

TO: BOARD OF DIRECTORS
FROM: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER
DATE: OCTOBER 23, 2015

**AGENDA ITEM
E-1
OCTOBER 28, 2015**

**COUNTY INTEGRATED WASTE MANAGEMENT AUTHORITY
PRESENTATION ON PROPOSED
ORGANICS MANAGEMENT PROGRAM**

ITEM

Receive presentation by San Luis Obispo County Integrated Waste Management Authority on the proposed organics management program. [RECOMMEND RECEIVE PRESENTATION]

BACKGROUND

In response to State mandates, the County and its solid waste service providers are proposing to implement an Organics Management Program county wide. Waste Connections, the solid waste service provider in South County, is working with the County's Integrated Waste Management Authority (IWMA) and Kompogas to build an anaerobic digester to facilitate the program.

IWMA Manager Bill Worrell is scheduled to present an overview of the proposed program.

FISCAL IMPACT

The initial costs of the Organics Management Program are included in the solid waste rate increase your Board considered and approved (via buy-down through a lowering of District solid waste franchise fee) in August.

STRATEGIC PLAN

Goal 8. ADDITIONAL COMMUNITY SERVICES. Staff should focus on meeting the goals and objectives of existing services. Adding new services will be considered on a case-by-case basis and entered into only if funding can be found and existing services are not harmed.

8.3 SOLID WASTE. Seek to maximize solid waste services for community and build understanding of services like hazardous waste, recycling, etc. and District's role.

RECOMMENDATION

Receive presentation

ATTACHMENTS

A. Kompogas SLO Brochure

October 28, 2015

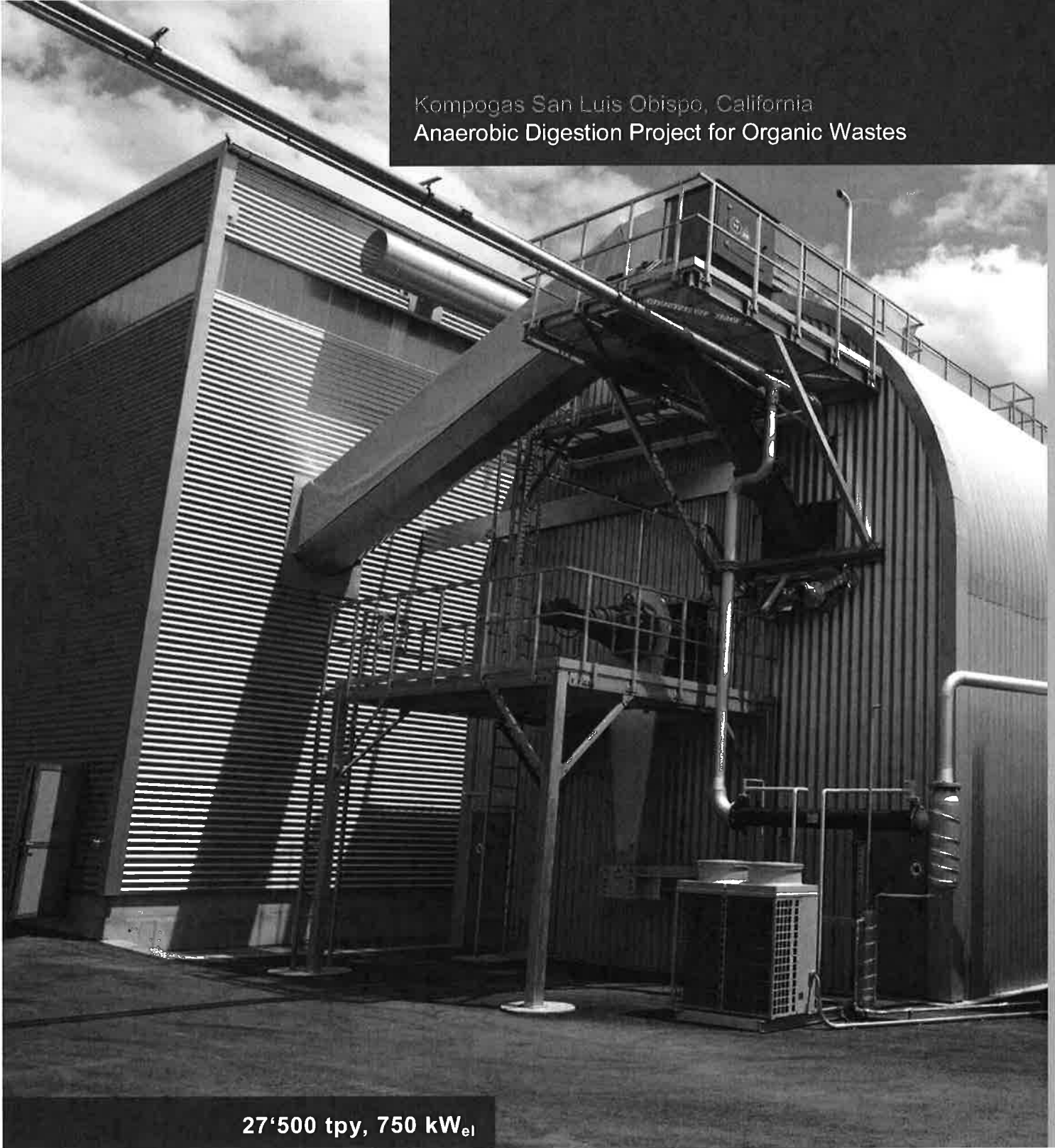
ITEM E-1

ATTACHMENT A

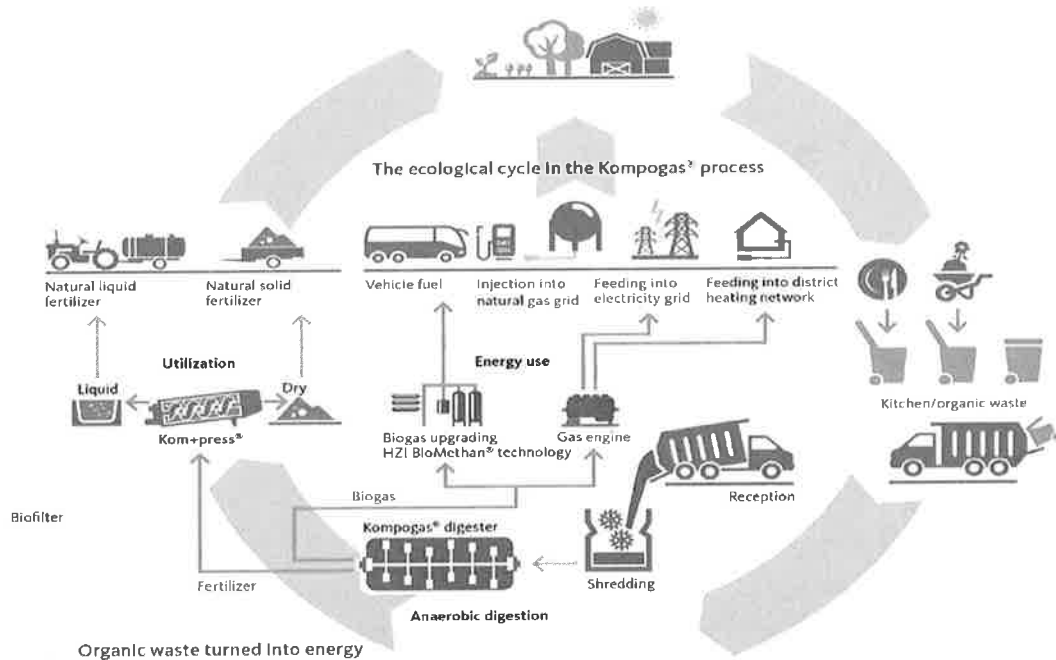
Hitachi Zosen INOVA

Kompogas San Luis Obispo, California
Anaerobic Digestion Project for Organic Wastes

27'500 tpy, 750 kW_{e1}



Close the nutrient cycle and generate carbon-neutral energy.



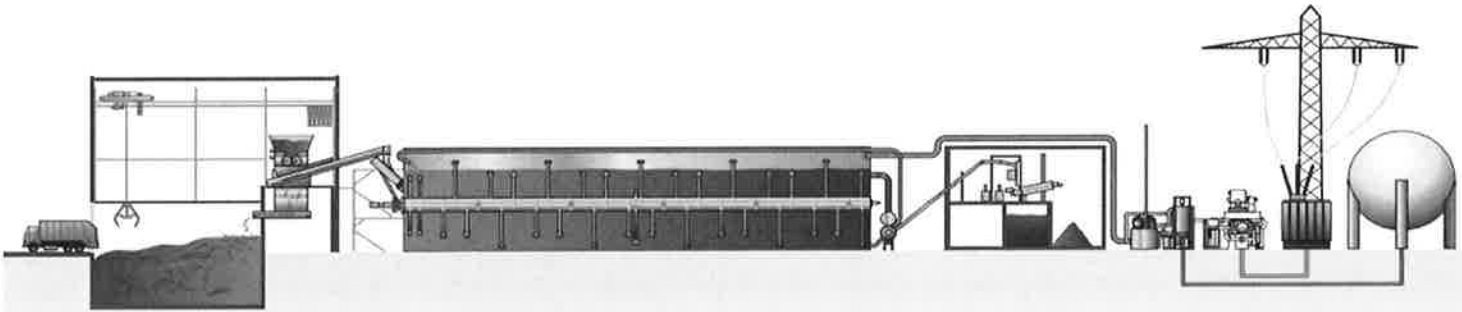
| San Luis Obispo, CA, Organic Wastes.

Within the cities of San Luis Obispo, Morro Bay, Arroyo Grande, Pismo Beach and Grover Beach and the surrounding unincorporated area of San Luis Obispo County, Waste Connections collects residential yard waste and manages oversize and commercial yard debris at its Cold Canyon resource recovery park. The yard waste is either composted or used as alternative daily cover at Cold Canyon Landfill. Food waste, which is estimated to be 10 to 20% of the waste going to the landfill, is currently not collected for composting. To meet California's waste diversion target of 75% diversion by 2020, to comply with the new mandatory organics recycling law and to generate renewable energy, a new sustainable and affordable solution is needed. That solution is an Anaerobic Digestion (AD) facility built at

Waste Connections' centrally located collection truck parking and maintenance yard in San Luis Obispo.

| Anaerobic Digestion of Yard and Food Wastes.

Anaerobic Digestion is simply the controlled decomposition of organic material in an oxygen-free environment. While an AD plant and conventional composting plants both produce compost that can be used by the agricultural industry, an AD plant has several key advantages. AD plants produce instead of consume energy, minimize the need for water during the composting process and operate indoors to eliminate odors, storm water runoff and litter.



Waste receiving and storage	Anaerobic digestion	Digestate discharge and treatment	Biogas treatment and power generation
Tipping floor	Plug-flow digester	Discharge pump	Biogas cleaning
Bucket loader, Waste crane	Agitator	Dewatering press	Cogeneration plant
Shredder, magnet, screen	Inoculation pipe	Compost treatment	Transformer
Tipping hall ventilation		Liquid digestate treatment	Electricity export

The Kompostogas® Anaerobic Digestion Technology.

Kompostogas is a world leader when it comes to anaerobic digestion technology. The first Kompostogas plant was built in 1991. There are now 75 Kompostogas AD plants operating in 10 different countries, some of them for more than 20 years. All of these plants convert organic materials into compost while at the same time generating renewable energy. In addition, the plants are demonstrated to be good neighbors in that the AD process occurs within an enclosed facility.

In the planned Kompostogas SLO plant, Waste Connections's collection trucks would back in through roll-up doors and drop organic waste in the receiving area. A bucket loader would feed the organics into the pretreatment system consisting of a shredder, magnet and screen. After pretreatment, the organics would go into the intermediate storage bunker. The digester would be fed continuously (24/7) by a fully automated crane system. The organic waste would be anaerobically digested for

about 14 days in the plug-flow digester at 132 F, which assures full sanitation of the products. Biogas would be continuously generated, cleaned and fed to a cogeneration unit which would produce electricity and heat. About 80% of the electricity produced would be sold to PG&E as renewable energy. The remaining 20% of the electricity and the waste heat from the generator would be used to operate the AD plant and heat the digester and building. The digested organics, known as digestate, would be extracted from time to time and fed to the sieve screw press where liquid and solid digestate are separated. The liquid digestate would be further treated to reduce solids content, and then sold as liquid fertilizer. Only minor amounts of fresh water are needed in the process. Solid digestate would be refined in a finishing stage and sold to the agricultural industry as compost and soil enhancer. Since the process occurs in a fully enclosed reactor and the exhaust air from buildings is cleaned in a biofilter, no odor emissions would occur.

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General project data	Sponsor, site	Waste Connections
	Location	San Luis Obispo
	Start-up	2017 (planned)
	Objective	Increased waste diversion from landfill, Compliance with organics recycling law, Renewable energy production
	Owner - Operator	Hitachi Zosen Inova U.S.A. LLC
AD plant data	Annual Capacity	Up to 27,500 tons per year
	Feedstock	Source segregated organic wastes from residential yard/food waste collection and from commercial food waste collection
	Digester type	1 x Kompogas PF1500
Plant products	Electricity	Up to 5.3 Million kWh per year (to PG&E)
	Compost	Up to 14,000 tons per year
	Liquid fertilizer	Up to 1.6 million gallons per year

TO: BOARD OF DIRECTORS

REVIEWED: MICHAEL S. LEBRUN *MJL*
GENERAL MANAGER

FROM: LISA BOGNUDA *LSB*
FINANCE DIRECTOR

**AGENDA ITEM
E-2
OCTOBER 28, 2015**

DATE: OCTOBER 23, 2015

REVIEW NEED FOR SCHEDULED WATER RATE INCREASE

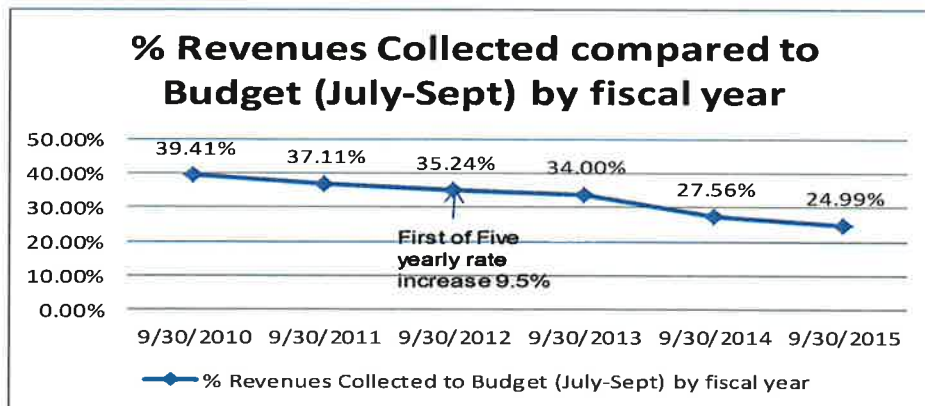
ITEM

Review need for scheduled water rate increase [RECOMMEND CONSIDER INFORMATION AND DIRECT STAFF]

BACKGROUND

In 2011, the Board of Directors approved a water rate study and adopted a five year water rate structure commencing on November 1, 2011. The final rate increase approved by this action is scheduled to go into effect on November 1, 2015.

Historically, the first quarter of the fiscal year (July through September) is the District's largest water sales quarter of the year. Typically, the District expects to collect as much as 40% of annual budgeted water revenues in the first quarter of the fiscal year – see graph below. Conversely, water sales revenues during the second and third quarters (October – March) are typically low due to a lack of irrigation during winter months. Conservation in response to drought conditions the past two years has driven first quarter water revenues down significantly, resulting in first quarter revenues at just under 25% this year.

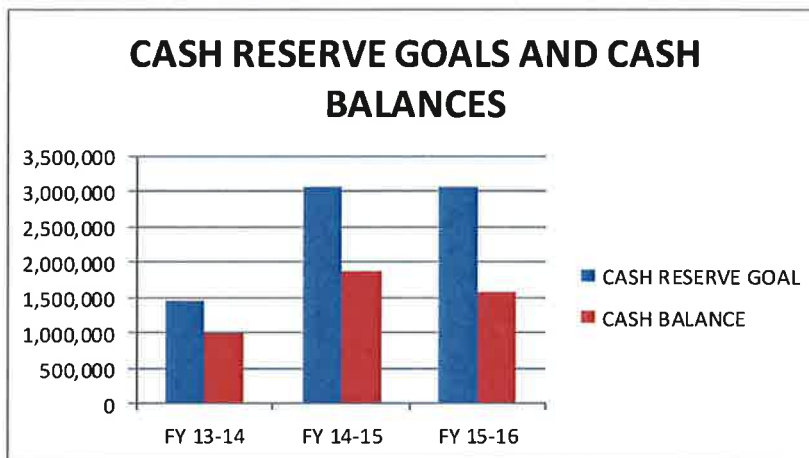


A first quarter budget summary for the Water Fund is provided as Attachment A. While combined Operations and Maintenance expenditures for July-September 2015 are at 22.1% of the budget, expenditure for operating supplies is already at 68.1% of budget. The change in operations and maintenance and cost of supplies associated with the change in disinfection from chlorine to chloramines was not budgeted.

Supplemental water deliveries began on July 2, 2015. The importation of water impacts the District's water system in many ways. This significant change in water system operation made projecting the 2015-2016 budget for the water system especially challenging.

If these trends of below budgeted income and above budgeted expenses continue at the current pace, a budget amendment will likely be needed. In this case, rate stabilization funds or cash reserves would be used.

In 2012, the Board adopted a Cash Reserve Policy which states the Water Fund cash reserves should be equal to or greater than twelve months (360 days) of annual budgeted operating expenses (not including Funded Replacement). For the past two fiscal years, the Water Fund has not met the cash reserve goals – see graph below.



FISCAL IMPACT

The adopted Fiscal Year 2015-2106 Budget was prepared assuming the anticipated water rate increase going into effect on November 1, 2015.

STRATEGIC PLAN

Strategic Plan Goal 4 – Maintain conservative, long-term financial management to minimize rate impacts on customers while meeting program financial needs.

RECOMMENDATION

Staff recommends the Board of Directors proceed with the adopted water rate increase effective November 1, 2015.

ATTACHMENTS

- A. Water Fund budget summary for three months ended September 30, 2015

October 28, 2015

ITEM E-2

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT
 BUDGET SUMMARY - FUND #125 WATER
 FOR THE PERIOD ENDING SEPTEMBER 30, 2015

	YTD ACTUAL	ANNUAL BUDGET	% OF BUDGET
REVENUES			
Water - Fixed Charge	302,603.45	1,234,000.00	24.52 %
Water - Usage	643,525.94	2,575,000.00	24.99 %
Construction Water	813.80	0	.00 %
Fire System Fee	2,218.41	0	.00 %
Fees and Penalties	21,794.27	45,000.00	48.43 %
Meters	0	5,000.00	.00 %
Plan Check & Inspection Fees	0	500.00	.00 %
Miscellaneous Income	12,324.56	62,779.00	19.63 %
Total Revenues	983,280.43	3,922,279.00	25.07 %
OPERATIONS AND MAINTENANCE			
Wages and Benefits	155,714.46	801,700.00	19.42 %
Electricity	107,926.76	330,000.00	32.71 %
Chemicals	9,429.20	27,000.00	34.92 %
Lab Tests	6,140.06	40,000.00	15.35 %
Operating Supplies	20,428.64	30,000.00	68.10 %
Outside Services	16,948.36	120,000.00	14.12 %
Permits and Operating Fees	794.00	14,000.00	5.67 %
Repairs and Maintenance	9,854.09	115,000.00	8.57 %
Engineering	1,035.00	10,000.00	10.35 %
Fuel	3,989.48	22,000.00	18.13 %
Paging Service	1,010.39	6,000.00	16.84 %
Meters - New Installation	0	50,000.00	.00 %
Safety Program	1,372.80	7,000.00	19.61 %
Uniforms	1,730.60	8,910.00	19.42 %
Conservation Program	7,787.56	50,000.00	15.58 %
Operating Transfers Out - Funded Replacement	141,499.98	566,000.00	25.00 %
Subtotal - O & M	485,661.38	2,197,610.00	22.10 %
GENERAL AND ADMINISTRATIVE			
Wages and Benefits	103,984.15	440,900.00	23.58 %
Utilities	17,160.00	66,000.00	26.00 %
Audit	0	4,680.00	.00 %
Bank Charges and Fees	754.45	3,500.00	21.56 %
Computer Expense	11,233.57	54,000.00	20.80 %
Dues and Subscriptions	620.89	10,200.00	6.09 %
Education and Training	250.00	9,900.00	2.53 %
Insurance - Liability	10,798.21	61,500.00	17.56 %
Landscape and Janitorial	1,892.06	8,700.00	21.75 %
Legal - General Counsel	11,261.80	45,000.00	25.03 %
Legal - Water Counsel	8,507.61	169,000.00	5.03 %
Professional Services	7,891.64	200,000.00	3.95 %
Miscellaneous	1,557.46	3,000.00	51.92 %
Newsletters & Mailers	3,119.33	8,600.00	36.27 %
Office Supplies	907.09	12,000.00	7.56 %

NIPOMO COMMUNITY SERVICES DISTRICT
 BUDGET SUMMARY - FUND #125 WATER
 FOR THE PERIOD ENDING SEPTEMBER 30, 2015

	YTD ACTUAL	ANNUAL BUDGET	% OF BUDGET
Outside Service	3,205.62	7,800.00	41.10 %
Postage	4,552.10	17,400.00	26.16 %
Public Notices	76.50	1,000.00	7.65 %
Repairs and Maintenance	1,109.31	7,200.00	15.41 %
Property Taxes	0	1,600.00	.00 %
Telephone	1,149.17	5,100.00	22.53 %
Travel and Mileage	2,488.28	8,100.00	30.72 %
Operating Transfer Out - Funded Administration	62,178.71	304,538.00	20.42 %
Subtotal - G & A	254,697.95	1,449,718.00	17.57 %
<u>NON OPERATING INCOME</u>			
Interest Income	1,288.45	4,400.00	29.28 %
Subtotal - Non Operating Income	1,288.45	4,400.00	29.28 %
<u>NON OPERATING EXPENSES</u>			
Interest Expense	0	23,159.00	.00 %
Subtotal - Non Operating Expenses	0	23,159.00	.00 %
Net Surplus/(Deficit)	244,209.55	256,192.00	

UNAUDITED

TO: BOARD OF DIRECTORS
REVIEWED: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER
FROM: PETER V. SEVCIK, P.E. *PVS*
DIRECTOR OF
ENGINEERING & OPERATIONS
DATE: OCTOBER 23, 2015

**AGENDA ITEM
E-3
OCTOBER 28, 2015**

**APPROVE PURCHASE OF REPLACEMENT INFLUENT PUMP
FOR SOUTHLAND WASTEWATER TREATMENT FACILITY**

ITEM

Approve purchase of replacement influent pump for Southland Wastewater Treatment Facility from Flo-Systems Inc. in the amount of \$51,995 [RECOMMEND BY MOTION AND ROLL CALL VOTE APPROVE RESOLUTION AUTHORIZING PURCHASE OF ONE REPLACEMENT INFLUENT PUMP FOR THE SOUTHLAND WASTEWATER TREATMENT FACILITY].

BACKGROUND

The influent pump station at the Southland Wastewater Treatment Facility (WWTF) pumps all of the raw wastewater from the Town Sewer collection system into the headworks at the Southland WWTF. The nominal flow capacity of each pump (two total) is approximately 1500 gallons per minute (gpm). The pumps have been in operation since March 2014 and have logged approximately 1600 hours of operation each.

Each pump is equipped with an inspection port that allows for a check of the upper mechanical seal. During a routine preventive maintenance check, when staff was removing the plug from the inspection port, the plug mating surface on the stator housing cracked. Staff was able to reseal the port and place the pump back into service. However, staff is not sure how long the repair will last. The pump is still under a partial warranty and estimated time to repair the damaged pump is 14 weeks.

Staff obtained a quote for an exact replacement pump that will work with the existing pre-rotation basin, guide shoe, suction bell and lifting system. Replacement of the existing pump with a pump from the same manufacturer ensures that the replacement pump will work without requiring the District to make any costly civil, mechanical or other modifications to the influent pump station. Staff plans to order the replacement pump, install it, and then send the damaged pump back to the factory for repair. Doing so will allow the District to maintain full redundancy at the influent pump station. Once the pump is repaired, the District will have a spare pump when needed in the future. Flo-Systems, Inc. submitted a quote in the amount of \$51,995. Estimated time for receipt of the replacement pump is 28 weeks.

FISCAL IMPACT

The approved FY 14-15 Town Sewer budget does not include funding for a replacement influent pump for the Southland WWTF. A budget adjustment from Fund #810, Funded Replacement – Town Sewer, reserves in the amount of \$51,995 is required to provide adequate funding for purchase of the replacement pump.

STRATEGIC PLAN

Goal 2. FACILITIES THAT ARE RELIABLE, ENVIRONMENTALLY SENSIBLE AND EFFICIENT. Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sensible, and efficient District operations.

RECOMMENDATION

Staff recommends that the Board, by motion and roll call vote, approve Resolution 2015-XXXX Southland WWTF Replacement Influent Pump, authorizing purchase of one replacement influent pump for the Southland WWTF from Flo-Systems, Inc. in the amount of \$51,995 and authorizing a budget amendment.

ATTACHMENTS

- A. Resolution 2015-XXXX Southland WWTF Influent Pump Replacement

October 28, 2015

ITEM E-3

ATTACHMENT A

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2015-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES
DISTRICT AUTHORIZING PURCHASE OF A REPLACEMENT INFLUENT PUMP
FOR THE SOUTHLAND WASTEWATER TREATMENT FACILITY
FROM FLO-SYSTEMS INC. IN THE AMOUNT OF \$51,995**

WHEREAS, the influent pump station at the Southland Wastewater Treatment Facility (WWTF) pumps all of the raw wastewater from the Town Sewer collection system into the headworks at the Southland WWTF; and

WHEREAS, one of the existing pumps needs to be repaired; and

WHEREAS, purchasing a replacement pump will allow the District to maintain full redundancy at the influent pump station;

WHEREAS, replacement of the existing pump with an exact replacement pump that will work with the existing pre-rotation basin, guide shoe, suction bell and lifting system ensures that the replacement pump will work without requiring the District to make any costly civil, mechanical or other modifications to the influent pump station; and

WHEREAS, Flo-Systems, Inc. originally provided the pumps for the Southland WWTF Influent Pump Station; and

WHEREAS, Flo-Systems provided a quote of \$51,995 for the replacement pump; and

WHEREAS, under the District's Purchasing Policy 8.3.40 this purchase qualifies for non-competitive bidding and the Board finds that:

- 1) The purchase price is reasonable; and
- 2) The product is the only product that meets the need for the District's system.

NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE NIPOMO COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS AS FOLLOWS:

- 1) The above recitals are true and correct and constitute findings for the exclusive use of Flo-Systems, Inc. to supply a replacement influent pump for the Southland WWTF.
- 2) The District Board of Directors does hereby direct District staff to execute a contract for purchase of a replacement influent pump for the Southland WWTF with Flo-Systems, Inc. in the amount of \$51,995.
- 3) The District Board of Directors does hereby authorize a budget amendment of \$51,995 from Fund #810, Funded Replacement – Town Sewer, to fund the purchase.

On the motion of Director _____, seconded by Director _____, and on the following roll call vote, to wit:

AYES:
NOES:
ABSENT:
CONFLICTS:

NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2015-XXXX

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT
AUTHORIZING PURCHASE OF A REPLACEMENT INFLUENT PUMP
FOR THE SOUTHLAND WASTEWATER TREATMENT FACILITY
FROM FLO-SYSTEMS INC. IN THE AMOUNT OF \$51,995

The foregoing resolution is hereby adopted this 28th day of October 2015.

CRAIG ARMSTRONG
President, Board of Directors

ATTEST:

APPROVED AS TO FORM:

MICHAEL S. LEBRUN
General Manager and Secretary to the Board

MICHAEL W. SEITZ
District Legal Counsel