49	4.89	5.33		
g.	Eating Establishments w/o Grinders	35.65	38.86	42.36	46.17	50.33	54.86		
	Each additional 5 seats above 30	5.35	5.83	6.35	6.92	7.54	8.22		
h.	Restaurants (w/Grinders) less than 30 seats	57.32	62.48	68.10	74.23	80.91	88.19		
	Restaurants (w/Grinders) over 30 seats	80.23	87.45	95.32	103.90	113.25	123.44		
i.	Laundromats - per washing maching	16.41	17.89	19.50	21.26	23.17	25.26		
	Minimum Charge	49.28	53.72	58.55	63.82	69.56	75.82		
j.	Service Stations - no wash/rack	67.49	73.56	80.18	87.40	95.27	103.84		
	Service Stations - with wash/rack	96.82	105.53	115.03	125.38	136.66	148.96		
k.	Factories	38.21	41.65	45.40	49.49	53.94	58.79		
	Each additional employee above 20	1.92	2.09	2.28	2.49	2.71	2.95		
I.	Churches	21.15	23.05	25.12	27.38	29.84	32.53		
	Per ADA with elementary school	0.64	0.70	0.76	0.83	0.90	0.98		
	Per ADA with other school	0.93	1.01	1.10	1.20	1.31	1.43		
m.	Bottling Plants	45.87	50.00	54.50	59.41	64.76	70.59		
n.	Schools (Non-boarding)	12.70	13.84	15.09	16.45	17.93	19.54		
	Per ADA with elementary school	0.64	0.70	0.76	0.83	0.90	0.98		
	Per ADA with other school	0.93	1.01	1.10	1.20	1.31	1.43		
0.	Schools (Boarding)	12.74	13.89	15.14	16.50	17.99	19.61		
	Per ADA with elementary school	1.28	1.40	1.53	1.67	1.82	1.98		
	Per ADA with other school	1.80	1.96	2.14	2.33	2.54	2.77		
p.	Trailer/Mobile Home Space	15.31	16.69	18.19	19.83	21.61	23.55		
q.	RV Dump Stations - Less than 50 services	118.45	129.11	140.73	153.40	167.21	182.26		

The District's regional wastewater treatment rates combined with the local sewer collection system rates levied by Arroyo Grande, Grover Beach and Oceano Community Services District are currently among the lowest in the region. In addition to the District's proposed wastewater treatment rates, each local agency anticipates independently increasing its own sewer collection system charges which are billed separately by each agency.

#### **Community Input, Written Protest Procedures & Statute of Limitations**

Members of the public are invited to attend the public hearing and provide input on the proposed rates. Property owners and customers may also submit written protests against the proposed wastewater treatment rates. Written protests must: a) identify the affected property or properties, such as by address, Assessor's Parcel Number, or customer account number, b) include the name and original signature of the customer or property owner submitting the protest and c) indicate opposition to the proposed wastewater treatment rate increases. Written protests can be mailed to: Attn: Amy Simpson, South San Luis Obispo County Sanitation District, P.O. Box 339, Oceano, CA 93475-0339 or can be submitted to the District prior to or during the public hearing. In order for a protest to be counted, it must be *received* by the District prior to the close of the public hearing. Pursuant to California law, one written protest will be counted per parcel. Written protests submitted without an original signature – such as protests submitted by e.mail, facsimile or other electronic means – are not counted as valid protests. The proposed rates cannot be adopted if valid written protests are received with respect to a majority of affected parcels.

Additionally, pursuant to California Government Code 53759, there will be a 120-day statute of limitations for challenging an increase to the District's wastewater treatment rates.

For more information, please contact Amy Simpson at (805) 481-6903 or amy@sslocsd.us



## SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

Staff Report

To: Board of Directors

**From:** Jeremy Ghent, District Administrator

Keith Collins, Jones Mayer, District Legal Counsel

**Date:** May 7, 2025

Subject: INTERIM PAYMENT AGREEMENT WITH KENNEDY JENKS

#### **RECOMMENDATION:**

Authorize the District Administrator to execute an agreement with Kennedy Jenks that affords the District a \$2,000,000 line of credit to assist the District with cash flow availability while the secondary clarifier claim is pending.

#### **BACKGROUND:**

Construction for the District's Wastewater Treatment Plant (WWTP) Redundancy Project began in January 2021. The Project had largely been successful, however on July 10, 2023, damage to the new secondary clarifier (secondary clarifier 2, "SC2") floor slab was discovered. Kennedy Jenks, the designer of SC2, has submitted a claim with its insurance carrier to cover the costs of repairing SC2. To keep the Project moving forward and make the necessary repairs to SC2, the District has largely relied upon its reserves up to this point. However, to ensure that it has available funds to continue normal operations until the SC2 claims process is completed, Kennedy Jenks has agreed to make available to the District Administrator. Essentially, Kennedy Jenks has agreed to make available to the District funds that its insurance carrier will ultimately pay the District once the SC2 claim is finalized.

While the District does not anticipate needing to make any request of funds under the proposed agreement, having this agreement in place provides assurance to the ratepayers that the District will not need to secure expensive financing to cover regular operations while the SC2 claim is pending. Any amount paid under the proposed agreement will be offset against the amount paid to the District once the SC2 claim is finalized.

#### **DISCUSSION**:

The proposed agreement is an indication of Kennedy Jenks' good faith in making the District whole after damage was discovered to SC2. It provides that from July 1, 2025 through December 31, 2025, the District may make written request for an interim payment of up to \$2,000,000 to be paid within 30 days. The District has the option to extend the term until June 30, 2026. The District

will not be required to pay any interest on interim payments, but any payments made under the proposed agreement will be credited toward the payment of the SC2 claim once it has been finalized. The District is also agreeing not to sue Kennedy Jenks during the term of the agreement, while preserving all of its rights to litigate after the expiration of the agreement.

#### **FISCAL CONSIDERATION:**

Authorizing the District Administrator to execute the proposed agreement will not have any fiscal impact on the District. It will save the District from potentially expensive interim financing that may be necessary to cover operations while the SC2 claim is processed.

#### **Attachments:**

Attachment: Draft Interim Payment Agreement

#### INTERIM PAYMENT AND PARTIAL RELEASE AGREEMENT

THIS INTERIM PAYMENT AND PARTIAL RELEASE AGREEMENT (the "Agreement") is made and entered into this \_\_\_\_\_th day of March, 2025 ("Effective Date"), by and between the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, a public agency ("District"), and KENNEDY / JENKS CONSULTANTS, INC. ("Consultant"). The District and Consultant are collectively the "Parties."

#### **RECITALS:**

- A. WHEREAS, District has engaged Consultant to provide design services in connection with the construction of District's redundancy project ("Project"); and
- B. WHEREAS, the completion of the Project has been delayed due to necessary revisions to the design of the secondary clarifier; and
- C. WHEREAS, District has claims related to Consultant's design of the secondary clarifier and the Parties are working together to understand and resolve the reasonable additional costs associated with these revisions; and
- D. WHEREAS, Consultant desires to address District's concern that it has sufficient cash on-hand to fund construction and general operations until the completion of the Project and final resolution of District's claims against Consultant; and
- E. WHEREAS, District desires to release its claims against Consultant to the extent of any payments Consultant makes under this Agreement to partially resolve claims related to the design revisions.
- NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the Parties hereby agree as follows:

#### INTERIM PAYMENT AND PARTIAL RELEASE AGREEMENT

- 1. In consideration for provisions set forth in this Agreement, Consultant agrees that commencing July 1, 2025, and continuing through the term of this Agreement, upon District's written request, which shall reference this agreement and include District's W-9, Consultant shall make payment to the District within 30 days in an amount of up to One Million Dollars (\$1,000,000.00). The payment shall be made out to the South San Luis Obispo County Sanitation District and delivered to Jeremy Ghent, District Administrator. After the completion of any such payment, thereafter, upon District's second written request, which shall reference this Agreement, Consultant shall make a second payment to the District within 30 days of the request in an amount of up to One Million Dollars (\$1,000,000.00).
- 2. District agrees that the payments set forth in Paragraph 1 are made in partial satisfaction of District's claims against Consultant related to the Project and District agrees to partially release its claims against Consultant as set forth below. In addition, District agrees not to initiate litigation during the term of this Agreement for any claims related to the design or redesign of the secondary clarifier.
- 3. District releases Consultant, including its respective officers, directors, shareholders, members, managers, partners, joint venturers, agents, servants, employees, successors, predecessors, executors, administrators, subsidiaries,

attorneys, insurers, sureties, successors, heirs, representatives, parents, affiliates, and assigns, whether past or present (collectively, the "Releasees"), from any and all actions, causes of action, damages, expenses, attorneys' fees, expert fees, costs, duties, liability, rights or claims (including but not limited to (1) any subrogation claims that could be asserted by any District's insurer; and (2) any indemnity claims) that relate to or arise out of the Project, to the extent and in the amount of any payments Consultant causes to be made pursuant to this Agreement. Should the claims of District exceed the amounts paid by Consultant under this Agreement, District reserves the right to seek compensation for damages that are in excess of the amounts paid by Consultant. This release does not prevent the Parties from enforcing the terms of this Agreement.

- 4. In entering this Agreement, the Parties reserve all rights, without prejudice, other than those impacted by the terms herein. This Agreement is a compromise and not an admission of responsibility or liability by any Party.
- 5. The existence of this Agreement or the payments made by Consultant shall not be admissible in any legal proceeding between Consultant and District to prove liability or damages for the claims relating to the design or redesign of the secondary clarifier or Project. However, after any final determination by any fact-finder (judge, jury, or arbitrator) regarding liability and damages, Consultant shall be entitled to an offset to any damage award based on the amounts paid by Consultant or its insurers to District under this Agreement.
- 6. This Agreement shall commence on the Effective Date. The ability of the District to request payments and the forbearance to file a lawsuit shall continue until December 31, 2025, which may be extended an additional period of 6 months by the District upon District's written notice to Consultant. Any extension of the Agreement under this provision shall not change or increase Consultant's payment obligations in section 1, which in any event shall not exceed a total of Two Millon Dollars (\$2,000,000).
- 7. In the event that litigation is brought by any Party in connection with this Agreement, the prevailing Party shall be entitled to recover from the opposing Party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing Party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.
- 8. This is an integrated agreement. This Agreement is the entire agreement of the Parties concerning its subject matter and may not be modified in any manner except by a writing duly executed by the Parties in interest. The Parties are solely relying on the contents of this Agreement, and not on any outside warranties, representations, documents, information or statements. Modifications to the Agreement can only be made in writing and must be signed by all Parties.
- 9. This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement the Parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in San Luis Obispo County, California. Consultant agrees to submit to the personal jurisdiction of such court in the event of such action regarding this Agreement.
- 10. If any part of this Agreement is held invalid, unenforceable, or contrary to public policy or any law, then the remainder of this Agreement will not be affected and

will remain enforceable.

- 11. Each Party agrees to bear their own costs related to the creation of this Agreement.
- 12. The Parties each represent and warrant that: (a) it has the sole right and exclusive authority to execute this Agreement and receive any consideration to be received by that Party; (b) it has not sold, assigned, transferred, conveyed or otherwise disposed of, or agreed to sell, assign, transfer, or convey anything released by that Party in this Agreement; and (c) to the best of its knowledge, no other persons or entities previously claimed or currently claims any interest in the matters released by that Party in this Agreement.
- 13. The Parties represent and warrant that they each are entering into this partial release and executing this Agreement after having received full legal advice as to their respective rights from their respective attorneys. The Parties carefully read this Agreement and understand its terms, and they sign it freely and voluntarily.
- 14. A waiver of any part of this Agreement is not a waiver of any part of the Agreement. One waiver is not a continuing waiver. No waiver is binding unless executed in writing by the Party making the waiver.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

A public agency	ON DISTRI	CT,	
District Administrator	Date:		
ATTEST:			
Clerk of the Board South San Luis Obispo County Sanitation District			
KENNEDY / JENKS CONSULTANTS, INC.			
Signature Signature	Date:	March 10, 2	2025
Keith A. London, President & CEO Name and Title			
94-2147007 Social Security or Taxpaver ID Number			

<b>APPROVED</b>	AS TO	FORM:
-----------------	-------	-------

Kuth Collins	Date:	March 10, 2025
Keith F. Collins, District Legal Counsel	_	



# SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

Staff Report

To: Board of Directors

**From:** Jeremy Ghent, District Administrator

**Date:** May 7, 2025

Subject: AUTHORIZE EXECUTION OF CONTRACT AMENDMENT #4 FOR WWTP

REDUNDANCY PROJECT CONSTRUCTION MANAGEMENT SERVICES WITH

MNS ENGINEERS, INC., PENDING USDA CONCURRENCE

# **RECOMMENDATION:**

Authorize the District Administrator to execute a contract amendment for Construction Management Services for the Wastewater Treatment Plant Redundancy Project with MNS Engineers, Inc., (MNS) in the amount of \$166,009.87 pending USDA concurrence.

# **BACKGROUND:**

In the summer of 2023, as the Wastewater Treatment Plant Redundancy Project (Project) surpassed the contracted 30-month construction schedule and was moving towards substantial completion, District staff worked with MNS to amend the contract for continued construction management services. The budget proposal was prepared prior to discovery of damage to Secondary Clarifier 2 (SC2), which occurred in July 2023. The District Board considered Amendment No. 1 at the August 2, 2023 Board meeting, where staff noted the damage to SC2 would impact the project schedule and require additional services from MNS, but the extent was unknown.

Contract Amendment #2 was considered and approved at the December 2023 Board Meeting to extend construction management services through June 2024. The amendment was prepared assuming construction would be completed April 2024 and final completion would be in June 2024, after the 45-day Commissioning Period. At the time, design of the SC2 repair was under development and the full construction requirements and schedule was unknown.

After the design for SC2 rehabilitation was completed and the Project Team worked through the main construction change orders for the work, MNS was able to provide an update to the level of effort anticipated for the Project construction management services. Amendment #3 was considered and approved at the June 5, 2024 Board Meeting, based on construction extending

into November 2024 with final completion estimated in December 2024 or January 2025, after the 45-day Commissioning Period.

The rehabilitation work for SC2 took longer than anticipated, due to delays for construction joint rework and concrete crack repair required for the SC2 slab. SC2 slab replacement was completed in mid-March 2025, after which SC2 startup commenced. This Contract Amendment #4 is recommended to extend MNS's contract to cover the remaining construction management services through completion of the Project.

# DISCUSSION:

Construction of the Project is anticipated to reach final completion in May 2025, after the 45-day commissioning period. This date is several months longer than the completion date previously estimated and will require more time and effort than was anticipated for the Project. The budget required for these additional services will soon exceed the currently authorized contract amount; therefore a contract amendment is recommended for MNS to provide additional budget for the increase in services.

The primary cause for the increased services is the extended contract completion time due to the SC2 slab replacement. The additional tasks remaining to complete the contract work are:

- Startup and commissioning
- Punchlist item completion / inspection and sign off
- Project closeout / Archives and Electronic Documentation

Due to delays in commissioning and a short scheduling window (2 weeks), MNS's originally proposed onsite startup staff (from GHD) was no longer available due to scheduling conflicts with other projects. The Project team discussed alternatives, and opted to coordinate with Perc Water, the District's startup and operations support consultant, who already planned to be onsite for a portion of the commissioning. This Amendment #4 includes removal of the on-site startup services from MNS's scope of work. A proposed amendment to add these services to Perc Water's contract is presented for your consideration in a separate item (Agenda 6E.). With efficiencies from already planning to be onsite and reduced travel costs, staff estimates a savings of approximately \$7,500 to transfer the onsite commissioning support services from MNS to Perc.

Based on on-going coordination efforts and challenges during commissioning encountered to date, MNS anticipates more involvement in the Commissioning phase of the Project than previously anticipated. To date, MNS' inspectors (mechanical, electrical, and SCADA) have been instrumental in troubleshooting issues, and providing potential solutions to keep the Project moving toward completion. For this reason, additional budget is proposed for inspection services during the Commissioning phase.

Based on the cost of services performed to date and the remaining balance in the current contract, MNS estimates the cost to complete the work described above to be \$166,009.87. A total of \$3,740,001.82 has been spent through February 28, 2025. The attached proposal details the estimated effort for the additional construction management services. If approved, the updated total cost of the contract would be \$3,971,894.26.

# **FISCAL CONSIDERATION:**

The recommended contract amendment amount is \$166,009.87 for a total construction management services budget of \$3,971,894.26. Staff estimates that 75 to 80% of the amendment amount are costs related to the SC2 rehabilitation work.

The damage to SC2 is estimated to be due to a design error. Costs associated with SC2 damage investigations and repair are the responsibility of the designer. The District's Project Team is tracking costs and schedule, along with remaining work to be completed to allow the District to recover the additional costs from the designer.

There is currently \$1,208,193 remaining in construction contingency. Staff recommends reallocating \$166,010 from the contingency to cover the amendment for construction management services, which would leave a contingency of \$1,042,183.

# Attachments:

MNS Contract Amendment 4 Request dated May 24, 2025



# March 24, 2025

South San Luis Obispo County Sanitation District Attention: Jeremy Ghent, District Administrator; Eileen Shields, Project Administrator 1600 Aloha Place Oceano, CA 93445

# SUBJECT: WWTP Redundancy Project Construction Management Contract Amendment #4

Dear Mr. Ghent,

As you are aware, the construction of the WWTP Redundancy project (Project) is anticipated to reach final completion in May after the 45-day Commissioning Period. The Project Commissioning Period was delayed by unanticipated damage and subsequent rehabilitation of the Secondary Clarifier No.2 (SC2). This updated completion date (May 2025) is several months longer than the completion date of November 2024, previously estimated in Amendment No.3, and will require more time and effort than was anticipated for the Project. The cost required for these additional services will soon exceed our current contract amount; therefore, MNS is requesting a contract amendment to provide additional funds for this increase in services.

Amendment No.3 extended MNS's services to match the estimated project completion of November 2024; however, SC2 change order work determined the repair construction would extend until December 15, 2024, after which the pre-commissioning and commissioning periods would begin, shifting contract completion to the end of February 2025. As the SC2 rehabilitation work proceeded, delays were encountered including a15-day delay due to construction joint rework, and 72-day delay due to crack injection of the SC2 slab and walls, thereby extending the Project completion to the current estimate of May 2025. Based on an estimated schedule and remaining work to be completed, MNS anticipates project closeout service completion by May 2025, assuming completion of the WWTP Commissioning Period does not experience any major hurdles, followed by Close-Out. Thus, the project will require an additional 6 months of service beyond what was last estimated (Amendment 3) and additional budget will be required to complete the project.

The primary cause for the increased services is the extended contract completion time, due to the SC2 slab replacement. SC2 slab replacement was completed in March 2025. The additional tasks remaining to complete the contract work are as indicated below:

- Startup and commissioning
- Punchlist item completion / inspection and sign off
- Project closeout / Archives and Electronic Documentation

Unfortunately, due to delays in Commissioning and a short scheduling window (2 weeks), MNS's originally proposed on-site startup staff (from GHD) was no longer available due to scheduling conflicts with other projects. GHD proposed alternative staff, which did not meet the minimum qualifications expected by the MNS or the District. MNS discussed the situation with Perc Water, the District's contracted startup consultant, prior to approaching the District. As current Project participants, Perc Water was willing and able to take over the startup scope of services previously allocated to MNS, to which the District agreed. This Amendment includes removal of the on-site startup services from the MNS scope of work, leaving the GHD on-call availability at the request of the District.

Based on the on-going coordination efforts and challenges in Commissioning encountered, MNS anticipates more involvement in the Commissioning phase of the Project than previously anticipated. To date, MNS' inspectors (mechanical, electrical, and SCADA) have been instrumental in troubleshooting issues, and providing potential solutions to keep the Project moving toward completion. Some hours have been added for inspection services during the Commissioning phase.





Despite the project delays, MNS has been able to extend the existing Amendment No.3 budget into March 2025, but based on the cost of services performed to date and the remaining balance in our current contract, we estimate the cost to complete the work described above including closeout to require an additional \$166,009.87 as outlined in the attached closeout cost estimate.

Thank you for your consideration on this matter. Please contact me at jpope@mnsengineers.com or 805.302-1624 with any questions you may have.

Sincerely,

MNS Engineers, Inc.

Joe Pope, PE

Vice President of Construction Management Water

Encl. Cost Proposal

# Construction Management Servic Wastewater Treatment Plant Redundancy Project South San Luis Obispo County Sanitation District

		Project Sche	edul	le					
		2025							
	PHASE		Mar	Apr	May				
	Pre-Construction							\$	-
С	onstruction Management							\$	164,766.68
	Project Closeout							\$	67,125.70
	PHASE								
	ı	2025		TOTAL	HOURLY				
	Role	Staff	Mar		May	HOURS	RATE 2025	TO	OTAL COST
	CONSTRUCTION		mai	7401	ay				
		Greg Chelini	4	1		4	270.40	φ	1 001 6
	Project Manager Resident Engineer	Megan Panofsky	120	40		160	270.40 239.20	\$	1,081.60 38,272.00
	Civil/Mech Inspector	Eddie Williams	172	120		292	188.24	_	54,966.0
	EE/I&C Inspector	Beacon West	160	120		292	188.24	\$	52,707.2
	Office Engineer	Fina Auau	8	8		16	124.80	\$	1,996.8
	Office Engineer	SUB-TOTAL	464		0	<b>752</b>	124.00	\$	149,023.6
	PROJECT CLOSEO		707	1 200		702		Ψ	140,020.00
	Project Manager	Greg Chelini		8	8	16	270.40	\$	4.326.40
	Resident Engineer	Megan Panofsky		80	80	160	239.20	•	38,272.0
	Office Engineer	Fina Auau		60	40	100	124.80	_	12,480.0
	Civil/Mech Inspector	Eddie Williams		40		40	188.24	\$	7,529.6
	EE/I&C Inspector	Beacon West		24		24	188.24	\$	4,517.7
		2112 -22-11	_	- 1-	400	340			
		SUB-TOTAL	0	212	128	340		\$	67,125.7
TOTAL HOURS		SUB-TOTAL	0 464	500	128	1,092		\$	
TOTAL HOURS		SUB-TOTAL	Ľ					т .	
TOTAL HOURS  Direct Expenses		SUB-TOTAL	Ľ				то	\$	
		SUB-TOTAL	Ľ				TO \$	\$	216,149.44 COST
Direct Expenses	DIRECT E	SUB-TOTAL	Ľ					\$	216,149.44 COST 500.00
Direct Expenses Direct Expenses	DIRECT E		Ľ				\$	\$	216,149.4 COST 500.0 500.0
Direct Expenses		EXPENSES SUB-TOTAL	Ľ				\$ \$	\$	216,149.44  COST  500.00  COST
Direct Expenses Direct Expenses	Startup Engineer		Ľ				\$	\$	216,149.44  COST  500.00  COST  15,243.00
Direct Expenses Direct Expenses	Startup Engineer	EXPENSES SUB-TOTAL GHD	Ľ				\$ \$ TO	\$	216,149.4  COST  500.0  COST  15,243.0
Direct Expenses Direct Expenses Sub Consultants	Startup Engineer	GHD GULTANTS SUB-TOTAL	Ľ				\$ \$ TO	\$	216,149.4  COST  500.0  500.0  COST  15,243.0  15,243.0
Direct Expenses Direct Expenses Sub Consultants	Startup Engineer SUBCONS STRUCTION/CLOSE OUT	GHD GULTANTS SUB-TOTAL	Ľ				\$ <b>TO</b>	\$	500.00 <b>500.0</b> 0

Contracted

**Contract Amendment** 

3,805,884.39

166,009.87

\$



# SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

Staff Report

To: Board of Directors

**From:** Jeremy Ghent, District Administrator

**Date:** May 7, 2025

Subject: AUTHORIZE EXECUTION OF AMENDMENT #3 FOR WWTP STARTUP AND

OPERATIONS SUPPORT SERVICES WITH PERC WATER, INC.

# **RECOMMENDATION:**

Authorize the District Administrator to execute a budget amendment for startup and operations support services for the Wastewater Treatment Plant related to the Wastewater Treatment Plant Redundancy Project with Perc Water, Inc., (Perc) in the amount of \$8,112.

# **BACKGROUND AND DISCUSSION:**

The District executed a contract with Perc to provide independent wastewater treatment consulting services, including review of the Wastewater Treatment Plant (WWTP) Redundancy Project startup and commissioning, preparation of an Operation and Maintenance Manual, and operator training and support services for twelve months after the completion of the Redundancy Project. Perc's contract (dated May 27, 2022) included a term of twenty-four months. The contract was extended in April 2024 for an additional year with Amendment #1, without any adjustment to the scope or budget. At that time, the startup and operations support services had been delayed for nearly a year due to the unanticipated damage and rehabilitation of secondary clarifier 2. District staff worked with the Project team to determine the anticipated schedule and informed Perc of the anticipated schedule.

Amendment #2 was authorized by the Board in December 2024 to adjust the total compensation based on increased labor rates from 2022 to 2024 standard rates and the anticipated effort remaining in the contract. Amendment #2 increased the contract amount by \$54,386 to a total of \$354,058. The delay was due to the damage and rehabilitation work associated with Secondary Clarifier #2, estimated to be due to a design error. Costs associated with SC2 damage investigations and repair are the responsibility of the designer. Although the startup and operations support are not directly related to the SC2 damage, the extended delay from the damage and rehabilitation of SC2 directly resulted in cost increases. The District's Project Team is tracking costs and schedule, along with remaining work to be completed, and coordinating with

the designer to determine a path forward for recuperation of costs related to the SC2 damage and repair, including the cost of Amendment #2.

This Amendment #3 is recommended to compensate Perc for additional time onsite to assist District staff with Redundancy Project startup, specifically related to "seeding" the aeration basin. "Seeding" a biological wastewater treatment system is the process of introducing sludge from an established wastewater treatment plant in order to inoculate the new process with the desired type of microorganisms to treat the wastewater. While seeding isn't always required, it typically reduces the time required to establish the new biological process. The District previously planned to receive support on the seeding from MNS Engineers (MNS), the District's Construction Manager. However, due to delays and rescheduling, the planned staff from MNS's team was no longer available. The District discussed alternatives with MNS and with MKN, the District's Project Manager for Redundancy Project, and elected to pursue additional support from Perc. Perc's staff were already planning to be onsite for a portion of the startup, they are already familiar with the Project, the startup plan, and the WWTP, since they are providing operations support to the District. To provide the additional support for seeding, Perc estimated they would be onsite for an additional three (3) days. For the added labor costs and other direct costs, Perc is requesting an additional \$8,112.

#### FISCAL CONSIDERATION:

The recommended contract amendment amount is \$8,112 for a total budget of \$362,170. MKN and District staff are concurrently working with MNS to remove the onsite startup support services from their existing contract (included in Agenda Item 6D.). With efficiencies from already planning to be onsite and reduced travel costs, staff estimates a savings of approximately \$7,500 to transfer the onsite commissioning support services from MNS to Perc.

There is approximately \$118,074 remaining in the professional services contingency. Staff recommends reallocating \$8,112 from the professional services contingency to amend Perc's contract for these additional services.

# **Attachment:**

Proposed Perc Budget Amendment #3

# **EXHIBIT A**

PERC Water

South San Luis Obispo Sanitation District

	Startup Manager				
	Gilbet Perez				
Task Description	\$288	Total Hours	Labor Costs	ODC	Total Cost
Advise District during Startup	24	24	\$6,912	\$1,200	\$8,112

Current authorized total	\$354,058
New amended total	\$362,170

The District requested additional services from Perc Water to support and advise during the Redundancy Project startup. Perc Water will be onsite for an additional three days to observe the startup processes and advise the District on the activated sludge monitoring and results, seeding, and other commissioning-related questions or issues that may arise during Project startup. The level of effort is anticipated to be \$8,112 per the table herein.



# SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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

\_\_\_\_

**Staff Report** 

**To:** Board of Directors

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

**Date:** May 7, 2025

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:**

- Redundancy project construction is substantially complete
- The new process has been treating full flow since Monday April 7<sup>th</sup>.
- The only notable ongoing troubleshooting is achieving uninterrupted operation of the Rotary Drum Thickeners.
- Major outstanding tasks are, closing on USDA financing, and settlement of repair claim for SC2.

# **Cogeneration Project:**

The District is gathering and sharing information with Engie and Southland. The District is seeking to identify a cost viable project that could utilize methane digester gas to offset energy needs at the treatment plant.

# Misc:

Ribbon cutting is being planned. The District will be emailing a Doodle poll next week
to key players in an attempt to identify dates that would best accommodate the variety
of interested parties. Potentially, late July through Mid-August

# **Plant Tours:**

4/24/2025 – Staff from the Regional Water Quality Control Board toured the facility and observed Redundancy operation.

# **Plant Operations Report**

During the reporting period of March 1<sup>st</sup> – April 30<sup>th</sup> there were no violations of the District's National Pollutant Discharge Elimination System (NPDES) Permit. All process values were within Permit limitations.

# **Monthly Plant Data for March 2025**

March 2025	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 Ibs/day
Low	2.18	3.1	300	26.1		260	13.0		3.1	101
High	2.53	4.9	450	35.0		490	36.0		60	253
Mar 2025 AVG	2.31	3.57	391	30.2	92.3	408	19.3	95.3	16.6	152
Mar 2024 AVG	2.37	3.63	478	27.5	94.2	534	22.4	95.8	11.2	494
Limit	5.0			40/60/90	>80		40/60/90	>80	2000	

# **Monthly Plant Data for April 2025**

April 2025	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 Ibs/day
Low	2.11	3.1	290	5.0		360	≤10		<1	85
High	2.4	4	360	29.0		450	30.0		8.5	506
April 2025 AVG	2.24	3.5	330	16.8	94.9	362	14.2	96.1	2.2	211
April 2024 AVG	2.37	3.58	436	24.1	94.5	457	20.4	95.5	2.3	499
Limit	5.0			40/60/90	>80		40/60/90	>80	2000	

# **Operation and Maintenance Tasks**

- Continued setting up process control laboratory
- Filled aeration basin in preparation for commissioning
- Installed stainless steel ball valves on aeration basin hoses and air blowoffs
- Ferguson Electric reinstalled centrifuge building lighting
- Electricraft began removal and replacement of treatment plant lighting
- Performed annual regulatory sampling of influent, effluent, and biosolids
- Flushed Fixed Film Reactor (FFR) in preparation for sending FFR effluent to aeration basin
- Drained and cleaned all Chlorine Contact Tank (CCT) serpentine channels
- OCSD assisted Operations Staff with hydro-jetting FFR effluent line
- · Performed lawn care and weed abatement throughout facility
- Replaced centrifuge auger support bushing
- Washed and cleaned District vehicles
- Shutdown Primary Clarifier No. 2 (PC2)
- Pressure washed headworks mechanical bar screens

- Replaced brakes on laboratory cart
- Shutdown and began draining and rinsing Secondary Clarifier No. 1 (SC1)
- OCSD assisted with hydro-vacuuming SC1 launder
- Transferred Aeration Basin 2 to Aeration Basin 1
- Painted gates at front of treatment facility
- Performed confined space entry into FFR effluent box to troubleshoot effluent gate valve operation
- R.S. Fire performed annual inspections on all fire extinguishers
- Began filling SC1 with Secondary Clarifier No. 2 (SC2) effluent in preparation for startup

# **Work Orders Completed**

- Performed algae control on all clarifiers
- Performed preventative maintenance on digester vacuum/pressure relief valves
- Performed preventative maintenance on mechanical bar screens
- Test ran emergency generators and emergency bypass pump
- De-ragged primary sludge pumps
- Performed preventative maintenance on Splitter Box polymer injection system
- Performed monthly safety walks
- Performed preventative maintenance on plant carts
- Replaced influent and effluent composite sampler sample tubing
- Performed preventative maintenance on chemical induction mixer

# **Training**

- Operations staff performed laboratory Demonstration of Capabilities on Total Coliform multiple tube fermentation analysis.
- Operations staff participated in training on:
  - Activated sludge process control analyses
  - Supervisory Control and Data Acquisition (SCADA)
  - Instrumentation
  - Programmable Logic Controllers (PLC)
  - o Rotary Drum Thickener (RDT) polymer injection system operation and maintenance
  - o RDT operation and maintenance
- PERC Water provided operator training on;
  - Fixed Film Reactor & Activated Sludge Process
  - Secondary Clarifier Standard Operating Procedures and Management
  - o Operational Impacts of Using Secondary Clarifier No. 1 vs Secondary Clarifier No. 2

#### Call Outs

- April 9<sup>th</sup> at 2:56am Low Aeration Basin Anoxic Zone Oxidation Reduction Potential (ORP) reading.
- April 10<sup>th</sup> at 1:45am Low Aeration Basin Anoxic Zone ORP reading.
- April 17<sup>th</sup> at 10:45pm Low CCT Influent ORP reading.
- April 19<sup>th</sup> at 1:10am Thickened Waste Activated Sludge (TWAS) pump fault
- April 19<sup>th</sup> at 7:30pm TWAS hopper high level
- April 27<sup>th</sup> at 8:45pm TWAS hopper high level
- April 28<sup>th</sup> at 4:15am TWAS pump fault

 April 30<sup>th</sup> at 5:06am – Return Activated Sludge (RAS) Total Suspended Solids (TSS) probe reading low

Operations Staff responded to all call outs. A larger volume of call outs are expected during commissioning of the Redundancy Project. As Operations Staff continue to optimize the process and adjust alarm thresholds, the number of call outs will decrease.

#### **Exceedances**

• February 2025 Non-Serious Violation – Average Monthly Effluent Limit for Biochemical Oxygen Demand (BOD). The cause of the exceedance was due to operating the FFR in a flushing/roughing filter state which in turn caused a spike in effluent BOD concentrations. The District's intent was to continue operating in a flushing/roughing filter state to minimize and mitigate the macro fauna sent to the activated sludge process during Redundancy Project commissioning scheduled to commence on February 14<sup>th</sup>. Due to construction delays, the startup was pushed to February 28<sup>th</sup>. Operations Staff returned the FFR to normal operation and BOD concentrations returned to within Permit limitations. The Water Board was notified of the exceedance. This exceedance expires on August 27, 2025.

# **Staff**



Operations Staff collecting samples while receiving a load of seed from the City of Pismo Beach WWTP.



Operations Staff training in the Process Control Laboratory.



OCSD assisting Operations Staff with hydro-jetting FFR effluent line.



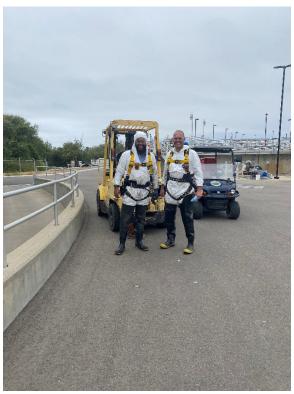
Electricraft installing new plant lighting.



OCSD assisting Operations Staff with hydro-vacuuming of SC1 launder.



Operations Staff participating in RDT training.



Operations Staff all smiles following a confined space entry.



WWTP Untreated Influent, Pre Redundancy Treated Effluent, Post Redundancy Treated Effluent.