

TO: BOARD OF DIRECTORS
 FROM: MARIO IGLESIAS
 GENERAL MANAGER
 DATE: APRIL 8, 2016



**AGENDA ITEM
 E-1
 APRIL 13, 2016**

**INDEPENDENT AUDITING SERVICES CONTRACT FOR FY 2016/17 WITH
 OPTION TO RENEW FOR ANNUAL AUDITS FOR FY 2017/18 AND 2018/19**

ITEM

Independent auditing services for FY 2016/17 with options to renew for annual audits for FY 2017/18 and FY 2018/19 [RECOMMEND APPROVAL]

BACKGROUND

Pursuant to Special District Law, the Board of Directors shall provide for regular audits of the District's accounts and records. An audit is performed on the accounts and records of Nipomo Community Services District every year by an independent Certified Public Accountant (CPA). The accounting firm of Crosby and Company has been the District's independent auditor for the past nine fiscal years. The FY 2014/15 was the final audit year under their existing professional services agreement with the District.

Since the last award of audit services, Assembly Bill 1345 has been adopted regarding auditor rotation requirements for annual audits of local governments. Assembly Bill 1345 (adopted September 7, 2012) added section 12410.6(b) to Government Code:

Commencing with the 2013-14 fiscal year, a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having a primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years. For purpose of calculating the six consecutive fiscal years, the local agency shall not take into account any time that a public accounting firm was employed by that local agency prior to the 2013-14 fiscal year. The Controller may waive this requirement if he or she finds that another eligible public accounting firm is not available to perform the audit.

The Finance and Audit Committee met and directed staff to prepare a Request for Proposal (RFP) for independent auditing services and solicited responses from ten qualified accounting firms. The previous auditor was not included in the solicitation even though he was eligible, as the Committee determined it wanted to uphold the spirit of the new law. The District received proposals from four firms by the March 7, 2016 deadline. (Proposals are available for review in the office).

Proposed fees from each firm are summarized below:

Moss, Levy & Hartzheim LLP (Santa Maria)	FY 2015-16	\$8,200
	FY 2016-17	\$8,485
	FY 2017-18	\$8,785
Rogers, Anderson, Malody & Scott, LLP (San Bernardino)	FY 2015-16	\$12,000
	FY 2016-17	\$12,000
	FY 2017-18	\$12,000
Fedak & Brown LLP (Cypress)	FY 2015-16	\$15,400
	FY 2016-17	\$15,725
	FY 2017-18	\$16,020
Leaf & Cole, LLP (San Diego)	FY 2015-16	\$17,675
	FY 2016-17	\$17,675 + CPI

	FY 2017-18	\$17,675 + CPI
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Staff reviewed the proposals and independently evaluated them utilizing an audit proposal evaluation matrix. Staff agreed that all four firms are sufficiently qualified to perform independent special district audits; however, Staff unanimously concluded that Rogers, Anderson, Malody & Scott, LLP (RAMS) was the most responsive to the RFP, even though they were not the lowest bidder. Pursuant to California Government Code subsection 53060 Special Services and Advice:

The legislative body of any public or municipal corporation or district may contract with and employ any persons for the furnishing to the corporation or district special services and advice in financial, economic, accounting, engineering, legal, or administrative matters if such persons are specially trained and experienced and competent to perform the special services required.

Staff contacted four clients of RAMS (ranging from new audit clients to long-term audit clients) and received positive comments.

FISCAL IMPACT

Funding for auditing services will be included in the FY 2016-17 budget.

STRATEGIC PLAN

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

Goal 6 – GOVERNANCE AND ADMINISTRATION – Conduct District activities in an efficient, equitable and cost-effective manner.

RECOMMENDATION

Staff recommends the Board of Directors approve the selection of Rogers, Anderson, Maldoy & Scott, LLP and direct the General Manager to execute a professional services contract for the FY 2015/16 with the options to renew for FY 16/17 and FY 17/18.

ATTACHMENT

None

TO: BOARD OF DIRECTORS
REVIEWED: MARIO IGLESIAS *MIG*
GENERAL MANAGER
FROM: PETER V. SEVCIK, P.E. *P.V.S.*
DIRECTOR OF
ENGINEERING & OPERATIONS
DATE: April 7, 2016

**AGENDA ITEM
E-2
APRIL 13, 2016**

**MKN & ASSOCIATES, INC. SCOPE AMENDMENT #3
FOR BLACKLAKE SEWER MASTER PLAN**

ITEM

Consider approval of Scope Amendment #3 with MKN & Associates, Inc. for engineering services in the amount of \$14,820 for Blacklake Sewer Master Plan [RECOMMEND BY MOTION AND ROLL CALL VOTE TO ADOPT RESOLUTION APPROVING SCOPE AMENDMENT #3 WITH MKN & ASSOCIATES, INC. IN THE AMOUNT OF \$14,820 AND AUTHORIZE STAFF TO EXECUTE TASK ORDER].

BACKGROUND

The Blacklake Wastewater Collection, Treatment and Reclamation system was initially constructed in 1984 and expanded thereafter by private developers to serve the Blacklake Specific Plan Area. Today the system includes the treatment and reclamation facility, approximately 7-miles of collection piping and three sewer lift-stations. The treated plant effluent is delivered to the golf course for blending and irrigation. In 2007 the replacement value of the infrastructure was estimated to be \$9,900,000.

The system was initially operated by the County of San Luis Obispo. The District annexed the Blacklake Specific Plan Area and assumed operation of the sewer system in 1993. Given the age of the overall sewer system, increasing regulatory requirements and limited available funding, the District initiated the Blacklake Sewer Master Plan in 2013 and selected MKN & Associates, Inc. (MKN) to prepare the Plan.

While portions of the project have been completed, the Master Plan document itself has not been completed. The project has been on hold for some time as staff time was fully committed to the Southland Wastewater Treatment Improvement Project and then later the Supplemental Water Project.

Staff met with MKN in February 2016 to discuss finishing the project and changes in the environment that had occurred since the project was initiated that could impact the project. Based on that discussion, MKN prepared the attached Scope Amendment for additional work that is to be incorporated into the Master Plan.

FISCAL IMPACT

The total amount of Scope Amendment #3 is \$14,820. The proposed task order will be funded from the project budget and sufficient funding is available. The total contract amount will increase from \$73,130 to \$87,950.

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, adopt the attached resolution approving MKN Scope Amendment #3 for the Blacklake Sewer Master Plan in the amount of \$14,820 and authorizing the General Manager to execute Task Order.

ATTACHMENTS

- A. MKN Scope Amendment #3 dated March 9, 2016
- B. Resolution 2016-XXXX MKN SA #3 Blacklake Sewer Master Plan

April 13, 2016

ITEM E-2

ATTACHMENT A



MKN & Associates, Inc.
P O Box 1604
Arroyo Grande CA 93421
805 904 6530

Revised March 9, 2016

Peter Sevcik
Nipomo Community Services District
P O Box 326
Nipomo CA 93444-0326

RE: Blacklake Sewer Master Plan-Scope Amendment #3

Dear Peter,

Thank you for meeting with me on February 17. It is my understanding that the District intends to complete the Blacklake Sewer Master Plan. The following additional work items were identified in our meeting for incorporation into the project:

- Revise the future development scenarios to accommodate a proposed hotel and residential development
- Update and expand the regionalization analysis from draft Technical Memorandum 1 to address lifecycle costs
- Remove completed projects from the list of recommended improvements and update the condition assessment accordingly
- Include budget estimates from the ongoing Woodgreen Improvements and Wastewater Treatment Facility (WWTF) Repair and Recoating projects

It is assumed the analysis of existing flows and loads will not change from the draft Technical Memorandum.

MKN will perform the following additional work under the existing task items for this project:

Task Group 100 – Collection System Evaluation

Future flows and loading will be modified to reflect the proposed hotel and residential development.

MKN will update the future flow scenarios in the wastewater collection system model to reflect the revised development proposal. This will also affect the future design flows for the lift stations and collection system improvements.

The hydraulic analysis of lift stations will be modified to reflect revisions to the future development scenario. However, it is not anticipated to affect the proposed pump sizes or pipe diameters.

Task Group 200 – Blacklake Wastewater Treatment Facility Evaluation

The existing analysis of Blacklake Wastewater Treatment Facility will be updated to include the following:

- Revised future flows and loadings
- List of future improvements, including identification of work recently performed by District staff as identified in draft Technical Memorandum 1 (ex. electrical improvements)

- Current construction cost opinions for rehabilitation, repair, and new coatings as identified by MKN during preliminary design of the Headworks and Chlorine Contact Basins rehabilitation project
- Expansion of the regionalization analysis to include a lifecycle cost comparison of Blacklake WWTF improvements to connection with Southland WWTF. It is assumed the connection will require a new lift station and force main to Southland WWTF, with recycled water main from Southland to Blacklake Golf Course. It is assumed that disinfected, secondary effluent from Southland WWTF would be acceptable since that is the level of quality delivered to Blacklake Golf Course now for reuse.

Task Group 400 – Draft and Final Master Plan

MKN will prepare an administrative draft of the Master Plan for review by District staff. After comments are received on the administrative draft Plan, per the current agreement, a draft and final Master Plan will be prepared.

Task Group 600 – Meetings and Workshops

It is recommended that the current budget for Task Group 600 be augmented to allow adequate time for one Board presentation and one community presentation. The budget is adequate to allow two progress meetings with District staff. It is assumed one meeting will be held after future flows and loadings are developed to discuss revisions to the Master Plan from previous drafts of Technical Memorandum 1.

Budget

The following table summarizes the requested budget amendment for the project.

	Current Budget	Scope Amendment No. 3	Revised Budget
Task Group 100	\$10,080	\$1,580	\$11,660
Task Group 200	\$18,520	\$4,270	\$22,790
Task Group 300	\$4,300	--	\$4,300
Task Group 400	\$20,540	\$5,300	\$25,840
Task Group 500	\$15,470	--	\$15,470
Task Group 600	\$ 4,220	\$3,670	\$7,890
Total	\$73,130	\$14,820	\$87,950

The revised total contract amount will be \$87,950. Payment requests will be submitted monthly on a time-and-materials basis. A breakdown of anticipated labor effort is provided in the attachment. MKN's current fee schedule is also attached. Contract provisions from the General Services Agreement shall govern.

The administrative draft Master Plan will be submitted within 6 weeks of Notice to Proceed. It is assumed the draft Master Plan will be submitted within 3 weeks of receiving comments on the administrative draft Plan. The final Plan will be completed within 2 weeks of receiving comments on the draft Master Plan.

Peter Sevcik
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Please let me know if you have any questions or comments about this proposal. I hope this meets your expectations.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael K. Nunley". The signature is fluid and cursive, with the first name being the most prominent.

Michael K. Nunley, PE
Principal

Attachments:

Budget Spreadsheet
2016 MKN Fee Schedule

Proposal - Blacklake Sewer Master Plan Scope Amendment #3

	Project Manager	Project Engineer	Assistant Engineer	Clerical	Subtotal Labor	ODCs	Total Hours	Total Cost
Task Group 100 - Collection System Evaluation								
Update of Collection System Model	1	1	4		\$ 790		6	
Revision to Pump Station Calculations	1	1	4		\$ 790		6	
Subtotal	2	2	8		\$ 1,580	\$ -	12	\$ 1,580
Task Group 200 - WWTF Evaluation								
Update to future flows and loadings	1	1	4		\$ 790		6	
Revisions to proposed CIP and cost opinions	1	4	4		\$ 1,210		9	
Expansion of regionalization analysis	1	4	12	2	\$ 2,270		19	
Subtotal	3	9	20	2	\$ 4,270	\$ -	34	\$ 4,270
Task Group 400- Draft and Final Master Plan								
Admin draft Master Plan	8	8	16	8	\$ 4,800	\$ 500	40	
Subtotal	8	8	16	8	\$ 4,800	\$ 500	40	\$ 5,300
Task Group 600- Meetings and Workshops								
Board meeting	4	4	4	2	\$ 1,820	\$ 15	14	
Community meeting	4	4	4	2	\$ 1,820	\$ 15	14	
Subtotal	8	8	8	10	\$ 3,640	\$ 30	28	\$ 3,670
TOTAL BUDGET	21	27	52	10	\$ 14,290	\$ 530	114	\$ 14,820

Billing Rates	\$/hr
Project Manager	170
Project Engineer	140
Assistant Engineer	120
Clerical	50

Mileage to be reimbursed at IRS rate



MKN & Associates, Inc.
PO Box 1604
Arroyo Grande, CA 93421
805 904 6530

FEE SCHEDULE FOR PROFESSIONAL SERVICES

ENGINEERS AND TECHNICAL SUPPORT STAFF

Project Manager	\$170/HR
Senior Project Engineer	\$160/HR
Project Engineer	\$140/HR
Senior Planner	\$130/HR
Assistant Engineer	\$120/HR
Hydraulic Analyst	\$120/HR
GIS Specialist	\$120/HR
GIS Technician	\$100/HR
Senior Design Technician	\$87/HR
Administrative Assistant	\$50/HR

Routine office expenses such as computer usage, telephone charges, office equipment and supplies, incidental postage, copying, faxes, etc., are included in the hourly rates.

DIRECT PROJECT EXPENSES

Outside Reproduction	Cost
Subcontracted or Subconsultant Services	Cost + 10%
Travel & Subsistence (other than mileage)	Cost
Auto Mileage	Current IRS Rate - \$.575/mi.

April 13, 2016

ITEM E-2

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2016-XXXX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT AUTHORIZING A TASK ORDER WITH
MKN & ASSOCIATES INC. FOR SCOPE AMENDMENT #3 FOR ENGINEERING SERVICES FOR
BLACKLAKE SEWER MASTER PLAN IN THE AMOUNT OF \$14,820**

WHEREAS, MKN & Associates, Inc. (MKN) was previously selected by the District to provide engineering design services for the Blacklake Sewer Master Plan; and

WHEREAS, the Board previously authorized MKN to provide engineering services for the Blacklake Sewer Master Plan for the not-to-exceed amount of \$73,130; and

WHEREAS, the District desires to have MKN provide additional engineering services and complete the Blacklake Sewer Master Plan.

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

1. The task order for Scope Amendment #3 for engineering services for the Blacklake Sewer Master Plan with MKN in the amount of \$14,820 is hereby authorized and the General Manager is authorized to execute the task order.
2. The above recitals are incorporated herein by this reference.

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

AYES:
NOES:
ABSENT:
CONFLICTS:

The foregoing resolution is hereby adopted this 13th day of April 2016.

CRAIG ARMSTRONG
President, Board of Directors

ATTEST:

APPROVED AS TO FORM:

MARIO IGLESIAS
General Manager and Secretary to the Board

MICHAEL W. SEITZ
District Legal Counsel