

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS 
GENERAL MANAGER
DATE: JULY 6, 2018



PRESENTATIONS AND REPORTS

The following presentations and reports are scheduled:

- C-1) INTRODUCE NEW EMPLOYEE, SANDRO AYALA, FILLING THE POSITION OF WATER UTILITY OPERATOR 1 [RECOMMEND RECEIVE AND FILE]
- C-2) AWARDS PRESENTATION FROM THE AMERICAN SOCIETY OF CIVIL ENGINEERS SAN LUIS OBISPO BRANCH, TO NIPOMO COMMUNITY SERVICES DISTRICT RECOGNIZING THE DISTRICT'S JOSHUA ROAD PUMP STATION RESERVOIR AS THE 2018 WATER PROJECT OF THE YEAR [RECOMMEND RECEIVE AND FILE]
- C-3) DIRECTORS' ANNOUNCEMENTS OF DISTRICT AND COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES AND SEMINARS.
Receive Announcements and Reports from Directors
- C-4) RECEIVE PUBLIC COMMENT ON PRESENTATIONS AND REPORTS PRESENTED UNDER ITEM C AND BY MOTION RECEIVE AND FILE PRESENTATIONS AND REPORTS

TO: BOARD OF DIRECTORS

FROM: MARIO E. IGLESIAS
GENERAL MANAGER

DATE: July 3, 2018

AGENDA ITEM

C-1

JULY 11, 2018

INTRODUCE NEW EMPLOYEE

ITEM

Introduce new Nipomo Community Services Employee, Sandro Ayala, Water Utility Operator 1 [RECOMMEND RECEIVE AND FILE].

BACKGROUND

On May 14, 2018, Sandro Ayala began his employment with the Nipomo Community Services District. Sandro was selected from a candidate pool of over 30 applicants vying for the Water Utility Operator 1 position.

Sandro graduated from Nipomo High School and was working for a local landscape company as a lead maintenance person prior to joining the Nipomo CSD team. He impressed the District's interview panels with his ability to communicate, friendly nature, and his experience dealing with underground plumbing and customer service.

Sandro lives in Nipomo with his wife and daughter. He continues to show great promise in the short time he has been working for the District and looks to be a great teammate for the District's Water Department.

FISCAL IMPACT

None

STRATEGIC PLAN

Goal 3. PERSONNEL AND ORGANIZATION. Maintain a qualified, long-term and productive workforce to assure an effective organization.

3.b. Ongoing activities

B.1 Ensure the District is adequately staffed with high quality, long-term employees and supported by appropriate contractors and partnerships.

RECOMMENDATION

Recommend receive and file.

ATTACHMENTS

None

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER



DATE: JULY 6, 2018



**RECEIVE AMERICAN SOCIETY OF CIVIL ENGINEERS SAN LUIS OBISPO
BRANCH AWARD RECOGNIZING DISTRICT'S JOSHUA ROAD PUMP
STATION RESERVIOR AS THE 2018 WATER PROJECT OF THE YEAR**

ITEM

Receive American Society of Civil Engineers, San Luis Obispo Branch award recognizing District's Joshua Road Pump Station Reservoir as the 2018 Water Project of the Year [RECOMMEND RECEIVE AND FILE]

BACKGROUND

On June 21, 2018, the American Society of Civil Engineers (ASCE), San Luis Obispo Branch, presented the Nipomo Community Services District with a prestigious award during its annual award ceremony. The District's Joshua Road Pump Station Reservoir was recognized as the 2018 Water Project of the Year.

All Branch awards are submitted to the Los Angeles Section and will compete with other Branches for Section recognition. Section winners move on to National for further consideration.

RECOMMENDATION

Recommend receive and file.

ATTACHMENTS

None

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER



DATE: JULY 6, 2018



CONSENT AGENDA

The following items are considered routine and non-controversial by staff and may be approved by one motion if no member of the Board wishes an item removed. If discussion is desired, the item may be removed from the Consent Agenda by a Board member and will be considered separately at the conclusion of the Administrative Items. Individual items on the Consent Agenda are approved by the same vote that approves the Consent Agenda, unless an item is pulled for separate consideration. The recommendations for each item are noted in bracket. Members of the public may comment on the Consent Agenda items.

**Questions or clarification may be made by the Board members
without removal from the Consent Agenda.**

- D-1) WARRANTS [RECOMMEND APPROVAL]
- D-2) APPROVE JUNE 27, 2018, REGULAR BOARD MEETING MINUTES
[RECOMMEND APPROVE MINUTES]
- D-3) DECLARE 2008 FORD PICKUP TRUCK SURPLUS AND AUTHORIZE SALE
[RECOMMEND DECLARE 2008 FORD PICKUP SURPLUS AND AUTHORIZE
STAFF TO DISPOSE OF BY SALE]

TO: BOARD OF DIRECTORS

REVIEWED: MARIO IGLESIAS
GENERAL MANAGER



FROM: LISA BOGNUDA
FINANCE DIRECTOR



DATE: JULY 6, 2018



WARRANTS

HANDWRITTEN CHECKS
None

TOTAL COMPUTER CHECKS
\$183,330.62

VOIDS – NONE

COMPUTER GENERATED CHECKS – SEE ATTACHED



Nipomo Community Services District

Item D-1 Warrants JULY 11, 2018

By Payment Number

Payment Dates 07/11/2018 - 07/11/2018

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 3890				
Abalone Coast Analytical, Inc.	Lab tests	4189	07/11/2018	6,037.95
				Payment 3890 Total: 6,037.95
Payment: 3891				
Alexander's Contract Services,	Meter reading	201806280871	07/11/2018	3,509.31
				Payment 3891 Total: 3,509.31
Payment: 3892				
American Industrial Supply	Brass pipe nipple, pvc boots	0320471	07/11/2018	227.95
				Payment 3892 Total: 227.95
Payment: 3893				
AmeriPride	Uniforms	1502175936	07/11/2018	230.80
				Payment 3893 Total: 230.80
Payment: 3894				
AT&T	Telephone	11523732	07/11/2018	213.60
AT&T	Telephone	11523730	07/11/2018	27.97
AT&T	Telephone	11523731	07/11/2018	160.45
				Payment 3894 Total: 402.02
Payment: 3895				
Brenntag Pacific, Inc.	Sodium hypochlorite	849189	07/11/2018	90.22
Brenntag Pacific, Inc.	Sodium hypochlorite	849188	07/11/2018	762.88
				Payment 3895 Total: 853.10
Payment: 3896				
Brown Bear Corporation	Hose guard	4539	07/11/2018	147.75
				Payment 3896 Total: 147.75
Payment: 3897				
Coastal Rolloff	Nipomo Cleanup Day	6117356	07/11/2018	5,675.27
				Payment 3897 Total: 5,675.27
Payment: 3898				
Electricraft, Inc.	Pump repair - BL#4	12117	07/11/2018	216.00
				Payment 3898 Total: 216.00
Payment: 3899				
Everywhere Right Now, Inc	Website updates	2069	07/11/2018	81.00
				Payment 3899 Total: 81.00
Payment: 3900				
Excel Personnel Services, Inc.	Employment agency	2551699	07/11/2018	434.00
				Payment 3900 Total: 434.00
Payment: 3901				
FGL Environmental	Lab tests	881008	07/11/2018	521.00
FGL Environmental	Lab tests	881873	07/11/2018	30.00
				Payment 3901 Total: 551.00
Payment: 3902				
GLM Landscape Management	Landscape maintenance	JUN2018	07/11/2018	493.27
				Payment 3902 Total: 493.27
Payment: 3903				
Hach Company	CHEMKEYS	11017361	07/11/2018	3,167.66
				Payment 3903 Total: 3,167.66
Payment: 3904				
Home Depot Credit Services D	Backpack sprayer, insectides	6023253	07/11/2018	110.64
				Payment 3904 Total: 110.64

Item D-1 Warrants JULY 11, 2018

Payment Dates: 07/11/2018 - 07/11/2018

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
Payment: 3905				
Integrated Industrial Supply, I	Disposable gloves, sunscreen	54090	07/11/2018	235.25
Payment 3905 Total:				235.25
Payment: 3906				
Lee Central Coast Newspapers	Public notices	JUN2018B	07/11/2018	869.21
Lee Central Coast Newspapers	Employment ads	JUN2018A	07/11/2018	247.65
Payment 3906 Total:				1,116.86
Payment: 3907				
Miner's Ace Hardware	Supplies	JUN2018	07/11/2018	468.16
Payment 3907 Total:				468.16
Payment: 3908				
Newton Geo-Hydrology Cons	Litigation support through 06-	JUN2018	07/11/2018	7,488.28
Payment 3908 Total:				7,488.28
Payment: 3909				
Nu-Tech Pest Management	Rodent control	0135961	07/11/2018	265.00
Nu-Tech Pest Management	Pest control	0135963	07/11/2018	75.00
Payment 3909 Total:				340.00
Payment: 3910				
Office Depot	Office supplies	157265237001	07/11/2018	90.29
Payment 3910 Total:				90.29
Payment: 3911				
Perry's Electric Motors & Cont	Aerator pump diagnostic	21932	07/11/2018	75.00
Perry's Electric Motors & Cont	Aerator pump diagnostic	21933	07/11/2018	75.00
Payment 3911 Total:				150.00
Payment: 3912				
Polydyne, Inc.	Clarifloc	1252828	07/11/2018	598.46
Payment 3912 Total:				598.46
Payment: 3913				
Quinn Company	CATXQ100 repair	WON20005872	07/11/2018	1,454.17
Quinn Company	CAT279D repair	WO-30041668	07/11/2018	619.12
Payment 3913 Total:				2,073.29
Payment: 3914				
Santa Maria Ford Lincoln	Vehicle repair/maintenance -	168169	07/11/2018	110.08
Santa Maria Ford Lincoln	Vehicle repair/maintenance -	168225	07/11/2018	655.43
Payment 3914 Total:				765.51
Payment: 3915				
South County Sanitary Service	Solid waste tax liens	JUN2018	07/11/2018	268.78
Payment 3915 Total:				268.78
Payment: 3916				
Special District Risk Managem	Claim history report	B11718007311-0001	07/11/2018	11.10
Payment 3916 Total:				11.10
Payment: 3917				
Streator Pipe & Supply	Backflow device, brass union,	S1440931	07/11/2018	1,092.65
Payment 3917 Total:				1,092.65
Payment: 3918				
US Bank National Association	Board meeting supplies	JUN2018A	07/11/2018	84.78
US Bank National Association	Storage unit	JUN2018E	07/11/2018	149.00
US Bank National Association	Operating supplies	JUN2018G	07/11/2018	365.71
US Bank National Association	Employment ads	JUN2018B	07/11/2018	290.00
US Bank National Association	Meals and travel	JUN2018C	07/11/2018	140.98
US Bank National Association	Training materials - Ayala, Call	JUN2018H	07/11/2018	277.08
US Bank National Association	Office miscellaneous	JUN2018D	07/11/2018	29.51
US Bank National Association	Conservation ads	JUN2018F	07/11/2018	49.00
Payment 3918 Total:				1,386.06
Payment: 3919				
USA Bluebook	Chemkeys, reagent solution	599539	07/11/2018	1,604.26

Item D-1 Warrants JULY 11, 2018

Payment Dates: 07/11/2018 - 07/11/2018

Vendor Name	Description (Payable)	Payable Number	Payment Date	Amount
USA Bluebook	Chemkeys, sodium hypochlori	608411	07/11/2018	1,216.96
USA Bluebook	Manhole net, tube housing, st	602837	07/11/2018	702.38
USA Bluebook	Chemkeys	608455	07/11/2018	39.36
USA Bluebook	Stenner feed rate mounting pl	602607	07/11/2018	53.06
Payment 3919 Total:				3,616.02
Payment: 3920				
Verizon Wireless	Cell service	9809628837	07/11/2018	515.17
Payment 3920 Total:				515.17
Payment: 3921				
Advantage Answering Plus, In	Answering service	11-660-921	07/11/2018	210.57
Payment 3921 Total:				210.57
Payment: 3922				
AmeriPride	Uniforms	1502181186	07/11/2018	234.17
Payment 3922 Total:				234.17
Payment: 3923				
Bank of New York Mellon Trus	Bond administration - COP Su	252-2117610	07/11/2018	1,690.00
Bank of New York Mellon Trus	Bond administration - COP So	252-2117609	07/11/2018	1,600.00
Bank of New York Mellon Trus	Bond administration - Water	252-2113585	07/11/2018	1,600.00
Payment 3923 Total:				4,890.00
Payment: 3924				
Canvas Solutions, Inc.	Work order software subscrip	1245088894	07/11/2018	255.00
Payment 3924 Total:				255.00
Payment: 3925				
Charter Communications	Internet - Shop and/or Office	JUL2018A	07/11/2018	204.97
Charter Communications	Internet - Shop and/or Office	JUL2018B	07/11/2018	214.97
Payment 3925 Total:				419.94
Payment: 3926				
Frontier Communications	BL phone	JUL2018	07/11/2018	53.11
Payment 3926 Total:				53.11
Payment: 3927				
Government Finance Officers	Membership renewal - Bognu	JUL2018	07/11/2018	160.00
Payment 3927 Total:				160.00
Payment: 3928				
Great Western Alarm and Co	Alarm monitoring service	180600640101	07/11/2018	35.00
Great Western Alarm and Co	Alarm monitoring service	180602107101	07/11/2018	67.00
Great Western Alarm and Co	Alarm monitoring service	180602062101	07/11/2018	67.00
Payment 3928 Total:				169.00
Payment: 3929				
Municipal Code Corporation	Administrative support fee	00310828	07/11/2018	225.00
Payment 3929 Total:				225.00
Payment: 3930				
NexTraq	GPS subscription	AT01372828	07/11/2018	479.40
Payment 3930 Total:				479.40
Payment: 3931				
Postmaster	Post office box fee	JUL2018	07/11/2018	120.00
Payment 3931 Total:				120.00
Payment: 3932				
Santa Maria Sun, LLC	Conservation ads	282585	07/11/2018	396.00
Payment 3932 Total:				396.00
Payment: 3933				
SLO County Public Works	Annual encroachment permit	6409	07/11/2018	153.00
Payment 3933 Total:				153.00
Payment: 3934				
Special District Risk Managem	Property/Liability Package Pro	64565	07/11/2018	101,510.23
Payment 3934 Total:				101,510.23

Item D-1 Warrants JULY 11, 2018

Payment Dates: 07/11/2018 - 07/11/2018

Vendor Name	Description (Payable)	Payable Number	Payment Date	(None)	Amount
Payment: 3935					
Special District Risk Managem	Workers' Compensation Progr	62704	07/11/2018		31,251.78
Payment 3935 Total:					31,251.78
Payment: 3936					
Waste Connections	Waste collection - Southland	6111216	07/11/2018		189.90
Waste Connections	Waste collection - Office	6109776	07/11/2018		41.23
Waste Connections	Waste collection - Olde Towne	6110797	07/11/2018		218.69
Payment 3936 Total:					449.82

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER
DATE: JULY 6, 2018

AGENDA ITEM
D-2
JULY 11, 2018

**APPROVE JUNE 27, 2018
REGULAR BOARD MEETING MINUTES**

ITEM

Approve action minutes from previous Board meetings. [RECOMMEND APPROVE MINUTES]

BACKGROUND

The draft minutes are a written record of the previous Board Meeting action.

RECOMMENDATION

Approve Minutes

ATTACHMENT

- A. June 27, 2018 draft Regular Board Meeting Minutes

JULY 11, 2018

ITEM D-2

ATTACHMENT A

NIPOMO COMMUNITY SERVICES DISTRICT

Serving the Community Since 1965

DRAFT REGULAR MINUTES

JUNE 27, 2018 AT 9:00 A.M.

JON S. SEITZ BOARD ROOM 148 SOUTH WILSON STREET, NIPOMO, CA

BOARD of DIRECTORS

ED EBY, **PRESIDENT**
DAN ALLEN GADDIS, **VICE PRESIDENT**
BOB BLAIR, **DIRECTOR**
CRAIG ARMSTRONG, **DIRECTOR**
DAN WOODSON, **DIRECTOR**

PRINCIPAL STAFF

MARIO IGLESIAS, **GENERAL MANAGER**
LISA BOGNUDA, **FINANCE DIRECTOR**
WHITNEY MCDONALD, **GENERAL COUNSEL**
PETER SEVCIK, **DIRECTOR OF ENG. & OPS.**

Mission Statement: The Nipomo Community Services District's mission is to provide its customers with reliable, quality, and cost-effective services now and in the future.

00:00:00

A. CALL TO ORDER AND FLAG SALUTE

President Eby called the Regular Meeting of June 27, 2018 to order at 9:00 a.m. and led the flag salute.

B. ROLL CALL AND PUBLIC COMMENT FOR ITEMS NOT ON AGENDA

At Roll Call, all Directors were present.

There was no public comment.

C. PRESENTATIONS AND REPORTS

C-1) SAN LUIS OBISPO COUNTY PLANNING & BUILDING DEPARTMENT'S ABATMENT DIVISION PRESENTATION AND DEBRIEF: NIPOMO CLEAN-UP DAY

Art Trinidad, San Luis Obispo (SLO) County Enforcement Officer, presented a summary of both the positives and negatives of the Nipomo Clean Up event that took place June 16, 2018.

Mason Sperakos and Danny Del Rio, Project Managers from the SLO County Enforcement Office, stated 26 tons of trash was collected. They are assigned to the Neighborhood Preservation program and will be taking pro-active code enforcement actions in the coming weeks.

There was no public comment.

00:11:28

C-2) NIPOMO COMMUNITY CLEAN-UP DAY PROGRAM REPORT [RECOMMEND RECEIVE AND FILE NIPOMO COMMUNITY CLEAN-UP PROGRAM REPORT]

Caleb Mott, Legislative Assistant to Supervisor Compton, presented the Board of Directors with a Certificate of Appreciation from the SLO County Board of Supervisors for the Nipomo Clean Up Day.

Mario Iglesias, General Manager, stated the Board agreed to contribute \$9,500 for the event however, an additional \$5,000 is needed for the additional 10 dumpsters needed to clean up the dump site.

There was no public comment.

SUBJECT TO BOARD APPROVAL

00:31:10

C-3) DIRECTORS' ANNOUNCEMENTS OF DISTRICT & COMMUNITY INTEREST AND REPORTS ON ATTENDANCE AT PUBLIC MEETINGS, TRAINING PROGRAMS, CONFERENCES, AND SEMINARS.

Director Woodson

- June 25, attend the SCAC meeting.

Director Blair

- June 19, attended the City of Pismo Beach City Council meeting.
- June 26, attended the City of Arroyo Grande City Council meeting.

Director Gaddis

- June 18, attended Board Officers meeting.
- June 18-20, was on call for jury duty.

Director Eby

- June 16, attended the Nipomo Clean Up as a participant.
- June 16, attended Board Officers meeting.
- June 25, attended the NMMA Technical Group meeting.

There was no public comment.

C-4) RECEIVE PUBLIC COMMENT ON PRESENTATIONS AND REPORTS PRESENTED UNDER ITEM C AND BY MOTION RECEIVE and FILE PRESENTATIONS AND REPORTS

There were no public comments.

Upon the motion of Director Gaddis and seconded, the Board unanimously approved to receive and file the presentations and reports as submitted.
Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Gaddis, Blair, Woodson, Armstrong and Eby	None	None

00:36:44

D. CONSENT AGENDA

D-1) WARRANTS [RECOMMEND APPROVAL]

D-2) APPROVE JUNE 11, 2018, REGULAR BOARD MEETING MINUTES [RECOMMEND APPROVE MINUTES]

There were no public comments.

Upon the motion of Director Armstrong and seconded, the Board unanimously approved the Consent Agenda.
Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Armstrong, Woodson, Blair, Gaddis and Eby	None	None

E. ADMINISTRATIVE ITEMS

- E-1) AWARD CONTRACT FOR BLACKLAKE SEWER RATE STUDY TO LECHOWICZ AND TSENG [RECOMMEND AWARD BLACKLAKE SEWER RATE STUDY CONTRACT TO LECHOWICZ & TSENG FOR AN AMOUNT NOT TO EXCEED \$17,490]

Mario Iglesias, General Manager, presented the item. President Eby stated the Ad Hoc Committee met with the Blacklake Committee to review the proposals and there was unanimous consensus to recommend Lechowicz and Tseng.

There were no public comments.

Upon the motion of Director Armstrong and seconded, the Board unanimously approved the award of contract for the Blacklake Sewer Study to Lechowicz and Tseng for an amount not to exceed \$17,490.

Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Armstrong, Blair, Woodson, Gaddis and Eby	None	None

- E-2) PUBLIC HEARING - AUTHORIZE COLLECTION OF FY 2018-19 STREET LANDSCAPE MAINTENANCE DISTRICT ASSESSMENTS [RECOMMEND CONDUCT HEARING, AMEND ENGINEER'S REPORT IF NECESSARY AND BY MOTION AND ROLL CALL VOTE ADOPT RESOLUTION APPROVING ENGINEER'S REPORT AND AUTHORIZING COLLECTION OF ASSESSMENTS]

Peter Sevcik, Director of Engineering and Operations, presented the item.

President Eby opened the Public Hearing.

There were no public comments.

Upon the motion of Director Blair and seconded, the Board unanimously approved the collection of FY 2018-19 Street Lighting Maintenance District assessments.

Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Blair, Armstrong, Woodson, Gaddis and Eby	None	None

RESOLUTION 2018-1483
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NIPOMO COMMUNITY SERVICES DISTRICT
ORDERING THE LEVY AND COLLECTION OF
ASSESSMENTS FOR THE STREET LANDSCAPE MAINTENANCE
DISTRICT NO. 1 FOR FISCAL YEAR 2018-2019

- E-3) ADOPT ORDINANCE AMENDING NIPOMO COMMUNITY SERVICES DISTRICT CODE SECTION 3.03.190 [RECOMMEND READ FULL TITLE, WAIVE FURTHER READING, ADOPT ORDINANCE, AND DIRECT DISTRICT COUNSEL AND STAFF TO PREPARE AND PUBLISH SUMMARY OF ORDINANCE PER GOVERNMENT CODE SECTION 25124]

Mario Iglesias, General Manager, presented the item.

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District
DRAFT REGULAR MEETING
MINUTES

President Eby opened the Public Hearing.

There were no public comments.

Upon the motion of Director Armstrong and seconded, the Board unanimously approved AN ORDINANCE OF BOARD OF THE DIRECTORS OF THE NIPOMO COMMUNITY SERVICES DISTRICT AMENDING NIPOMO COMMUNITY SERVICES DISTRICT CODE SECTION 3.03.190, waive further reading of the ordinance, and direct District Counsel and staff to prepare and publish a summary of the ordinance in accordance with Government Code section 25124.

Vote 5-0.

YES VOTES	NO VOTES	ABSENT
Directors Armstrong, Gaddis, Woodson, Blair and Eby	None	None

ORDINANCE 2018-126
AN ORDINANCE OF BOARD OF THE DIRECTORS OF
THE NIPOMO COMMUNITY SERVICES DISTRICT
AMENDING NIPOMO COMMUNITY SERVICES DISTRICT
CODE SECTION 3.03.190

00:53:3100

F. MANAGER'S REPORT

Mario Iglesias, General Manager, presented the report as presented in the Board packet.

There were no public comments.

G. COMMITTEE REPORTS

There were no committee reports.

H. DIRECTORS' REQUEST TO STAFF AND SUPPLEMENTAL REPORTS

Director Gaddis asked that Staff put the issue of the Nipomo Chamber of Commerce delinquency for paying Achievement House on the next meeting's agenda.

There were no public comments.

01:00:32

I. CLOSED SESSION

- 1. CONFERENCE WITH DISTRICT LEGAL COUNSEL RE: PENDING LITIGATION PURSUANT TO GC §54956.9

SMVWCD V. NCSO (SANTA CLARA COUNTY CASE NO. CV 770214, SIXTH APPELLATE COURT CASE NO. H032750 AND A LITIGATION PURSUANT TO GC §54956.9 ALL CONSOLIDATED CASES)

- 2. CONFERENCE WITH LEGAL COUNSEL – LIABILITY CLAIM PURSUANT TO GOVERNMENT CODE SECTION 54956.95
CLAIMANTS: JAMES CARNAHAN, SANDRA CARNAHAN

J PUBLIC COMMENT ON CLOSED SESSION ITEMS

There were no public comments.

SUBJECT TO BOARD APPROVAL

Nipomo Community Services District
DRAFT REGULAR MEETING
MINUTES

K. ADJOURN TO CLOSED SESSION

The Board took a ten minute recess at 10:00 a.m.

President Eby adjourned to Closed Session at 10:10 a.m.

L. OPEN SESSION

ANNOUNCEMENT OF ACTIONS, IF ANY, TAKEN IN CLOSED SESSION

Jim Markman, District Legal Counsel, announced that the Board discussed Item I. 1 and 2.

The Board heard an update on Item I. 1, but took no reportable action.

The Board heard Item I. 2, and voted to deny the claim made by James and Sandra Carnahan.

Vote 5-0.

YES VOTES	NO VOTES	ABSENT
<i>Directors Armstrong, Blair, Woodson, Gaddis and Eby</i>	<i>None</i>	<i>None</i>

There were no public comments.

ADJOURN

President Eby adjourned the meeting at 10:58 a.m.

MEETING SUMMARY	HOURS & MINUTES
Regular Meeting	1 hour 10 minutes
Closed Session	0 hour 48 minutes
TOTAL HOURS	1 hour 58 minutes

Respectfully submitted,

Mario Iglesias, General Manager and Secretary to the Board

Date

TO: BOARD OF DIRECTOR
REVIEWED: MARIO IGLESIAS
GENERAL MANAGER *HIJ*
FROM: PETER V. SEVCIK, P.E.
DIRECTOR OF
ENGINEERING & OPERATIONS
DATE: July 2, 2018



**DECLARE 2008 FORD PICKUP TRUCK
SURPLUS AND AUTHORIZE SALE**

ITEM

Consider request to declare 2008 Ford pickup truck surplus and authorize disposal by sale [RECOMMEND DECLARE 2008 FORD PICKUP SURPLUS AND AUTHORIZE STAFF TO DISPOSE OF BY SALE].

BACKGROUND

Government agencies that wish to dispose of obsolete equipment and other items need to declare that these items are surplus by the governing board prior to disposal of these items. The District's 2008 Ford pickup truck is no longer serviceable and staff requests that the Board declare it surplus and authorize disposal by sale.

FISCAL IMPACT

Development of the staff report required budgeted staff time. Proceeds from the sale will be credited to Water Fund.

RECOMMENDATION

Staff recommends that the Board declare the 2008 Ford pickup truck as surplus and authorize staff to dispose of it by sale.

ATTACHMENTS

None

TO: BOARD OF DIRECTORS

FROM: MARIO E. IGLESIAS
GENERAL MANAGER

DATE: JULY 6, 2018

AGENDA ITEM

E-1

JULY 11, 2018

**REVIEW AND DISCUSS SPRING 2018 KEY WELLS INDEX
FROM THE NIPOMO MESA MANAGEMENT AREA
TECHNICAL GROUP**

ITEM

Review and discuss Spring 2018 Key Wells Index ("KWI") from the Nipomo Mesa Management Area Technical Group ("NMMA-TG") [RECOMMEND REVIEW AND DISCUSS SPRING 2018 KEY WELLS INDEX AND DIRECT STAFF IF APPROPRIATE]

BACKGROUND

The Spring 2018 KWI was calculated and the results confirmed by the NMMA-TG as being in Severe Criterion. The Spring 2015 KWI was the first year measurements fell into Severe Criterion and subsequent measurements of the KWI in Spring 2016, 2017, and now 2018 have all been at this level of severity.

The KWI is one of two indicators used by the NMMA-TG to interpret the health of the groundwater basin under the Nipomo Mesa. The other indicator monitored by the NMMA-TG are the coastal wells. These two indicators support the NMMA-TG's definitions of two deteriorated basin conditions as required by the 2005 Stipulation and 2008 Final Judgement, Potentially Severe Criterion and Severe Criterion. When the Spring KWI measurement fall within either one of these conditions, a response from the three water purveyors, Golden State Water Company, Woodlands Mutual Water Company, and Nipomo Community Services District, hereafter referred to as the "Purveyors", must respond at a minimum by adhering to the NMMA Well Management Plan adopted in 2010.

Your Honorable Board received the Spring KWI report from the District's geohydrologist in Closed Session at your Board's June 27, 2018 Board Meeting. At that time, your Board directed staff to provide the community with a press release sharing the results. Staff sent out a press release on June 28, 2018.

The most recent results of the KWI measurement keeps the District at Stage IV of the NMMA-TG endorsed Water Shortage Response plan (NMMA Response Plan) as well as the District's Water Shortage Response and Management Plan ("WSRMP"). The NMMA Response Plan sets a 50% groundwater pumping reduction goal and the WSRMP provides possible actions your Board could take to reach this goal. Both of these plans were drafted and put into action before the Nipomo Supplemental Water Project ("NSWP") was constructed.

The NSWP is comprised of multiple projects divided into construction phases. All projects needed to import the full 2,500 AFY will be completed by 2025. In the currently completed phase, there is capacity to import supplemental water in excess of 900 AFY and the District is doing so. As future projects are completed, there is the potential for increasing the amount of import water through the NSWP. Because the increased import water alters the District's ability to comply with the NMMA Response Plan, your Board may want to review its position to determine if self-imposed restrictions written into the District WRSMP are appropriate. As import water capacity

increases in the NSWP – made available through project completion – your Board may find opportunity to provide new service connections and still meet NMMA Response Plan restrictions.

FISCAL IMPACT

The District has an estimated funding need of \$6.2 million dollars to complete the NSWP. A portion of this funding need comes from issuing new Intent-to-Serve Letters to customers within the District's boundaries. The District cannot issue new Intent-to-Serve Letters under the District's WSRMP Stage IV. While uncertain, there is a need for water service in the community that has been building since 2015. Revenue from this source will be directed towards completing the NSWP.

STRATEGIC PLAN

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

4.A. Activities for Completion

- A.1 Develop a financial plan to fund the infrastructure buildout, including the fair share from participants in the water supply pipeline. [Prioritize after the current rate study is complete] (2018)

RECOMMENDATION

It is recommended that your Board receive and file the 2018 Spring KWI and discuss possible responses to include evaluating the timeline for completing the NSWP and the District's WSRMP.

ATTACHMENTS

- A. Nipomo Mesa Management Area 2018 Key Wells Index

JULY 11, 2018

ITEM E-1

ATTACHMENT A

Nipomo Mesa Management Area 2018 Key Wells Index

Severe Water Shortage Conditions

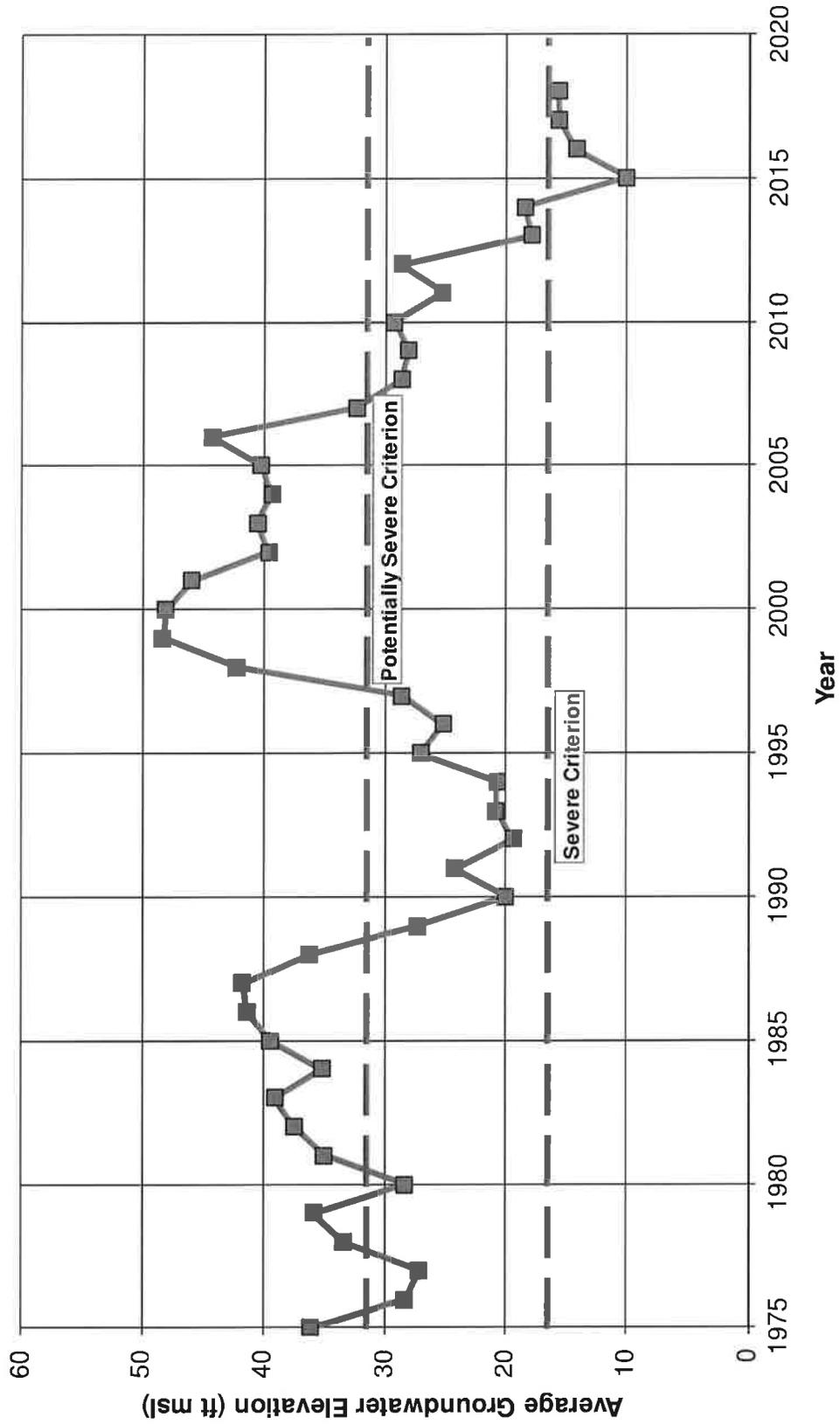
The Nipomo Mesa Management Area ("NMMA") Technical Group ("TG") established groundwater level and groundwater quality criteria to track overall basin conditions within the NMMA. The criteria include the Key Wells Index ("KWI"), which combines groundwater level data from eight selected wells distributed throughout the inland portion of the Management Area. Water level measurements are made in NMMA groundwater wells representing the basin as a whole and are used to compute the KWI during the spring of each year.

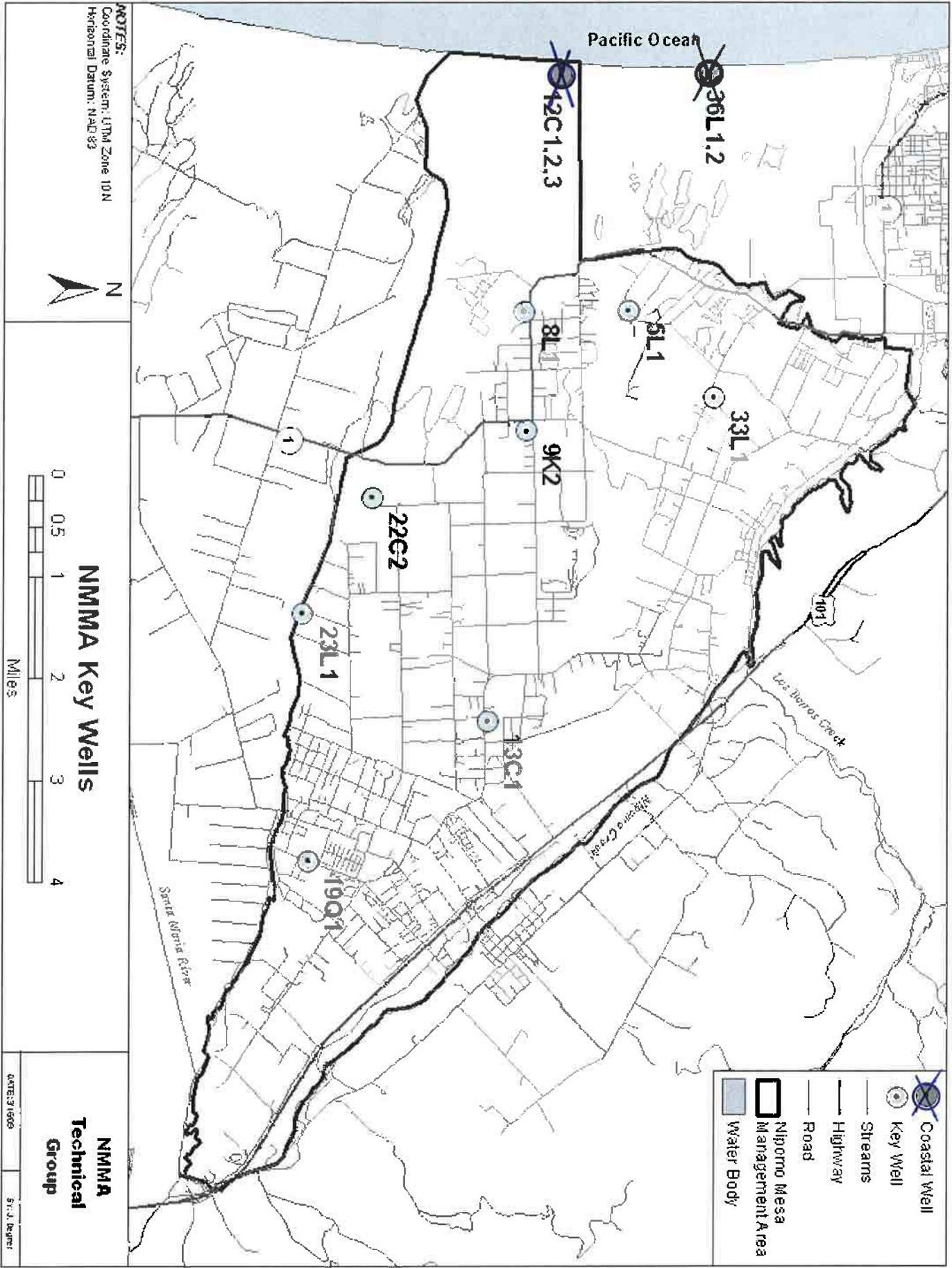
The TG uses the KWI to help identify trends in basin groundwater levels and has compiled KWI data for the period from 1975 to the present. Groundwater levels have changed in the NMMA over time, and in the last six years are at levels that are lower than at any other time from 1975 (Figure 1).

One of the NMMA TG's court-required duties is to determine when conditions of "Potentially Severe Water Shortage Conditions" or "Severe Water Shortage Conditions" have been reached. The 2018 KWI value (15.7 feet mean sea level [ft msl]) has slightly increased from the previous year (15.6 ft msl) but remains within the Severe Water Shortage Conditions (16.5 ft msl). This is the fourth consecutive year the KWI value is in Severe Water Shortage Conditions, which signifies a Stage IV NMMA Water Shortage Response.

Details of the KWI, as well as the agreed upon responses to Potentially Severe Water Shortage Conditions and Severe Water Shortage Conditions, are explained in further detail in the NMMA TG's annual report of groundwater conditions. The report's attachments include a response plan to groundwater shortage and an associated well management plan, including the NMMA Water Shortage Response Stages. The NMMA annual report for calendar year 2017, including these attachments, is available as a digital document at <http://ncsd.ca.gov/resources/reports-by-subject/#nmma>.

Key Wells Index

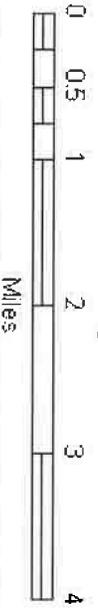




NOTES:
 Coordinate System: UTM Zone 10N
 Horizontal Datum: NAD 83



NMMA Key Wells



- Coastal Well
- Key Well
- Streams
- Highway
- Road
- Nipomo Mesa Management Area
- Water Body

**NMMA
 Technical
 Group**

DATE: 3/15/09

BY: J. Deppa

TO: BOARD OF DIRECTORS
REVIEWED: MARIO IGLESIAS
GENERAL MANAGER
FROM: PETER V. SEVCIK, P.E.
DIRECTOR OF
ENGINEERING & OPERATIONS
DATE: JULY 2, 2018

AGENDA ITEM
E-2
JULY 11, 2018

**CONSIDER AUTHORIZING TASK ORDER FOR
SOUTHLAND WASTEWATER TREATMENT FACILITY SCREW PRESS
ENGINEERING SERVICES**

ITEM

Authorize Task Order for engineering services for the Southland Wastewater Treatment Facility (SWWTF) Screw Press Project in the amount of \$73,395 with MKN & Associates [RECOMMEND BY MOTION AND ROLL CALL VOTE AUTHORIZE TASK ORDER WITH MKN & ASSOCIATES IN THE AMOUNT OF \$73,395].

BACKGROUND

The District's Southland Wastewater Treatment Facility (SWWTF) consists of screening, grit removal, extended aeration treatment, effluent disposal ponds and biosolids handling equipment. Biosolids are processed using a gravity belt thickener (GBT) and concrete-lined drying beds to reduce the water content of the waste biosolids (sludge) from the SWWTF. Water is removed from the biosolids to reduce weight and volume before hauling offsite for beneficial reuse. Reducing weight and volume of biosolids reduces hauling and disposal costs.

During the summer, the biosolids drying beds are extremely effective at dewatering the thickened biosolids (increasing the solids content of the biosolids prior to hauling offsite). However, longer residence times in the drying beds during wet weather periods can cause increased odors. In March 2018, the District received a Notice of Violation from the San Luis Obispo County Air Pollution Control District (SLOAPCD) for creating nuisance odors and was directed to address the issue.

While the District has taken several operational corrective actions to address the issue, the District needs to pursue a long-term solution per the mutual settlement agreement with the SLOAPCD. Based on a review of several potential solutions by MKN & Associates, the most technically feasible and cost effective long-term solution appears to be the installation of a screw press to dewater thickened biosolids from the GBT in order to avoid use of the drying beds during periods of wet weather.

Staff requested a proposal for engineering services from MKN & Associates to prepare bid and construction documents for the project. Attachment A is the proposed scope of work and budget. MKN is uniquely and extensively experienced with the District's Southland WWTF. MKN staff was involved in the design of the new Southland WWTF that went online in 2014.

FISCAL IMPACT

The approved FY 2018-2019 budget includes \$920,000 funding for the project.

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, authorize a Task Order for engineering services for the Southland Wastewater Treatment Facility Screw Press Project in the amount of \$73,395 with MKN & Associates.

ATTACHMENTS

- A. MKN & Associates, Inc. proposal dated April 27, 2018

JULY 11, 2018

ITEM E-2

ATTACHMENT A



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

April 27, 2018

Peter Sevcik, PE
Nipomo Community Services District
(Submitted Electronically)

SUBJECT: Proposal for Design Services: Southland WWTP Screw Press Project

Dear Peter,

MKN & Associates, Inc. (MKN) is pleased to provide the attached Scope of Services for design of a biosolids dewatering screw press at the District's Southland Wastewater Treatment Plant (WWTP). The proposal is based on the Technical Memorandum *Southland Wastewater Treatment Facility Sludge Dewatering Alternatives* (MKN, October 16, 2017) and discussions subsequent to that work.

PROJECT UNDERSTANDING

The District's Southland WWTP consists of screening, grit removal, extended aeration treatment, and biosolids handling equipment. Biosolids are processed using a gravity belt thickener (GBT) and concrete-lined sludge drying beds to reduce the water content of the waste biosolids (sludge) from the WWTP. Water is removed from the sludge to reduce weight and volume before hauling offsite for beneficial reuse. Reducing weight and volume of biosolids reduces hauling and disposal costs.

During the summer, the sludge drying beds are extremely effective at dewatering the thickened sludge (increasing the solids content of the sludge prior to hauling offsite). However, because of unusually high rainfall in late 2016 and early 2017, the District was unable to haul sludge offsite from drying beds due to the high water content. The oversaturation of thickened sludge in the drying bed in conjunction with limited hauling offsite and longer residence times in the drying beds increased odors during this wet weather period. The District received odor complaints from nearby residents and were contacted by the San Luis Obispo Air Pollution Control District (APCD) to address the odor issues. Recently the District received a Notice of Violation from the APCD for creating nuisance odors and directed the District to address the issue.

The District has been investigating several potential solutions. In October 2017, MKN completed a Technical Memorandum (TM) which reviewed sludge dewatering alternatives (Southland Wastewater Treatment Facility Sludge Dewatering Alternatives, October 16, 2017). The TM provided preliminary considerations for installation of a screw press to dewater thickened sludge from the GBT in order to avoid use of the sludge drying beds during periods of wet weather. Various screw press models were reviewed and compared and preliminary equipment sizing, a conceptual site layout, an opinion of construction cost, and recommendations were provided. MKN also reviewed the feasibility to dewater waste activated sludge directly from the secondary clarifiers and bypass the existing GBT. The TM concluded that based on the normal mode of operation of the secondary clarifiers, bypassing the GBT does not appear to be feasible because of the minimum required solids concentration for efficient operation of the screw press.

SUMMARY OF PROPOSED SERVICES

MKN partnered with Smith Structural Group for structural engineering and IRJ Engineers, Inc. for electrical engineering services for this project. If this proposal is approved, the MKN team will perform the following services:

- Develop the concept design for District review and input
- Assist with equipment procurement
- Develop plans and technical specifications for public bid
- Provide opinion of probable construction cost for budgeting
- Provide office engineering support during bid and construction phases

SCOPE OF WORK

Task 1: Design-Phase Project Meetings

MKN will coordinate and attend a total of four (4) progress and coordination meetings during the project design. Design-phase meetings include:

- Kick-off meeting and Site visit
- Progress Meeting 1: Review Draft Concept Design Report
- Progress Meeting 2: Review 60% Design
- Progress Meeting 3: Review 90% Design

Task 2: Concept Design Phase

During the concept design phase, the MKN team will advance the project concept developed in the TM. Some of the first tasks will include confirming the initial design assumptions (integration of the GBT and the new screw press) and developing recommendations for sludge testing to refine dewatering estimates. We will perform the following tasks to develop the project concept design:

- Develop recommendations for sludge testing and evaluate results
- Evaluate alternatives for equipment procurement
- Assist with pre-procurement negotiations and agreement with equipment vendor. It is assumed the District will develop an agreement with a screw press manufacturer, with assistance from MKN, and procure the equipment prior to construction. If negotiations are unsuccessful, MKN will work with the District on an alternate strategy.
- Evaluate feasibility and cost of shade structure with option to convert to building in the future
- Evaluate dewatered sludge conveyance options
- Prepare preliminary site plan
- Develop design criteria: Process, civil, structural, electrical, and instrumentation
- Develop procurement and construction schedule
- Update opinion of construction cost

Task 3: Construction Documents

MKN will prepare construction documents after receipt of District comments and input on the concept design report, and after an agreement is developed for procurement of the screw press equipment. Information on the specific equipment will be used to develop the construction plans and specifications. Existing plant record drawings will be utilized to develop the base map for the construction documents. This proposal assumes that Record Drawings will be made available in AutoCAD format, topographical survey mapping will not be required, and the geotechnical report developed for the Phase 1 Improvements Project will be used to support structural design. It is anticipated that up to ten plan sheets, plus cover sheet and notes sheet will be required, assumed as follows:

1. Cover
2. Abbreviations, general notes, sheet index
3. Site Plan
4. Sections
5. Civil Details
6. Electrical abbreviations, notes, and single line diagram
7. Electrical Site Plan
8. Electrical Details
9. Structural Schedule, Notes, Special Inspection, Design Criteria
10. Foundation Plan
11. Shade Structure Plan and Elevation
12. Structural Details

MKN will prepare technical specifications for the project in CSI format. It is assumed front-end contract documents and general requirements will be prepared and provided by the District. MKN will submit 60% draft and 90% draft plans and specifications for District review and comment in PDF format. After receipt of comments, MKN will prepare final construction documents and opinion of construction cost. Final construction documents will be signed and sealed by a California registered professional engineer and will be provided in electronic format.

Task 4: Bid and Construction Phase Support

MKN will provide office engineering services during the bidding and construction phase of the project. This task includes the following:

- Attend pre-bid meeting
- Provide written responses to questions and/or clarifications during bidding. Our budget assumes up to two addenda.
- Review bids and provide recommendation, as needed
- Attend Pre-construction meeting
- Respond to up to four requests for information (RFIs) from the Contractor
- Review and respond to submittals and re-submittals
- Review proposed change orders (up to two)
- Prepare record drawings based on markups from the District's Contractor

It is assumed that District staff will advertise and distribute the bid documents. During the construction phase, MKN will support the District on an as-requested basis. Any work requested beyond the budgeted number of hours contained herein will be billed on a time-and-materials basis according to our standard 2018 rate sheet. At the conclusion of construction, MKN will obtain record information from the District's Contractor and prepare record drawings.

ASSUMPTIONS:

This proposal assumes the following services are not included:

- Survey
- Geotechnical investigations
- SCADA programming or integration
- Assessment of existing electrical systems or Motor Control systems, beyond review of Record Drawings to confirm the existing electrical services and distribution have sufficient capacity for the proposed additions
- Startup Support
- Preparation of "Front-end" contract documents
- Bid Advertising
- Contracting Support
- Change Order Management

Construction management and inspection services can be provided for an additional fee.

FEE AND SCHEDULE

The anticipated schedule is summarized in the table below. It assumes a District review period of two weeks between submittals and progress meetings. The schedule also assumes equipment for the screw press will be selected before initiation of the 60% design.

Task	Time from Notice-to-Proceed
Kickoff Meeting & Site Visit	1 week
Draft Concept Design Report	5 weeks
Progress Meeting 1	7 weeks
Final Concept Design Report	9 weeks
60% Submittal	13 weeks
Progress Meeting 2	15 weeks
90 % Submittal	18 weeks
Progress Meeting 3	20 weeks
Final Submittal	22 weeks

MKN proposes to complete this work on a time and materials basis with a budget not to exceed \$75,395 as shown below. Hourly rates are attached and may be revised annually. Other direct costs will be charged with a 10% markup.

Task Group	MKN Labor & ODCs	Electrical (IRJ)	Structural (SSG)	Total Cost
Design-Phase Meetings	\$2,490	\$800	-	\$3,290
Concept Design Phase	\$13,815	\$1,700	\$2,000	\$17,515
Construction Documents	\$20,756	\$6,000	\$5,500	\$32,256
Design-Phase Subtotal	\$37,061	\$8,500	\$7,500	\$\$53,061
Bid & Construction Phase Services	\$14,834	\$2,500	\$3,000	\$20,334
Total Budget	\$51,895	\$11,000	\$10,500	\$73,395

Thank you for providing MKN with the opportunity to provide professional services for your project. If you have any questions regarding this proposal, please let me know. We look forward to working with you!

Sincerely,



Eileen Shields, PE
Principal

Attachments:
Budget Spreadsheet
2018 Fee Schedule

Proposal - Nipomo CSD Southland WWTP Screw Press Design

	Principal Engineer	Senior Engineer	Assistant Engineer	Drafting	Administrative Assistant	Total Hours	ODCs	Subconsultant: Electrical (RJ)	Subconsultant: Structural (SSG)	Total MKN Labor	Total Cost
Task Group 1 - Design Phase Meetings											
Kick-off Meeting and Site Visit	2	3				5	\$ 15	\$ 800		\$ 870	\$ 1,685
Progress Meeting 1: Review Draft Concept Design	1	2				3	\$ 15			\$ 520	\$ 535
Progress Meeting 2: Review 60% Design	1	2				3	\$ 15			\$ 520	\$ 535
Progress Meeting 3: Review 90% Design	1	2				3	\$ 15			\$ 520	\$ 535
Task Group 1 Subtotal	5	9	0	0	0	14	\$ 60	\$ 800	\$ -	\$ 2,430	\$ 3,290
Task Group 2 - Concept Design Phase											
Assist with equipment procurement	4	8	16			28				\$ 4,112	\$ 4,112
Draft Concept Design Report	4	16	28		1	49				\$ 7,053	\$ 7,053
Final Concept Design Report	2	6	10			18		\$ 1,700	\$ 2,000	\$ 2,650	\$ 6,350
Task Group 2 Subtotal	10	30	54	0	1	95	\$ -	\$ 1,700	\$ 2,000	\$ 13,815	\$ 17,515
Task Group 3 - Construction Documents											
60% plans, technical specifications, and opinion of construction cost	8	16	32	24	4	84				\$ 10,780	\$ 10,780
90% plans, technical specifications, and opinion of construction cost	4	12	16	12		44				\$ 5,956	\$ 5,956
Final plans, technical specifications, and opinion of construction cost	2	8	12	8		30		\$ 6,000	\$ 5,500	\$ 4,020	\$ 15,520
Task Group 3 Subtotal	14	36	60	44	4	158	\$ -	\$ 6,000	\$ 5,500	\$ 20,756	\$ 32,256
Design-Phase Subtotal	29	75	114	44	5	267	\$ 60	\$ 8,500	\$ 7,500	\$ 37,001	\$ 53,061
Task Group 4 - Bid and Construction Phase Support											
Contractor Pre-bid Meeting	1	2				3	\$ 15			\$ 520	\$ 535
Bid Phase Clarifications (up to two addenda)	2	2	6	2		12				\$ 1,656	\$ 1,656
Pre-construction Meeting	1	2				3	\$ 15			\$ 520	\$ 535
Construction Phase RFI Response (up to four)	2	4		6		12		\$ 1,200	\$ 1,500	\$ 1,622	\$ 4,322
Submittal Review	4	12		24		40		\$ 1,300	\$ 1,500	\$ 5,088	\$ 7,888
Review proposed change orders (up to two)	2	3	4	4		13				\$ 1,766	\$ 1,766
Record Drawings	4	8		16		28				\$ 3,632	\$ 3,632
Task Group 4 Subtotal	16	33	10	52	0	111	\$ 30	\$ 2,500	\$ 3,000	\$ 14,804	\$ 20,334
TOTAL BUDGET (Design, Bid, and Construction Phase)	45	108	124	96	5	378	\$ 90	\$ 11,000	\$ 10,500	\$ 51,805	\$ 73,395

Billing Rates	\$/hr
Principal Engineer	180
Senior Engineer	170
Assistant Engineer	127
Drafting	97
Administrative Assistant	57





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

FEE SCHEDULE FOR PROFESSIONAL SERVICES

ENGINEERS AND TECHNICAL SUPPORT STAFF

Principal Engineer	\$180/HR
Senior Project Engineer	\$170/HR
Project Engineer	\$150/HR
Water Resources Planner	\$138/HR
Assistant Engineer	\$127/HR
GIS Specialist	\$130/HR
GIS Technician	\$110/HR
Senior Design Technician	\$97/HR
Administrative Assistant	\$57/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 + 10%
Subcontracted or Subconsultant Services	Cost + 10%
Travel & Subsistence (other than mileage)	Cost
Auto Mileage	Current IRS Rate - \$.54/mi.

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER



DATE: July 6, 2018

AGENDA ITEM

E-3

JULY 11, 2018

**REVIEW AND DISCUSS SOLID WASTE FUND #300
PROGRAM SPENDING AND FUNDED RESERVE LEVEL**

ITEM

Review and discuss Nipomo Community Services District's Solid Waste Fund #300 with the purpose of clarifying program expenditures and determine sufficiency of funded reserve levels [RECOMMEND REVIEW SOLID WASTE FUND #300 AND DIRECT STAFF]

BACKGROUND

Under LAFCO Resolution 2000-1, the Nipomo Community Services District ("District") was authorized to provide residents of the District with solid waste collection services. On July 18, 2001 the District approved a franchise agreement ("Agreement") with South County Sanitary Services, Inc. ("Franchisee") under District Resolution 2001-777. The Agreement includes a clause that provides the District with a franchise fee of ten percent (10%) of the annual fee collected by the Franchisee. On August 10, 2005, the District's Board of Directors passed and adopted Ordinance 2005-104 implementing mandatory solid waste collection and adopted fees and charges for services.

There are no explicit uses imposed on the District for the expenditure of funds collected under the Agreement. However, legal counsel has opined that funds collected under the Agreement should be directed to activities associated with the collection and removal of solid waste within the District's service boundaries. Language in the District's current Cash Reserve Policy states the purpose of establishing and retaining a reserve for this enterprise:

To ensure sufficient cash resources are available to fund solid waste programs, rate stabilization and to cover operating costs in the event that the District may find itself operating solid waste collection, disposal and recycling functions should its business partner now franchised to do these functions be unable to continue to provide these services due to an unforeseen event. This reserve provides assurance that solid waste services remain uninterrupted during an extended disruption to service provider.

In the past, the District has provided rate holidays, used the funds to construct sewer plant infrastructure to remove solid waste from plant influent, offset rate adjustments, and funded programs such as Creek Day, Nipomo Clean-up Day, and year-long litter removal grants to remove solid waste from the community.

Of the original 10% franchise fee collected from the Franchisee by the District stated in the Agreement, the District currently collects 5.2%. This percentage is estimated to generate \$62,000 in Fiscal Year 2018-2019. The balance of the franchise fee, 4.8%, was used to offset Franchisee fee increases to the community. This program of rate increase avoidance occurred in 2007, 2014, and 2015.

The estimated cash balance in Fund #300 as of July 1, 2018 is estimated at \$244,000 and is expected to grow to \$289,000 by July 1, 2019 after accounting for operational expenses. Cash reserve goals for this fund are currently set at \$115,000. As funds accumulate, the Board may

want to consider defining programs to direct these monies to meet the overarching objective of Solid Waste Fund #300 – removing solid waste from the community to protect the health and safety of the residents served by the District.

Your Honorable Board may want to consider reviewing the Solid Waste program and develop policies that more clearly defines where and when funding is directed. Regarding the reserve level that is set by resolution, the Board reviews all fund reserve levels annually after the annual audit is provided for review in September. The timing is set to provide your Board with an audited and confirmed balance for each fund. Your Board may choose to evaluate Fund #300 reserve levels sooner if your Board decides to undertake a comprehensive review of how best to direct funds collected in support of the enterprise.

FISCAL IMPACT

Minor budgeted staff time to prepare these materials.

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.

A.1 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

Consider creating a policy for Solid Waste Fund #300 that clarifies program expenditures supportive of solid waste removal and waste stream reduction for the community and discuss the appropriateness of the current cash reserve level for the enterprise.

ATTACHMENTS

- A. NCSD Resolution 2001-777 with Solid Waste Collection Franchise Agreement
- B. NCSD Resolution 2017-1435, Cash Reserve Policy for the District

JULY 11, 2018

ITEM E-3

ATTACHMENT A

RESOLUTION 2001-777

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NIPOMO COMMUNITY SERVICES DISTRICT
APPROVING A SOLID WASTE COLLECTION FRANCHISE
AGREEMENT WITH SOUTH COUNTY SANITARY SERVICE, INC.**

WHEREAS, pursuant to San Luis Obispo Local Agency Formation Commission (LAFCO) Resolution 2001-02 the Nipomo Community Services District (District) is now authorized to provide its residents with the collection or disposal of garbage or refuse matter pursuant to Government Code Section 61000, and

WHEREAS, a franchise agreement has been prepared for South County Sanitary Services, Inc. to provide said services, and

WHEREAS, staff and the Board of Directors have reviewed the franchise agreement to perform the said services.

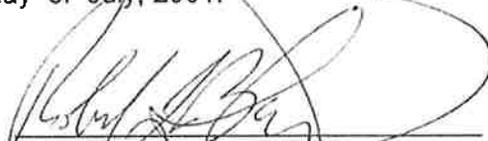
NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of the Nipomo Community Services District, San Luis Obispo County, California, as follows:

1. That South County Sanitary Services Inc. franchise agreement is approved to provide solid waste services for the District.
2. That the President of the Board is instructed to execute the agreement on behalf of the District.

Upon motion of Director Mobraaten, seconded by Director Winn and on the following roll call vote, to wit:

AYES: Directors Mobraaten, Winn, Wirsing, Trotter, and Blair
NOES: None
ABSENT: None
ABSTAIN: None

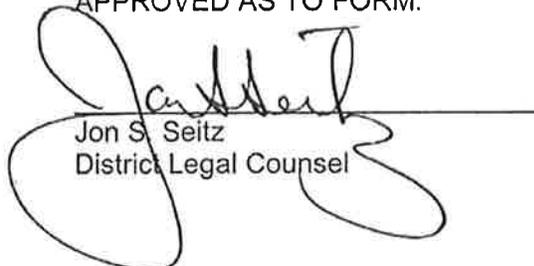
the foregoing Resolution is hereby adopted this 18th day of July, 2001.


Robert L. Blair, President
Nipomo Community Services District

ATTEST:


Donna K. Johnson
Secretary to the Board

APPROVED AS TO FORM:


Jon S. Seitz
District Legal Counsel

- Exhibit "A" Hazardous Waste Procedures (Section 16)
- Exhibit "B" Related Parties (Section 18C)
- Exhibit "C" Notice of Rate Changes (Section 19B)

SOLID WASTE COLLECTION FRANCHISE AGREEMENT

THIS SOLID WASTE COLLECTION AGREEMENT ("Agreement") is entered into this 18TH day of July, 2001 by and between the Nipomo Community Services District, a community services district organized and operated pursuant to 61000 et seq. of the Government Code ("District"), and South County Sanitary Service, Inc., a California Corporation, a solid waste collection firm ("Franchisee")

WHEREAS, Franchisee has been providing solid waste collection services to the residents of the District pursuant to a Solid Waste Collection Franchise Agreement executed by Franchisee and the County of San Luis Obispo, on or about May 19, 1998; and

WHEREAS, pursuant to LAFCO Resolution 2000-1 the District is now authorized to provide its residents with solid waste collection; and

WHEREAS, on May 16, 2001, the District enacted that certain Ordinance entitled "Solid Waste Management Rules and Regulations" ("Ordinance") which is set forth in Title 6 of the District Code; and

WHEREAS, Title 6 of the District Code provides the authority for the District to establish franchise agreements for the collection of solid waste; and

WHEREAS, Title 6 of the District Code establishes rules, regulations and procedures to provide for the storage, collection, and removal of all green waste, recyclables, garbage, rubbish and waste materials, generated and/or accumulated within the District; and

WHEREAS, the Integrated Waste Management Act of 1989 imposes mandates on local government for the reduction of the waste stream, and the District finds it is within the public interest to enter into this Agreement to fulfill those mandates; and

WHEREAS, District is confident that Franchisee possesses the expertise necessary to monitor collection activities for prohibited material and that Franchisee will participate in

ongoing public education programs to inform residents and businesses about the proper disposal of household hazardous wastes; and

NOW, THEREFORE, in consideration of the promises herein contained and other good and valuable consideration, the parties hereto agree as follows:

Section 1. Definitions.

A) For purposes of this Agreement, the defined terms, phrases, words, abbreviations, and their derivations shall have the meaning given in this Section.

B) In addition to the terms defined in Title 6 of the District Code, which definitions are incorporated into this Agreement, the following terms are defined as follows:

(1) "Arranger" means any person who by contract, agreement, or otherwise arranged for disposal or treatment, or arranged with a transporter for transport for disposal or treatment, of hazardous substances owned or possessed by such person, by any other party or entity, at any facility or incineration vessel owned or operated by another party or entity and containing such hazardous substances.

(2) "CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C § 9601 et seq.

(3) "Franchise Area" means the area within the District boundaries in which the Franchisee has been granted the privilege of providing solid waste, greenwaste and recyclable collection services.

(4) "Gross Revenues" means those revenues earned, as recognized by Generally Accepted Accounting Principles (GAAP), by the Franchisee, or the value of any other economic benefit derived by the Franchisee, pursuant to rates established in accordance with this Agreement. Any rates subject to the requirements of this Agreement, which did not receive approval of the Board of Supervisors, but which the Franchisee nevertheless charged, shall also be deemed to be included in gross revenues.

(5) "Gross Receipts" means those revenues received, on the cash basis of accounting, by the Franchisee, or the value of any other economic benefit derived by the Franchisee, pursuant to rates approved by the San Luis Obispo County Board of Supervisors in accordance with this Agreement. Any rates subject to the requirements of this Agreement, which did not receive approval of the Board of Supervisors, but which the Franchisee nevertheless collected, shall also be deemed to be included in gross receipts.

(6) "In Yard" means residential collection service in which solid waste containers are located on a customer's property in excess of ten feet from a normal collection vehicle route.

(7) "LAFCO" means the San Luis Obispo County Local Agency Formation Commission.

Section 2. Grant of Franchise.

A) Pursuant to District Code § 6.06.105 and LAFCO Resolution 2001-1, the

District Board of Directors, subject to the provisions of Title 6 of the District Code hereby grants to Franchisee a right, privilege, and exclusive franchise to collect solid waste, recyclables and green waste within the District boundaries (herein the "Franchise Area").

B) Franchisee represents that there are no suits or threatened suits which would impair the financial or legal ability of Franchisee to perform its obligations under this Agreement and that entering into this Agreement by Franchisee will not in any way constitute a breach of any other agreement entered into by Franchisee with other parties, or constitute a violation of any law.

C) District and Franchisee mutually agree that District's granting of this franchise shall not be construed as "arranging for" the collection and disposal of solid waste within the meaning of CERCLA. The parties further mutually agree that the granting of the franchise by District shall be construed as an action whereby the Franchisee is granted, and accepts the rights, responsibilities, benefits and liabilities of collection and disposal of solid waste, greenwaste and recyclables. Commencing on the effective date of this Agreement and concluding on the termination of this Agreement, to the extent that Franchisee's performance under this contract requires the collection and disposal of solid waste and may be construed as "arranging for" collection and disposal of solid waste within the meaning of CERCLA, such actions shall be the sole responsibility of Franchisee and Franchisee expressly agrees to be solely responsible for all such actions.

D) Franchisee acknowledges and agrees that District may permit other Persons or entities other than Franchisee to provide additional services not otherwise contemplated by this agreement.

Section 3. Franchise Term.

The rights, privileges, obligations, and duties granted and mandated under this Agreement to Franchisee shall be for a period of five (5) years from the effective date of this Agreement commencing on 7-18, 2001 and terminating on 7-17, 2006.

Section 4. Franchise Area.

The Franchise Area subject to this Agreement shall consist of that area located within the District boundaries as amended from time to time.

Section 5. Franchise Fees.

A) In consideration of the granting of this franchise, and for the privilege of providing solid waste service along and within the rights-of way of the District, Franchisee shall pay to District a franchise fee equal to ten percent (10%) of Franchisee's annual gross receipts attributable to services provided under this Agreement. The date of the initial imposition of the franchise fee shall be the effective date of this Agreement referenced in

Section 3 above.

B) Franchisee shall submit to District an annual detailed revenue statement and Franchisee shall pay its franchise fee to District, submitted to District on a monthly basis. Payment of the monthly portion of the franchise fee shall be rendered to District within thirty (30) days after the end of each calendar month, or prorated portion thereof, in which the Franchisee derives receipts for the services provided under the terms of this Agreement.

C) In the event that payment is not received by District within thirty (30) days after the date specified in this Section, then Franchisee shall pay a penalty of ten percent (10%) on the outstanding balance, and Franchisee shall also pay to District interest on the outstanding balance at a rate of ten percent (10%) per annum, or the maximum legal rate of interest, whichever is greater, from the date of Franchisee's failure to pay.

D) In the event of an underpayment of franchise fees by Franchisee, within thirty (30) days of being notified of such underpayment, Franchisee shall tender the amount of the underpayment to District, together with any penalties and/or interest owed District for the period of the underpayment.

E) Payments of franchise fees made by Franchisee to District shall be considered in addition to and exclusive of any and all authorized taxes, business license fees, permit fees, other fees, other levies or assessments presently in effect, or subsequently adopted.

F) No acceptance of any payment shall be construed as a release, accord or satisfaction of any claim that District might have for further or additional sums payable under the terms of this Agreement.

G) Franchisee shall submit to District on an annual basis, within 180 days after the expiration of Franchisee's fiscal year, a detailed revenue statement clearly showing the annual gross revenues of Franchisee, its parent or any related party, attributable to the collection services provided under this Agreement, for the year just ended, and audited by a Certified Public Accountant, attesting to the fairness of said detailed revenue statement. Said detailed revenue statement shall separately classify revenues consistent with the classification of revenues as approved by the District Board of Directors pursuant to this Agreement and said classification of revenues shall illustrate the amount of revenues collected by the Franchisee for each separate rate approved by the District Board. Said detailed revenue statement shall also reconcile annual gross receipts to annual gross revenues. The Franchisee may choose to submit the detailed revenue statement to District as a supplemental statement to the Franchisee's annual financial statements pursuant to this Agreement.

H) In addition to any other reporting requirements of this Agreement, and pursuant to District Code, the District may review, test, and audit the books and records of the Franchisee, or District may engage a Certified Public Accountant for the purpose of obtaining an Auditor's Report or an Auditor's Special Report in accordance with Generally Accepted

Auditing Standards. and the Franchisee shall make all the books and records available to the District or any Certified Public Accountant engaged by the District. In the event that material errors or irregularities are identified, then the cost associated with the District or the Certified Public Accountant engaged by District shall be paid by the Franchisee to District. In the case of errors, materiality shall be deemed to be one and one-half percent (1.5%) or greater of gross revenue of the Franchisee.

D) The District Board of Directors reserves the right to adjust the rate of the franchise fee as specified in Subsection "A" of this Section. In the event of any such adjustment, Franchisee shall be entitled to pass through any change in the amount of the franchise fee, subject to District's right to conduct a rate review. In the event that such review results solely from the adjustment of the franchise fee, the expense of the review shall be borne by the District. Any increase in the rate of the franchise fee shall not be effective until the Franchisee's rates have been reviewed and, if necessary, adjusted.

Section 6. Assignments, Subcontracts, and Changes of Ownership.

A) No interest in this Agreement may be assigned sold, subcontracted or transferred either in whole or in part, without the prior written consent of District. Franchisee shall promptly notify the District in writing in advance of any proposed assignment, sale, subcontract or transfer. In the event that the District Board of Directors approves any assignment, sale, subcontract or transfer, said approval shall not relieve Franchisee of any of its obligations or duties under this Agreement unless this Agreement is modified in writing to that effect. Franchisee shall also notify the District of any change in control and/or ownership of Franchisee. For purposes of this Agreement, change of ownership or control is presumed to include, without limitation, the sale or transfer of at least 25 percent of Franchisee's assets or at least 25 percent of Franchisee's voting stock. District will not unreasonably withhold consent to any assignment, sale, subcontract or transfer.

B) Neither party shall assign its rights nor delegate or otherwise transfer its obligations under this Agreement to any other person without the prior written consent of the other party. Any such assignment made without the consent of the other party shall be void and the attempted assignment shall constitute a material breach of this Agreement. The District may, however, assign it rights and delegate its obligations under this Agreement to a joint powers authority without the prior written consent of Franchisee.

- C) For purposes of this section, "assignment" shall include, but not be limited to
- (1) a sale, exchange or other transfer to a third party of at least twenty five percent of Franchisee's assets dedicated to service under this Agreement;
 - (2) a sale, exchange or other transfer to a third party, including other shareholders, of outstanding common stock of Franchisee which may result in a change of control of Franchisee;
 - (3) any dissolution, reorganization, consolidation, merger, recapitalization,

stock issuance or re-issuance, voting trust, pooling agreement, escrow arrangement, liquidation or other transaction which Franchisee or any of its shareholders is a party which results in a change of ownership or control of Franchisee; and

- (4) any assignment by operation of law, including insolvency or bankruptcy, assignment for the benefit of creditors, writ of attachment for an execution being levied against this Agreement, appointment of a receiver taking possession of Franchisee's property, or transfer occurring in the probate proceeding; and
- (5) any combination of the foregoing (whether or not in related or contemporaneous transactions, which has the effect of any such transfer or change of ownership, or change of control of Franchisee.

D) Franchisee acknowledges that this Agreement involves rendering a vital service to District residents and businesses, and that District has selected Franchisee to perform the services specified herein based on the existing Franchise Agreement with the County and LAFCO Resolution 2001. The County in turn selected Franchisee based on:

- (1) Franchisee's experience, skill and reputation for conducting its solid waste management operations in a safe, effective and responsible fashion, at all times in keeping with applicable local, state and federal environmental laws, regulations and best waste management practices, and
- (2) Franchisee's financial resources to maintain the required equipment and to support its indemnity obligations to District under this Agreement.

E) If Franchisee requests District's consideration of and consent to an assignment, District may deny or approve such request in its discretion. The District will not unreasonably withhold its consent. The District is concerned about the possibility that assignment could result in significant rate increases, as well as a change in the quality of service. Accordingly, the following standards have been set to ensure that assignment will result in continued quality service. In addition, the District reserves the right to solicit competitive bids for these services if the assignment results in a request by the assignee for rate increases that are higher than the inflationary index and do not reflect value changes in service standards. At a minimum, no request by Franchisee for consent to an assignment need be considered by District unless and until Franchisee has met the following requirements:

- 1) Franchisee shall undertake to pay District its reasonable expenses for attorney's fees and investigate the suitability of any proposed assignee, and to review and finalize any documentation required as a condition for approving any such assignment;
- 2) Franchisee shall furnish District with audited financial statements of the proposed assignee's operations for the immediately preceding three (3) operating years;

- 3) Franchisee shall furnish District with satisfactory proof:
- a) that the proposed assignee has at least ten (10) years of solid waste management experience on a scale equal to or exceeding the scale of operations conducted by Franchisee under this Agreement;
 - b) that in the last five (5) years, the proposed assignee or affiliates has not suffered any significant citations or other censure from any federal, state or local agency having jurisdictions over its waste management operations due to any significant failure to comply with state, federal or local environmental laws and that the assignee has provided District with a complete list of such citations and censures;
 - c) that the proposed assignee has at all times conducted its operations in an environmentally safe and conscientious fashion;
 - d) that the proposed assignee conducts its solid waste management practices in accordance with sound waste management practices in full compliance with all federal, state and local laws regulating the collection and disposal of solid waste, including hazardous wastes; and,
 - e) of any other information required by District to ensure the proposed assignee can fulfill the terms of this Agreement in a timely, safe and effective manner.

Under no circumstances shall the District be obliged to consider any proposed assignment by Franchisee, if Franchisee is in default at any time during the period of consideration.

Section 7. Assignment of Agreement; Requests for Rate Adjustments.

In the case of any assignment, sale, lease, subcontract or transfer of all or any part of Franchisee's assets or stock, the acquiring party shall not be entitled to request any adjustment in rates based on the purchase price or any other consideration associated with said assignment, purchase, lease, subcontract or transfer. In addition, any such acquiring party shall not be entitled to request any adjustment in rates under this Agreement for any costs which said acquiring party might incur prior to the assignment, sale, lease, subcontract or transfer of Franchisee's assets or stock.

Section 8. Responsibility for Solid Waste.

All solid waste removed by Franchisee from the premises where produced, generated, and/or accumulated pursuant to this Agreement shall become the responsibility of Franchisee. Any hazardous waste or medical waste which Franchisee collects shall be the responsibility of the Franchisee provided, however, the Franchisee shall be entitled to return any such hazardous waste to the customer who generated the hazardous waste, if the customer can be

identified.. The parties expressly agree that in no event shall the ownership of any solid waste, hazardous waste, medical waste or any other waste be construed to be the property of District, either explicitly or implicitly.

Section 9. Insurance.

- A) Liability Insurance. Franchisee shall maintain in full force and effect, for the period covered by this Agreement, comprehensive liability insurance. The comprehensive general and automobile liability insurance shall include, but not be limited to, protection against claims arising from any act or occurrence arising out of Franchisee's operations in the performance of this Agreement, including without limitation, acts involving vehicles. The amounts of insurance shall be not less than the following: single limit coverage applying to bodily and personal injury, including death resulting therefrom, and property damage, in the total amount of \$1,000,000.

The following endorsements must be attached to the policy:

- (1) If the insurance policy covers an "accident" basis, it must be changed to "occurrence".
- (2) The policy must cover personal injury as well as bodily injury.
- (3) Blanket contractual liability must be afforded and the policy must contain a cross liability or severability or interest endorsement.
- (4) The Nipomo Community Services District, its officers, employees and agents shall be named as additional insured under the policy, and the policy shall provide that the insurance will operate as primary insurance and that no other insurance maintained by District will be called upon to contribute to a loss hereunder.

B) Workers' Compensation Insurance: In accordance with the provisions of Section 3700 of the Labor Code, Franchisee shall be required to be insured for Workers' Compensation or to undertake self-insurance. Franchisee agrees to comply with such provisions before commencing the performance of the work of this Agreement.

C) Unemployment and State Disability Insurance: During the term of this Agreement, Franchisee shall provide unemployment and state disability insurance as required by the laws of the State of California.

D) The following requirements apply to all insurance to be provided by Franchisee:

- (1) A copy of each insurance policy (except Workers' Compensation) shall be furnished to District. A certificate shall be provided before commencement of this Agreement. Subsequent certificates of insurance shall be provided at least ten (10) days before the expiration date of current policies.

- (2) Certificates and policies shall state that the policies shall not be canceled or reduced in coverage or changed in any other material aspect without thirty (30) days prior written notice to District.
- (3) Approval of the Insurance by District shall not relieve or decrease the extent to which the Franchisee may be held responsible for payment of damages resulting from Franchisee's services or operations pursuant to this Agreement.

E) If Franchisee fails or refuses to procure or maintain the insurance required by this paragraph or fails or refuses to furnish District with required proof that insurance has been procured and is in force and paid for, District shall have the right, at District's election, to terminate this Agreement in accordance with the provisions herein.

Section 10. Performance Surety.

Franchisee shall provide to District within ten (10) days after execution of this Agreement, a cash or surety bond in an amount equal to two hundred (200%) percent of the yearly average of monthly gross revenue or \$50,000, whichever is greater, provided by a Surety Company with a Best rating of "A" or better and licensed to do business in the State of California, conditioned upon the full and faithful performance of all covenants and conditions of this Agreement and any extensions or amendments thereto.. Said surety bond must be approved by District prior to performance of any work under this Agreement. A certificate of deposit or an irrevocable letter of credit for the required amount from a bank acceptable to District may be provided in lieu of said surety bond.

Subject to the notice and hearing procedures set forth herein, if District determines that Franchisee has substantially failed to keep and perform any covenant or condition of this Agreement and any extensions or amendments thereto, District may require Surety to perform or may resort to any certificate of deposit or irrevocable letter of credit received in lieu of a bond. In that event, District shall notify the Surety of Franchisee's failure to keep and perform a covenant or condition, as well as the amount of time necessary for performance as determined by District. If the Surety fails to perform, District may perform and assess the Surety on its bond for all costs associated with such performance. The costs of performance may include all labor, equipment, insurance, and any and all other reasonably necessary resources as determined by District to perform the work required under this Agreement.

District shall annually review the adequacy of the amount of the surety bond and increase or decrease the bond in an amount equal to two hundred percent (200%) of the yearly average of monthly gross revenue or \$50,000, whichever is greater. District shall notify Franchisee in writing of any changes in the required bond amount not later than thirty (30) days after the completion of said review. Franchisee shall renew said surety bond as necessary and file it with District at least thirty (30) days prior to the expiration of the bond; provided, however, that Franchisee shall not be required to increase or decrease the amount of the bond prior to six (6) months after any such bond adjustment required pursuant to this paragraph.

Section 11. Indemnification.

Franchisee shall defend, indemnify and save harmless District, its officer, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of this Agreement or connected with the performance or attempted performance of provisions hereof, including but not limited to any act or omission to act on the part of Franchisee or its agents, employees, or subcontractors directly responsible to it, except those claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities resulting solely from the negligence or willful misconduct of District.

The Franchisee shall also defend and indemnify District for all actions of the Franchisee associated with the Franchisee's role as the arranger of solid waste service, or as a "potentially responsible party" within the meaning of CERCLA in performing solid waste service under any Federal, State or local laws, rules or regulations. The Franchisee shall further defend and indemnify District from any and all legal actions against District on the basis of the assertion that District is an arranger of solid waste services as a result of this Agreement, as long as District has not exercised flow control in accordance with this Agreement. Notwithstanding any language to the contrary in this Agreement, Franchisee shall not be required to defend and/or indemnify District from any liability that District may have as a generator or disposer of solid waste, nor shall Franchisee be required to defend and/or indemnify District from any allegations or legal actions which assert that the District has liability for a period prior to the commencement of this Agreement, or which allege that District's liability arises from actions taken by District after the termination of this Agreement.

Franchisee shall also defend and indemnify District for any fines or penalties imposed by the California Integrated Waste Management Board or its agents in the event that Franchisee's delays in providing information or reports required pursuant to this Agreement prevent District from submitting reports or attaining goals in a timely manner as required by the Integrated Waste Management Act.

Section 12. Technical and Performance Standards.

In addition to the requirements set forth in Title 6 of the District Code and this Agreement, the Franchisee shall comply with all reasonable technical performance standards and requirements imposed by the San Luis Obispo County Health Officer, Local Enforcement Agency, and other responsible enforcement agencies.

Section 13. Collector Permit Requirements.

The Franchisee shall maintain a valid Solid Waste Collection and Transportation Permit pursuant to County Code § 8.12.501. In order for the Franchisee to collect recyclables or green waste, all other required permits must be obtained. If the Franchisee fails to continuously maintain any one of these valid permits pursuant to said County Code, such failure shall constitute a breach of this Agreement. In that event, this Agreement shall immediately be subject to termination upon written notice by District without the necessity of

suit or other proceeding, pursuant to the procedures set forth herein.

Section 14. Disposal and Processing Requirements

Franchisee shall dispose of all solid waste and recyclables collected under this Agreement at Franchisee's own expense and in accordance with all Federal, State and local laws, rules, and regulations. Franchisee shall be solely responsible for securing an appropriate location for disposal of all solid waste and processing of all recyclables collected by Franchisee pursuant to this Agreement.

Franchisee has secured sufficient disposal site capacity commitment including landfill disposal site capacity to adequately serve the reasonable anticipated solid waste disposal needs of Franchisee's customers. District reserves the right to review said disposal capacity commitments.

If Franchisee receives notice from the landfill operator, greenwaste processor, or recyclables processor or otherwise finds, during the term of the Agreement, to be prevented from delivering solid waste, greenwaste or recyclables to the designated site, Franchisee shall immediately notify, in writing, the District General Manager, stating the reason(s) Franchisee is prevented, or expects to be prevented, from delivering solid waste, greenwaste or recyclables at the designated facility. Franchisee shall expeditiously identify and evaluate alternative sites. An alternative designated site or sites shall be arranged for and secured by Franchisee.

The parties understand and agree that District intends to commence and participate in waste diversion and resource recovery programs pursuant to regional and/or local implementation of the California Integrated Waste Management Act of 1989, or such other programs as may be established by District. Franchisee hereby agrees to comply with the implementation of such programs, including providing District with records of solid waste, greenwaste, and recyclable diversions.

Section 15. Prohibited Service - Hazardous Waste and Medical Waste Collection.

Subject to the provisions of Section 8 of this Agreement, the Franchisee, shall not collect hazardous waste or medical waste as a service within the terms of this Agreement.

Section 16. Mandatory Response Procedures - Hazardous Waste and Medical Waste.

The Franchisee has developed and shall maintain written hazardous waste and medical waste response procedures to assure compliance with Section 15 above. Performance of the procedures shall be the sole responsibility of the Franchisee. The procedures, as amended from time to time shall be lodged with the District. . At a minimum, the procedures shall provide instruction to employees and agents of the Franchisee on actions to be followed in the event hazardous waste or medical waste are found in the possession of Franchisee. The purpose of the procedures will be to ensure that any hazardous waste or medical waste collected by the Franchisee is handled and disposed of by the Franchisee in compliance with all Federal, State and local laws, rules and regulations.

To the extent required by Franchisee's hazardous and medical waste response procedures, Franchisee shall provide proof of an agreement or other suitable arrangement with a certified hazardous and medical waste hauler, or procure and maintain in force and effect all necessary governmental permits and licenses, including registrations to transport hazardous waste and medical waste. Franchisee shall be responsible for all charges and notices necessary for the due and lawful performance of the response procedures.

Section 17. Education and Public Information.

Franchisee shall cooperate with District in waste diversion and public education activities in accordance with regional and/or local implementation of the California Integrated Waste Management Act of 1989, and such other programs as may be reasonably determined by the District. Franchisee shall encourage its customers and the general public to divert solid waste and recyclables to the extent practicable from disposal by reducing the amount of solid waste generated and/or accumulated by recycling or by other appropriate waste diversion strategies.

Franchisee shall include information in customer bills, including information on recycling and green waste programs, in a form and content mutually acceptable to the Franchisee and the District. .

In the event Franchisee intends to request inclusion of the expenses of recycling and waste reduction information and public education activities through the rate review process, Franchisee shall be required to obtain, consistent with Section 19 of this Agreement, the prior review and written approval of the District in advance of publication and education. A copy of this approval shall be submitted with the rate request and the public education and waste reduction costs shall be stated as a separate line item within all rate requests.

At the direction of District, Franchisee shall participate in and promote waste reduction and recycling activities and other solid waste management techniques at community events and local activities. Such participation would normally include providing educational and publicity information promoting the goals of the District's solid waste, greenwaste and recycling programs at least twice per year at the direction of District.

Subject to reasonable prior notice, Franchisee agrees to permit District access to review and inspect Franchisee's customer lists, including customer names and addresses. The District acknowledges and agrees that the information contained in Franchisee's customer lists is proprietary trade secret information, and further agrees that it will not disclose or distribute any customer list information to any person.

Section 18. Reporting Requirements.

In addition to any other reporting requirements pursuant to any Federal, State or local laws, rules and regulations, other terms of this Franchise Agreement, or other provisions of Title 6 of the District Code the Franchisee shall report the following information:

A) Information reasonably obtainable by Franchisee relating to the quantities, types, volumes, weights, nature and location, according to geographic areas identified by the District, of solid waste, recyclables and green waste collected, transported and disposed as required by the District General Manager ;

B) No later than 180 days after the end of the Franchisee's fiscal year, the Franchisee shall submit annual financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited by a Certified Public Accountant. The financial statements shall include a supplemental detailed revenue statement if said revenue statement is not separately submitted to the District pursuant to this Agreement. The financial statements shall include an opinion of a Certified Public Accountant which attests to the fairness of any financial information submitted to satisfy the requirements of this paragraph. Any opinion which reflects a breach of the terms and conditions of the Franchise Agreement by the Franchisee may result in a limitation or loss of the Franchisee's right to perform services in accordance with the procedures set forth in this Agreement;

C) The Franchisee shall annually disclose to the Franchise Administrator the entire nature and extent of transactions with related parties, as such parties are recognized by Generally Accepted Accounting Principles, on forms provided by the District. . The related parties known at the execution of this Agreement are disclosed on a form which is attached hereto and incorporated herein by reference as Exhibit "B". .

D) Franchisee shall accurately report to receiving landfill, all solid waste collected by Franchisee. The reports given to the landfill shall also be available to the District General Manager .

E) District may request that Franchisee provide such additional information in the reports as may be reasonably necessary or appropriate to meet its needs, including, but not limited to, provision of California Integrated Waste Management Act of 1989 information.

F) Franchisee shall promptly provide District General Manager with copies of each adverse report from, and each regulatory action from local, state or federal regulatory agencies. In addition, Franchisee shall send copies to District General Manager of any reports that Franchisee submits to regulatory agencies with respect to performance of this Agreement.

Section 19. Customer Relations.

Notwithstanding Section 17 of this Agreement, Franchisee shall provide new and existing customers with information regarding the service described below. All such information will be reviewed by the District prior to printing and distribution and the presentation shall be clear, easy to read, and concise. The Franchisee may provide information through means other than described below if previously approved by the District General Manager . Franchisee shall provide proof to District of the distribution of the information within 30 days of mailing distribution. No proof shall be required for the new-

subscriber information distribution.

A) Subscriber Information At the time a customer subscribes to service and annually thereafter for all residential and commercial customers, the following information, at a minimum, shall be distributed: a list of solid waste, greenwaste and recyclables eligible for collection, complaint procedures, rates, recycling opportunities, company contact information including billing address, office hours, location, and telephone numbers, holiday collection schedule, and Clean-Up Week information. Information regarding no-cost dumpster cleanings shall be included for commercial customers. Copies shall be provided to each customer at time of subscription and upon customer's request and annually.

The Franchisee shall prepare and update as necessary a flier with this information in a form and content mutually acceptable to the Franchisee and the District General Manager . Franchisee shall print all necessary copies of the flier and Franchisee's employees and agents shall inform customers that said flier is available upon request.

B) Information in Advance of Rate Changes Franchisee shall provide its customers written notice a minimum of 30 days prior to any rate change. The notice will include information about all rates and services available to the customer. The form and content of the notice shall be in accordance with the form attached hereto and incorporated by reference as Exhibit C. It shall include a brief explanation for the rate change and ways each customer can determine which level of service will meet his or her needs.

C) Billing Statements All residential and commercial billing statements shall clearly list the customer's level of service, the monthly rate, a telephone number to call with questions, and the telephone number of the District General Manager if the customer is unable to resolve his or her problem with the Franchisee. Because abbreviations used on the billing statement need to be easily understood by the average customer, Franchisee shall submit a list of abbreviations for prior approval to the District General Manager . The Franchisee shall issue to the District General Manager , on the same schedule as the customers, a sample residential bill and a sample commercial bill for the most popular level of service offered by the Franchisee to those customers.

D) Throughout the term of this Agreement, Franchisee shall maintain a complete record of all written and verbal complaints received pertaining to the performance of services subject to this Agreement, which shall be provided to District within 24 hours of request. Said record shall contain, at a minimum, the following information:

1. Names, addresses, and telephone numbers of complaining parties;
2. Customer names, service addresses, and telephone numbers, if different than above;
3. Descriptions of problems/complaints and related dates and times, if applicable;
4. Dates received: and

5. Dates and descriptions of Franchisee's responses and actions taken.

Complaints received from customers or District shall be acted upon immediately and Franchisee shall make every reasonable effort to resolve said complaints within seventy-two (72) hours of notification.

E) Franchisee shall fully participate with the District in preparing, processing, mailing and tabulating customer satisfaction surveys to residential and commercial customers. The surveys will be conducted within 90 days of a request by District, but not more than once a year.

Section 20. Service Requirements.

A) Frequency of Solid Waste Collection: Franchisee shall provide weekly collection of solid waste, greenwaste and recyclables for all places and premises within Franchise Area or such other level of service as may be permitted by District at rates approved by the District Board of Directors. Franchisee shall also provide more frequent collection services required pursuant to District Code § 6.02.130. All customers shall be provided with collection service within 7 days of the customer's request.

B) Collection Schedule: Franchisee shall establish a collection schedule in accordance with District Code § 6.02.140. When a regular collection day occurs on a holiday, Franchisee shall either provide collection on the holiday or one calendar day before or after the holiday. Franchisee shall notify residential and commercial customers of their respective holiday collection schedules.

C) Solid Waste Collection Practices and Standards: Franchisee shall, at all times during the term of this Agreement, provide efficient, effective, prompt, courteous, and professional service to all residential and commercial customers to the reasonable satisfaction of District. Franchisee shall not litter premises while collecting solid waste or allow such waste materials to blow or fall from any collection vehicle. All collection activities shall be conducted in such manner that public and private property will not be damaged. Premises shall be left in a neat and clean condition and containers shall be handled in a manner to not damage them. Franchisee shall replace containers and covers where found and shall not place them in the street or on adjoining property.

Franchisee shall direct its drivers to note the addresses of any premises at which they observe that solid waste is accumulating and is not being delivered for collection or to disposal; and the address, or other location description, at which solid waste has been dumped in an unauthorized manner. Franchisee shall report the address or description to District within seventy-two (72) hours of such observation.

D) Non-Collection of Solid Waste: In the event Franchisee does not collect any item or container of solid waste, Franchisee shall attach a tag securely to the item or container not collected specifying the reasons for non-collection. The tag shall contain Franchisee's

name and telephone number.

In the event Franchisee fails, without good cause, to collect, remove, and dispose of solid waste on a customer's regularly scheduled collection day or within twenty-four (24) hours of a request from District or a customer to do so, District may collect said materials and Franchisee shall be liable for all related expenses incurred by District, including disposal, administrative, and legal costs.

E) Extra Collection of Solid Waste: Franchisee shall be allowed to provide extra and special services, at rates approved by District Board of Directors, in addition to the normal scheduled collection services. Franchisee shall quote to the customer the rate for such services prior to performing said services.

F) Clean-Up Week: At least once per year throughout the term of this Agreement, Franchisee shall provide, in addition to regularly scheduled service, a one week collection event pursuant to guidelines established by the Franchisee and approved by the District General Manager for solid waste placed at the curb by residential customers in addition to each customer's normal collection service.

The dates for the event shall be proposed by Franchisee and approved by District General Manager prior to September 1st of each year.

Franchisee shall record and report to District, by class and weight (in tons), the solid waste, greenwaste recyclable, etc., collected during the Clean Up events. Franchisee shall record the kinds and weights (in tons) of waste diverted during these events from the landfill through recycling, reuse, transformation, or other means of diversion. Franchisee shall provide the report to District no later than 10 days after the event.

G) Office: Franchisee shall maintain an office within the Franchise Area, or such other convenient location approved by District, where customers may arrange for service, pay bills, and file complaints. Said office shall be equipped with a telephone and two-way radio and all collection vehicles shall also be equipped with two-way radios to communicate with Franchisee's office. Franchisee shall, for at least seven hours between 9:00 a.m. and 5:00 p.m., Monday through Friday, except holidays, have responsible personnel with whom District and customers may communicate. Franchisee shall provide to District a local emergency telephone number and contact person accessible twenty-four (24) hours per day. Franchisee's office shall be open to public during normal business hours. The District approves the current office location on Grand Avenue, Grover Beach, California.

H) Traffic and Noise Problems: Franchisee shall conduct all operations in accordance with District Code § 6.02.140(b) and in a manner which minimizes obstruction or disruption to the peace and quiet of the areas in which collections are made.

I) Equipment:

1) All equipment used by Franchisee to perform work under this

Agreement shall conform to industry standards and shall be maintained in a clean, neat, attractive, and efficient condition and kept in good repair at all times. Said equipment shall be operated in a safe manner consistent with industry standards. All vehicles, conveyances, or containers used by Franchisee for hauling or storing solid waste, greenwaste or recyclables within the District shall be constructed to comply with all applicable Federal, State and local laws, rules, and regulations and shall be designed to prevent leakage, spillage, or overflow.

2) All solid waste, greenwaste or recyclables in Franchisee's vehicles, conveyances, or containers used by Franchisee shall be completely covered when en route from the last collection station to a disposal area or processing facility to prevent spillage, overflow, blowing, or dropping out of said vehicles, conveyances, or containers. Any material dropped or spilled in collection, transfer, or transport shall be immediately cleaned up by Franchisee. Appropriate equipment for this purpose shall be carried at all times on each vehicle.

3) Franchisee shall maintain a fleet of collection trucks sufficient in number and capacity to efficiently perform the work required in the Agreement in strict accordance with the terms of this Agreement. Franchisee shall provide District a detailed description concerning the number and type of vehicles necessary for performance. Franchisee shall have available on collection days sufficient back-up vehicles for each type of collection vehicle (e.g., rear loader, front loader, roll-off, etc.) used to respond to complaints and emergencies.

4) All customers shall be provided with solid waste, recycling or green waste collection service consistent with the District approved collection programs within 7 days of the customer's request.

J) Vehicle Identification: A distinct identification number shall be assigned to each vehicle used for collection activities. Said number shall be prominently displayed on the appropriate vehicle. Each vehicle shall also permanently display Franchisee's name and telephone number.

K) Equipment Storage: All vehicles used in collection activities, shall be kept on property in proper zoning within a building or fenced yard. Franchisee shall not store any vehicle on any public street or other public property.

L) Cleaning Commercial Dumpsters: Franchisee shall steam clean and refurbish all commercial dumpsters twice per year upon request, at no additional expense to customers utilizing these units. Customers desiring more frequent cleaning may arrange with Franchisee additional cleaning (including pick-up, cleaning, and replacement of dumpster), at rates approved by the District Board of Directors. Commercial customers shall be notified annually of the availability of the cleaning service and charges for the service.

M) Recycling Services:

1) Subject to rates established by Board of Directors through the rate setting process, Franchisee shall provide recycling services to all solid waste customers within

the Franchise Area , and as may be revised from time to time by mutual agreement. The recycling collection is to include at least the following materials. Changes to this list can only be made with the approval of the District General Manager .

- Glass bottles and containers
- paper
- cardboard
- plastic (1-5 and 7) bottles and containers
- newsprint
- junk mail
- magazines
- gable top containers
- chipboard
- aseptic boxes
- aluminum
- steel and tin containers

2) Franchisee shall service all public recycling containers.

3) Residential recycling shall be provided on the same day as solid waste collection.

4) Commercial customers with multiple collections during the week, shall have recycling and green waste collections provided at least once during that week, on a solid waste collection day.

N) Green waste collection.

1) Subject to rates established by Board of Directors through the rate setting process, Franchisee shall provide green waste collection service to all customers within the Franchise Area , and as may be revised from time to time by mutual agreement. The recycling collection is to include at least the following materials. Changes to this list can only be made with the approval of the District General Manager The green waste collection is to include at least the following materials:

- brush (maximum 4 foot lengths), tree trimmings, branches (<6" diameter.)
- dimension lumber (maximum 4 foot lengths), scrap wood (not painted)
- grass, dead plants
- weeds, leaves
- Christmas trees

Changes to this list can only be made with the approval of the District General Manager .

2) Green waste collection shall only use containers that are reusable and capable of being emptied at the curb. Green waste shall not be collected in plastic bags.

3) Residential green waste collection must be provided on the same day as solid waste collection. Commercial green waste collection must be provided once during the week, on a solid waste collection day.

O) Intentionally omitted.

P) Franchisee shall provide, with one week's notice, collection of bulky wastes from District Yards. The collection shall be provided by Franchisee at no expense to District for not more than 25 items per year.

Q) District may request Franchisee to perform additional services (including new diversion programs, billing services, etc) or modify the manner in which it performs existing services. Franchisee shall present, within 30 days of a request to do so by District, a proposal to provide additional or expanded diversion services. Franchisee shall be entitled to consideration of an adjustment in its compensation in the next rate or CPI adjustment.

R) Intentionally omitted.

Section 21. Special Service Requirements.

In addition to any other requirements mandated by District Code or otherwise required by law, Franchisee shall provide "in yard" solid waste collection service to those disabled customers requiring such service at no additional cost to those customers.

Section 22. Rates.

A) The Franchisee may only charge rates approved by the District Board of Directors for the services performed or rendered under this Agreement.

Changes to Franchisee existing billing format and billing frequency shall be subject to approval of District. District shall have the right to require Franchisee to revise the billing format in order to itemize specific charges.

B) In the event that District approves an adjustment in the tipping fee at a solid waste disposal facility that Franchisee uses, collection rates for residential and commercial customers shall also be adjusted. The District Board of Directors will adjust the Franchisee's collection rate at the same time as the facility rate.

C) District agrees to consider the rate review application in a timely manner, subject to the constraints of staff availability. All items of revenue and expense in a rate review are subject to the reasonableness test of District.

D) Franchisee shall provide its customers written notice a minimum of 30 days prior to any rate change. The notice will include information about all rates and services available to the customer. The form and content of the notice shall be in accordance with the form attached hereto and incorporated by reference as Exhibit C.

E) District shall allow Franchisee a reasonable rate of return. For purposes of determining a reasonable rate of return, District shall refer to the rate setting processes utilized by the California Public Utilities Commission and other comparable agencies for similar industries.

F) Franchisee shall implement one, two and three can service and rate levels for all residential customers requesting solid waste service.

Section 23. Discriminatory Practices Prohibited.

Except as expressly provided in this Agreement or by law, Franchisee shall not subject any person to prejudice or disadvantage on the basis of age, gender, race, creed, color, national origin, disability, medical condition, or religious affiliation.

Section 24. Equal Employment.

Franchisee shall not refuse to hire, employ, nor bar or discharge from employment, or otherwise discriminate against any person in compensation, or in terms and conditions of employment because of age, gender, race, creed, color, national origin, disability, medical condition, religious or political affiliation or belief.

Section 25. Violations and Liquidated Damages.

A) The parties agree that in the event that Franchisee violates the provisions of Title 6 of the District Code, or any other applicable law, or the terms of this Agreement, the resulting damages will be impracticable or extremely difficult to determine. Therefore, the parties agree that Franchisee shall pay liquidated damages in the amounts and for the violations specified in Section 26 of this Agreement. Prior to any determination by the District General Manager that Franchisee is obligated to pay liquidated damages as provided herein, the District General Manager shall provide written notice to Franchisee of the alleged violation. If the violation is capable of being corrected by Franchisee, the District General Manager shall include in the notice, a demand that Franchisee correct the violation within 10 days following receipt of said notice. For purposes of this Agreement and any notice required thereunder, the term "days" shall mean calendar days.

B) After notice has been given to Franchisee by the District General Manager, and after the expiration of the 10 days following receipt of said notice in those instances where the violation is capable of being corrected and Franchisee has failed to correct the violation, the District General Manager shall conduct a hearing. At least 10 days prior to the date scheduled for the hearing, the District General Manager shall notify Franchisee of the time and place for the hearing.

C) At the hearing the District General Manager shall hear any persons interested or concerned with the alleged violation and shall determine whether the alleged violation occurred and, if so, whether the violation was without just cause or excuse.

D) If the District General Manager determines the violation was with just cause or excuse, then the District General Manager shall direct Franchisee to comply with this Agreement and applicable rules and regulations at such time, and in such manner, and upon such

terms and conditions as the District General Manager deems reasonable and necessary.

E) If the District General Manager determines the violation was without just cause or excuse, then the District General Manager shall either:

- 1) impose the liquidated damages hereafter described as being applicable; or
- 2) allow Franchisee additional time to correct the violation, subject to such conditions as the District General Manager finds necessary and appropriate.

F) Franchisee may appeal the decision of the District General Manager imposing liquidated damages to the District Board of Directors by filing with the District General Manager, within ten (10) days of the District General Manager's decision imposing the liquidated damages, a written appeal setting forth the particular errors alleged to have been made by the District General Manager. The District Board of Directors shall, within 45 days of the filing of the appeal, commence the hearing of the appeal. On appeal, the standard of review shall be whether there is substantial evidence on the record of the proceedings before the District General Manager which supports the decision of the District General Manager. The District Board of Directors shall affirm or deny the appeal and may modify any action taken by the District General Manager.

Section 26. Liquidated Damages Amounts.

A) Subject to the procedures set forth above, the parties agree that Franchisee shall pay liquidated damages of \$200.00 per day per occurrence for the unexcused failure to meet one or more of the requirements of the District Code or of this Agreement, or the unexcused failure by Franchisee to meet or complete a requirement by a prescribed date, or the unexcused failure by Franchisee to provide a service.

B) The liquidated damages established above shall be imposed in accordance with Section 25 for any of the following:

- 1) for failure by Franchisee to provide solid waste, greenwaste or recyclable pursuant to this Agreement and Title 6 of the District Code.
- 2) for failure by Franchisee to obtain the prior consent of the District Board of Directors for any assignment or transfer.
- 3) for failure by Franchisee to maintain and possess a valid permit for collection of solid waste from the County Health Officer;
- 4) for engaging in impermissible discrimination contrary to the provision of Title 6 of the District Code or any other provision of this Agreement;
- 5) for denying collection service and/or access to the service on the basis of

the race, creed, color, age, religion, disability, national origin, or gender of the persons seeking such service;

- 6) for failure by Franchisee to adhere to the equal employment opportunity provisions contained in this Agreement (specifically any provisions concerning fair contracting policies);
- 7) for failure by Franchisee to submit a written Response Procedures for hazardous waste, medical waste.
- 8) for failure by Franchisee to properly comply with written Response Procedures for hazardous waste or medical waste;
- 9) for failure by Franchisee to maintain an office, and/or to keep the office open and/or to maintain a toll-free telephone for calls within the Franchise Area and/or maintain a log of customer complaints, as required by District Code and this Agreement ;
- 10) for charging or collecting rates not approved by the Board of Directors for any service subject to this Agreement.

C) The liquidated damages set forth above shall be in addition to any other penalties or remedies otherwise provided by law or in accordance with this Agreement.

Section 27. Breach and Termination.

All terms and conditions of this Agreement are material and binding and failure by either party to perform in accordance with this Agreement, or in accordance with any covenants and conditions described herein, shall be considered a breach of this Agreement. In the event this Agreement is breached in any manner, and Franchisee has failed to remedy said breach after at least twenty (20) days after written notice setting forth the nature of the breach, District may terminate this Agreement on further written notice. Franchisee shall thereafter have no further rights, powers, or privileges against District under or arising out of this Agreement. In the event a breach does not result in termination, but does result in costs being incurred by District, said costs shall be charged to and paid by Franchisee, which costs may include, but are not limited to, costs incurred by District in investigating and communicating with Franchisee regarding said breach, including staff time, and any penalties provided in accordance with this Agreement.

In the event District terminates this Agreement as provided herein, Franchisee shall pay to District on the effective date of termination all customer revenues collected in advance for all services which would have been provided by Franchisee after the effective date of termination. Franchisee shall also pay to District any unearned revenues received after the date of termination. The provisions of this Section shall not be exclusive, but shall be cumulative and in addition to any other remedies provided herein or pursuant to law. District agrees that it will not unreasonably enforce the termination provisions set forth in this Agreement.

Section 28. Bankruptcy.

If at any time during the term of this Agreement Franchisee becomes insolvent, or if proceedings in bankruptcy are instituted by Franchisee, or if Franchisee is adjudged bankrupt or insolvent by any court, or if a receiver or trustee in bankruptcy is appointed in any suit or proceeding brought by Franchisee, then and in each and every such case, the Agreement shall immediately cease, terminate, and be canceled upon written notice by District and without the necessity of suit or other proceeding.

Section 29. Notices

A) All notices required by this Agreement to be served on District shall be personally delivered to District General Manager or mailed return receipt requested.

B) All notices required by this Agreement to be served on Franchisee shall be personally delivered to South County Sanitary Service, Inc., Attn: Tom Martin, 874 Grand Avenue, Grover Beach, CA 93433, or mailed return receipt requested.

Section 30. Applicability of Adopting Additional Rules, Regulations, Laws, and Ordinances.

The District Board of Directors specifically reserves the right to adopt, in addition to the provisions contained in the current Title 6 of the District Code such additional rules, regulations, laws, resolutions and/or ordinances as the District Board of Directors may find necessary in the exercise of its powers; provided, however, that such additional rules, regulations, laws, resolutions and/or ordinances do not directly conflict with the material privileges granted in this Agreement, or the obligations of Franchisee set forth herein.

Section 31. Applicable Law and Venue.

This Agreement shall be governed in all respects by the laws of District, the laws of the County of San Luis Obispo, the State of California, and the Federal Government of the United States and Franchisee and District expressly stipulate that this Agreement is entered into and to be performed in San Luis Obispo District and, therefore, venue shall be in said County.

Section 32. Waiver and Estoppel.

District's failure to enforce any provision of District Code, or of this Agreement, for a breach or violation by Franchisee of said District Code or Agreement, shall not constitute an acquiescence, waiver, estoppel or bar on District pursuing and seeking enforcement in the event that one or more of the same provisions of District Code or this Agreement are subsequently breached or violated by Franchisee.

Section 33. Entire Agreement: Procedure for Amendment, Modification, Extension, or Renewal.

This Agreement, together with any attachments, sets forth the entire Agreement between the District and Franchisee, and any change, amendment, modification, extension, or renewal

shall be in writing, and shall be executed by duly authorized representatives of both District and Franchisee.

Section 34. Resolution of Conflicts Between the District Code and the Franchise Agreement.

In the event of any conflict between this Agreement and the District Code, the terms, conditions, and provision of District Code shall control.

Section 35. Headings.

The headings set forth in this Agreement are for ease of reference only, and shall not be construed to modify, limit, or restrict the provisions contained in one, or all, of the Sections of this Agreement.

Section 36. Severability.

If any provision of this Agreement, or the application thereof to any person or circumstance, is held to be unconstitutional or to be otherwise invalid by a final judgment of any court of competent jurisdiction, such invalidity shall not affect other provisions or applications thereof which can be implemented without the invalid provisions or application and, to this end, the provisions of this Agreement are severable.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

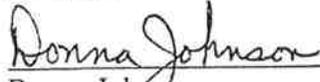
FRANCHISEE
South County Sanitary Service, Inc.,
a California Corporation

By 
Alvizio Rizzoli, President

NIPOMO COMMUNITY SERVICES
DISTRICT

By 
Robert Blair, President
Board of Directors

ATTEST:



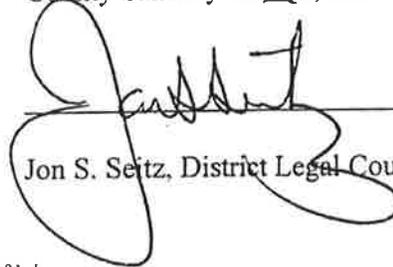
Donna Johnson
Secretary to the Board

[SEAL]

APPROVED AS TO FORM:



P. Terence Schubert, Attorney for South
County Sanitary Service, Inc.



Jon S. Seitz, District Legal Counsel

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EXHIBIT "A"

SOUTH COUNTY SANITARY
SPCC PLAN

Creation Date: _____ Date: 5/25/99
Revision Date: _____ 3/15/2000
Author's Title: Health and Safety Director Signature: 
Date of Approval: _____ Date: 3/15/00
Representative to Board of Directors: _____ Signature: 
Date of Approval: _____ Date: 3/15/2000

Spill Prevention, Control and Countermeasures (SPCC) Plan

General Company Policy

The purpose of this program is to inform interested persons, including employees, that our company is complying with EPA requirements for preparing and maintaining a Spill Prevention Control and Countermeasure (SPCC) Plan under the Oil Pollution Prevention regulations, Title 40 Code of Federal Regulations sections 112.1-.7., by providing a written plan that describes the equipment, manpower, procedures and adequate countermeasures for preventing and controlling oil spills.

This program applies to all work operations in our company where employees may be exposed to potential hydraulic and oil spill situations under normal working conditions or during an emergency situation.

Health and Safety is responsible for this plan and is also responsible for making sure that the plan is available to the EPA Regional Administrator for on-site review during normal working hours. Copies of the written plan are located in Health and Safety Office. The Health and Safety Director is responsible for developing and maintaining the plan.

Our facility is normally attended by workers at least 8 hours per day, six days per week.

A complete copy of our written plan is available at our facility 2450 Victoria St. San Luis Obispo Ca. In the Health and Safety Office

The Health and Safety Director is responsible for making sure that the plan is available to the EPA Regional Administrator for on-site review during normal working hours. As a result of properly maintaining this plan, our employees will be informed of the equipment, manpower, procedures, and steps to prevent and control an oil or hydraulic spill.

We encourage any suggestions that our employees have for improving our SPCC written plan, as we are committed to developing and maintaining an effective plan. We strive for clear understanding, safe behavior and involvement in the plan from every level of the company.

EXHIBIT "A"

We believe that a potential exists for equipment failure (such as a oil or hydraulic tank overflow, rupture of hydraulic lines or leakage from vehicles) at our facility or on a route. The following is a prediction of the total quantity of oil or hydraulic fluid that could be discharged from the facility or trucks as a result of a major type of system failure:

Stored Fluids (Facility) consists of:

- Motor Oil storage @ 250 gal
- Hydraulic Oil storage @ 200 gal
- Waste Oil storage @ 440 gal
- ATF storage @ 200 gal

Vehicle Capacity Ranges:

Large trucks (Garbage, Re-Cycle, Roll off)

- Motor Oil storage 6 gal to 11 gal
- Hydraulic storage 35 gal to 50 gal
- Gasoline/diesel storage 40 gal to 70 gal

Containment/Diversiory Structures

At our company, we have installed the following structures and equipment to help prevent a spill or discharge of oil:

- * curbing and drip pans.
- * sumps

Spill Contingency Plan

Because there is a potential at our company for an equipment failure (such as tank overflow, rupture of lines ,or leakage) that could result in a discharge either at our facility or on route, we believe it is important to have a strong spill contingency plan in place should such an event occur.

Our spill removal contingency plan will be implemented if an incident occurs that might threaten human health or the environment. This includes the threat of a discharge into navigable waters of the U.S., rivers , streams, culverts, basins, storm drains and sewers.

Our plan relies on a variety of individuals, organizations and agencies to carry out oil removal operations. Our plan also clearly defines the authorities, responsibilities and duties of state and local governmental agencies to avoid unnecessary duplication of contingency planning activities and to minimize the potential for conflict and confusion that could be generated in an emergency situation as a result of any duplication.

Our spill contingency plan lists and describes the roles of the individuals who are responsible for responding to an oil discharge. It also contains well-defined and specific actions that should be taken after discovery and notification of an oil discharge. If the spill is of a non hazardous nature, regardless of location and NOT REQUIRING SPECIAL PPE OR TRAINING, then every attempt will be made to respond vehicle maintenance personnel and a supervisor to mitigate the spill. Should a spill require enhanced skills or PPE than employees will be directed to isolate the area and contact emergency agencies, either directly or through dispatch.

Drainage Systems

EXHIBIT "A"

As much as possible, we have engineered our facility's drainage systems to prevent oil from reaching navigable waters in the event of equipment failure or human error. Drivers and operators of vehicles will ensure that in the event of a oil or hydraulic spill (whether on site or off site) will attempt to prevent any discharge from entering any drain ,sewer , or culvert through adsorption , diversion , absorption or diking.

Should a discharge either reach or threaten to reach any drain, sewer, or culvert, then the supervisor will either direct or take upon him/herself to contact the City Waste Water Division Manager, and San Luis Garbage Health and Safety Director immediately.

Tanks and Secondary Containment

At our facility we take all necessary precautions to ensure that our aboveground storage tanks (ASTs) are adequate for safely containing and storing oil, especially concerning such factors as pressure and temperature. all underground tanks have been removed, virtually eliminating any contamination associated with UST'S Bulk petroleum products are stored in above ground storage tanks, containers or vessels,

At our facility we have established visual inspection/notification procedures for aboveground storage tanks through in-house inspection and random daily activities in which workers utilize the tanks in everyday work assignments

Monitoring and Detection

We utilize the following measures at our facility to fail-safe engineer any new and old tank installations:

- Any new or existing tank installations will as much as practical, be fail safe engineered or updated into a fail safe engineered installation to avoid spills.
- At our facility we regularly monitor (through internal inspections) our operations to detect and remediate any spillage which may discharge any effluents into storm drains, culverts, or creeks

Visible Oil Leaks, Portable Tanks, Vehicle Hydraulic and Oil Tanks

It is important that visible oil leaks from tank seams, gaskets, rivets and bolts are fixed to prevent the discharge of oil or fluids on public or private areas, and be corrected as soon as possible. The following procedures should be implemented:

All storage tanks (mobile and stationary are visually observed by maintenance personnel to ensure that there are no leaks through periodical inspections Should a leak be discovered , every attempt will be made by either maintenance or yard personal to minimize and eliminate any leaks.

Inspection of Sumps

We inspect and clean out sumps for debris and, look for any large amount of accumulation of oil that may have escaped from vehicles and trucks on a monthly basis.

Tank Construction and Secondary Containment

At our facility, no tank will be used for the storage of oil or any other fluids unless its material and construction are compatible with the material stored and the conditions of storage.

Tank Inspection

At our facility, tanks that contain oil are inspected monthly and are visually inspected daily by maintenance personal during their daily operations.

All tanks containing oil are visually examined by a competent, qualified individual (Health and Safety) for condition

EXHIBIT "A"

and any need for maintenance on a regularly scheduled basis. (Monthly inspection)

Inspection of Aboveground Valves and Pipelines

We have no aboveground valves or pipelines.

Spill Control

At our facility we use a variety of measures to prevent and control oil / fluid spillage around pumps, valves, hoses, drain lines, tanks, and allied equipment.

These are: Drains on the facility are controlled and directed toward a central collection sump or equivalent collection system sufficient to prevent discharges of oil into navigable waters. Where drains and sumps are not practical any oil or hydraulic fluids contained in collection equipment will be removed as often as necessary to prevent overflow.

We use a sump system at our facility. At our facility we have established procedures for conducting routine maintenance and inspections of our sump system. A regularly scheduled preventive maintenance and inspection program is employed to assure reliable operation

All maintenance personnel and supervisors have been trained on the discharge requirements

Performance Standards for Contractors and Subcontractors

To prevent misunderstandings of joint and separate duties and obligations to perform work in a safe manner any contractor who could potentially cause a discharge into the sewers or drains will be provided a copy of the SPCC plan for review and compliance

Facility Inspections and Recordkeeping

Health and Safety is responsible for conducting facility inspections and maintaining inspection records.

Health and Safety is responsible for developing written procedures and incorporating them into the SPCC written plan.

Training and Administration

Our company is committed to providing proper and regular instruction for personnel in the operation and maintenance of equipment to prevent discharges of oil. all affected employees are provided with and instructed to follow the criteria set forth by the City's discharge permit. In turn all employees are required to sign a training form stating that they understand and will adhere to the permit guidelines

In addition, we are committed to providing proper and regular instruction of personnel in applicable pollution control laws, rules and regulations. Tailgate or safety meetings incorporate these training requirements.

Health and Safety is responsible for ensuring that employees are properly instructed in the operation and maintenance of equipment to prevent oil discharges.

Health and Safety is responsible for overseeing oil spill prevention activities.

All employees are responsible for reporting on the progress of any spill prevention activities to management. (Attachment)

Health and Safety and Supervisors schedule spill prevention briefings for their operating personnel at intervals frequent enough to assure adequate understanding of the SPCC Plan. These briefings highlight and describe known spill events or failures, malfunctioning components, and recently developed precautionary measures and is responsible for conducting spill prevention briefings for facility operating personnel on a regular basis to ensure adequate understanding of the SPCC Plan.

EXHIBIT "B"

OWNERSHIP PERCENTAGES

	SC
Estate of Chas Cattaneo	25.5%
AL RIZZOLI	25.5%
DIDI KIMBALL (PASCOE DAUGHTER)	11.0%
DOROTHY PASCOE	38.0%
	<u>100.0%</u>


NAME

2/25/02
DATE

EXHIBIT "B"

**SOUTH COUNTY SANITARY SERVICE
RELATED PARTY TRANSACTIONS DURING 2001
CASH BASIS**

SAN LUIS GARBAGE RECEIVED FROM SOUTH COUNTY SANITARY SERVICE:

\$40,545.00	FOR SAFETY & COMPUTER SERVICES
\$48,493.34	FOR REPAIRS
\$24,640.00	FOR CONTROLLERS TIME
\$4,536.67	FOR BLUE RECYCLING CARTS
\$700.00	FOR TRUCK RENT
<u>\$118,915.01</u>	

COLD CANYON LANDFILL RECEIVED FROM

\$523,470.25	SOUTH COUNTY SANITARY
\$25,800.00	SCS FOR GENERAL MANAGERS TIME
<u>\$549,270.25</u>	

SOUTH COUNTY SANITARY SERVICE RECEIVED FROM COASTAL ROLLOFF

\$93,250.20	FOR PAYBACK ON BOND BORROWING
\$6,550.69	FOR LETTER OF CREDIT & BOND COSTS
\$16,290.00	FOR DROP BOXES IN SC AREA
<u>\$116,090.89</u>	

SOUTH COUNTY SANITARY SERVICE RECEIVED FROM MISSION COUNTRY

\$38,073.07	FOR PAYBACK ON BOND BORROWING
\$8,553.89	FOR LETTER OF CREDIT & BOND COSTS
\$16,405.92	FOR WASTE WHEELERS ON SC INVOICE
<u>\$63,032.88</u>	

SOUTH COUNTY SANITARY SERVICE RECEIVED FROM SAN LUIS GARBAGE

\$37,574.69	FOR PAYBACK ON BOND BORROWING
\$3,991.45	FOR LETTER OF CREDIT
\$5,982.00	FOR STATE PARKS BILLING
\$19,512.04	FOR WASTE WHEELERS ON SC INVOICE
<u>\$67,060.18</u>	

POMO COMMUNITY SERVICE DISTRICT

ALL RATES EFFECTIVE 4-1-2000

COMMERCIAL GARBAGE CANS (PER MONTH)						
number of cans	COLLECTIONS PER WEEK					
	1	2	3	4	5	6
1	\$12.25	\$20.50	\$24.65	\$30.05	\$35.30	\$42.10
2	\$24.50	\$41.00	\$49.30	\$60.10	\$70.60	\$84.20

Maximum volume and weight per garbage can: 33 gallons and 80 pounds

Extra bags or cans above service level \$3.00 Each

Commercial waste wheeler rent \$2.30 per month

COMMERCIAL DUMPSTER CONTAINERS (PER MONTH)							
Size of container (cubic yards)	COLLECTIONS PER WEEK						
	1	2	3	4	5	6	7
1	\$42.50	\$61.15	\$80.80	\$99.45	\$120.15	\$139.85	\$186.45
1.5	\$50.75	\$77.65	\$104.65	\$146.05	\$178.15	\$212.35	\$280.75
2	\$54.90	\$90.10	\$128.40	\$187.50	\$230.00	\$274.50	\$376.00
3	\$65.25	\$122.20	\$170.90	\$304.50	\$361.50	\$422.60	\$582.10
4	\$94.25	\$141.95	\$204.05	\$320.10	\$396.70	\$450.60	\$700.20

rates shown above include the monthly container rental fee and are the same for bins and garwoods, when volume is identical.

UNSCHEDULED EXTRA COLLECTIONS FOR COMMERCIAL CUSTOMERS PER YARD \$6.35

SINGLE FAMILY and MULTI-UNIT RESIDENTIAL (4 units or less)				
VOLUME-BASED RATES				
INCLUDES WASTE WHEELER(S) FOR GARBAGE, ORANGE BIN FOR RECYCLING				
GREENWASTE CUSTOMERS USE THEIR OWN CANS FOR GREENWASTE				
one can	32 gallon	WASTE WHEELERS	\$11.45	PER MONTH
two can	64 gallon	WASTE WHEELERS	\$16.40	PER MONTH
three can	96 gallon	WASTE WHEELERS	\$21.50	PER MONTH
four can	two-64 gallon	WASTE WHEELERS	\$25.60	PER MONTH
five can	one 64 & one 96 gallon	WASTE WHEELERS	\$29.70	PER MONTH
six can	two-96 gallon	WASTE WHEELERS	\$33.80	PER MONTH
DRIVE-IN CHARGE (SEE CRITERIA)			\$6.95	PER MONTH
GARBAGE EXTRAS PER BAG/CAN			\$3.00	EACH

\$5.00 PER MONTH LATE CHARGE

JULY 11, 2018

ITEM E-3

ATTACHMENT B

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2017-1435**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO
COMMUNITY SERVICES DISTRICT AMENDING THE CASH RESERVE
POLICY FOR THE DISTRICT**

WHEREAS, the Board of Directors of the Nipomo Community Services District ("District") intends that the District will at all times have sufficient capital available to meet its operating, replacement, capital projects and debt service payments; and

WHEREAS, the District desires to establish sound financial policies to promote favorable bond ratings in capital markets so that bonds may be used for future financing of District projects; and

WHEREAS, the District desires to reserve capital for unanticipated and unforeseeable expenses; and

WHEREAS, the District desires to establish a buffer should revenue estimates in any year not meet projections; and

WHEREAS, the Cash Reserve Policy has been amended and is hereby presented at this meeting and it is appropriate at this time for the Board of Directors to consider approval of the adoption of the amended Policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Nipomo Community Services District:

SECTION 1. The above recitals are true and correct.

SECTION 2. The Cash Reserve Policy, as amended, in the form presented at this meeting attached hereto Exhibit "A" are hereby approved and adopted.

SECTION 3. The officers of the District are hereby directed to do and cause to be done any and all acts and things necessary or proper in order to effectuate the purposes of this resolution.

SECTION 4. This resolution shall take effect immediately.

Upon a motion by Director Eby, seconded by Director Armstrong, on the following roll call vote, to wit:

AYES: Directors Eby, Armstrong, Blair and Gaddis
NOES: None
ABSTAIN: None
ABSENT: Director Woodson

**NIPOMO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2017-1435**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIPOMO
COMMUNITY SERVICES DISTRICT AMENDING THE CASH RESERVE
POLICY FOR THE DISTRICT**

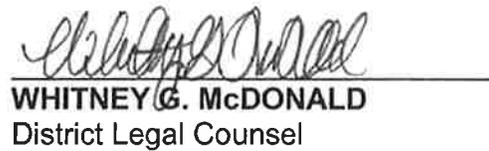
The foregoing resolution is hereby adopted this 22nd day of March 2017.



DAN A. GADDIS
President of the Board

ATTEST:

APPROVED AS TO FORM AND
LEGAL EFFECT:


MARIO IGLESIAS
General Manager and Secretary to the Board
WHITNEY G. McDONALD
District Legal Counsel

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

PURPOSE

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. Nipomo Community Services District (District) will strive at all times to have sufficient funding available to meet its operating, capital and debt service obligations as well as to protect its creditworthiness. The District is committed to maintaining a financial structure that provides adequate and predictable revenues at the lowest possible cost to meet forecasted needs and operational objectives.

It should be noted that the District has a Debt Management Policy that establishes parameters for evaluating, issuing and managing the District's debt. The District's Debt Management Policy should be considered prior to committing to any new financial obligations.

The adequacy of the targeted cash reserve year-end balance ranges and/or annual contributions to each fund will be reviewed annually during the budgeting process or when a major change in conditions threatens the reserve levels established within this policy.

OPERATING FUNDS

WATER FUND (FUND #125)

Purpose: To ensure sufficient cash resources are available to fund daily administration, operations and maintenance of providing water services. (Funded from rates and charges)

Target Criteria: To meet the District's cash flow needs and unbudgeted expenses, the Water Fund cash reserves, including the Water Rate Stabilization Fund #128, should be equal to or greater than twelve months (360 days) of annual budgeted operating expenses (not including Funded Replacement).

After adoption of the budget and within 90 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may approve a transfer of the excess balance from Water Fund #125 to the Funded Replacement Water Fund #805.

TOWN SEWER FUND (FUND #130)

Purpose: To ensure sufficient cash resources are available to fund daily administration, operations and maintenance of providing waste water services. (Funded from rates and charges)

Target Criteria: To meet the District's cash flow needs and unbudgeted expenses, the Town Sewer Fund cash reserves, including the Town Sewer Rate Stabilization Fund #135, should be equal to or greater than six months (180 days) of annual budgeted operating expenses (not including Funded Replacement).

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

After adoption of the budget and within 90 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may Approve a transfer of the excess balance from the Town Sewer Fund #130 to the Funded Replacement Town Sewer Fund #810.

BLACKLAKE SEWER FUND (FUND #150)

Purpose: To ensure sufficient cash resources are available to fund daily administration, operations and maintenance of providing waste water services. (Funded from rates and charges)

Target Criteria: To meet the District's cash flow needs and unbudgeted expenses, the Blacklake Sewer Fund cash reserves, including the Blacklake Sewer Rate Stabilization Fund #155, should be equal to or greater than six months (180 days) of annual budgeted operating expenses (not including Funded Replacement).

After adoption of the budget and within 90 days after the end of the fiscal year, the Board of Directors shall review the cash reserves, and if there is excess above the reserve requirement based on the cash reserve balance as of the fiscal year just completed, the Directors may approve a transfer of the excess balance from the Blacklake Sewer fund #150 to the Funded Replacement Blacklake Sewer Fund #830.

WATER RATE STABILIZATION FUND (FUND #128)

Purpose: To serve as a buffer to water rates during any period where there are unexpected increases in operating costs or decreases in revenues. In addition, in a severe drought or extremely wet conditions, it is reasonable to expect that water sales could fluctuate significantly. As such, this fund will absorb these types of fluctuations in operations and help stabilize rates and enable smooth or level increases to rates despite uneven increases in underlying costs or variations in annual revenues received. This fund should not be used to artificially suppress rates (i.e. to sustain rates at levels below the costs of service). (Funded by rates and charges)

Target Criteria: Minimum reserve requirement of \$400,000.

TOWN SEWER RATE STABILIZATION FUND (FUND #135)

Purpose: To serve as a buffer to sewer rates during any period where there are unexpected increases in operating costs or decreases in revenues. This fund should be used to enable smooth or level increases to rates despite uneven increases in underlying costs or variations in annual revenues received. This fund should not be used to artificially suppress rates (i.e. to sustain rates at levels below the costs of service). (Funded by rates and charges)

Target Criteria: Minimum reserve requirement of \$300,000 set by Bond Indenture Agreement for the Revenue of Certificates of Participation Series 2012.

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT"A"

BLACKLAKE SEWER RATE STABILIZATION FUND (FUND #155)

Purpose: To serve as a buffer to sewer rates during any period where there are unexpected increases in operating costs or decreases in revenues. This fund should be used to enable smooth or level increases to rates despite uneven increases in underlying costs or variations in annual revenues received. This fund should not be used to artificially suppress rates (i.e. to sustain rates at levels below the costs of service). (Funded by rates and charges)

Target Criteria: Minimum reserve requirement of \$50,000.

BLACKLAKE STREET LIGHTING (FUND #200)

Purpose: To ensure sufficient cash resources are available to fund administration, operations and maintenance of providing street lighting services for Blacklake Village. (Funded by annual assessment to property owners in Blacklake Village)

Target Criteria: Minimum reserve requirement of \$30,000.

LANDSCAPE MAINTENANCE DISTRICT (FUND #250)

Purpose: To ensure sufficient cash resources are available to fund administration, operations and maintenance of providing landscape maintenance to the property owners of Tract 2409. (Funded by annual assessment to property owners in Tract 2409 aka Vista Verde Estates)

Target Criteria: Minimum reserve requirement of \$20,000.

SOLID WASTE (FUND #300)

Purpose: To ensure sufficient cash resources are available to fund solid waste programs, rate stabilization and to cover operating costs in the event that the District may find itself operating solid waste collection, disposal and recycling functions should its business partner now franchised to do these functions be unable to continue to provide these services due to an unforeseen event. This reserve provides assurance that solid waste services remain uninterrupted during an extended disruption to service provider. (Funded by Franchise Fees)

Target Criteria: Minimum reserve requirement of \$115,000.

DRAINAGE (FUND #400)

Purpose: To ensure sufficient cash resources are available to operate and maintain the Nipomo Drainage Maintenance District 76-02 (storm water conveyance system and basin serving Folkert Oaks Mobile Home Park and adjacent properties on Juniper Street). (Funded by a 1% ad valorem property tax rate)

Target Criteria: Minimum reserve requirement of \$50,000.

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT "A"

FUNDED REPLACEMENT- WATER (FUND #805)

Purpose: The reserves can be used for both short-term and long-term purposes. The objective of the Funded Replacement Fund is to provide monies for the current and future replacement of existing capital assets as they reach the end of their useful lives. The District recognizes that the Funded Replacement fund may only be sufficient to pay a portion of the full cost of future capital asset replacements and other sources of replacement funding may be needed, such as a bond issuance. This fund will also help normalize the impact of the capital asset replacements on future water rates. (Funded by water rates and charges and interest earnings)

Target Criteria: Based on 2007 or current Replacement Study

FUNDED REPLACEMENT- TOWN SEWER (FUND #810)

Purpose: The reserves can be used for both short-term and long-term purposes. The objective of the Funded Replacement Fund is to provide monies for the current and future replacement of existing capital assets as they reach the end of their useful lives. The District recognizes that the Funded Replacement fund may only be sufficient to pay a portion of the full cost of future capital asset replacements and other sources of replacement funding may be needed, such as a bond issuance. This fund will also help normalize the impact of the capital asset replacements on future town sewer rates. (Funded by Town sewer rates and charges and interest earnings)

Target Criteria: Based on 2007 or current Replacement Study.

FUNDED REPLACEMENT- BLACKLAKE SEWER (FUND #830)

Purpose: The reserves can be used for both short-term and long-term purposes. The objective of the Funded Replacement Fund is to provide monies for the current and future replacement of existing capital assets as they reach the end of their useful lives. The District recognizes that the Funded Replacement fund may only be sufficient to pay a portion of the full cost of future capital asset replacements and other sources of replacement funding may be needed, such as a bond issuance. This fund will also help normalize the impact of the capital asset replacements on future Blacklake sewer rates. (Funded by Blacklake sewer rates and charges and interest earnings)

Target Criteria: Based on 2007 or current Replacement Study.

NON-OPERATING FUNDS

SUPPLEMENTAL WATER FUND (#500)

Purpose: The revenue generated from the Supplemental Water Capacity Charge accumulates in this fund and its use is restricted to projects, programs and expenditures that reduce the District's reliance on groundwater as its sole water supply. (Funded by development capacity charges and interest earnings)

Target Criteria: No minimum target is maintained.

NIPOMO COMMUNITY SERVICES DISTRICT
CASH RESERVE POLICY
EXHIBIT"A"

PROPERTY TAX (FUND #600)

Purpose: District's share of the 1% ad valorem tax on real property collected by the County of San Luis Obispo and distributed to the District pursuant to Article XIII A of the California Constitution. (Funded by property taxes and interest earnings)

Target Criteria: No minimum target is maintained, however, the annual property tax revenue stream is pledged to pay the annual debt service for the 2013 Certificates of Participation and the 2013 Refunding Revenue Bonds.

WATER CAPACITY CHARGES (FUND #700)

Purpose: The revenue generated from the Water Capacity Charge accumulates in this fund and is used to offset new development related capital improvements as outlined by the District's Capital Improvement Plan. (Funded by development capacity charges and interest)

Target Criteria: No minimum target is maintained.

TOWN SEWER CAPACITY CHARGES (FUND #710)

Purpose: The revenue generated from the Town Capacity Charge accumulates in this fund and is used to offset new development related capital improvements as outlined by the District's Capital Improvement Plan. (Funded by development capacity charges and interest earnings)

Target Criteria: No minimum target is maintained.

SINKING FUND- TOWN SEWER (FUND #880)

Purpose: The reserves may be used to pay annual debt service payments for the Revenue Certificates of Participation (Southland Wastewater Project) Series 2012. (Funded by Town sewer rates and charges in years 2008- 2012 in anticipation of the Southland Wastewater Treatment Facility Upgrade)

Target Criteria: No minimum target is maintained. Once the reserves in this fund are depleted, the fund will be terminated.

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER

DATE: JULY 6, 2018



GENERAL MANAGER'S REPORT

ITEM

Standing report to your Honorable Board -- *Period covered by this report is June 24, 2018 through July 7, 2018.*

DISTRICT BUSINESS

Administrative

The District encourages residents to provide reports of any observed water waste. The District keeps an accounting of leak adjustments as a measure of non-revenue water lost to leaks. The May data below is the most current.

Office Activities

	Jun-18	Jul-Jun 2018
Reports of water waste followed up on	1	3
Leak Adjustments	1	24
Leak Adjustment Amount	\$115	\$7,037

Water Resources

Table 1. Total Production (AF)

	June-18	Jul - Jun 18
Groundwater Production	120.3	1,054.7
Supplemental Water Imported	<u>75.9</u>	<u>966.1</u>
Total Production	<u>196.2</u>	<u>2,020.8</u>

NCSD imported 75.9 AF of water over the 30 day period in June averaging 573 gallons per minute for a daily total of 824,403 gallons per day. For fiscal year 2017-18 [July-2017 through June-2018] the District must import 800 AF of supplemental water. The full fiscal year production report is included [Attachment A]. The District's production meters, including groundwater wells and Joshua Road Pump Station combined, registered 2,020.8 acre feet of water for the fiscal year.

Table 2. FY 2018 Total Demand To-date Compared to 2013

	Jun-18	Jul - Jun 2018
Total Production (AF) for FY 2017-18	196.2	2,020.8
Total Production (AF) for 2013	<u>272.1</u>	<u>2,645.4</u>
Reduction	<u>75.9</u>	<u>624.6</u>
Percentage Reduction	27.9%	23.6%

On the previous page, Table 2 compares the District’s total water production for the month of June and the fiscal year (July 2017 through June 2018) year-end total against those same periods for 2013 (pre-drought production). 2013 is the year the Department of Water Resources (“DWR”) designated as the pre-drought production year. The pre-drought production data is included in the monthly water production report and compared to current usage, all of which is submitted by water purveyors statewide to DWR’s office. For June 2018, the community’s water conservation effort reached approximately 28% compared to June 2013. The District’s year-end conservation effort for the fiscal year 2018 is approximately 24%.

NCS D GW Reduction

The District’s purveyor customers, Golden State Water Company and Woodlands Mutual Water Company, each claim 16.66% (cumulatively 33.33%) of the imported water NCS D brings onto the basin through the NSWP. Of the 800 AF minimum imported water from the CSM, 266.6 AF will be credited to these two purveyor customers. The credited amount must be added to the District’s groundwater pumping total every month to reflect the groundwater pumped by these customers in-lieu of taking imported water from the District. Table 3 below demonstrates the calculus for determining the District’s groundwater reduction.

Table 3. NCS D GW Production (NCS D GW Well Production plus Purveyor Credit)

	Jun-18	Jul - Jun 18
NCS D GW Well Production	120.3	1,054.7
Purveyor Customer Credit (33.3% of Import Water)	<u>25.3</u>	<u>322.0</u>
NCS D Total Calculated GW Production	145.6	1,376.7
Average GW Production for 2009-2013	<u>263.6</u>	<u>2,533.4</u>
NCS D Percentage of GW Reduction	45%	46%

Taking into consideration the above referenced purveyor customer credit, the District can claim a groundwater pumping reduction of 45% for the month of June compared to the 5-year average from 2009 to 2013. For Fiscal Year 2018, the cumulative groundwater pumping reduction reached 46% by the District. At the current Stage IV level of NMMA’s Water Shortage Condition and Response Plan, the District has targeted groundwater pumping reduction level of 50% for the year.

Table 4. 2018 Fiscal Year Groundwater Pumping

	Jun-18	Jul-Jun 2018	Target	Over/Under
NCS D GW Well Production	120.3	1,054.7		
Purveyor Customer Credit (33.3% of Import Water)	<u>25.3</u>	<u>322.0</u>		
NCS D Total Calculated GW Production	145.6	1,376.7	1,279.0	-97.72 AcFt
Average GW Production for 2009-2013	<u>263.6</u>	<u>2,533.4</u>	2,533.4	
NCS D Percentage of GW Reduction	45%	46%	50%	

Table 4 shows the results of the District’s groundwater pumping reduction efforts for Fiscal Year 2018 and compares this value with the targeted groundwater pumping reduction. The District was approximately 98 acre feet over the groundwater reduction target. The target of 50%

reduction in groundwater pumping was endorsed by the NMMA Technical Group and is common between the three major water providers on the Nipomo Mesa: Golden State Water Company, Woodlands Mutual Water Company, and the Nipomo Community Services District.

Rainfall Gauge

(Reported in inches)	Nipomo East (Dana Hills Reservoirs)	Nipomo South (Southland Plant)
June 2018 Total	0	0
July-2017 through June-2018 (Seasonal Total)	9.62	8.78
Average Annual Year Rainfall	18	16

Safety Program

District conducted its Q-2 All-crew Safety Meeting on Friday, June 29, 2018.

Other Items and News of Interest

None

Supplemental Water Capacity Accounting

The District is not currently accepting applications for new water service.

Supplemental Water Available for Allocation	500	AFY
Supplemental Water Reserved (Will Serve Letters Issued)	-23.2	AFY
Subtotal Net Supplemental Water Available for Allocation	476.8	AFY
Supplemental Water Assigned (Intent-to-Serve Issued)	-79.1	AFY
Total Remaining Supplemental Water Available for Allocation	397.1	AFY

This information is accurate through May 2018.

Connection Report

The Connection Report is current through May 2018 – June data presented at the 2nd Board Meeting in July.

Nipomo Community Services District
 Water and Sewer Connections

END OF MONTH REPORT

	18-Jan	18-Feb	18-Mar	18-Apr	18-May
Water Connections (Total)	4405	4405	4405	4405	4405
Sewer Connections (Total)	3174	3174	3174	3174	3174
New Water Connections	3	0	0	0	0
New Sewer Connection	3	0	0	0	0
Galaxy & PSHH at Orchard and Division Sewer Connections billed to the County	473	473	473	473	473

Meetings (June 24 through July 7)

Meetings Attended (telephonically or in person):

- June 24, Rotary (Tefft St. Clean-up)
- June 25, NMMA-TG
- June 26, Engineering/Administration Meeting
- June 27, Rotary
- June 27, Regular Board Meeting
- June 28, July 4th Parade Meeting
- June 28, NMMA Purveyor Manager's
- June 29, NCSD Quarterly All-crew Meeting
- July 2, Board Officer Meeting
- July 3, Management Team
- July 4, Holiday
- July 5, Arroyo Grande Chamber Meeting

Meetings Scheduled (July 8 through July 14):

Upcoming Meetings (telephonically or in person):

- July 9, Staff Interview
- July 10, Eng/Admin Meeting
- July 11, Rotary
- July 11, Regular Board Meeting
- July 11, Exec. Team After-Board Meeting

Upcoming Water Resource and Other Meetings

- NMMA-TG: TBD July 20 @ 10:00 AM, NCSD Board Room
- RWMG: August 1st @ 10:00 AM, SLO Library
- WRAC: August 1st @ 1:30 PM, SLO Library
- NMMA Purveyor Meeting: July 19th @ 10:00 PM, NCSD Admin Office
- NCMA/NMMA Managers Meeting: TBD
- Chamber of Commerce: TBD

RECOMMENDATION

Staff seeks direction and input from your Honorable Board

ATTACHMENTS

- A. Fiscal Year 2017-2018 Production Report

JULY 11, 2018

ITEM F

ATTACHMENT A

FISCAL YEAR 2017-18 PRODUCTION REPORT

1) Total Production (AF)

	Jul-17	Aug-17	Setp-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	ul-May 2018
Groundwater Production	125.2	118.1	99.9	107.4	79.3	76.7	45.3	70.2	33.7	71.4	107.1	120.3	1,054.7
Supplemental Water Imported	86.0	85.8	82.9	86.1	83.4	85.1	79.4	69.8	77.8	76.1	77.7	75.9	966.1
Total Production	211.1	203.9	182.8	193.6	162.7	161.9	124.7	140.0	111.6	147.5	184.8	196.2	2,020.9

2) FY 2018 Demand Reduction as Compared to 2013

	Jul-17	Aug-17	Setp-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	ul-May 2018	Year-to-Date
Total Production for FY 2017-18	211.1	203.9	182.8	193.6	162.7	161.9	124.7	140.0	111.6	147.5	184.8	196.2	2,020.9	
Total Production for 2013	282.4	274.4	264.0	240.5	198.4	178.5	124.0	136.3	185.5	224.0	265.4	272.1	2,645.4	
Reduction	-71.27	-70.42	-81.23	-46.96	-35.65	-16.58	-53.76	3.74	-73.92	-76.51	-80.58	-75.9	-624.6	
Percentage Reduction	-25.2%	-25.7%	-30.8%	-19.5%	-18.0%	-9.3%	-30.1%	-2.7%	-39.8%	34.2%	30.4%	27.9%	23.6%	
State Reduction Mandate	-28.0%	-28.0%	-28.0%	-28.0%	-28.0%	-28.0%	-28.0%	-28.0%	-28.0%	28.0%	28.0%	28.0%	28.0%	
Difference in Percent Reduction vs. Targeted Reduction	3.5%	-2.3%	2.8%	-8.5%	-10.0%	-18.7%	2.1%	-19.5%	11.8%	-6.2%	-2.4%	0.1%	4.4%	

3) NCSG GW Reduction (NCSG GW Well Production plus Purveyor Credit)

	Jul-17	Aug-17	Setp-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-Jun 2018	Target	Over/Under
NCSG GW Well Production	125.2	118.1	99.9	107.4	79.3	76.7	45.3	70.2	33.7	71.4	107.1	120.3	1,054.7		
Purveyor Customer Credit (33.3% of Import Water)	28.7	28.6	27.6	28.7	27.8	28.4	26.4	23.3	25.9	25.4	25.9	25.3	322.0		
NCSG Total Calculated GW Production	153.8	146.7	127.5	136.1	107.1	105.1	71.8	93.5	59.6	96.8	133.0	145.6	1,376.7	1,279.0	-97.72 AcFt
Average GW Production for 2009-2013	291.2	284.7	264.7	223.6	179.1	141.4	142.1	122.0	160.4	199.0	261.6	263.6	2,533.4	2,533.4	
NCSG Percentage of GW Reduction	47%	48%	52%	39%	40%	26%	49%	23%	63%	51%	49%	45%	46%	50%	