



NOTICE OF REGULAR MEETING

OCEANO COMMUNITY SERVICES DISTRICT – BOARD OF DIRECTORS

WEDNESDAY, JANUARY 8, 2025, AT 6:00 PM

1655 FRONT STREET, OCEANO, CA

All items on the agenda, including information items, may be deliberated. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

The Oceano Community Services District strongly encourages your active participation in the public process, which is the cornerstone of democracy. All persons desiring to speak during any Public Comment period are asked to fill out a “Board Appearance Form” to submit to the Board Secretary prior to the start of the meeting. If you wish to speak to an item NOT on the agenda, you may do so during the “Public Comment On Matters Not on the Agenda” period. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. The time limits allocated to speakers may change to facilitate the Board meeting better. Time limits may not be yielded to or shared with other speakers.

The purpose of the Board meeting is to conduct the business of the community in an effective and efficient manner. For the benefit of the community, the Oceano Community Services District asks that you follow the Board meeting guidelines while attending Board meetings and treat everyone with respect and dignity. This is done by following the meeting guidelines set forth in State law and Board policy. Disruptive conduct is not tolerated, including but not limited to addressing the Board without first being recognized; interrupting speakers, Board members, or staff; continuing to speak after the allotted time has expired; failing to relinquish the podium when directed to do so; and repetitiously addressing the same subject.

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. FLAG SALUTE**
- 4. AGENDA REVIEW**
- 5. REPORT OUT OF THE CLOSED SESSION FOR THE SPECIAL MEETING ON JANUARY 8, 2025 AT 4:45PM**
- 6. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA**

This public comment period provides an opportunity for members of the public to address the Board on matters of interest within the jurisdiction of the District that are not listed on the agenda. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

7. SPECIAL PRESENTATIONS AND REPORTS:

A. STAFF REPORTS

- i. Sheriff's South Station – Commander John McDaniel**
- ii. FCFA Operations – Fire Chief Hallet**
- iii. OCSD Operations – Utility System Manager Tony Marraccino**
- iv. OCSD Administration – General Manager Peter Brown**

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. Board President Shirley Gibson (Zone 3, Regional Water Quality Control Board)**
- ii. Vice President Kim Rose**
- iii. Director Linda Austin (South San Luis Obispo County Sanitation District, Zone 1/1A)**
- iv. Director Beverly Joyce-Suneson (Parks & Recreation Advisory Committee, Finance & Budget Committee, CA Special District's Association)**
- v. Director Allene Villa (Water Resource Advisory Committee, Local Agency Formation Commission)**

C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Special Presentations and Reports. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

8. CONSENT AGENDA ITEMS:

Public comment Items appearing on the Consent Items are considered routine and may be approved by one motion. Any member of the Board may request to have an item removed from the Consent Items. If an item is pulled, the President has the sole discretion to determine when the item will be heard. Members of the public wishing to speak on Consent items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

- A. Action: Review and Approve the Minutes for the Regular Meeting held on December 11, Page 4
2024
- B. Information: Review of Cash Disbursements Page 9

9. HEARING ITEMS:

Public comment Members of the public wishing to speak on hearing items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes on each of the following items.

- A. Action: Hearing to consider protests to a proposal in Solid Waste Rates by South County Sanitary Service Inc. (SCSS) to adjust solid waste and recycling rates by 4.98%, conduct a Page 20 public hearing, and consider authorizing adjustments to solid waste if no majority protest exists

10. BUSINESS ITEMS:

Public comment Members of the public wishing to speak on business items may do so when recognized by the Presiding Officer. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes on each of the following items.

- A. Action: Consider and discuss the 2025 Board Committee Assignments Page 115
- B. Action: Discussion and consideration of revisions to the bylaws regarding the Oceano Page 118
Community Services District Board of Director’s decision-making processes
- C. Information: Update on Oceano Community Services District seeking outside funding Page 139
sources for planned Waterline Capital Improvements
- D. Action: Approval of Amendments to the contracts between the District and Robert Page 189
Schultz and The JAM Law Group
- E. Action: Discussion of the District Expenditure Control Guidelines Page 193
- F. Action: Discussion and consider a resolution adopting the Oceano Parks and Recreation Page 213
Committee Bylaws and review committee applicants
- G. Action: Discussion and of Oceano Community Services District Parks and Recreation Page 227
Committee Community Event on November 16, 2024

11. RECEIVED WRITTEN COMMUNICATIONS:

12. FUTURE AGENDA ITEMS:

13. ADJOURNMENT:



Oceano Community Services District

Summary Minutes – Regular Board Meeting

Wednesday, December 11, 2024 – 6:00 P.M.

OCSD BOARD ROOM

1. **CALL TO ORDER:** Called at approximately 6:00 p.m. by President Varni.
2. **ROLL CALL:** Board members present: Director Gibson, Director Austin, Director Villa, Vice President Joyce-Sunesson, and President Varni.
Staff present: Peter Brown, General Manager; Carey Casciola, Business & Accounting Manager; and Rob Schultz, Legal Counsel.
3. **FLAG SALUTE:** Led by President Varni.
4. **AGENDA REVIEW:** Accepted as presented.
5. **BOARD ITEMS:**
 - A. Outgoing Board member comments
President Varni provided a statement.
 - B. Administer Oaths of Office
 1. Linda Austin
 2. Shirley Gibson
 3. Kim RoseOaths administered by Carey Casciola, Business & Accounting Manager
 - C. Incoming Board Member Comments
Director Gibson provided a statement.
Director Austin provided a statement.
Kim Rose provided a statement.
 - D. Election of District Officers, President, and Vice President
Director Austin nominated Shirley Gibson for president with a second from Kim Rose with a 5-0 roll call vote.
Director Austin nominated Kim Rose for Vice President with a second from President Gibson and a 5-0 roll call vote.
6. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA:** None
7. **SPECIAL PRESENTATIONS & REPORTS**
 - A. **STAFF REPORTS:**
 - i. **Sheriff's South Station** – Commander Ian Doughty
Oceano Stats for November 2024
272 calls for service (355 in 2023)
0 assault and battery / 27 disturbance calls / 1 residential burglary / 1 grand theft
0 vandalism / 0 mail theft / 30 assist other agencies / 3 suspicious circumstances
45 enforcement stops / 15 arrests
John McDaniel will be the new Commander at the South Station
 - ii. **Five Cities Fire Authority** – FCFA Chief Hallet
5 new recruits started an 8-week fire academy at the beginning of December.
Captain Brian Leathers retired after 19 years of service.
Promotions: Captain Ian Bennett and Captain Matt Hendon.
New ventilation training prop was purchased via a donation from the Friends of Five Cities Fire Authority and is located at Station 2.

Working on the Community Risk Assessment and Strategic Planning – estimated to be completed by Spring 2025.
SB1205 Inspection – 66 areas were identified in Oceano, and 16 are complete.
As of 12/9 – 727 YTD calls for service with response times of 6 to 7.5 minutes.
7 new devices will be installed on traffic signals to further improve overall response times.

iii. **Operations** - Utility Systems Manager Tony Marraccino – absent.

Update provided by Peter Brown, General Manager

Lopez is 92% full.

Lopez Water Treatment Plant switched over their primary disinfection method and also completed the free chlorine maintenance (annual requirement).

The District is deciding on allocation and is estimating taking Lopez water for the first few months of 2025.

The State completed several upgrades to the Central Coast water branch which had to shut down for the past 60 days.

iv. **General Manager** – Peter Brown

11/14 met with the State Water Subcontractor Committee

11/26 Nicole Miller and I met with the County regarding DWR grant for waterline improvements

11/27 Legal Counsel and I met with WSC regarding NCMA Adaptive Plan and Agreement

Worked with legal counsel regarding lease agreements for the Sheriff Station and current District office.

Holiday Closure – The district office will be closed from 12/24/2024 through 01/01/2025. Due dates have been adjusted accordingly.

Solid Waste Prop 218 Hearing is scheduled for the January 8, 2025, board meeting.

Completed the first round of interviews for the open Account Administrator position and hope to extend an offer letter next week.

Water Rates expire in June of next year. The Board will be tasked with reviewing rate studies for water and sewer.

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. **Vice President Joyce-Suneson:** Parks & Recreation Advisory Committee, Finance & Budget Committee, CA Special District's Association – Reported on the 11/16/24 OPARC event.
- ii. **Director Austin:** South San Luis Obispo County Sanitation District, Zone 1/1A – Reported on the 12/04/24 SSLOCSD meeting and the 12/10/2024 Zone 1/1A meeting.
- iii. **Director Gibson:** Zone 3, Regional Water Quality Control Board – reported on the 12/10/2024 Zone 3 meeting.
- iv. **Director Villa:** Water Resource Advisory Committee, Local Agency Formation Commission – No reports
- v. **Director Rose** – No reports

C. PUBLIC COMMENT ON BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS: None

8. CONSENT AGENDA:	ACTION:
<ul style="list-style-type: none"> a) Action: Review and Approve the Minutes for the Special Meeting held on November 13, 2024 b) Action: Review and Approve the Minutes for the Regular Meeting held on November 13, 2024 c) Information: Review of Cash Disbursements d) Information: Review the proposal by South County Sanitary Service Inc. (SCSS) to adjust solid waste and recycling rates by 4.98% and to increase Franchise Fees from SCSS from 5% to 10% e) Action: Review and approve a resolution adopting a Workplace Violence Prevention Plan 	<p>After an opportunity for public comment and Board and staff discussion, a motion was made by Director Villa to approve the consent agenda as presented with a second from Director Austin with a 5-0 roll call vote.</p> <p>Public Comment: None</p>

The Board recessed from 6:40-6:50PM.

9A. BUSINESS ITEMS:	ACTION:
<p>Action: Review and approval of a Resolution approving the OCSD Office Space and Sheriff's Office Lease Agreements following OCSD's divestiture of fire services.</p>	<p>After an opportunity for public comment and Board and staff discussion, a motion was made by Director Austin to approve a resolution approving the OCSD Office Space and Sheriff's Office Lease Agreements following OCSD's divestiture of fire services, with a second from Director Villa with a 5-0 roll call vote.</p> <p>Public Comment: None</p>

9B. BUSINESS ITEMS:	ACTION:
<p>Action: Approval of a Resolution designating the General Manager as the authorized representative to execute agreements for the Ken Mar Gardens, Halcyon Water System, Halcyon Estates, and Grande Mobile Manor Consolidation Projects Improvements Project through the State Revolving Fund Financing Program.</p>	<p>After an opportunity for public comment and Board and staff discussion, a motion was made by Director Austin to approve a resolution designating the General Manager as the authorized representative to execute agreements for the Ken Mar Gardens, Halcyon Water System, Halcyon Estates, and Grande Mobile Manor Consolidation Projects Improvements Project through the State Revolving Fund Financing Program., with a second from Director Joyce-Suneson with a 5-0 roll call vote.</p> <p>Public Comment: Julie Tacker – Asked a question regarding District costs for this project.</p>

9C. BUSINESS ITEMS:	ACTION:
Action: Approve a budget adjustment of \$58,818 from Water Fund reserves for design services, construction management, and quality assurance services with Advantage Technical Services for the rehabilitation of the 1-million-gallon water storage tank and authorize the General Manager to execute an agreement with Advantage Technical Services.	After an opportunity for public comment and Board and staff discussion, a motion was made by President Gibson to approve a budget adjustment of \$58,818 from Water Fund reserves for design services, construction management, and quality assurance services with Advantage Technical Services for the rehabilitation of the 1-million-gallon water storage tank and authorize the General Manager to execute an agreement with Advantage Technical Services, with a second from Director Austin with a 5-0 roll call vote. Public Comment: None

9D. BUSINESS ITEMS:	ACTION:
Action: Request to Approve a Purchase Order for a WillScot office trailer for the utility yard in the amount of \$56,180, with a corresponding Budget Adjustment, including the use of \$33,708 from the Water Fund reserves, \$16,854 from the Wastewater Fund reserves, and \$5,618 from Solid Waste Fund reserves.	After an opportunity for public comment and Board and staff discussion, a motion was made by Director Villa to approve a Purchase Order for a WillScot office trailer for the utility yard in the amount of \$56,180, with a corresponding Budget Adjustment, including the use of \$33,708 from the Water Fund reserves, \$16,854 from the Wastewater Fund reserves, and \$5,618 from Solid Waste Fund reserves, with a second from Director Joyce-Suneson with a 5-0 roll call vote. Public Comment: None

9E. BUSINESS ITEMS:	ACTION:
Action: Discuss and approve the District's Board Meeting calendar for 2025.	After an opportunity for public comment and Board and staff discussion, a motion was made by Vice President Rose to approve the District's Board Meeting calendar for 2025, with a second from Director Austin with a 5-0 roll call vote. Public Comment: None

10. HEARING ITEMS:	ACTION:
A public hearing on an appeal by Laura Gaise regarding a water bill and provide staff direction as deemed appropriate.	After an opportunity for public comment and Board and staff discussion, a motion was made by Director Austin to approve a credit of \$198.98 for the late fee and door hanger, with a second from Vice President Rose with a 5-0 roll call vote. Public Comment: Julie Tacker – The landlord should be responsible for the leak and associated costs.

11. **RECEIVED WRITTEN COMMUNICATION:** None

12. **FUTURE AGENDA ITEMS:** None

13. **CLOSED SESSION:**

A. PUBLIC EMPLOYMENT pursuant to Gov. Code Sec. 54957(b)(1) – Title: District Legal Counsel

B. Pursuant to Government Code §54957: Performance Evaluation – General Manager

Public Comment: None

President Gibson adjourned the Board to closed session at 7:31pm.

No reportable action from closed session.

14. ADJOURNMENT: President Gibson adjourned the meeting at approximately 8:30PM.



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

PHONE(805) 481-6730 FAX (805) 481-6836

Date: January 8, 2025

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item #8(B): Recommendation to Review Cash Disbursements**

Recommendation

It is recommended that the board review the attached cash disbursements:

Discussion

The following is a summary of the attached cash disbursements. The table captures the payments from last meeting to this meeting.

Description	Check Sequence	Amounts
	61265 - 61323	
Disbursements:		
Regular Payable Register - paid 12/11/2024	61265 - 61288	\$ 168,209.03
Regular Payable Register - paid 12/18/2024	61296 - 61316	\$ 72,478.62
Utility Billing Account - Tenant Deposit Refund - paid 12/18/2024	61317	\$ 120.00
Subtotal:		\$ 240,807.65
Reoccurring Payments for Board Review (authorized by Resolution 2020-06):		
Payroll Disbursements - PPE 11/30/2024	N/A	\$ 35,341.07
Payroll Disbursements - PPE 12/14/2024	N/A	\$ 35,745.87
Five Star Bank Mastercard Online Payment - paid 12/18/2024	N/A	\$ 2,939.55
Reoccurring Utility Disbursements - paid 12/11/2024	61289 - 61295	\$ 1,676.85
Reoccurring Utility Disbursements - paid 12/19/2024	61318 - 61319	\$ 6,773.07
Reoccurring Health Disbursements - paid 12/19/2024	61320 - 61323	\$ 7,655.48
Subtotal:		\$ 90,131.89
Grand Total:		\$ 330,939.54

Other Agency Involvement

N/A

Other Financial Considerations

Amounts are within the authorized Fund level budgets.

FIVE CITIES FIRE AUTHORITY \$142,166.67-DEC SERVICES

GROUNDWATER SOLUTIONS INC \$8,894.44, NCMA 2024 ANNUAL REPORT, SVCS THRU 11/30/2024

R. BURKE CORPORATION \$30,808.30, CIP-PROP 1 STORMWATER RECHARGE, REMAINING RETENTION

Results

The Board's review of cash disbursements is an integral component of the District's system of internal controls and promotes a well governed community.

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT----	STATUS	FOLIO	CLEAR DATE
CHECK:	-----							
1-1001-000	12/11/2024	CHECK	061265	BRENT SARKISON DBA CALTEC COMP	60.00CR	OUTSTND	A	0/00/0000 01 5-4100-221 INFORMATION TECHNOLOGY
1-1001-000	12/11/2024	CHECK	061266	CANNON	6,124.50CR	OUTSTND	A	0/00/0000 02 5-4400-220 PROFESSIONAL/SPECIAL SER 2,242.50 02 5-4400-361 CIP - PROP1: STORMWATER 3,882.00
1-1001-000	12/11/2024	CHECK	061267	CITY OF ARROYO GRANDE	3,873.34CR	OUTSTND	A	0/00/0000 02 5-4400-297 PASS-THRU: CREST/CHRISTI
1-1001-000	12/11/2024	CHECK	061268	CLINICAL LAB OF SAN BERNARDINO	1,030.00CR	OUTSTND	A	0/00/0000 02 5-4400-220 PROFESSIONAL/SPECIAL SER
1-1001-000	12/11/2024	CHECK	061269	DIVERSIFIED PROJECT SERVICES I	729.52CR	OUTSTND	A	0/00/0000 * SEE DETAILS BELOW
1-1001-000	12/11/2024	CHECK	061270	EFREN'S MEXICAN REST	360.00CR	OUTSTND	A	0/00/0000 01 5-4850-302 GRANT EXPENSES
1-1001-000	12/11/2024	CHECK	061271	FAMCON PIPE & SUPPLY, INC.	1,063.92CR	OUTSTND	A	0/00/0000 02 5-4400-175 SYSTEM PARTS/OPERATING S
1-1001-000	12/11/2024	CHECK	061272	FIVE CITIES FIRE AUTHORITY	142,166.67CR	OUTSTND	A	0/00/0000 01 5-4200-220 PROFESSIONAL SERVICES
1-1001-000	12/11/2024	CHECK	061273	ICONIX WATERWORKS (US) INC.	343.95CR	OUTSTND	A	0/00/0000 02 5-4400-499 CLAIMS & SETTLEMENTS
1-1001-000	12/11/2024	CHECK	061274	J.B. DEWAR, INC.	593.32CR	OUTSTND	A	0/00/0000 12 5-4350-172 FUEL
1-1001-000	12/11/2024	CHECK	061275	LA TAPATIA	80.00CR	OUTSTND	A	0/00/0000 01 5-4850-302 GRANT EXPENSES
1-1001-000	12/11/2024	CHECK	061276	MARTIN MARIETTA MATERIALS, INC	260.17CR	OUTSTND	A	0/00/0000 02 5-4400-164 Paving
1-1001-000	12/11/2024	CHECK	061277	PREMIER SUPPLY LLC, DBA MIER B	199.34CR	OUTSTND	A	0/00/0000 02 5-4400-164 Paving
1-1001-000	12/11/2024	CHECK	061278	MINER'S ACE HARDWARE, INC.	60.61CR	OUTSTND	A	0/00/0000 * SEE DETAILS BELOW
1-1001-000	12/11/2024	CHECK	061279	PETTY CASH	9.96CR	OUTSTND	A	0/00/0000 01 5-4100-210 POSTAGE
1-1001-000	12/11/2024	CHECK	061280	QUILL CORPORATION	164.66CR	OUTSTND	A	0/00/0000 01 5-4100-200 OFFICE EXPENSE 148.05 02 5-4400-200 OFFICE EXPENSE 16.61
1-1001-000	12/11/2024	CHECK	061281	GLENN A. RICK ENGR & DEVT CO,	4,926.25CR	OUTSTND	A	0/00/0000 02 5-4400-220 PROFESSIONAL/SPECIAL SER
1-1001-000	12/11/2024	CHECK	061282	RINCON CONSULTANTS, INC.	2,982.34CR	OUTSTND	A	0/00/0000 02 5-4400-220 PROFESSIONAL/SPECIAL SER
1-1001-000	12/11/2024	CHECK	061283	SCHWIND ELECTRIC INC	1,050.00CR	OUTSTND	A	0/00/0000 10 5-4300-163 MAINT: STRUC/IMPROV
1-1001-000	12/11/2024	CHECK	061284	SHRED-IT USA JV LLC	153.21CR	OUTSTND	A	0/00/0000 01 5-4100-220 PROFESSIONAL SERVICES
1-1001-000	12/11/2024	CHECK	061285	SLO BEAVER BRIGADE	764.50CR	OUTSTND	A	0/00/0000 01 5-4850-302 GRANT EXPENSES
1-1001-000	12/11/2024	CHECK	061286	HD SUPPLY, INC. DBA USABLUEBOO	204.38CR	OUTSTND	A	0/00/0000 02 5-4400-175 SYSTEM PARTS/OPERATING S

* DETAILS FOR DIVERSIFIED PROJECT SERVICES 729.52
 02 5-4400-222 CONTRACTED ENGINEERING 127.26
 03 5-4500-222 CONTRACTED ENGINEERING 127.26
 02 5-4400-226 ENGINEERING & OTHER REIM 475.00

*DETAILS FOR MINER'S ACE HARDWARE, INC. 60.61
 03 5-4500-163 MAINT: SEWER STRUCTURES/ 14.97
 02 5-4400-175 SYSTEM PARTS/OPERATING S 19.56
 10 5-4300-163 MAINT: STRUC/IMPROV 26.08

COMPANY: 99 - POOLED CASH FUND
ACCOUNT: 1-1001-000 POOLED CASH OPERATING
TYPE: All
STATUS: All
FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
CLEAR DATE: 0/00/0000 THRU 99/99/9999
STATEMENT: 0/00/0000 THRU 99/99/9999
VOIDED DATE: 0/00/0000 THRU 99/99/9999
AMOUNT: 0.00 THRU 999,999,999.99
CHECK NUMBER: 061265 THRU 061288

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:								
1-1001-000	12/11/2024	CHECK	061287	VARNI, CHARLES	697.31CR	OUTSTND	A	0/00/0000 01 5-4850-302 GRANT EXPENSES
1-1001-000	12/11/2024	CHECK	061288	VESTIS GROUP, INC. DBA VESTIS	311.08CR	OUTSTND	A	0/00/0000 01 5-4100-100 CLOTHING
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	168,209.03CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	168,209.03CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	-----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:	-----							
1-1001-000	12/18/2024	CHECK	061296	AQUA-METRIC	3,867.87CR	OUTSTND	A	0/00/0000 02 5-4400-176 WATER METERS
1-1001-000	12/18/2024	CHECK	061297	BURDINE PRINTING	2,205.79CR	OUTSTND	A	0/00/0000 02 5-4400-205 OUTSIDE UB MAIL SERVICE 1,102.90 03 5-4500-205 OUTSIDE UB MAIL SERVICE 1,102.89
1-1001-000	12/18/2024	CHECK	061298	CANNON	6,083.93CR	OUTSTND	A	0/00/0000 02 5-4400-220 PROFESSIONAL/SPECIAL SER 1,425.50 02 5-4400-361 CIP - PROP1: STORMWATER 4,658.43
1-1001-000	12/18/2024	CHECK	061299	CONTRACTOR'S MAINTENANCE SERVI	155.08CR	OUTSTND	A	0/00/0000 02 5-4400-175 SYSTEM PARTS/OPERATING S
1-1001-000	12/18/2024	CHECK	061300	FLUID RESOURCE MANAGEMENT	4,003.56CR	OUTSTND	A	0/00/0000 02 5-4400-173 MAINT: SHARED STRUCTURE/
1-1001-000	12/18/2024	CHECK	061301	GRAND AWARDS	16.16CR	OUTSTND	A	0/00/0000 01 5-4100-200 OFFICE EXPENSE
1-1001-000	12/18/2024	CHECK	061302	GROUNDWATER SOLUTIONS INC, DBA	8,894.44CR	OUTSTND	A	0/00/0000 02 5-4400-380 NCMA TEC
1-1001-000	12/18/2024	CHECK	061303	J.B. DEWAR, INC.	96.97CR	OUTSTND	A	0/00/0000 12 5-4350-172 FUEL
1-1001-000	12/18/2024	CHECK	061304	MARTIN MARIETTA MATERIALS, INC	318.36CR	OUTSTND	A	0/00/0000 02 5-4400-164 Paving
1-1001-000	12/18/2024	CHECK	061305	MUNICIPAL MAINTENANCE EQUIPMEN	131.36CR	OUTSTND	A	0/00/0000 03 5-4500-175 SYSTEM PARTS/OPERATING S
1-1001-000	12/18/2024	CHECK	061306	OPTIMIZED INVESTMENT PARTNERS	562.81CR	OUTSTND	A	0/00/0000 01 5-4100-220 PROFESSIONAL SERVICES
1-1001-000	12/18/2024	CHECK	061307	PETTY CASH	1.77CR	OUTSTND	A	0/00/0000 01 5-4100-210 POSTAGE
1-1001-000	12/18/2024	CHECK	061308	R. BURKE CORPORATION	30,808.30CR	OUTSTND	A	0/00/0000 02 5-4400-361 CIP - PROP1: STORMWATER
1-1001-000	12/18/2024	CHECK	061309	RINCON CONSULTANTS, INC.	673.34CR	OUTSTND	A	0/00/0000 02 5-4400-220 PROFESSIONAL/SPECIAL SER
1-1001-000	12/18/2024	CHECK	061310	SM TIRE, INC	2,583.90CR	OUTSTND	A	0/00/0000 12 5-4350-171 MAINTENANCE: VEHICLES
1-1001-000	12/18/2024	CHECK	061311	SOUTH COUNTY SANITARY SERV	1,088.90CR	OUTSTND	A	0/00/0000 01 5-4100-297 PASS-THRU: DELNQ GRBG/TA
1-1001-000	12/18/2024	CHECK	061312	SWRCB ACCOUNTING OFFICE	4,826.00CR	OUTSTND	A	0/00/0000 03 5-4500-248 REGULATORY PERMITS & FEE 3,945.00 02 5-4400-248 PERMITS, FEES, LICENSES 881.00
1-1001-000	12/18/2024	CHECK	061313	HD SUPPLY, INC. DBA USABBLUEBOO	627.69CR	OUTSTND	A	0/00/0000 02 5-4400-175 SYSTEM PARTS/OPERATING S
1-1001-000	12/18/2024	CHECK	061314	VESTIS GROUP, INC. DBA VESTIS	209.16CR	OUTSTND	A	0/00/0000 01 5-4100-100 CLOTHING
1-1001-000	12/18/2024	CHECK	061315	WATER SYSTEMS CONSULTING, INC.	3,548.23CR	OUTSTND	A	0/00/0000 02 5-4400-380 NCMA TEC
1-1001-000	12/18/2024	CHECK	061316	ZENITH INSURANCE COMPANY	1,775.00CR	OUTSTND	A	0/00/0000 01 5-4100-075 COMPENSATION INSURANCE

COMPANY: 99 - POOLED CASH FUND
ACCOUNT: 1-1001-000 POOLED CASH OPERATING
TYPE: All
STATUS: All
FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
CLEAR DATE: 0/00/0000 THRU 99/99/9999
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				INTEREST	TOTAL: 0.00			
				MISCELLANEOUS	TOTAL: 0.00			
				SERVICE CHARGE	TOTAL: 0.00			
				EFT	TOTAL: 0.00			
				BANK-DRAFT	TOTAL: 0.00			
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL: 72,478.62CR			
				DEPOSIT	TOTAL: 0.00			
				INTEREST	TOTAL: 0.00			
				MISCELLANEOUS	TOTAL: 0.00			
				SERVICE CHARGE	TOTAL: 0.00			
				EFT	TOTAL: 0.00			
				BANK-DRAFT	TOTAL: 0.00			

COMPANY: 99 - POOLED CASH FUND
ACCOUNT: 1-1001-000 POOLED CASH OPERATING
TYPE: All
STATUS: All
FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
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				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
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				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	120.00CR		
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				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		

Payroll Summary Report
Board of Directors - Agenda Date January 8, 2025

	(*)		
<u>Gross Wages</u>	11/16/2024	11/30/2024	12/14/2024
Regular	\$29,366.69	\$29,413.26	\$29,370.14
Overtime Wages	\$901.28	\$705.99	\$1,150.86
Stand By	\$540.00	\$840.00	\$840.00
	<u>\$30,807.97</u>	<u>\$30,959.25</u>	<u>\$31,361.00</u>
Cell Phone Allowance	\$62.50	\$62.50	\$62.50
Health Pay-Out	\$272.50	\$272.50	\$272.50
Total Wages	<u>\$31,142.97</u>	<u>\$31,294.25</u>	<u>\$31,696.00</u>

<u>Disbursements</u>			
Net Wages	\$22,965.56	\$23,193.50	\$23,685.18
State and Federal Agencies	\$6,291.06	\$6,219.37	\$6,132.49
CalPERS	\$5,791.83	\$5,791.83	\$5,791.83
SEIU - Union Fees	\$136.37	\$136.37	\$136.37
Total Disbursements processed with Payroll	<u>\$35,184.82</u>	<u>\$35,341.07</u>	<u>\$35,745.87</u>
Health (Disbursed with reoccurring bills)	\$4,798.21	\$4,798.21	\$4,798.21
Total District Payroll Related Costs	<u>\$39,983.03</u>	<u>\$40,139.28</u>	<u>\$40,544.08</u>

(*) Previously reported in prior Board Meeting packet - provided for comparison.

Oceano Community Services District
Five Star Bank Mastercard

A/P Mastercard Credit Card Disbursement

Date	Name	Amount	Description	GL Account #
11/25/2024	ADOBE *ADOBE 4085366000 CA	\$23.99	PERMITS, FEES LICENSES	01-5-4100-248
11/02/2024	INDEED 99655304 AUSTIN TX	\$337.41	JOB ADVERTISING EXPENSE	01-5-4100-283
11/17/2024	INTUIT *QBOOKS ONLINE CL.INTUIT.COMCA	\$65.00	PERMITS, FEES LICENSES	01-5-4100-248
11/06/2024	MICROSOFT-G064224044 REDMOND WA	\$1,854.00	PERMITS, FEES LICENSES	01-5-4100-248
11/06/2024	THE EVENT HELPER, INC. 5304776521 CA	\$202.00	GRANT EXPENSES	01 5-4850-302
11/18/2024	IN *HARVEY'S HONEY HUT 805-2359474 CA	\$375.22	GRANT EXPENSES	01 5-4850-302
11/18/2024	FD *CA DMV VFC SACRAMENTO CA	\$27.00	PERMITS, FEES LICENSES	01-5-4100-248
11/18/2024	FD *CA DMV VFC *SVC SACRAMENTO CA	\$0.54	PERMITS, FEES LICENSES	01-5-4100-248
11/02/2024	ZOOM.US 888-799-9666 SAN JOSE CA	\$54.39	OFFICE EXPENSE	01-5-4100-200

Total ACH - 12/18/2024 \$2,939.55

01/08/2025 Board Meeting - Five Star Bank Mastercard Online Payment - paid 12/18/2024	\$2,939.55
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1-1001-000	12/11/2024	CHECK	061290	CHARTER COMMUNICATIONS	150.00CR	OUTSTND	A	0/00/0000 01 5-4100-110 COMMUNICATIONS
1-1001-000	12/11/2024	CHECK	061291	COASTAL COPY, INC.	260.37CR	OUTSTND	A	0/00/0000 01 5-4100-220 PROFESSIONAL SERVICES
1-1001-000	12/11/2024	CHECK	061292	DE LAGE LANDEN FINANCIAL SERVI	213.43CR	OUTSTND	A	0/00/0000 01 5-4100-220 PROFESSIONAL SERVICES
1-1001-000	12/11/2024	CHECK	061293	DIGITAL WEST NETWORKS, INC.	196.91CR	OUTSTND	A	0/00/0000 01 5-4100-110 COMMUNICATIONS
1-1001-000	12/11/2024	CHECK	061294	SO CAL GAS	178.53CR	OUTSTND	A	0/00/0000 01 5-4100-290 UTILITIES
1-1001-000	12/11/2024	CHECK	061295	VERIZON WIRELESS	312.79CR	OUTSTND	A	0/00/0000 02 5-4400-110 COMMUNICATIONS 208.88 03 5-4500-110 COMMUNICATIONS 33.94 06 5-4900-110 COMMUNICATIONS 15.67 10 5-4300-110 COMMUNICATIONS 2.61 01 5-4100-110 COMMUNICATIONS 51.69
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1-1001-000	12/19/2024	CHECK	061319	PACIFIC GAS & ELECTRIC	5,988.07CR	OUTSTND	A	0/00/0000 01 5-4195-295 STREET LIGHTING 3,009.49 02 5-4400-290 UTILITIES 2,016.14 03 5-4500-290 UTILITIES 96.87 01 5-4200-290 UTILITIES 129.10 01 5-4100-290 UTILITIES 569.80 01 5-4100-200 OFFICE EXPENSE 166.67
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1-1001-000	12/19/2024	CHECK	061321	FRMS CALIFORNIA BANK & TRUST F	6,577.66CR	OUTSTND	A	0/00/0000	01 5-4100-090 INS: GROUP HEALTH/LIFE \$3225.13 01-5-4100-603 UTILITY CREW-EMP INS \$3352.53
1-1001-000	12/19/2024	CHECK	061322	HUMANA INSURANCE CO.	575.40CR	OUTSTND	A	0/00/0000	01 5-4100-090 INS: GROUP HEALTH/LIFE \$278.79 01-5-4100-603 UTILITY CREW-EMP INS \$296.61
1-1001-000	12/19/2024	CHECK	061323	PRINCIPAL LIFE INSURANCE COMPA	331.44CR	OUTSTND	A	0/00/0000	01 5-4100-090 INS: GROUP HEALTH/LIFE \$204.04 01-5-4100-603 UTILITY CREW-EMP INS \$127.40
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				SERVICE CHARGE TOTAL:	0.00				
				EFT TOTAL:	0.00				
				BANK-DRAFT TOTAL:	0.00				



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: January 8, 2024

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager
Peter Brown, General Manager

Subject: **Agenda Item 9(A):** Hearing to consider protests to a proposal in Solid Waste Rates by South County Sanitary Service Inc. (SCSS) to adjust solid waste and recycling rates by 4.98%, conduct a public hearing, and consider authorizing adjustments to solid waste if no majority protest exists.

Recommendation

It is recommended that the Oceano Community Services District Board:

1. Conduct a Proposition 218 Public Rate Hearing for January 8, 2025, pursuant to Article XIID of the California Constitution.
2. Direct staff to return to the Board with amendments to the Franchise Agreement between SCSS and OCSD.

Background

South County Sanitary Service Inc. (SCSS) provides Solid Waste, Recycling, Green Waste and Organics Material collection services for the community of Oceano pursuant to the July 14, 2010, Franchise Agreement. Article 8 of the agreement addresses SCSS's compensation and rates. At a future Board meeting, amendments to the Franchise Agreement will be considered in order to update the rate methodology and provide consistency with proposed rates.

Per the Franchise Agreement, rates are reviewed in accordance with the "City of San Luis Obispo Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates" which was originally established in 1994 (1994 Rate Manual). The 1994 Rate Manual allows for a cost-based rate adjustment every three years and interim rate adjustments in the other two years. In interim rate periods, SCSS is limited to adjustments based on inflation, tipping fee adjustments, and franchise or regulatory fee changes. During cost-based rate adjustment years, SCSS is able to request adjustments due to changes in other operational costs as set forth in the 1994 Rate Manual.

The OCSD Board voted at the November 8, 2024 meeting to approve [Resolution 2024-15](#) to increase the franchise fee payment from SCSS from back up to 10%. In 2020 the Board had reduced the Franchise Fees charged to customers from 10 to 5%, in part to offset water rate increases and high solid waste fee increases experienced at the time. Therefore, SCSS currently pays the District a franchise fee of 5% of gross revenues to cover the



Oceano Community Services District

Board of Directors Meeting

District’s costs related to solid waste utility management, administration, and associated programs. Then in 2022, during the last solid waste rate increase, the Board approved using \$55,000 of solid waste reserves to cover three months of retroactivity for the customers of Oceano. As a result, District reserves have been used to support solid waste utility management and reserves have gone from \$362,434 in FY 2019-20 to \$144,304 in FY 2023-24, indicating the need to improve cost recovery in order to be able to maintain service levels. All the municipal agencies in the County charge franchisee fees at 10%, except Cambria CSD which is currently at 6%. By increasing the franchise fees from 5.0% back up to 10.0%, the fee revenues can be used to build back reserves, support staff work, and to run the District’s [clean and green programs](#). For the average residential customer using a 64 gallon container, this Franchise Fee change from 5 to 10% amounts to \$0.08 (8 cents) per month. The attached Solid Waste Budget Worksheet includes the Solid Waste Fund’s 8-year history of revenue and expenses:

SOLID WASTE FUND SOLID WASTE DEPARTMENT - 06	ACTUAL FY 2017/2018	ACTUAL FY 2018/2019	ACTUAL FY 2019/20	ACTUAL FY 2020/21	ACTUAL FY 2021/2022	ACTUAL FY 2022/23	ESTIMATED FY 2023/24	FINAL BUDGET FY 2024/25
RESERVES								
Beginning Reserves	\$357,640	\$375,044	\$379,280	\$362,434	\$357,056	\$277,262	\$231,447	\$144,304
Operating Surplus / (Deficit)	\$16,946	(\$681)	(\$21,641)	(\$11,987)	(\$86,189)	(\$49,707)	(\$38,193)	(\$34,547)
Transfers & Encumbrances	\$458	\$4,917	\$4,795	\$6,609	\$6,395	\$3,891	(\$48,950)	\$4,338
ENDING RESERVES	\$375,044	\$379,280	\$362,434	\$357,056	\$277,262	\$231,447	\$144,304	\$114,095

As reported to the OCSB Board in 2022, SCSS and other agencies in San Luis Obispo County had previously intended to update the annual rate adjustment methodology. The City of San Luis Obispo has been working with Waste Connections, SCSS’s parent company, to develop and implement a new rate adjustment methodology to replace the 30-year-old Rate Manual. The key objectives for a new rate adjustment methodology are to enhance rate stability, predictability, fairness, transparency, ease of administration, and cost-effectiveness. The City of San Luis Obispo contracted with R3 Consulting Group, Inc. (R3) to support development and negotiation of a new rate adjustment methodology and the new rate adjustment methodology is available for consideration by other public agencies in San Luis Obispo County. District staff has been following the development of the new rate adjustment methodology, which will be presented to the Board as future amendment (early 2025) to the current Franchise Agreement with SCSS in association with the January 8, 2025 public hearing regarding the 2025 rate adjustment. OCSB staff support the proposed changes to the rate setting methodology because the prior one was outdated and in need of review and update, and most importantly, because the changes support rate stability in the future, predictability for rate payers and cost-effectiveness for providers of service and solid waste utility managers.

The City of San Luis Obispo also contracted with R3 to conduct a detailed review of the 2025 cost-based rate applications submitted by Waste Connections to ten agencies in San Luis Obispo County, including the District. The District received an initial rate adjustment request from SCSS on July 3, 2024, for an adjustment to the District’s solid waste rates of 3.76% effective January 1, 2025 under the 30-year old rate methodology. However, it is likely that the old methodology would lead to future volatility and higher annual adjustments than the new proposed one. After R3’s review, adjustments necessary for effectuation of the new rate methodology and new regional service enhancements, rate-stabilization going forward, improved profit and operating margins, and the



potential for the District to adjust the franchise fee paid by SCSS to the District from 5% back to the standard 10% of gross revenues collected in the District, the recommended 2025 rate adjustment is 4.98%. Under the 5% franchise fee rate, the new proposed rate would be 4.72% (\$0.08 savings per month per average household).

Cost-Based Rate Adjustment

R3 completed a thorough review of SCSS’ 2025 cost-based rate adjustment application and adjustments necessary for the new recommended rate adjustment methodology. After careful review of the rate adjustment request, and the outcomes of negotiations of a new rate adjustment methodology between the City of San Luis Obispo and Waste Connections, R3 completed a report evaluating the 2025 rate adjustment request and the new rate methodology (Attachment 1). R3’s review suggests that the original 3.76% adjustment effective January 1, 2025, is justifiable in accordance with the 1994 Rate Manual. R3’s report further recommends the new rate adjustment methodology as superior for both rate payers and haulers. The corresponding rate adjustment of 4.98% will require future amendments to the Franchise Agreement and will provide key benefits to the District in terms of rate predictability and stability and new enhanced services. The table on the following page shows the current and proposed monthly residential solid waste and recycling rates given the recommended 4.98% adjustment. Note that SCSS will pro-rate the rate adjustment given that Board authorization of rate adjustment would be after January 1, 2025.

Service Description	Current Monthly Rate Effective 1/1/2024	Proposed 4.98% Rate Adjustment	Recommended Proposed Monthly Rate Effective 1/1/2025
32 Gallon Waste Wheeler	\$20.37	\$1.01	\$21.38
64 Gallon Waste Wheeler	\$29.31	\$1.46	\$30.77
96 Gallon Waste Wheeler	\$57.38	\$2.86	\$60.24



New Rate Adjustment Methodology

The City of San Luis Obispo, in its capacity as the lead agency on the solid waste rate adjustment methodology update process, and in partnership with Los Osos Community Services District and Waste Connections, completed negotiations and arrived at tentative agreement with Waste Connections regarding the terms and conditions of a new rate adjustment methodology. The outcome was the result of extensive good faith negotiations between the City of San Luis Obispo and Waste Connections, with due consideration to input provided by other public agency stakeholders, including input made by the Oceano Community Services District staff. Since final details of the negotiation were not completed until later in December of 2024, there was not adequate time for staff and legal analysis of proposed Franchise Agreement (FA) amendments to be adopted at this meeting, therefore FA amendments will be considered by the Board later in 2025. Exhibit E summarizes the methodology going forward.

Pending Board approval, the new rate adjustment methodology will replace the 1994 Rate Manual and will regulate annual rate adjustments for the District's solid waste rates starting in 2026. The new methodology fulfills key objectives including rate stability, predictability, fairness, transparency, ease of administration, and cost-effectiveness. Additionally, the new methodology can be applied on a regional scale and is available as a recommended alternative to the 1994 Rate Manual for all agencies, including the District. The key features of the new methodology include:

- **Capped CPI Adjustments:** Starting in 2026, rate adjustments will be based on the Garbage and Trash CPI, with a floor of 2% and a cap of 5%. Amounts under 2% or over 5% will carry forward. The CPI adjustment will apply to Waste Connections' collection and post-collection cost centers.
- **Revenue Balancing Mechanism:** Starting in 2027, adjustments to rates will account for shortfalls or surpluses in Waste Connections' actual revenues compared to projected revenues from prior years. For example, if Waste Connections' 2025 revenues exceed projections, the amount of surplus revenues will be credited to the rates in 2027 (and vice versa), achieving fairness in compensation and rates for the company and for ratepayers. Such adjustments would take place annually and will be independent of the CPI cap and floor noted above. It should be noted that SCSS's 2023 net income was such that, were a revenue balancing mechanism in place at the time, surplus revenues would have been carried forward to the 2025 rate year and would have offset the forthcoming rate adjustment.
- **Less Frequent Cost-Based Adjustments:** Currently, solid waste rates are adjusted based on the 1994 Rate Manual every three years on Waste Connections' costs. Via the new methodology, cost-based adjustments would occur a maximum of every five years, and only if requested by Waste Connections or the District. The first opportunity for a cost-based adjustment will be for the 2030 rate year. If neither Waste Connections nor the District request a cost-based adjustment, then the CPI adjustment approach will be applied. Cost-based adjustments will be based on Waste Connections' consolidated audited financial statements for the region. Timeframes for cost-based



adjustment application and review process will be ample, such that the District will have sufficient time for review and approval processes and such that the potential for delay in implementation is minimized.

- **Updated Depreciation Lifespan for Trucks:** The 1994 Rate Manual set a 7-year depreciation schedule for solid waste collection trucks. Modern solid waste collection trucks have a 10-year lifespan, and the depreciation schedule was adjusted accordingly and results in cost savings to rate payers.
- **Updated Profit Allowance:** The 2025 rate adjustment will include a 9% profit allowance of projected collection costs and in 2026 and thereafter the profit allowance will be 10%. For context, the 2025 profit allowance is approximately 5% of revenues and R3 estimates that the 2026 profit allowance will be approximately 5.5% of revenues.
- **Removed Limitation on Corporate Overhead:** The 1994 Rate Manual placed a limitation on corporate overhead costs. Today, corporate overhead costs fund legal, tax, payroll, human resources, engineering, compliance, IT, training and recruiting programs. The District and Waste Connections agreed to remove the prior limitation in order to fund these services.
- **Extraordinary Adjustments:** The California Air Resources Board (CARB) Advanced Clean Fleets (ACF) regulation is requiring all solid waste collection trucks to be zero emissions in 2042. This includes a phased in plan to get the percentage of the fleet to be zero emission vehicle (ZEV) with 10% by 2030, 25% by 2033, 50% by 2036, 75% by 2039 and 100% by 2042. During CPI Adjustment years, Waste Connections may request extraordinary rate adjustments due to changes in law affecting collection operations, including for compliance with CARBS's ACF electrification mandate (which may necessitate change to depreciation schedules). The District may, but is not obligated to, consider requests for extraordinary rate adjustments due to changes in law affective post-collection operations. Requests for extraordinary change are subject to good faith meet and confer negotiations between the District and Waste Connections.
- **Regional Service Enhancements:**
 - **Customer Assistance Program:** 20% low-income discount provided to residential customers using 32-gallon cart service, using existing jurisdictional practices on low-income relief for their offered utility type services with evidence of qualifying financial hardship.
 - **Free Bulky Waste Collections:** Collection of one free bulky waste item twice annually from SCSS and five free extra trash items from the Oceano CSD annually from residential accounts at no cost via the District's voucher program.
 - **Annual Cart Exchange:** Once annual exchange of a residential solid waste, recycling, or organics cart per customer account.

Per R3's report, the key factors affecting the 2025 rate adjustment are summarized as follows:



Oceano Community Services District

Board of Directors Meeting

- A doubling of post-collection costs for organics processing since 2022 due to updated costs for processing infrastructure to meet the requirements of Senate Bill (SB) 1383.
- Market rate adjustment of post-collection costs for landfill disposal, which have remained flat since 2016. Landfill disposal costs have been below market at \$41 per ton since 2016 and will increase to a fair market cost of \$70 per ton in 2025.
- Cost-of-living changes in collection costs, which include labor, capital, operating expenses, insurance and overhead costs, for 2025 increases over 2024 amounting to approximately 4.21%.
- Additional costs for regional service enhancements, described above, which add 0.50% to the 2025 rate adjustment.

Taken altogether, and including appropriate adjustments to SCSS' original request to achieve the objectives of the new rate methodology, the 2025 rate adjustment effective January 1, is 4.98% as shown in the table below:

Original Adjustment per 1994 Rate Manual	3.76%
Revised Depreciation Schedule	-1.33%
Remove Limitation on Corporate Overhead	1.51%
Regional Service Enhancements	0.50%
Updated Profit Allowance	0.23%
Updated and Recalculated Franchise Fee	0.31%
Revised Adjustment for New Methodology	4.98%

Article 8.2 of the franchise agreement provides that "Collection Rates" are "those established by Resolution adopted by the Board." The public hearing recommended for January 8, 2025, will include a resolution for your Board's consideration. The hearing will be conducted in accordance with Article XIII D (Proposition 218). At this time, the proposed recommendations are limited in order to formally initiate the rate setting process, which the District is compelled to initiate under the terms of the franchise agreement.

Other Agency Involvement

Neighboring cities that also have franchise agreements with SCSS have conducted similar reviews and will also be holding public hearings in accordance with Proposition 218.

Other Financial Considerations

The District currently receives franchise fee income of approximately \$69,000 per year based on a franchise fee of 5% of SCSS gross rate revenues collected in the District. If the District changes the franchise fee to 10.0% of SCSS gross rate revenues collected in the District, franchise fee revenues in 2025 would be



Oceano Community Services District

Board of Directors Meeting

approximately \$138,000 and the District could begin to rebuild reserves and pay for ongoing staff costs and enhanced customer services (e.g. bulky item pickups). SCSS passed through to the District a landfill savings of approximately \$11,100. These fees are used to sponsor community clean up events, the bulky item voucher program and to deal with illegal dumping activities throughout the community. The proposed rates contemplate Board direction to adjust the franchise fee to 10%, and those rates will be included in the Draft Proposition 218 notice.

Results

Initiating the rate review process and holding a hearing on January 8, 2025, is consistent with the franchise agreement with SCSS. Proposition 218 promotes transparency in rate setting efforts and helps to promote well governed communities.

Attachments:

- a. R3 Rate Report
- b. SCSS 2025 Rate Adjustment Application
- c. Draft Resolution
- d. Prop 218 Notice - English & Spanish
- e. Annual Rate Adjustment Methodology

REPORT

City of San Luis Obispo and Participating Agencies

New Solid Waste Rate Adjustment Methodology and 2025 Rates

Submitted electronically: November 1, 2024



November 1, 2024

Ms. Meg Buckingham
Solid Waste and Recycling Coordinator
Public Utilities
879 Morro, San Luis Obispo, CA 93401
submitted via email: mbuckin@slocity.org

SUBJECT: New Solid Waste Rate Adjustment Methodology and 2025 Rates

Dear Ms. Buckingham and Participating Agencies,

R3 Consulting Group, Inc. (R3) was engaged by the City of San Luis Obispo (City) to provide solid waste consulting services via two engagements supporting the City's negotiations of a new solid waste services agreement with Waste Connections, the solid waste hauler. R3 was originally engaged by the City to work in collaboration with Los Osos Community Services District and Waste Connections to update the methodology for annual adjustments to the solid waste rates charged by Waste Connections. The key objectives for updating the rate adjustment methodology were to enhance rate stability, predictability, fairness, transparency, ease of administration, and cost-effectiveness.

As that engagement proceeded, eight other agencies in San Luis Obispo County (the City of Arroyo Grande, the City of Grover Beach, the City of Pismo Beach, Avila Beach Community Services District, Cambria Community Services District, Cayucos Sanitary District, Nipomo Community Services District, and Oceano Community Services District – altogether "Participating Agencies" or "Agencies") were included as stakeholder participants in the development of new rate adjustment methodology. With the inclusion of these additional Agencies, objectives for the engagement were updated to include regional scale applicability of the new rate adjustment methodology. R3 was then engaged by the City to review Waste Connections' rate adjustment requests for the 2025 rate year on behalf of all ten Agencies with the objective of determining 2025 solid waste rates that would be an appropriate starting point for a new rate adjustment methodology starting in 2026.

The City of San Luis Obispo served as the lead contracting agency for both engagements, providing primary oversight and direction of R3's work. Input and feedback were also sought from the other nine Agencies, and the results reflect their stakeholder input. Ultimately, the outcomes of both engagements are the conclusion of good faith contract negotiations between the City and Waste Connections. In summary, the City and Waste Connections have tentatively agreed to updated terms and conditions for annual rate adjustment which fulfill key objectives while also securing enhanced services that will protect low income households, prevent illegal dumping, and clean solid waste collection containers. The new rate adjustment methodology and enhanced services also resulted in updated adjustments to solid waste rates for 2025.

The City intends to recommend a new agreement with Waste Connections to the City Council that will include the new rate adjustment methodology and enhanced services along with the 2025 adjustments to solid waste rates. In keeping with the objective for the results to be applicable on a regional scale, Waste Connections is willing to offer the new rate adjustment methodology and

select enhanced services to the other nine Agencies at the updated 2025 adjustments to solid waste rates.

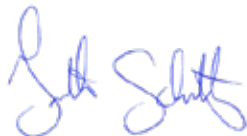
R3 would like to recognize that this has been a significant undertaking, and we'd like to thank the City of San Luis Obispo, Waste Connections, Los Osos Community Services District, and Participating Agencies for your involvement in providing feedback during this process. In closing, R3 recommends City and stakeholder consideration of the revised 2025 rates and the new rate adjustment methodology as a means of achieving shared rate fairness, stability, and predictability objectives. Here's what Waste Connections has shared regarding the outcomes:

“San Luis Garbage (SLG) had the opportunity to negotiate with the City of San Luis Obispo on the re-write of the 1994 rate-making manual. The goal of this endeavor was to simplify and streamline the rate-making process for all parties and provide an improved model going forward for potential refuse collection rate changes. The process included a considerable amount of discussion and analysis and although arduous at times, SLG feels the negotiations were performed in good faith, were collaborative in nature and carried out with mutual respect. In addition to updating the rate-making methodology, both parties took the opportunity to establish some new service enhancements that will discourage illegal dumping, provide cart cleaning exchanges, and offer rate relief for low-income customers. SLG believes the outcome of the negotiation has provided a much-improved rate-review process for the City of San Luis Obispo and other cities currently under the old rate-making methodology which will ultimately allow for an easier path to fair and reasonable rates for all customers.”

* * * * *

We appreciate the opportunity to be of service to the City and would like to thank the City and the Participating Agencies for their involvement and feedback. We would also like to recognize Waste Connections staff for being communicative and responsive to requests for information during the process.

Sincerely,



Garth Schultz | *Principal*
R3 Consulting Group, Inc.
510.292.0853 | gschultz@r3cgi.com

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1. EXECUTIVE SUMMARY

New Rate Adjustment Methodology

The City of San Luis Obispo, in its capacity as the lead agency on the solid waste rate adjustment methodology update process, and in partnership with Los Osos Community Services District and Waste Connections, completed negotiations and arrived at tentative agreement with Waste Connections regarding the terms and conditions of a new methodology. The outcome was the result of extensive good faith negotiations between the City and Waste Connections, with due consideration to input provided by other public agency stakeholders.

Pending City Council approvals, the new methodology will replace the 1994 Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates (1994 Rate Manual) and will regulate annual rate adjustments for the City's solid waste rates starting in 2026.

The new methodology fulfills key objectives established by the City and Waste Connections, including rate stability, predictability, fairness, transparency, ease of administration, and cost-effectiveness. Additionally, in response to requests by other Agencies that contract with Waste Connections in San Luis Obispo County, the new methodology can be applied on a regional-scale and is available as recommended alternative to the 1994 Rate Adjustment Manual for those Agencies.

The key features of the new methodology include:

- › **CPI Adjustments:** Starting in 2026, rate adjustments will be based on the Garbage and Trash CPI, with a floor of 2% and a cap of 5%. Amounts under 2% or over 5% will carry forward. The CPI adjustment will apply to Waste Connections' collection and post-collection cost centers.
- › **Revenue Balancing Mechanism:** Starting in 2027, adjustments to rates will account for shortfalls or surpluses in Waste Connections' actual revenues compared to projected revenues from prior years. For example, if Waste Connections' 2025 revenues exceed projections, the amount of surplus revenues will be credited to the rates in 2027 (and vice versa), achieving fairness in compensation and rates for the company and for ratepayers. Such adjustments would take place annually and will be independent of the CPI cap and floor noted above (there is no cap on these amounts).
- › **Less Frequent Cost-Based Adjustments:** Currently, solid waste rates are adjusted based on the 1994 Rate Adjustment Manual every three years on Waste Connections' costs. Via the new methodology, cost-based adjustments would occur a maximum of every five years, and only if requested by Waste Connections or the City. The first opportunity for a cost-based adjustment will be for the 2030 rate year. If neither Waste Connections nor the City request a cost-based adjustment, then the CPI adjustment approach will be applied. Cost-based adjustments will be based on Waste Connections' consolidated audited financial statements for the region. Timeframes for cost-based adjustment application and review process will be ample, such that the City will have sufficient time for review and approval processes and such that the potential for delay in implementation is minimized. These timeframes will be delineated in the forthcoming amendment to the agreement with Waste Connections.
- › **Updated Depreciation Lifespan for Trucks:** The 1994 Rate Manual set a 7-year depreciation schedule for solid waste collection trucks. Modern solid waste collection trucks have a 10-year lifespan, and the depreciation schedule was adjusted accordingly.
- › **Updated Profit Allowance:** The 2025 rate adjustment will include a 9% profit allowance of projected collection costs and in 2026 and thereafter the profit allowance will be 10%. The updated profit allowance is in-keeping with industry standard ranges for solid waste services. For

context, the 2025 profit allowance is approximately 5% of revenues and we estimate that the 2026 profit allowance will be approximately 5.5% of revenues. Profit will not be allowed on post-collection costs.

- › **Removed Limitation on Corporate Overhead:** The 1994 Rate Manual placed a limitation on corporate overhead costs. Today, corporate overhead costs fund legal, tax, payroll, human resources, engineering, compliance, IT, training and recruiting programs. The City and Waste Connections agreed to remove the prior limitation in order to fund these services. In the near-term, compensation to Waste Connections for corporate overhead will be limited by the CPI adjustment noted above. Cost-based adjustments to corporate overhead are possible in 2030, and will be subject to review, justification, and potential limitation at that time.
- › **Extraordinary Adjustments:** The California Air Resources Board (CARB) Advanced Clean Fleets (ACF) regulation is requiring all solid waste collection trucks to have zero emissions by 2042. This includes a phased in plan to get the percentage of the fleet to be zero emission vehicle (ZEV) with 10% by 2030, 25% by 2033, 50% by 2036, 75% by 2039 and 100% by 2042. During CPI Adjustment years, Waste Connections may request extraordinary rate adjustments due to changes in law affecting collection operations, including for compliance with CARB's ACF zero emission mandate (which may necessitate change to depreciation schedules). The City may, but is not obligated to, consider requests for extraordinary rate adjustments due to changes in law affecting post-collection operations. Requests for extraordinary change are subject to good faith negotiations between City and Waste Connections.

New Service Enhancements

During negotiations, the City and Waste Connections also took the opportunity to establish new service enhancements that will discourage illegal dumping, provide cart cleaning exchanges, and offer rate relief for low-income customers. The below service enhancements are available to the other Agencies that approve the new rate adjustment methodology in association with adjusted 2025 solid waste rates:

- › **Customer Assistance Program:** 20% low-income discount provided to residential customers using 32-gallon cart service, using existing jurisdictional practices on low-income relief for their offered utility type services with evidence of qualifying financial hardship.
- › **Free Bulky Waste Collections:** Collection of a bulky waste item twice annually from residential accounts at no separate cost, via clean-up week or voucher program depending on existing program.
- › **Annual Cart Exchange:** Once annual exchange of a residential solid waste, recycling, or organics cart per customer account.

2025 Rate Adjustments

As a result of the above, Waste Connections' 2025 rate adjustment request was revised from a 9.29% increase to a 9.89% increase in solid waste rates, effective January 1, 2025 (and prior to other rate structure adjustments that the City and Waste Connections may enact). When the new rate methodology changes and service enhancements are equally applied to the other regional Agencies, the results are as shown in Table 1 on the following page. Additional details are included in Section 3 of this report.

Table 1: 2025 Rate Adjustments

Agency	Original	Revised
City of San Luis Obispo	9.29%	9.89%
City of Arroyo Grande	3.97%	4.92%
Los Osos CSD	12.47%	13.18%
City of Pismo Beach	3.97%	4.82%
Cambria CSD	12.78%	12.59%
City of Grover Beach	3.97%	5.02%
Nipomo CSD	3.23%	5.04%
Oceano CSD	3.76%	4.98%
Cayucos SD	12.47%	14.32%
Avila Beach CSD	3.97%	4.60%

2. BACKGROUND

1994 Rate Manual

The 1994 Rate Manual is a 120-page document that provides step-by-step directives regarding annual adjustments to solid waste rates in the City. Though the 1994 Rate Manual specifically references the City of San Luis Obispo, other agencies in San Luis Obispo County (including the nine Agencies referenced in this report) also follow the 1994 Rate Manual for annual adjustments to solid waste rates.

The 1994 Rate Manual established a three-year cycle for adjustments to solid waste rates. The first year of each three-year cycle (called a “base year”) adjusted rates based on the documented costs of providing solid waste services. In the second and third years, solid waste rates were adjusted in accordance with external indicators, such as the Consumer Price Index (CPI).

While the 1994 Rate Manual was an appropriate approach to annually adjusting solid waste rates at the time, changing regulatory conditions and modern best practices in solid waste rate setting indicate that the prior approach has outlived its usefulness. In particular, cost-based adjustments on a fixed three-year cycle are no longer the industry norm. Most solid waste rate adjustment methodologies in California today either do not include regular cost-based adjustments or do so less frequently. When allowed, cost-based adjustments are typically the result of extraordinary changes in cost due to factors like changes in law or other uncontrollable factors (such as China’s National Sword Policy in 2017 and the COVID pandemic in 2020). Additionally, step-by-step instructions and timelines in the 1994 Rate Manual are outdated and do not contemplate current approaches to public noticing, public hearings, and review timelines for authorizing rate adjustments.

RFQ for New Rate Adjustment Methodology

Recognizing the limitations of the 1994 Rate Manual, the City and Los Osos Community Services District issued a request for quotes (RFQ) in early 2024 seeking a consultant to develop a new rate adjustment methodology. Pursuant to the RFQ process, R3 was awarded an agreement to provide support in developing a new rate adjustment methodology.

Rate Adjustment History

Rate adjustments experienced by the City and participating Agencies have varied significantly in the prior ten years from 2015 through 2024, as shown in Table 2, on the following page. As shown in the table, rate adjustments by agency have varied from 0% (most Agencies in 2015) to over 20% (most Agencies in 2022).

There are important reasons for these variances, primarily related to the unfunded State mandates of SB 1383 (Short-lived Climate Pollutants Act) which required all agencies in California to implement programs to recover and recycle organic waste to reduce methane emissions from landfills. While rate adjustments were necessary to fund the required SB 1383 programs, the combination of new costs with the three-year cost-based adjustment approach in the 1994 Rate Manual resulted in rate adjustment spikes in 2016, 2019, and 2022. Overall, across the Agencies, the average annual rate adjustment from 2015 through 2024 has been 6.76%.

One important objective of the new rate adjustment methodology is to minimize the recurrence of such spikes by reducing the frequency of cost-based rate adjustments. From R3’s experience implanting new rate methodologies with other clients, the result has been stable and predictable annual rate adjustments.

Table 2: 2015 – 2024 Rate Adjustments by Agency

Agency	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City of San Luis Obispo	0.00%	5.25%	1.00%	1.60%	13.70%	1.70%	0.70%	17.75%	9.10%	3.00%
City of Arroyo Grande	0.00%	3.25%	1.00%	1.60%	10.06%	1.70%	0.70%	22.19%	9.10%	3.00%
Los Osos CSD	2.00%	10.37%	1.00%	1.60%	25.74%	1.70%	0.70%	41.87%	7.70%	2.70%
City of Pismo Beach	0.00%	3.25%	1.00%	1.60%	10.06%	1.70%	0.70%	22.19%	9.10%	3.00%
Cambria CSD	1.92%	9.93%	1.00%	1.60%	25.32%	1.70%	0.70%	41.50%	9.10%	3.00%
City of Grover Beach	0.00%	3.25%	1.00%	1.60%	10.06%	1.70%	0.70%	22.19%	9.10%	3.00%
Nipomo CSD	0.00%	0.00%	1.00%	1.60%	15.08%	1.70%	0.70%	21.27%	9.10%	3.00%
Oceano CSD	0.00%	3.25%	1.00%	1.60%	10.06%	1.70%	0.70%	21.03%	9.10%	3.00%
Cayucos SD	2.00%	27.39%	1.00%	1.60%	26.43%	1.70%	0.70%	43.30%	9.10%	3.00%
Avila Beach CSD	0.00%	3.25%	1.00%	1.60%	10.06%	1.70%	0.70%	22.19%	9.10%	3.00%

Financial Statement History

There are three Waste Connections business units serving the ten participating Agencies (San Luis Garbage, Mission Country Disposal, and South County Sanitary Service). Each business unit prepares annual audited financial statements which are used as the basis for base year rate applications to the Agencies. R3 analyzed Waste Connections' audited financial statements for the six years from 2018 through 2023 to evaluate profit achievement, with the results summarized in Table 3, below. Table 3 also includes estimated profit achievement in 2024 (still underway) and for 2025 (prior to 2025 rate adjustments).

Table 3: 2018 – 2023 Profit Achievement

Business Unit	2018	2019	2020	2021	2022	2023	2024	2025
San Luis Garbage	-13.84%	-16.84%	-9.66%	-3.41%	12.47%	6.30%	-0.64%	-6.62%
Mission Country Disposal	-19.26%	-30.77%	-9.28%	-19.84%	-10.21%	2.47%	-4.09%	-8.95%
South County Sanitary Service	5.38%	1.40%	0.25%	-5.56%	5.93%	15.85%	8.43%	2.38%
Overall	-7.22%	-12.45%	-5.22%	-7.88%	4.66%	9.67%	2.61%	-3.16%

As shown in Table 3, in total across all three business units, Waste Connections operated without any net income between 2018 and 2021, with net positive profitability being achieved in 2022 and 2023. Profit achievement varied by business unit, with South County Sanitary Service consistently experiencing greater profit achievement and Mission Country Disposal consistently experiencing lesser or no profit achievement. This is one of the key reasons that rate adjustments for the Agencies served by Mission Country Disposal (Cambria Community Services District, Cayucos Sanitary District, and Los Osos Community Services District) were higher than the other Agencies in 2019 and 2022.

Table 3 also shows that projected profit achievement in 2024 will be lower than 2023, which is primarily the result of Waste Connections incurring increased landfill disposal costs (provided by a related party) and increased organics processing costs (provided by a non-affiliated third party processor). Projected profit achievement for 2025 – which, importantly, is **prior to 2025 adjustments to solid waste rates** – demonstrates no net profit for San Luis Garbage and Mission County Disposal and low net income for South County Sanitary Service. Overall, without adjustments to rates, Waste Connections service to the Agencies in 2025 will not yield net income.

It should be noted that Waste Connections allocates costs between business units based on allocation metrics that include vehicle operating hours, number of solid waste containers, and number of customer accounts. While such metrics are useful means of allocating costs, they do not necessarily represent the exact cost of providing service within a given business unit.

Rate Comparison

R3 compared current 2024 solid waste rates for the Agencies to rates in other jurisdictions in San Luis Obispo County, Santa Barbara County, and Monterey County. The results are shown in Table 4, below and on the following page, and are organized in ascending order by 32-gallon monthly rate (common residential subscription level).

Table 4: Regional Comparison of Monthly Rates

Agency	20 Gallon	32 Gallon	64 Gallon	96 Gallon	2 Cubic Yards
Oceano CSD	N/A	\$20.37	\$29.31	\$57.39	\$128.75
San Luis Obispo	\$14.74	\$23.53	\$47.06	\$70.59	\$185.21
Pismo Beach	N/A	\$23.76	\$47.56	\$71.33	\$166.02
Grover Beach	N/A	\$24.23	\$32.74	\$41.23	\$147.95
Arroyo Grande	N/A	\$27.33	\$35.52	\$43.73	\$167.65
Nipomo CSD	N/A	\$27.57	\$39.52	\$51.81	\$136.62
Avila Beach CSD	N/A	\$28.31	\$46.78	\$65.24	\$177.68
Santa Barbara County Zone 4 Lompoc	N/A	\$31.41	\$36.13	\$40.70	\$179.98
Cayucos SD	N/A	\$32.60	\$38.52	\$44.48	\$184.32
Santa Barbara County Zone 5	N/A	\$33.03	\$37.84	\$42.46	\$192.87
City of Atascadero	N/A	\$33.67	\$52.80	\$66.35	\$172.24
San Miguel	N/A	\$34.13	\$53.80	\$72.88	\$124.12
Santa Barbara County Zone 4 Santa Ynez	N/A	\$34.33	\$42.62	\$50.77	\$254.11
City of Morro Bay	\$22.21	\$35.54	\$71.07	\$106.63	\$265.30
Solvang	N/A	\$36.28	\$45.20	\$54.69	\$256.55

Agency	20 Gallon	32 Gallon	64 Gallon	96 Gallon	2 Cubic Yards
Goleta	N/A	\$37.39	\$41.88	\$48.35	\$240.10
Templeton	N/A	\$38.73	\$54.63	\$60.41	\$149.58
Los Osos CSD	\$27.74	\$39.45	\$60.57	\$64.96	\$228.72
Buellton	N/A	\$40.51	\$48.40	\$56.38	\$281.13
Cambria CSD	N/A	\$41.52	\$83.03	\$124.55	\$201.94
King City	\$32.43	\$42.83	\$53.68	\$63.52	\$288.00
Santa Barbara County Zone 2	N/A	\$43.25	\$54.66	\$65.92	\$259.61
City of Paso Robles	\$38.15	\$43.32	\$57.42	\$63.59	\$188.36
Santa Barbara County Zone 3	N/A	\$45.22	\$51.52	\$57.75	\$215.72
MRWMD	\$38.28	\$46.54	\$72.92	\$91.20	\$277.20
City of Santa Barbara	N/A	\$48.26	\$59.82	\$71.38	\$277.66
WM Area (Formerly Mid-State)	N/A	\$48.72	\$71.31	\$93.84	\$214.46
Santa Barbara County Zone 1	N/A	\$56.60	\$62.86	\$69.25	\$256.74
Santa Maria	N/A	N/A	\$38.74	\$47.87	\$166.72

Table 4 demonstrates that solid waste rates for the City and other Participating Agencies compare favorably to others in the region. Charts 1 through 4, below and on the following pages, show the information from Table 4 in graphical format.

Chart 1: Regional Comparison of Monthly 32-gallon Cart Rates

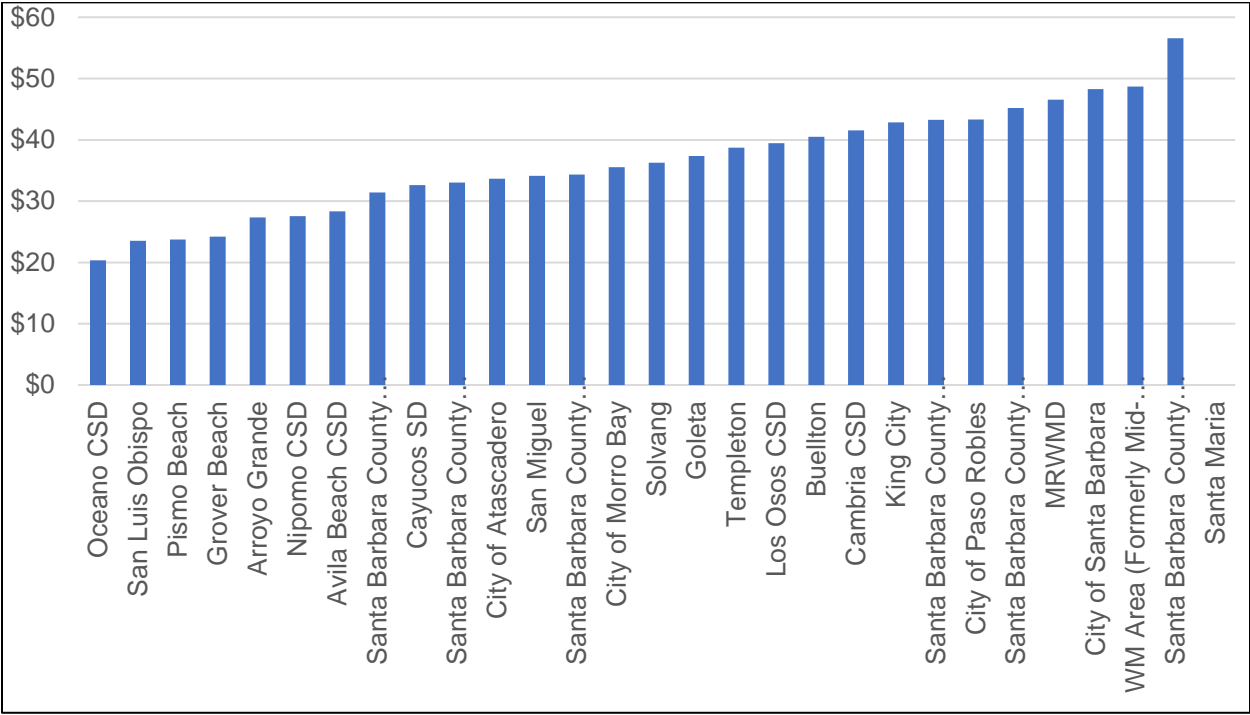


Chart 1, which is organized in ascending order of 32-gallon monthly rate, demonstrates that the rates for 32-gallon monthly service (the most subscribed residential service level) for all Participating Agencies

other than Cambria Community Services District, Cayucos Sanitary District, and Los Osos Community Services District are the lowest in the region. Chart 2 shows how 64-gallon monthly rates compare.

Chart 2: Regional Comparison of Monthly 64-gallon Cart Rates

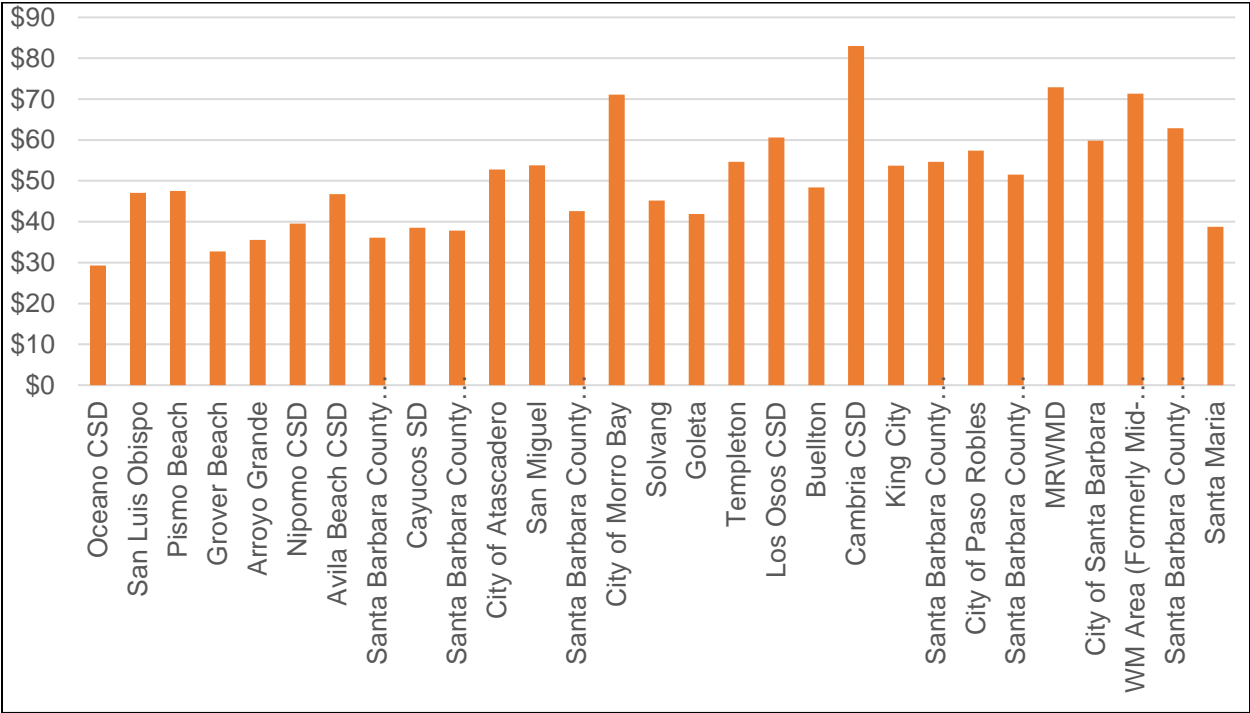
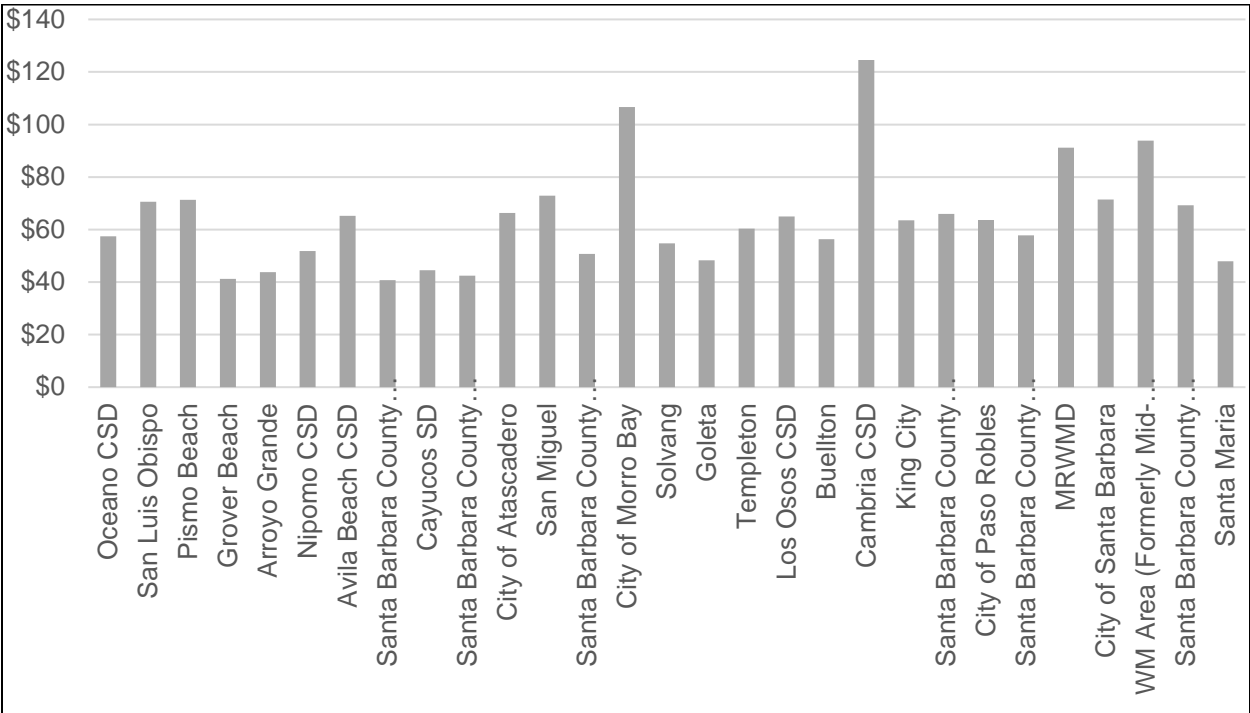
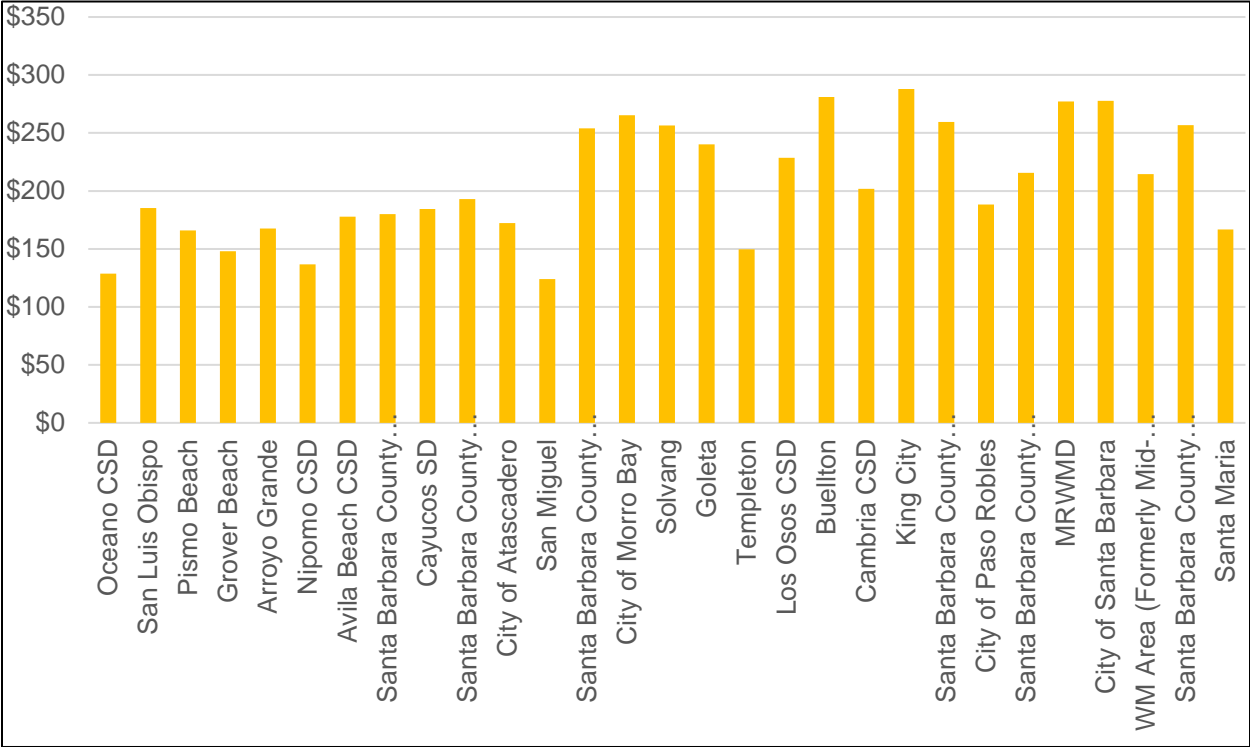


Chart 3: Regional Comparison of Monthly 96-gallon Cart Rates



Charts 3 and 4 keep the same ordering as Charts 1 and 2 and show how large residential 96-gallon service and commercial two (2) cubic yard bin service compare with the region. Overall, while exceptions exist, rates for solid waste service for the City and the Participating Agencies are among the lowest in the region, including San Luis Obispo County, Santa Barbara County, and Monterey County.

Chart 4: Regional Comparison of Monthly 2 Cubic Yard Rates



3. NEW RATE ADJUSTMENT METHODOLOGY AND 2025 RATES

2025 Base Year Rate Adjustments

Waste Connections submitted base year rate applications to the Agencies for rates effective January 1, 2025.¹ Those rate applications were prepared in accordance with the 1994 Rate Manual, with modification for an effectiveness date of January 1, 2025, instead of the October 1, 2024 date that otherwise would have been the effective date given strict adherence to the 1994 Rate Manual. In simple terms, the applications project future 2025 costs for providing solid waste services based on the actual costs of providing services as follows:

- › Actual results for the most recently completed year (2023), which are based on the audited financial statements.
- › Projected results for the current year (2024), which are to be based on year-to-date information available at the time the application is submitted.
- › Projected results for the next year (2025).

Adjustments to solid waste rates are then calculated based on the projected 2025 revenue requirement, which is the sum of:

- › Allowed costs.
- › Allowable operating profit.
- › Pass through costs.

In reviewing the 2025 base year rate applications for the Agencies, R3:

- › Checked calculations for mathematical accuracy and consistency.
- › Tied projected costs back to the 2023 audited financial statements.
- › Evaluated the root causes of extraordinary changes in cost for landfilling and organics processing.
- › Reviewed 2024 revenues year to date to determine accuracy of projected revenues at current rates for 2025.
- › Proposed adjustments to solid waste collection vehicle depreciation lifetimes.

A summary of Waste Connections' original 2025 base year rate adjustments per the applications submitted to the Agencies is included as Attachment 1.

It should be noted that Waste Connections' base year rate applications are made at the business unit level (San Luis Garbage, Mission Country Disposal, and South County Sanitary Service) with no allocation of projected costs to individual Agencies served by those business units. Rather, the base year rate adjustment applications use total costs and revenues for those business units to calculate rate adjustments for the individual Agencies. For the purposes of our analysis, and as documented in Attachment 1, R3 allocated projected expenses by agency in accordance with proportion of revenues – this allocation approach is what the base year rate application achieve in practice, and the result is an exact match to the rate adjustment calculations included in the base year rate applications for each agency.

¹ Authorization of the January 1, 2025 rate adjustments are expected to occur after that date. Waste Connections will prorate adjustment amounts on customer bills to account for the timing difference.

R3 thoroughly reviewed the figures included in the 2025 rate adjustment calculations, as well as supporting documentation requested of Waste Connections during the review process and found that Waste Connections' rate applications were accurate and in accordance with the 1994 Rate Manual. The rate adjustments shown in Table 5 on the following page are the correct rate adjustments per the 1994 Rate Manual and are the default rate adjustments effective January 1, 2025, if the City and the Participating Agencies do not move forward with revisions to the 2025 rates in accordance with the new rate adjustment methodology.

Table 5: 2025 Rate Adjustments Per 1994 Rate Manual

Agency	January 1, 2025, Default Rate Adjustment
City of San Luis Obispo	9.29%
City of Arroyo Grande	3.97%
Los Osos CSD	12.47%
City of Pismo Beach	3.97%
Cambria CSD	12.78%
City of Grover Beach	3.97%
Nipomo CSD	3.23%
Oceano CSD	3.97%
Cayucos SD	12.47%
Avila Beach CSD	3.97%

Revisions for New Rate Adjustment Methodology

In negotiating the terms and conditions of a new rate adjustment methodology starting in 2026, the City and Waste Connections made the following revisions to the 2025 base year rate adjustments:

Updated Depreciation Lifespan for Trucks

The 1994 Rate Manual set a 7-year depreciation schedule for solid waste collection trucks. Modern solid waste collection trucks have a 10-year lifespan, and the depreciation schedule was adjusted by Waste Connections accordingly. Table 6, on the following page, shows the dollar magnitude of this change and the effect on the 2025 rate adjustment, with the effect being a reduction in the rate adjustment calculation ranging from 1.33% to 1.62%, depending on agency. Differences in effect by agency are the result of business unit allocations described earlier in this report.

Table 6: Change in Depreciation Lifespan

	San Luis Obispo	Los Osos CSD	Cambria CSD	Cayucos SD	Arroyo Grande	Pismo Beach	Grover Beach	Nipomo CSD	Oceano CSD	Avila CSD
Original Depreciation	\$1,338,367	\$376,989	\$295,515	\$131,502	\$398,063	\$316,350	\$236,919	\$225,376	\$114,616	\$26,441
Revised Depreciation	1,125,720	317,545	248,918	110,766	336,460	267,393	200,254	190,498	96,879	22,349
Change in Calculations	(212,647)	(59,444)	(46,597)	(20,735)	(61,603)	(48,957)	(36,665)	(34,878)	(17,737)	(4,092)
Effect on Rate Adjustment	-1.47%	-1.62%	-1.62%	-1.62%	-1.33%	-1.33%	-1.33%	-1.33%	-1.33%	-1.33%

Removed Limitation on Corporate Overhead

The 1994 Rate Manual placed a limitation on corporate overhead costs. Today, corporate overhead costs fund legal, tax, payroll, human resources, engineering, compliance, IT, training and recruiting programs. The City and Waste Connections agreed to remove the prior limitation in order to fund these services. Table 7, below, shows the effect of removing the prior limitation on corporate overhead. Differences in effect by agency are the result of different original proportionate amounts of corporate overhead between Agencies. In the near-term, compensation to Waste Connections for corporate overhead will be limited by the CPI adjustment noted above. Cost-based adjustments to corporate overhead are possible in 2030, and will be subject to review, justification, and potential limitation at that time.

Table 7: Change in Corporate Overhead

	San Luis Obispo	Los Osos CSD	Cambria CSD	Cayucos SD	Arroyo Grande	Pismo Beach	Grover Beach	Nipomo CSD	Oceano CSD	Avila CSD
Original Corporate Overhead	\$246,296	\$46,213	\$36,226	\$16,120	\$93,625	\$74,406	\$55,724	\$53,009	\$26,958	\$6,219
Revised Corporate Overhead	430,378	80,753	63,301	28,168	163,600	130,017	97,371	92,627	47,106	10,867
Change in Calculations	184,082	34,540	27,075	12,048	69,975	55,611	41,648	39,619	20,148	4,648
Effect on Rate Adjustment	1.28%	0.94%	0.94%	0.94%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%

50% Cost Share for Regional Service Enhancements

Waste Connections is offering new service enhancement to the benefit of the City and the Agencies including:

- › Collection of a bulky waste item twice annually from residential accounts at no cost, via clean-up week or voucher program depending on existing program.
- › Once annual exchange of a residential solid waste, recycling, or organics cart per customer account.

Waste Connections has estimated the annual cost of offering these service regionally and is proposing recovery of 50% of the projected costs via the 2025 rate adjustment. The City and Waste Connections have tentatively agreed to this cost sharing as part of the new agreement and for inclusion in the 2025 rates. Waste Connections is proposing the low income discount customer assistance program without a change in rate adjustment.

Table 8, below, shows the effect of including the 50% cost sharing for these two service enhancements into the 2025 rate adjustment. Cost allocations are by percentage of accounts by agency, which is the reason for differences in the effect of rate adjustment by agency.

Table 8: 50% Cost Share for Service Enhancements

	San Luis Obispo	Los Osos CSD	Cambria CSD	Cayucos SD	Arroyo Grande	Pismo Beach	Grover Beach	Nipomo CSD	Oceano CSD	Avila CSD
New Annual Cart Exchange	\$26,376	\$9,889	\$7,223	\$3,623	\$11,445	\$7,566	\$8,179	\$7,987	\$3,681	\$320
Bulky Clean-up Enhancements	21,091	7,908	5,776	2,897	9,152	6,050	6,540	6,386	2,944	256
Change in Calculations	47,467	17,797	12,999	6,520	20,597	13,616	14,719	14,373	6,625	576
Effect on Rate Adjustment	0.33%	0.48%	0.45%	0.51%	0.45%	0.37%	0.54%	0.55%	0.50%	0.19%

Corrections to AB 939 Fees

Agency fees, which include AB 939 Fees and Franchise Fees, are included as estimates in rate adjustment applications. Because the rate applications are at the company business unit level, and not at the individual agency level, AB 939 fees in the application are allocated to the Agencies in proportion to revenues. However, only the City of San Luis Obispo and Cayucos Sanitary District receive AB 939 Fees – therefore this was corrected in the revised 2025 rate adjustments as shown in Table 9, on the following page. Note that the values for the City of San Luis Obispo also include a correction to Franchise Fee revenues.²

² Specifically, to remove the 1994 Rate Manual’s approach to “grossing up” the calculated rate adjustment to account for the Franchise Fee by including the projected Franchise Fee payment amounts in the rate adjustment calculation itself. This approach is also recommended for the other Agencies starting with the 2026 rate adjustment.

Table 9: Corrections to AB 939 Fees

	San Luis Obispo	Los Osos CSD	Cambria CSD	Cayucos SD	Arroyo Grande	Pismo Beach	Grover Beach	Nipomo CSD	Oceano CSD	Avila CSD
Original Agency Fees	\$362,140	\$5,226	\$4,097	\$1,823	\$-	\$-	\$-	\$-	\$-	\$-
Revised Agency Fees	439,411	-	-	12,754	-	-	-	-	-	-
Change in Calculations	77,271 ³	(5,226)	(4,097)	10,931	-	-	-	-	-	-
Effect on Rate Adjustment	0.54%	-0.14%	-0.14%	0.85%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Updated Profit Allowance

The 1994 Rate Manual, along with the Agencies agreements with Waste Connections, limits allowable profit based on an “operating ratio” of 92% or 93% of allowable collection expenses (not including post-collection disposal, processing or recycling expenses nor agency fees) depending on the agency. A 93% operating ratio is the equivalent of a 7.53% profit margin, and a 92% operating ratio is the equivalent of an 8.7% profit margin.

A key negotiation point between the City and Waste Connections was a change to the profit allowance. Ultimately, after much discussion and negotiation, the City and Waste Connections agreed that the 2025 rate adjustment will include a 9% profit allowance of projected allowable collection costs and in 2026 and thereafter the profit allowance will be 10%. The updated profit allowance is in-keeping with industry standards for solid waste services.

For context, the 2025 profit allowance is approximately 5% of revenues and we estimate that the 2026 profit allowance will be approximately 5.5% of revenues. Table 10, on the following page, shows the effect of changing the profit allowance to 9% of collection costs for all Agencies for the 2025 rate adjustments. Differences in the effect on rate adjustment are due to differences in existing profit allowances by agency, as well as differences in the depreciation, corporate overhead and new service enhancements shown in earlier tables.

³ Includes adjustment to Franchise Fee to remove “grossing up” method from City’s 2025 rate adjustment calculations.

Table 10: 9% Profit Allowance on Allowable Collection Costs

	San Luis Obispo	Los Osos CSD	Cambria CSD	Cayucos SD	Arroyo Grande	Pismo Beach	Grover Beach	Nipomo CSD	Oceano CSD	Avila CSD
Original Profit Allowance	\$641,302	\$188,392	\$170,609	\$65,715	\$227,094	\$180,477	\$135,161	\$111,295	\$65,388	\$15,085
Revised Profit Allowance	768,515	224,623	175,993	78,382	237,649	188,618	141,665	134,797	68,490	15,714
Change in Calculations	127,213	36,231	5,384	12,667	10,555	8,141	6,504	23,502	3,102	629
Effect on Rate Adjustment	0.88%	0.99%	0.19%	0.99%	0.23%	0.22%	0.24%	0.90%	0.23%	0.20%

Total Revisions for New Rate Adjustment Methodology

Taken altogether, the revisions to the 2025 rate adjustment result in small increases to the original 2025 rate adjustment calculations. These are shown in Table 11, on the following page, and are also shown in Attachment 2.

Table 11: Overall Revisions to 2025 Rate Adjustments

	San Luis Obispo	Los Osos CSD	Cambria CSD	Cayucos SD	Arroyo Grande	Pismo Beach	Grover Beach	Nipomo CSD	Oceano CSD	Avila CSD
Original 2025 Revenue Calculation	\$15,640,734	\$4,089,595	\$3,228,699	\$1,426,540	\$4,786,646	\$3,804,059	\$2,848,911	\$2,692,832	\$1,378,241	\$317,951
Change in Depreciation	(212,647)	(59,444)	(46,597)	(20,735)	(61,603)	(48,957)	(36,665)	(34,878)	(17,737)	(4,092)
Change in Corporate Overhead	184,082	34,540	27,075	12,048	69,975	55,611	41,648	39,619	20,148	4,648
Enhanced Services	47,467	17,797	12,999	6,520	20,597	13,616	14,719	14,373	6,625	576
Updated Profit Allowance	127,213	36,231	5,384	12,667	10,555	8,141	6,504	23,502	3,102	629
Corrections to AB 939 Fees	77,271	(5,226)	(4,097)	10,931	-	-	-	-	-	-
Revised 2025 Revenue Calculation	15,864,119	4,113,493	3,223,463	1,447,971	4,826,170	3,832,470	2,875,118	2,735,447	1,390,379	319,712
Revenues at Current Rates	14,435,726	3,677,194	2,882,493	1,282,686	4,621,616	3,672,906	2,750,690	2,616,676	1,330,724	306,989
Shortfall	(1,428,393)	(436,299)	(340,970)	(165,285)	(204,554)	(159,564)	(124,428)	(118,771)	(59,655)	(12,724)
Revised 2025 Rate Adjustment⁴	9.89%	13.18%	12.59%	14.32%	4.92%	4.82%	5.02%	5.04%	4.98%	4.60%

Proportionality in Cost of Service

R3 analyzed the 2025 rate adjustments for adequacy with respect to the cost-of-service requirements of Proposition 218. Because the base year rate adjustment methodology is based on the documented cost of provided solid waste services as expressed in Waste Connections’ audited financial statements, we find that the current and proposed solid waste service rates will generate revenues sufficient to cover the cost-of-providing service plus a reasonable profit allowance commensurate with normal expectations in the solid waste industry.

R3 also analyzed the proposed solid waste service rates for adequacy with respect to proportionate allocation of costs among solid waste service customers. R3 found that the current (and thus also

⁴ Rate adjustments shown include grossing up for franchise fees per 1994 Rate Manual methodology, except for San Luis Obispo.

proposed) solid waste rate structure proportionately allocates costs to service types and container sizes based on the relative differences in cost associated with the types of services provided to customers.

For example, for customers subscribing to 60- or 90-gallon cart solid waste service, the per-gallon cost-of-service for those subscribed to the larger container size (90-gallons) is proportionately less than those subscribed to the smaller container size (60-gallons). This is because solid waste service is comprised of both fixed and variable costs, with the fixed cost portion being for the cost of collection (labor, fuel, capital equipment, and other shared costs) as well as the costs related to post-collection disposal, processing, recycling and composting. Thus, the cost-of-service for the larger container size (90-gallons) has a lesser proportion of fixed costs to variable costs compared to the smaller (60-gallon) container size.

Factors Affecting 2025 Rate Adjustments

Overall, for the Agencies and the three Waste Connections business units, the 2025 rate adjustments reflect an 8.12% increase in revenues to meet increased costs and revised profit allowances. The largest contributors to the overall increase are:

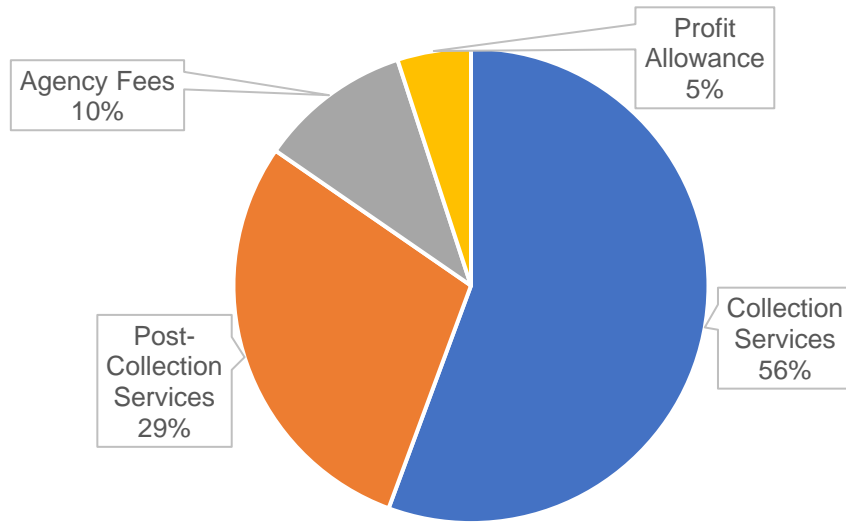
- › **Increases in organics processing costs** – Third-party costs for the organic waste post-collection processing facility operated by the company formerly named Hitachi Zosen INOVA, and which are not within Waste Connections' control, have doubled since 2022. The change in cost is the result of changes in facility capital and operating costs.
- › **Increases in landfill disposal costs** – Related party costs for landfill waste disposal at Cold Canyon have remained flat since 2016. The 2025 rate adjustment reflects a market adjustment to these costs, from a per ton tipping fee of \$41 per ton (in place since 2016) to a per ton tipping fee of \$70. Waste Connections provided market comparison demonstrating the applicability of the \$70 per ton market tipping fee.

Other factors play minor roles in the 2025 rate adjustment:

- › **Collection costs including labor, vehicles, operating expenses and overhead** – These costs are increasing in proportion to the Consumer Price Index and are projected to increase by 3.20% in 2024 and 4.21% for 2025.
- › **Agency fees** – These costs are mostly proportionate to changes in rates and are projected to increase by 2.22% in 2024 and 3.30% in 2025.

Overall, collection services comprise the single largest component overall rate funded expenses, at 56% of total rate revenues. Post-collection services are the next largest component of rate funding, at 29% of total rate revenues. Agency fees comprise 10% of rate revenues and profit allowance comprises 5% of rate revenues. This is demonstrated in Chart 5, on the following page.

Chart 5: Summary Components of 2025 Rate Revenues



New Rate Adjustment Methodology

The City and Waste Connections negotiated a new methodology for adjusting rates starting in 2026, which are summarized below. R3 is preparing an exhibit to the City’s new agreement with Waste Connections that will further detail the terms and conditions of the new methodology in accordance with the following points, which have been tentatively agreed to by the parties. The exhibit will be finalized and ready for distribution to the Agencies on or around November 18, 2024. It is recommended that the Agencies bring forward the exhibit as an amendment to their agreements with Waste Connections when considering the 2025 rate adjustments, which is anticipated to occur in January 2025.

The features of the new methodology include:

- › **CPI Adjustments:** Starting in 2026, rate adjustments will be based on the Garbage and Trash CPI, with a floor of 2% and a cap of 5%. Amounts under 2% or over 5% will carry forward. The CPI adjustment will apply to Waste Connections’ collection and post-collection cost centers. The proposed CPI is the Consumer Price Index for all Urban Consumers for Garbage and Trash in the United States, all City average. Details and prior results for this CPI are included in Attachment 3. This is the same CPI used by Waste Connections in preparing its 2025 base year application.
- › **Updated Profit Allowance:** As stated previously, the 2025 rate adjustment includes a 9% profit allowance of projected collection costs. The City and Waste Connections have tentatively agreed that, in 2026 and thereafter, the profit allowance will be 10% of collection costs.
- › **Revenue Balancing Mechanism:** Starting in 2027, adjustments to rates will account for shortfalls or surpluses in Waste Connections’ actual revenues compared to projected revenues from prior years. For example, if Waste Connections’ 2025 revenues exceed projections, the amount of surplus revenues will be credited to the rates in 2027 (and vice versa), achieving fairness in compensation and rates for the company and for ratepayers. Such adjustments would take place annually and will be independent of the CPI cap and floor noted above.
- › **Less Frequent Cost-Based Adjustments:** Currently, solid waste rates are adjusted based on the 1994 Rate Manual every three years on Waste Connections’ costs. Via the new methodology,

cost-based adjustments would occur a maximum of every five years, and only if requested by Waste Connections or the City. The first opportunity for a cost-based adjustment will be for the 2030 rate year. If neither Waste Connections nor the City request a cost-based adjustment, then the CPI adjustment approach will be applied. Cost-based adjustments will be based on Waste Connections’ consolidated audited financial statements for the region. Timeframes for cost-based adjustment application and review process will be ample, such that the City will have sufficient time for review and approval processes and such that the potential for delay in implementation is minimized.

- › **Extraordinary Adjustments:** The California Air Resources Board (CARB) Advanced Clean Fleets (ACF) regulation is requiring all solid waste collection trucks to be zero emissions in 2042. This includes a phased in plan to get the percentage of the fleet to be zero emission vehicle (ZEV) with 10% by 2030, 25% by 2033, 50% by 2036, 75% by 2039 and 100% by 2042. During CPI Adjustment years, Waste Connections may request extraordinary rate adjustments due to changes in law affecting collection operations, including for compliance with CARB’s ACF zero emission mandate (which may necessitate change to depreciation schedules). The City may, but is not obligated to, consider requests for extraordinary rate adjustments due to changes in law affective post-collection operations. Requests for extraordinary change are subject to good faith meet and confer negotiations between City and Waste Connections.

Example Calculations for 2026 through 2029

R3 has prepared example calculations of projected rate adjustments for 2026 through 2029 based on the tentatively agreed to terms and conditions outlined above (including adjustment to 10% profit allowance on collection services starting in 2026). Table 12, below, demonstrates this example for the City of San Luis Obispo, and Attachment 4 provides examples for all Agencies. Note that the example in Table 12 and Attachment 4 includes the following assumptions:

- › CPI at the 5% cap (note that CPI below the 5% cap will result in lower rate adjustments)
- › Revenue reconciliation at 1% below annual rate revenue projections (note that amounts above rate revenue projections will offset rate adjustments, not add to them).
- › Discontinuance of the prior Franchise Fee grossing method on rate adjustment for all Agencies starting in 2026.

Table 12: Example Calculation of New Rate Methodology for the City of San Luis Obispo

	2025	2026	2027	2028	2029
Collection Services	\$8,539,055	\$8,966,008	\$9,414,308	\$9,885,024	\$10,379,275
Profit Allowance	768,515	896,601	941,431	988,502	1,037,927
Post-Collection Services	4,602,096	4,832,201	5,073,811	5,327,501	5,593,876
Franchise Fee	1,586,412	1,675,695	1,777,106	1,866,072	1,959,572
AB 939 Fee	368,041	386,443	405,765	426,053	447,356
Revenue Reconciliation Example	N/A	N/A	158,641	167,569	177,711
Total Revenues	15,864,119	16,756,947	17,771,062	18,660,722	19,595,717
Indexed Rate Adjustment		5.63%	6.05%	5.01%	5.01%

Attachment 1: Summary of Waste Connections' Original 2025 Rate Application Calculations

Category		San Luis Garbage Company (SLG)	Mission Country Disposal (MCD)			South County Sanitary Service (SCSS)					
		San Luis Obispo	Los Osos	Cambria	Cayucos	Arroyo Grande	Pismo Beach	Grover Beach	Nipomo	Oceano	Avila
Current Revenues	Single Family Residential	\$ 5,282,964	\$ 2,795,167	\$ 2,201,010	\$ 987,376	\$ 2,379,516	\$ 1,598,158	\$ 1,580,148	\$ 1,570,029	\$ 684,117	\$ 91,446
	Multi-Family Dumpsters	2,556,077	-	-	-	-	-	-	-	-	-
	Non-Residential Carts	729,282	100,710	77,805	33,710	256,857	237,767	134,053	119,843	74,076	24,711
	Non-Residential Dumpsters	5,846,777	776,244	599,701	259,830	1,979,781	1,832,640	1,033,238	923,712	570,958	190,469
	Total Rate Revenue	14,415,100	3,672,121	2,878,516	1,280,916	4,616,154	3,668,565	2,747,439	2,613,584	1,329,151	306,626
Other Income (Allocated)	20,626	5,073	3,977	1,770	5,462	4,341	3,251	3,092	1,573	363	
Total Current Revenues		14,435,726	3,677,194	2,882,493	1,282,686	4,621,616	3,672,906	2,750,690	2,616,676	1,330,724	306,989
Collection Services	Labor	3,658,710	1,042,706	817,360	363,719	1,113,222	884,704	662,567	630,287	320,535	73,945
	Depreciation	1,338,367	376,989	295,515	131,502	398,063	316,350	236,919	225,376	114,616	26,441
	Insurance	1,124,499	316,418	248,035	110,374	329,978	262,241	196,396	186,828	95,012	21,919
	Other G&A	976,729	282,701	221,605	98,612	304,307	241,840	181,117	172,293	87,621	20,213
	Fuel	754,387	321,408	251,946	112,114	254,951	202,616	151,742	144,349	73,409	16,935
	Maintenance	421,166	116,487	91,312	40,633	117,432	93,326	69,893	66,488	33,813	7,800
	Corporate Overhead	246,296	46,213	36,226	16,120	93,625	74,406	55,724	53,009	26,958	6,219
	Total Collection Services	8,520,154	2,502,921	1,961,999	873,074	2,611,578	2,075,482	1,554,357	1,478,629	751,964	173,473
Post-Collection & Affiliated Party Services	Garbage Landfilling	2,408,278	349,264	273,782	121,831	508,314	403,969	302,538	287,798	146,361	33,765
	Organics Processing	1,108,784	477,019	373,927	166,395	660,852	525,194	393,325	374,162	190,282	43,897
	Recyclables Processing	916,880	173,112	135,700	60,385	270,385	214,881	160,927	153,087	77,853	17,960
	Affiliated Party Costs	168,154	57,121	44,776	19,925	46,128	36,659	27,455	26,117	13,282	3,064
	Total Post-Collection & Affiliated Party Services	4,602,096	1,056,516	828,185	368,536	1,485,678	1,180,703	884,245	841,165	427,778	98,686
Pass-Through Services	Franchise Fee	1,515,042	336,540	263,809	117,393	462,296	367,397	275,149	261,744	133,111	30,708
	AB 939 Fee	362,140	5,226	4,097	1,823	-	-	-	-	-	-
Total Pass-Through Services		1,877,182	341,766	267,905	119,216	462,296	367,397	275,149	261,744	133,111	30,708
Total Compensation for Services		14,999,432	3,901,203	3,058,090	1,360,825	4,559,552	3,623,582	2,713,750	2,581,537	1,312,853	302,866
Allowed Operating Margin		641,302	188,392	170,609	65,715	227,094	180,477	135,161	111,295	65,388	15,085
Total Revenue Requirement		15,640,734	4,089,595	3,228,699	1,426,540	4,786,646	3,804,059	2,848,911	2,692,832	1,378,241	317,951
Surplus (Shortfall)		(1,205,008)	(412,401)	(346,206)	(143,854)	(165,030)	(131,153)	(98,222)	(76,155)	(47,518)	(10,962)
Calculated Adjustment to Rate Revenues		8.36%	11.22%	12.01%	11.22%	3.57%	3.57%	3.57%	2.91%	3.57%	3.57%
Grossing up for Franchise Fees		9.29%	12.47%	12.78%	12.47%	3.97%	3.97%	3.97%	3.23%	3.76%	3.97%

Attachment 2: Summary of Revised 2025 Rate Application Calculations

Category	San Luis Garbage Company (SLG)	Mission Country Disposal (MCD)			South County Sanitary Service (SCSS)						
	San Luis Obispo	Los Osos	Cambria	Cayucos	Arroyo Grande	Pismo Beach	Grover Beach	Nipomo	Oceano	Avila	
Current Revenues	Single Family Residential	\$ 5,282,964	\$ 2,795,167	\$ 2,201,010	\$ 987,376	\$ 2,379,516	\$ 1,598,158	\$ 1,580,148	\$ 1,570,029	\$ 684,117	\$ 91,446
	Multi-Family Dumpsters	2,556,077	-	-	-	-	-	-	-	-	-
	Non-Residential Carts	729,282	100,710	77,805	33,710	256,857	237,767	134,053	119,843	74,076	24,711
	Non-Residential Dumpsters	5,846,777	776,244	599,701	259,830	1,979,781	1,832,640	1,033,238	923,712	570,958	190,469
	Total Rate Revenue	14,415,100	3,672,121	2,878,516	1,280,916	4,616,153	3,668,565	2,747,439	2,613,584	1,329,152	306,626
Other Income (Allocated)	20,626	5,073	3,977	1,770	5,462	4,341	3,251	3,092	1,573	363	
Total Current Revenues	14,435,726	3,677,194	2,882,493	1,282,686	4,621,615	3,672,905	2,750,689	2,616,676	1,330,724	306,989	
Collection Services	Labor	3,658,710	1,042,706	817,360	363,719	1,113,222	884,704	662,567	630,287	320,536	73,945
	Depreciation	1,125,720	317,545	248,918	110,766	336,460	267,393	200,254	190,498	96,879	22,348
	Insurance	1,124,499	316,418	248,035	110,374	329,978	262,241	196,396	186,828	95,012	21,919
	Other G&A	1,024,196	300,498	234,604	105,132	324,904	255,456	195,836	186,866	94,246	20,789
	Fuel	754,387	321,408	251,946	112,114	254,951	202,616	151,742	144,349	73,409	16,935
	Maintenance	421,167	116,487	91,312	40,633	117,431	93,326	69,893	66,488	33,813	7,800
	Corporate Overhead	430,378	80,753	63,301	28,168	163,600	130,017	97,371	92,627	47,106	10,867
Total Collection Services	8,539,055	2,495,814	1,955,476	870,906	2,640,547	2,095,751	1,574,059	1,497,742	761,000	174,605	
Post-Collection & Affiliated Party Services	Garbage Landfilling	2,408,278	349,264	273,782	121,631	508,314	403,969	302,538	287,798	146,361	33,765
	Organics Processing	1,108,784	477,019	373,927	166,395	660,852	525,194	393,325	374,162	190,282	43,897
	Recyclables Processing	916,880	173,112	135,700	60,385	270,385	214,881	160,927	153,087	77,853	17,960
	Affiliated Party Costs	168,154	57,121	44,776	19,925	46,128	36,659	27,455	26,117	13,282	3,064
Total Post-Collection & Affiliated Party Services	4,602,096	1,056,516	828,185	368,536	1,485,678	1,180,703	884,245	841,164	427,779	98,686	
Pass-Through Services	Franchise Fee	1,586,412	336,540	263,809	117,393	462,296	367,397	275,149	261,744	133,111	30,708
	AB 939 Fee	368,041	-	-	12,754	-	-	-	-	-	-
Total Pass-Through Services	1,954,453	336,540	263,809	130,147	462,296	367,397	275,149	261,744	133,111	30,708	
Total Compensation for Services	15,095,604	3,888,870	3,047,470	1,369,589	4,588,521	3,643,852	2,733,452	2,600,650	1,321,890	303,998	
Allowed Operating Margin	768,515	224,623	175,993	78,382	237,649	188,618	141,665	134,797	66,490	15,714	
Total Revenue Requirement	15,864,119	4,113,493	3,223,463	1,447,971	4,826,170	3,832,470	2,875,117	2,735,447	1,390,380	319,712	
Surplus (Shortfall)	(1,428,393)	(436,299)	(340,970)	(165,285)	(204,555)	(159,564)	(124,428)	(118,771)	(59,655)	(12,724)	
Calculated Adjustment to Rate Revenues	9.89%	11.86%	11.83%	12.89%	4.43%	4.34%	4.52%	4.54%	4.48%	4.14%	
Grossing up for Franchise Fees		13.18%	12.59%	14.32%	4.92%	4.82%	5.02%	5.04%	4.98%	4.60%	
Profit Margin on Collection Services (2025)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	
Franchise Fee	10.0%	10.0%	6.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
Change to Original Rate Application	0.60%	0.71%	-0.19%	1.85%	0.95%	0.85%	1.05%	1.81%	1.22%	0.63%	

ATTACHMENT 3

Consumer Price Index for All Urban Consumers (CPI-U)
Original Data Value

Series Id: CUUR0000SEHG02
Not Seasonally Adjusted
Series Title: Garbage and trash collection in U.S. city average, all
Area: U.S. city average
Item: Garbage and trash collection
Base Period: DECEMBER 1983=100
Years: 2014 to 2024

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HALF1	HALF2	Annual Change
2014	422.440	422.483	423.413	425.393	425.242	425.930	426.562	426.771	427.327	427.995	427.808	428.187			
2015	427.734	429.248	429.235	429.807	431.234	430.813	431.229	432.967	433.843	434.829	436.428	436.996			1.46%
2016	437.205	438.296	437.699	437.676	438.317	437.858	438.607	439.358	439.707	440.311	443.343	444.745			1.71%
2017	446.266	447.699	446.987	447.129	447.272	448.046	448.328	448.717	449.008	452.196	453.820	453.596			2.20%
2018	453.354	454.915	455.230	458.722	462.887	465.041	465.579	470.457	471.026	472.535	486.650	485.935	458.358	475.364	3.96%
2019	475.687	477.474	478.569	479.449	480.865	480.984	482.138	483.987	484.346	486.133	486.485	486.708	478.838	484.966	3.22%
2020	491.003	494.429	495.288	494.432	494.946	496.679	498.564	500.882	501.756	503.315	504.970	508.190	494.463	502.946	3.49%
2021	512.722	517.270	518.505	518.579	516.440	517.202	521.185	524.408	529.934	530.114	529.053	532.538	516.786	527.872	4.74%
2022	533.078	538.313	540.719	542.564	544.546	547.554	548.187	548.706	558.254	561.090	563.816	565.185	541.129	557.540	5.17%
2023	570.412	575.697	576.773	580.124	587.431	589.812	596.167	597.347	596.997	597.569	601.631	602.164	580.042	598.646	7.28%
2024	606.773	610.551	610.015	611.073	609.538	611.946	614.089	615.880					609.983		3.71%
10-Year Average															
3.69%															

Attachment 4 - Indexed Rate Adjustment Methodology Example Calculations

		Example CPI	5%	5%	5%	5%
San Luis Obispo						
	2025	2025	2026	2027	2028	2029
Collection Services	\$ 8,539,055	\$ 8,539,055	\$ 8,966,008	\$ 9,414,308	\$ 9,885,024	\$ 10,379,275
Profit Allowance	768,515	768,515	896,601	941,431	988,502	1,037,927
Post-Collection Services	4,602,096	4,602,096	4,832,201	5,073,811	5,327,501	5,593,876
Franchise Fee	1,586,412	1,586,412	1,675,695	1,777,106	1,866,072	1,959,572
AB 939 Fee	368,041	368,041	386,443	405,765	426,053	447,356
Revenue Reconciliation Example	N/A	N/A	N/A	158,641	167,569	177,711
Total Revenues	15,864,119	15,864,119	16,756,947	17,771,062	18,660,722	19,595,717
Indexed Rate Adjustment			5.63%	6.05%	5.01%	5.01%
Revenue Surplus (Shortfall) Example	-1%	(158,641)	(167,569)	(177,711)	(186,607)	(195,957)

Arroyo Grande						
	2025	2025	2026	2027	2028	2029
Collection Services	\$ 2,640,547	\$ 2,640,547	\$ 2,772,575	\$ 2,911,203	\$ 3,056,763	\$ 3,209,602
Profit Allowance	237,649	237,649	277,257	291,120	305,676	320,960
Post-Collection Services	1,485,678	1,485,678	1,559,962	1,637,960	1,719,858	1,805,851
Franchise Fee	462,296	484,875	512,199	543,197	570,391	598,970
AB 939 Fee	-	-	-	-	-	-
Revenue Reconciliation Example	N/A	N/A	N/A	48,487	51,220	54,320
Total Revenues	4,826,170	4,848,749	5,121,993	5,431,968	5,703,909	5,989,703
Indexed Rate Adjustment			5.64%	6.05%	5.01%	5.01%
Revenue Surplus (Shortfall) Example	-1%	(48,487)	(51,220)	(54,320)	(57,039)	(59,897)

Los Osos CSD						
	2025	2025	2026	2027	2028	2029
Collection Services	\$ 2,495,814	\$ 2,495,814	\$ 2,620,605	\$ 2,751,635	\$ 2,889,217	\$ 3,033,677
Profit Allowance	224,623	224,623	262,060	275,163	288,922	303,368
Post-Collection Services	1,056,516	1,056,516	1,109,341	1,164,808	1,223,049	1,284,201
Franchise Fee	336,540	419,661	443,556	470,397	493,949	518,698
AB 939 Fee	-	-	-	-	-	-
Revenue Reconciliation Example	N/A	N/A	N/A	41,966	44,356	47,040
Total Revenues	4,113,493	4,196,613	4,435,563	4,703,970	4,939,492	5,186,984
Indexed Rate Adjustment			5.69%	6.05%	5.01%	5.01%
Revenue Surplus (Shortfall) Example	-1%	(41,966)	(44,356)	(47,040)	(49,395)	(51,870)

Pismo Beach						
	2025	2025	2026	2027	2028	2029
Collection Services	\$ 2,095,751	\$ 2,095,751	\$ 2,200,539	\$ 2,310,566	\$ 2,426,094	\$ 2,547,399
Profit Allowance	188,618	188,618	220,054	231,057	242,609	254,740
Post-Collection Services	1,180,703	1,180,703	1,239,738	1,301,725	1,366,811	1,435,152
Franchise Fee	367,397	385,008	406,703	431,316	452,909	475,602
AB 939 Fee	-	-	-	-	-	-
Revenue Reconciliation Example	N/A	N/A	N/A	38,501	40,670	43,132
Total Revenues	3,832,470	3,850,080	4,067,035	4,313,165	4,529,095	4,756,025
Indexed Rate Adjustment			5.64%	6.05%	5.01%	5.01%
Revenue Surplus (Shortfall) Example	-1%	(38,501)	(40,670)	(43,132)	(45,291)	(47,560)

Cambria CSD

	2025	2025	2026	2027	2028	2029
Collection Services	\$ 1,955,476	\$ 1,955,476	\$ 2,053,250	\$ 2,155,912	\$ 2,263,708	\$ 2,376,894
Profit Allowance	175,993	175,993	205,325	215,591	226,371	237,689
Post-Collection Services	828,185	828,185	869,595	913,074	958,728	1,006,664
Franchise Fee	263,809	188,914	199,670	211,664	222,261	233,395
AB 939 Fee	-	-	-	-	-	-
Revenue Reconciliation Example	N/A	N/A	N/A	31,486	33,278	35,277
Total Revenues	3,223,463	3,148,569	3,327,840	3,527,727	3,704,346	3,889,920
Indexed Rate Adjustment			5.69%	6.01%	5.01%	5.01%
<i>Revenue Surplus (Shortfall) Example</i>	<i>-1%</i>	<i>(31,486)</i>	<i>(33,278)</i>	<i>(35,277)</i>	<i>(37,043)</i>	<i>(38,899)</i>

Grover Beach

	2025	2025	2026	2027	2028	2029
Collection Services	\$ 1,574,059	\$ 1,574,059	\$ 1,652,762	\$ 1,735,400	\$ 1,822,170	\$ 1,913,278
Profit Allowance	141,665	141,665	165,276	173,540	182,217	191,328
Post-Collection Services	884,245	884,245	928,457	974,880	1,023,624	1,074,805
Franchise Fee	275,149	288,885	305,166	323,634	339,836	356,864
AB 939 Fee	-	-	-	-	-	-
Revenue Reconciliation Example	N/A	N/A	N/A	28,889	30,517	32,363
Total Revenues	2,875,117	2,888,854	3,051,661	3,236,343	3,398,364	3,568,639
Indexed Rate Adjustment			5.64%	6.05%	5.01%	5.01%
<i>Revenue Surplus (Shortfall) Example</i>	<i>-1%</i>	<i>(28,889)</i>	<i>(30,517)</i>	<i>(32,363)</i>	<i>(33,984)</i>	<i>(35,686)</i>

Nipomo CSD

	2025	2025	2026	2027	2028	2029
Collection Services	\$ 1,497,742	\$ 1,497,742	\$ 1,572,629	\$ 1,651,261	\$ 1,733,824	\$ 1,820,515
Profit Allowance	134,797	134,797	157,263	165,126	173,382	182,051
Post-Collection Services	841,164	841,164	883,223	927,384	973,753	1,022,441
Franchise Fee	261,744	274,856	290,346	307,917	323,333	339,533
AB 939 Fee	-	-	-	-	-	-
Revenue Reconciliation Example	N/A	N/A	N/A	27,486	29,035	30,792
Total Revenues	2,735,447	2,748,559	2,903,461	3,079,173	3,233,326	3,395,332
Indexed Rate Adjustment			5.64%	6.05%	5.01%	5.01%
<i>Revenue Surplus (Shortfall) Example</i>	<i>-1%</i>	<i>(27,486)</i>	<i>(29,035)</i>	<i>(30,792)</i>	<i>(32,333)</i>	<i>(33,953)</i>

Oceano CSD

	2025	2025	2026	2027	2028	2029
Collection Services	\$ 761,000	\$ 761,000	\$ 799,050	\$ 839,002	\$ 880,953	\$ 925,000
Profit Allowance	68,490	68,490	79,905	83,900	88,095	92,500
Post-Collection Services	427,779	427,779	449,168	471,626	495,207	519,968
Franchise Fee	133,111	139,697	147,569	156,500	164,335	172,569
AB 939 Fee	-	-	-	-	-	-
Revenue Reconciliation Example	N/A	N/A	N/A	13,970	14,757	15,650
Total Revenues	1,390,380	1,396,966	1,475,692	1,564,998	1,643,347	1,725,686
Indexed Rate Adjustment			5.64%	6.05%	5.01%	5.01%
<i>Revenue Surplus (Shortfall) Example</i>	<i>-1%</i>	<i>(13,970)</i>	<i>(14,757)</i>	<i>(15,650)</i>	<i>(16,433)</i>	<i>(17,257)</i>

Cayucos SD

	2025	2025	2026	2027	2028	2029
Collection Services	\$ 870,906	\$ 870,906	\$ 914,452	\$ 960,174	\$ 1,008,183	\$ 1,058,592
Profit Allowance	78,382	78,382	91,445	96,017	100,818	105,859
Post-Collection Services	368,536	368,536	386,962	406,311	426,626	447,957
Franchise Fee	117,393	147,842	156,250	165,705	174,002	182,720
AB 939 Fee	12,754	12,754	13,392	14,061	14,764	15,503
Revenue Reconciliation Example	N/A	N/A	N/A	14,784	15,625	16,571
Total Revenues	1,447,971	1,478,420	1,562,501	1,657,053	1,740,019	1,827,202
Indexed Rate Adjustment			5.69%	6.05%	5.01%	5.01%
<i>Revenue Surplus (Shortfall) Example</i>	<i>-1%</i>	<i>(14,784)</i>	<i>(15,625)</i>	<i>(16,571)</i>	<i>(17,400)</i>	<i>(18,272)</i>

Avila Beach CSD

	2025	2025	2026	2027	2028	2029
Collection Services	\$ 174,605	\$ 174,605	\$ 183,335	\$ 192,502	\$ 202,127	\$ 212,234
Profit Allowance	15,714	15,714	18,334	19,250	20,213	21,223
Post-Collection Services	98,686	98,686	103,620	108,801	114,241	119,953
Franchise Fee	30,708	32,112	33,921	35,974	37,775	39,667
AB 939 Fee	-	-	-	-	-	-
Revenue Reconciliation Example	N/A	N/A	N/A	3,211	3,392	3,597
Total Revenues	319,712	321,117	339,210	359,738	377,748	396,675
Indexed Rate Adjustment			5.63%	6.05%	5.01%	5.01%
<i>Revenue Surplus (Shortfall) Example</i>	<i>-1%</i>	<i>(3,211)</i>	<i>(3,392)</i>	<i>(3,597)</i>	<i>(3,777)</i>	<i>(3,967)</i>

Total

	2025	2025	2026	2027	2028	2029
Collection Services	\$ 22,604,956	\$ 22,604,956	\$ 23,735,204	\$ 24,921,964	\$ 26,168,062	\$ 27,476,465
Profit Allowance	2,034,446	2,034,446	2,373,520	2,492,196	2,616,806	2,747,647
Post-Collection Services	11,773,587	11,773,587	12,362,266	12,980,380	13,629,399	14,310,869
Franchise Fee	3,834,558	3,948,262	4,171,077	4,423,411	4,644,863	4,877,591
AB 939 Fee	380,795	380,795	399,835	419,826	440,818	462,859
Revenue Reconciliation Example	N/A	N/A	N/A	407,420	430,419	456,452
Total Revenues	40,628,342	40,742,046	43,041,902	45,645,198	47,930,367	50,331,883
Indexed Rate Adjustment			5.65%	6.05%	5.01%	5.01%
<i>Revenue Surplus (Shortfall) Example</i>	<i>-1%</i>	<i>(407,420)</i>	<i>(430,419)</i>	<i>(456,452)</i>	<i>(479,304)</i>	<i>(503,319)</i>

South County Sanitary Service

2025 Base Year Rate Adjustment Application

Summary

OCEANO COMMUNITY SERVICE DISTRICT

Requested Increase

Digester Expense	0.89%
Disposal Increases	1.24%
General inflation and costs	1.63%

1. Rate Increase Requested

3.76%

Rate Schedule

Rate Schedule	Current Rate	Increased Rate	Adjustment (a)	New Rate
Single Family Residential				
2. Economy Service (1 - can curb)	\$ 20.37	\$0.77		\$21.14
4. Standard Service (2- can curb)	\$ 29.31	\$1.10		\$30.41
5. Premium Service (3 - can curb)	\$ 57.38	\$2.16		\$59.54

(a) Calculated rates are rounded up to the nearest \$0.01.

6. **Multiunit Residential and Non-residential**

Rate increases of

3.76%

will be applied to all rates in each structure
with each rate rounded to the nearest \$0.01

Certification

To the best of my knowledge, the data and information in this application is complete, accurate, and consistent with the instructions provided by the Rate Setting Manual.

Name: Jeff Clarin

Title:

District Manager

Signature:



Date:

July 3, 2024



- SAN LUIS GARBAGE
- SOUTH COUNTY SANITARY
- MISSION COUNTRY DISPOSAL
- MORRO BAY GARBAGE



Safety • Integrity • Service

July 3, 2024

Carey Casciola
Business and Accounting Manager
Oceano Community Services District
1655 Front Street, Oceano, CA 93445

Subject: South County Sanitary Services 2025 Base Rate Increase Request

Dear Ms. Casciola,

After much work with our South County Sanitary Services (SCSS) team, it is my pleasure to submit our base year rate application. We look forward to working with the Oceano Community Services District and R3 to review our rate application and study the rate structure to achieve more sustainable outcomes in public perception especially with Proposition 218. The CSD's approval of the revenue requirement requested in our application will ensure that the CSD is provided with cost-effective yet advanced collection, processing and disposal service.

SCSS was planning on submitting the base year application to be effective October 1st, 2024, but after conversations with the majority of the jurisdictions during our rate manual revision meetings the jurisdictions preferred to have the base year application pushed to February 1st, 2025 with a proration back to January 1st, 2025. The October 1st, 2024 implementation SCSS requested rate request was slated to be 0.38% (0.42% grossed up for franchise fees). Now with the February 1st, 2025 implementation we are targeting a rate increase of 3.57% (3.76% grossed up for franchise fees).

The requested rate increase is driving off the following larger factors:

Factor	Additional Revenue	Increase %
HZI Digester Expense	\$183,754	0.89%
LF Tip Fee	\$253,943	1.24%
General Inflation	\$334,699	1.63%
Total	\$772,396	3.76%

HZI

The anaerobic digester (AD) constructed by HZI has now been operational since late 2018. As the first AD facility of its kind in the United States, HZI encountered numerous headwinds, including:

- Inflationary costs (Wages, repair and parts cost increases, etc.)
- Property tax increases (2023 assessment drastically increased)
- Residual and contamination cost

The HZI facility remains a key piece in our effort to meet the requirements of SB1383 and CSD’s goals to be carbon neutral. The success in meeting the mandates of SB 1383 relies heavily on AD facilities and having this facility operational gives the CSD an advantage in meeting these goals.

HZI requests an increase of approximately 30% of their monthly base fee to offset their investment and increased operating expenses, which is allocated based on how much tonnage each jurisdiction provides. This portion of our request will be directly paid to HZI, which does not share common ownership or equity interests with SCSS or Waste Connections.

Market Wage Adjustments

Employers everywhere have struggled to attract and retain qualified labor. Commercial Driver License positions, Customer Service Representatives and mechanics are particularly difficult to fill. California’s continued effort to raise minimum wage has created headwinds for all companies. We have had to increase wages faster than the rate of inflation, especially with the recent food service minimum wage laws and anticipate close to an average of 5 percent increase in wages in early 2025. We fear the consequence of not paying these wages poses a real threat to our ability to deliver safe, quality service. Aside from the risks, SCSS believes it is important to pay our employees living wages.

Landfill Tip Fee

The rates at Cold Canyon Landfill charged to the hauling companies has remained unchanged since 2016. In that time general CPI increased over 35%. The cost to build a cell has more than doubled during that time as well. As a result, Cold Canyon Landfill is requesting the tipping fee for

garbage be increased from \$41 per ton to \$70 per ton, effective January 1st, 2025. This is well below the Cold Canyon Landfill gate rate of \$92 per ton for non-franchised waste and significantly lower than the surrounding southern landfills in Santa Maria, Lompoc or Tajiguas ranging from \$90-\$189 per ton for franchised waste.

Comparable Rates

Our packet includes a list of comparable rates in San Luis Obispo County. We are very pleased to report that in nearly all cases, our rates after the increase will continue to be in line with the surrounding communities.

Rate Manual Revision

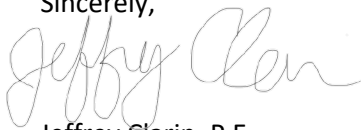
This application follows guidance from an over 30-year old rate manual. It complies with corporate overhead caps and uses a model that is inconsistent with modern industry business practices. It includes duplicative audit costs and administrative expenses that cannot be eliminated until we address these items together. This remains a priority for us, and we hope that we can work through the revision process for 2025 and beyond.

Conclusion

Our management team has reviewed and accepts responsibility for this rate request. This application is based upon what our management team feels is the best course of action based on the conditions outlined in this letter. All assumptions made are reasonable and accurate.

We appreciate our continued partnership between the Oceano Community Services District and SCSS and allowing us to service our community's solid waste and recycling collection needs. If you have any questions regarding our submittal, please feel to contact me at 805-748-8041.

Sincerely,



Jeffrey Clarin, P.E.
District Manager
South County Sanitary Services
Waste Connections

South County Sanitary Service

2025 Base Year Rate Adjustment Application

Financial Information

Historical		Current	Projected	
2022	2023	2024	Base Year 2025	2026

(from Pg. 4)

Section I-Allowable Costs

6. Direct Labor	\$3,876,983	\$3,933,773	\$4,089,551	\$4,244,954	\$4,372,302
7. Corporate Overhead	\$378,184	\$411,842	\$424,197	\$438,196	\$451,342
8. Office Salaries	\$880,888	\$892,558	\$929,965	\$965,303	\$994,262
9. Other General and Admin Costs	\$5,546,270	\$6,095,066	\$6,284,286	\$6,574,613	\$6,771,851
10. Total Allowable Costs	\$10,682,325	\$11,333,240	\$11,727,999	\$12,223,066	\$12,589,758

Section II-Allowable Operating Profit

11. Operating Ratio	93.2%	85.5%	92.2%	92.0%	92.0%
12. Allowable Operating Profit	\$777,646	\$1,923,795	\$989,002	\$1,062,875	\$1,094,761

Section III-Pass Through Costs

13. Tipping Fees	4,314,403.18	\$5,455,082	\$6,557,270	\$6,737,579	\$6,939,706
14. Franchise Fees	\$1,980,140	\$2,033,572	\$2,094,579	\$2,163,700	\$2,228,611
15. AB939 Fees	-	-	-	-	-
16. Payments to Affiliated Companies*	197,808.57	197,523.57	207,992.32	215,896.03	222,372.91
17. Total Pass Through Costs	\$6,492,352	\$7,686,177	\$8,859,841	\$9,117,175	\$9,390,690

* Affiliate Payments include interest, lease payments, and transportation

Section III-Pass Through Costs

18. Revenue Requirement	\$17,952,323	\$20,943,212	\$21,576,842	\$22,403,116	\$23,075,209
19. Total Revenue Offsets (from Page 3)	\$17,952,323	\$20,943,212	\$21,576,842	\$21,630,720	\$21,839,712

Section III-Pass Through Costs

20. Net Shortfall (Surplus)	\$772,396
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	All Others	Oceano	Nipomo
21. Total Residential and Non-residential Revenue without increase in Base Year (pg.5, line 76)	\$21,630,720	\$21,630,720	\$21,630,720
22. Percent Change in Residential and Non-residential Revenue Requirement	3.57%	3.57%	2.91%
23. Franchise Fee Adjustment Factor (1 - 6 percent)	90.000%	95.000%	90.000%
	3.97%	3.76%	3.23%
Limitation due to cumulative increases			
24. Percent Change in Existing Rates	3.97%	3.76%	3.23%

2025 Base Year Rate Adjustment Application

Revenue Offset Summary

Section VII - Revenue Offsets						
		Historical		Current	Projected	
					Base Year	
		2022	2023	2024	2025	2026
<i>Residential Revenue (without increase in Base Yr.)</i>						
28.	Single Family Residential	10,222,758	12,140,434	12,504,647	\$12,535,909	\$12,661,268
	Multiunit Residential Dumpster					
29.	Number of Accounts					
30.	Revenues					
31.	Less Allowance for Uncollectible Resi Accounts	\$0	\$0	\$0	\$0	\$0
32.	Total Residential Revenue	\$10,222,758	\$12,140,434	\$12,504,647	\$12,535,909	\$12,661,268
<i>Non-residential Revenue (without increase in Base Yr.)</i>						
Account Type						
Non-residential Can						
33.	Number of Accounts					
34.	Revenues					
Non-residential Wastewheeler						
35.	Number of Accounts			248	249	251
36.	Revenues	885,511	1,008,662	1,038,922	\$1,041,520	\$1,051,935
Non-residential Dumpster						
37.	Number of Accounts			1,912	1,917	1,936
38.	Revenues	6,825,257	7,774,474	8,007,708	\$8,027,727	\$8,108,004
39.	Less: Allowance for Uncollectible Non-resid	\$0	\$0	\$0	\$0	\$0
40.	Total Non-residential Revenue	\$7,710,768	\$8,783,136	\$9,046,630	\$9,069,247	\$9,159,939
45.	Interest on Investments	\$0	\$0	\$0	\$0	\$0
46.	Other Income	18,797	19,642	25,564	25,564	\$18,505
47.	Total Revenue Offsets	\$17,952,323	\$20,943,212	\$21,576,842	\$21,630,720	\$21,839,712

South County Sanitary Service

2025 Base Year Rate Adjustment Application

Cost Summary for Base Year

Description of Cost	BASE YEAR				
	2022	2023	2024	2025	2026
Labor	3,607,739	3,653,464	3,798,141	3,942,470	\$4,060,744
Payroll Taxes	269,243	280,310	291,410	302,483	\$311,558
48. Total Direct Labor	\$3,876,983	\$3,933,773	\$4,089,551	\$4,244,954	\$4,372,302
49. Corporate Overhead	413,422	\$628,203	\$647,049	\$668,402	\$688,454
Less limitation (enter as negative)	(\$35,238)	(\$216,361)	(\$222,852)	(\$230,206)	(\$237,112)
Total Corporate Overhead	\$378,184	\$411,842	\$424,197	\$438,196	\$451,342
Office Salaries	833,370.32	\$839,689	\$875,002	\$908,252	\$935,500
Payroll Taxes - Office	\$47,518	\$52,869	\$54,963	\$57,051	\$58,763
50. Total Office Salaries	\$880,888	\$892,558	\$929,965	\$965,303	\$994,262
Bad Debt	4,922	\$8,501	\$2,500	\$2,500	\$2,575
Allocated expenses	\$0	\$0	\$0	\$0	\$0
Bonds expense	\$8,341	\$5,693	\$5,995	\$6,223	\$6,409
Depreciation	\$1,391,177	\$1,704,522	\$1,794,862	\$1,863,067	\$1,918,959
Drive Cam fees	\$34,488	\$34,066	\$35,871	\$37,234	\$38,351
Dues and Subscriptions	\$9,130	\$24,713	\$26,022	\$27,011	\$27,822
Facilities	\$171,119	\$146,091	\$153,834	\$159,679	\$164,470
Gas and oil	\$1,138,209	\$1,237,166	\$1,149,574	\$1,193,258	\$1,229,056
Insurance	\$1,324,786	\$1,387,074	\$1,460,589	\$1,544,408	\$1,590,740
Interest Expense	\$247,439	\$220,991	\$232,704	\$241,546	\$248,793
Laundry (Uniforms)	\$31,346	\$27,036	\$28,469	\$29,551	\$30,438
Legal and Accounting	\$38,813	\$71,872	\$75,682	\$101,859	\$104,915
Miscellaneous and Other	(\$9,943)	(\$24,867)	(\$384)	(\$399)	(\$411)
Office Expense	\$164,680	\$271,341	\$285,723	\$296,580	\$305,477
Operating Supplies	\$3,130	\$3,187	\$3,356	\$3,484	\$3,588
Other Taxes	\$40,970	\$58,788	\$61,898	\$64,250	\$66,178
Outside Services	\$4,758	\$8,231	\$8,667	\$8,996	\$9,266
Public Relations and Promotion	\$4,353	\$9,631	\$10,141	\$10,527	\$10,842
Permits	\$95,950	\$111,111	\$117,000	\$121,446	\$125,089
Postage	\$28,708	\$8,600	\$9,056	\$9,400	\$9,682
Relocation	\$255	\$14,196	\$14,949	\$15,517	\$15,982
Rent	\$6,365	\$6,080	\$6,403	\$6,646	\$6,845
Telephone	\$31,069	\$28,795	\$30,321	\$31,473	\$32,417
Tires	\$194,433	\$185,752	\$195,597	\$203,030	\$209,120
Travel	\$16,922	\$23,747	\$25,006	\$25,956	\$26,735
Truck Repairs	\$540,443	\$502,847	\$529,498	\$549,619	\$566,108
Utilities	\$24,406	\$19,900	\$20,955	\$21,751	\$22,404
51. Total Other Gen/Admin Costs	5,546,270	6,095,066	6,284,286	6,574,613	6,771,851
52. Total Tipping Fees	4,314,403	5,455,082	6,557,270	6,737,579	6,939,706
53. Total Franchise Fee	1,980,140	2,033,572	2,094,579	2,163,700	2,228,611
54. Total AB 939/Regulatory Fees	-	-	-	-	-
55. Total Lease Pmt to Affil Co.'s	184,059	193,077	203,311	211,036	217,367
55b. Total Transportation to Affil Co.'s	13,750	4,446	4,682	4,860	5,005
56. Total Cost	17,174,677.15	\$19,019,417	\$20,587,840	\$21,340,241	\$21,980,448

2025 Base Year Rate Adjustment Application

Base Year Revenue Offset Summary

For Information Purposes Only

Description of Revenue	Section VII-Revenue Offsets						
	Overall	Franchise	Refuse Collection				Non-franchise
	Total	Total	Arroyo	Pismo	Grover	Unincorporated	Total
<i>Residential Revenue (without increase in Base Year)</i>							
57. Single Family Residential	\$12,535,909	\$12,535,909	2,379,515.61	1,598,157.91	1,580,147.55	6,978,087.91	
<i>Multiunit Residential Dumpster</i>							
58. Number of Accounts	\$0	\$0					
59. Revenues	\$0	\$0					
60. Less Allowance for Uncollectable	\$0	\$0					
61. Total Residential Revenue	\$12,535,909	\$12,535,909	\$2,379,516	\$1,598,158	\$1,580,148	\$6,978,088	\$0
<i>Non-residential Revenue (without increase in Base Year)</i>							
<i>Account Type</i>							
<i>Non-residential Can</i>							
62. Number of Accounts	\$0	\$0					
63. Revenues	\$0	\$0					
<i>Non-residential Wastewheeler</i>							
64. Number of Accounts	249	249	58	41	50	100	
65. Revenues	\$1,041,520	\$1,041,520	256,857	237,767	134,053	412,842	
<i>Non-residential Dumpster</i>							
66. Number of Accounts	1,917	1917	446	314	383	774	0
67. Revenues	\$8,027,727	\$8,027,727	1,979,780.83	1,832,639.73	1,033,238.01	3,182,068.53	
68. Less: Allowance for Uncollectable Non-residential Accounts	\$0	\$0					
69. Total Non-residential Revenue	\$9,069,247	\$9,069,247	\$2,236,638	\$2,070,407	\$1,167,291	\$3,594,911	\$0
74. Interest on Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
75. Other Income	\$25,564	\$0	\$0	\$0	\$0	\$0	\$25,564
76. Total Revenue Offsets	\$21,630,720	\$21,605,156	\$4,616,154	\$3,668,565	\$2,747,438	\$10,572,999	\$25,564

South County Sanitary Service

2025 Base Year Rate Adjustment Application

Operating Information

Historical				Current		Projected		
	Percent		Percent		Percent	Base Year	Percent	
2022	Change	2023	Change	2024	Change	2025	Change	2026

Section IX-Operating Data

Residential

Accounts

77.	Arroyo Grande	5,890	0.4%	5,912	0.2%	5,927	0.2%	5,942	0.2%	5,956
	Grover Beach	4,233	-0.2%	4,223	0.2%	4,234	0.2%	4,244	0.3%	4,255
	Pismo Beach	3,819	2.3%	3,907	0.2%	3,917	0.2%	3,927	0.3%	3,936
	Oceano CSD	1,870	0.2%	1,873	0.2%	1,878	0.2%	1,882	0.2%	1,887
	Nipomo CSD	4,097	0.3%	4,110	0.2%	4,120	0.3%	4,131	0.2%	4,141
	County	3,251	8.2%	3,516	0.2%	3,525	0.2%	3,534	0.2%	3,542
		23,160	1.6%	23,541	0.3%	23,600	0.2%	23,659	0.3%	23,718
78.	Routes-Garbage	7	0.0%	7	0.0%	7	0.0%	7	0.0%	7
79.	Routes-Recycling	6	0.0%	6	0.0%	6	0.0%	6	0.0%	6
80.	Direct Labor Hours	36,082	-3.3%	34,882	0.2%	34,969	0.3%	35,056	0.2%	35,144

Non-residential Garbage

Accounts

80.	Arroyo Grande	491	2.0%	501	0.3%	502	0.2%	504	0.2%	505
	Grover Beach	441	-2.5%	430	0.2%	431	0.2%	432	0.3%	433
	Pismo Beach	393	-10.2%	353	0.2%	354	0.2%	355	0.2%	356
	Oceano CSD	191	6.8%	204	0.2%	205	0.2%	205	0.2%	206
	Nipomo CSD	209	3.3%	216	0.2%	217	0.2%	217	0.3%	218
	County	478	-5.9%	450	0.3%	451	0.2%	452	0.3%	453
		2,203	-2.2%	2,154	0.3%	2,159	0.2%	2,165	0.3%	2,170
81.	Routes-garbage	8	0.0%	8	0.0%	8	0.0%	8	0.0%	8
	Routes-recycling	3	0.0%	3	0.0%	3	0.0%	3	0.0%	3
82.	Direct Labor Hours	28,933	-3.3%	27,970	0.2%	28,040	0.2%	28,110	0.2%	28,181

Recyclable Materials - All areas-Commingled Recycling (in tons)

Accounts

83.	Tons Collected	12,740	-4.3%	12,192	0.3%	12,222	0.2%	12,253	0.2%	12,283
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Recyclable Materials - All areas-Greenwaste Recycling

	Routes	7	0.0%	7	-13.9%	6	0.0%	6	0.0%	6
	Tons Collected	13,511	-0.2%	13,481	0.2%	13,515	0.2%	13,549	0.2%	13,583
	Direct Labor Hours	13,833	-3.3%	13,372	0.2%	13,406	0.0%	13,406	0.0%	13,406

	Garbage Tons Collected	41,507	0.7%	41,800	0.3%	41,905	0.2%	42,010	0.2%	42,115
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SOLID WASTE FEE SURVEY

Section I - Introduction

1. Name of City/County	City of Santa Maria	Paso Robles	Templeton
2. Contact Person	Natalia Heredia	Ian Hoover	Jessica McGinnis
3. Title of Contact Person	Utilities Accounting Technician III	General Manager	WM - Senior Account Executive
4. Telephone Number	(805) 925-0951 x7244	(805) 286-3001	805-275-9965
5. Date Contacted	5/29/2024	5/29/2024	6/20/2024

Section II - General Information

6. Are residential curbside collection and disposal services provided by the municipality or private contractor?	Municipality	Private	Municipality
7. Is a franchise for refuse collection granted to the hauler?	N/A	Yes	Yes
8. Is a franchise for recyclable material collection granted to the hauler?	No	Yes	Yes
9. Is there a franchise fee? If so, how much is it?	N/A	10% County 11.5% City of Paso	10%
10. What is the franchise hauler's disposal cost per ton?	N/A	\$53 Compacted	Compacted \$62.00/ton Uncompacted \$69.00/ton
11. Who bills the customer?	Municipality	Company	WM

Section III - Residential Service

12. Are residential rates regulated?	Yes, through the Prop 218 process	Yes	Yes
13. What is the monthly charge fore residential service?	60 gallon - \$38.74 90 gallon - \$47.87	60G (City) - \$57.42 90G (City) - \$63.59 64G (County 2016) - \$45.33 96G (County 2016) - \$59.66	32-gallon - \$38.73 65-gallon - \$54.63 96-gallon - \$60.41
14. How many cans are picked up at this charge?	3	3	Trash/Recycle/Organics
15. What is the charge for additional cans?	60 gallon - \$30.80 90 gallon - \$39.93	60G (City) - \$57.42 90G (City) - \$63.59 64G (County 2016) - \$45.33 96G (County 2016) - \$59.66	Trash is an entirely additional service fee. Recycle & Organics \$11.60/each per month

SOLID WASTE FEE SURVEY

Section III - Residential Service (continued)

16. Is there a separate charge for yard waste collection?	No	No	No
17. Are there any citywide cleanup days provided at no additional charge by the hauler?	Yes	Yes	Yes
18. Does your community have a curbside recycling program?	Yes	Yes	Yes
19. Is there an additional charge to residents for this program, or is it included in the monthly charge for solid waste collection?	Included in monthly charge	Included	Included in montly charge
20. If separate, what is the charge?	N/A	N/A	N/A

Section IV - Non Residential Service

21. Are non-residential rates regulated?	Yes, through the Prop 218 process	Yes	Yes
22. Provide the monthly fee for the following services, assuming pick up is one time per week:			
1 cubic yard	N/A	\$147.00	N/A
1.5 cubic yards	N/A	\$160.06	\$132.02
2 cubic yards	\$166.72	\$188.36	\$149.58
3 cubic yards	\$190.61	\$244.98	\$185.21
6 cubic yards	\$280.83	N/A	\$278.01
23. Effective period of rates quoted	7/1/2024	1/1/2024 - CPI	4/1/2024 - 4/1/2025

Monthly Rate Comparisons for Garbage Service

Service Size	Nipomo CSD	San Luis Obispo	Pismo Beach	South County Urban	Arroyo Grande	Cambria	Cayucos	Los Osos CSD	Grover Beach	Morro Bay	Avila Beach CSD	Oceano
20 Gallon	N/A	\$ 14.74	N/A	N/A	N/A	N/A	N/A	\$ 27.74	N/A	\$ 22.21	N/A	N/A
35 Gallon	\$ 27.58	\$ 23.53	\$ 23.77	\$ 28.27	\$ 26.73	\$ 41.51	\$ 32.60	\$ 39.45	\$ 24.23	\$ 35.54	\$ 28.32	\$ 20.38
65 Gallon	\$ 39.52	\$ 47.06	\$ 47.55	\$ 46.74	\$ 34.72	\$ 83.01	\$ 38.51	\$ 60.57	\$ 32.75	\$ 71.07	\$ 46.79	\$ 29.32
95 Gallon	\$ 51.81	\$ 70.59	\$ 71.32	\$ 65.17	\$ 42.75	\$ 124.55	\$ 44.47	\$ 64.96	\$ 41.23	\$ 106.63	\$ 65.25	\$ 57.38
2 yard (1X WK)	\$ 136.62	\$ 185.21	\$ 166.02	\$ 177.48	\$ 167.65	\$ 201.94	\$ 184.32	\$ 228.72	\$ 147.95	\$ 265.30	\$ 177.68	\$ 128.75

Service Size	Atascadero	Templeton	Solvang	Buelton	San Miguel	Paso Robles	King City	Monterey Regional Waste Management District Area (MRWMD)	WM area formerly Mid-State Area (rural North SLO County, Santa Margarita)
20 Gallon	N/A	N/A	N/A	N/A	N/A	\$ 38.15	\$ 32.43	\$ 38.28	N/A
35 Gallon	\$ 33.67	\$ 38.73	\$ 36.28	\$ 40.51	\$ 34.13	\$ 43.32	\$ 42.83	\$ 46.54	\$ 48.72
65 Gallon	\$ 52.80	\$ 54.63	\$ 45.20	\$ 48.40	\$ 53.80	\$ 57.42	\$ 53.68	\$ 72.92	\$ 71.31
95 Gallon	\$ 66.35	\$ 60.41	\$ 54.69	\$ 56.38	\$ 72.88	\$ 63.59	\$ 63.52	\$ 91.20	\$ 93.84
2 yard (1X WK)	\$ 172.24	\$ 149.58	\$ 256.55	\$ 281.13	\$ 124.12	\$ 188.36	\$ 288.00	\$ 277.20	\$ 214.46

Service Size	City of Santa Maria	Santa Barbara County (Zone 1, South Coast Unincorporated)	Santa Barbara County (Zone 2, Unincorporated Goleta)	Santa Barbara County (Zone 3, Isla Vista and Cuyama Valley)	Santa Barbara County (Zone 4 - Santa Ynez)	Santa Barbara County (Zone 4 - Lompoc)	Santa Barbara County (Zone 5, Unincorporated Santa Maria/Orcutt)	Goleta	City of Santa Barbara
20 Gallon	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35 Gallon	N/A	\$ 56.60	\$ 43.25	\$ 45.22	\$ 34.33	\$ 31.41	\$ 33.03	\$ 37.39	\$ 48.26
65 Gallon	\$ 38.74	\$ 62.86	\$ 54.66	\$ 51.52	\$ 42.62	\$ 36.13	\$ 37.84	\$ 41.88	\$ 59.82
95 Gallon	\$ 47.87	\$ 69.25	\$ 65.92	\$ 57.75	\$ 50.77	\$ 40.70	\$ 42.46	\$ 48.35	\$ 71.38
2 yard (1X WK)	\$ 166.72	\$ 256.74	\$ 259.61	\$ 215.72	\$ 254.11	\$ 179.98	\$ 192.87	\$ 240.10	\$ 277.66

Landfill Name	Rate Per Ton	Garbage Truck Rate Per Ton	As of
Santa Maria Landfill	\$ 90.00	\$ 90.00	1/1/2024
Tajiguas - Franchise	\$ 121.00	\$ 189.00	7/1/2024
Paso Robles Landfill	\$ 63.00	\$ 53.00	7/1/2022
Johnson Canyon Landfill	\$ 64.75	\$ 64.75	7/1/2023
Chicago Grade Landfill	\$ 62.00		1/1/2024
City of Lompoc Landfill	\$ 100.00		7/1/2023
Cold Canyon Landfill	\$ 92.00	\$ 70.00	1/1/2025
ReGen Monterey	\$ 74.00		7/1/2023

South County Sanitary Service, Inc.

Financial Statements

December 31, 2023 and 2022



C O N T E N T S

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Independent Auditors' Report

To Management of South County Sanitary Service, Inc.
San Luis Obispo, California

Opinion

We have audited the accompanying financial statements of South County Sanitary Service, Inc., which comprise the statements of revenues and expenses – regulatory basis for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations of South County Sanitary Service, Inc. for the years ended December 31, 2023 and 2022, in accordance with the financial reporting provisions of the Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates of the City of San Luis Obispo as described in Note 1.

Basis for Opinion

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by the City and County of San Luis Obispo, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the City and County of San Luis Obispo. Our opinion is not modified with respect to that matter.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South County Sanitary Service, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with financial reporting provisions of the Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates of the City of San Luis Obispo, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about South County Sanitary Service, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Independent Auditors' Report – Continued

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South County Sanitary Service, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South County Sanitary Service, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Caliber Audit & Attest, LLP

San Luis Obispo, California
June 21, 2024

South County Sanitary Service, Inc.

*Statements of Revenues and Expenses - Regulatory Basis
Years Ended December 31, 2023 and 2022*

	<i>2023</i>	<i>2022</i>
<i>Revenues</i>		
Hauling revenue	\$ 20,923,570	\$ 17,933,526
Other income	24,432	18,797
Total revenue	20,948,002	17,952,323
<i>Allowable Costs</i>		
Direct labor	3,933,055	3,875,600
Corporate overhead - allowable threshold	411,842	378,184
Office salaries	836,906	811,699
Other general and administrative costs	5,954,616	5,513,884
Interest, related party	220,991	247,439
Total allowable costs	11,357,410	10,826,806
<i>Allowable Pass-Through Costs</i>		
Tipping fees, related party	3,595,500	2,815,156
Non-related party tipping fees	1,859,582	1,499,247
Franchise fees and taxes	2,033,572	1,857,942
Related party rent	193,077	184,059
Transportation - compactors, related parties	4,446	13,750
Total pass-through costs	7,686,177	6,370,154
Total allowable and pass-through costs	19,043,587	17,196,960
Rate setting income	1,904,415	755,363
<i>Non-Allowable Costs</i>		
Other non-allowable gains, net	(24,172)	(9,247)
Landfill savings, pass-through fees	128,786	122,199
Total non-allowable costs	104,614	112,952
Net income	\$ 1,799,801	\$ 642,411

See Notes to Financial Statements.

South County Sanitary Service, Inc.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of business:

South County Sanitary Service, Inc. (the Company) became a wholly-owned subsidiary of Waste Connections US, Inc. as of April 1, 2002. The Company operates a garbage collection service for residential, commercial, and governmental entities located in Pismo Beach, Arroyo Grande, Grover Beach and other areas of San Luis Obispo County. The Company services collection routes by use of Company-owned equipment and employees of the Company. The Company extends credit in the form of accounts receivable to customers in its service area.

Prescribed accounting practices:

The County of San Luis Obispo, City of Arroyo Grande, City of Pismo Beach, City of Grover Beach, Avila Beach Community Services District, Nipomo Community Service District and Oceano Community Service District require the Company to utilize the accounting principles prescribed by the Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates of the City of San Luis Obispo in its financial statement reporting for rate setting purposes.

The primary purpose of the accounting principles prescribed by the Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates of the City of San Luis Obispo is to determine integrated solid waste management rates which are fair to residents and which provide adequate revenue to the hauler. The basis of presentation prescribed by the Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates of the City of San Luis Obispo differs from U.S. generally accepted accounting principles (U.S. GAAP) in that the following expenses are non-allowable costs: charitable donations and political contributions, entertainment expenses, income tax expenses, landfill savings payment and profit sharing payments not related to an Internal Revenue Service approved pension program. The Manual also specifies a limitation on corporate overhead, which is defined as salaries of corporate officers that can be treated as allowable costs. Bonus costs and allocated facility and administrative support costs are included as allowable costs and are not part of the corporate overhead pool subject to limitation. Although not specifically listed as non-allowable costs in the Manual, management has also historically classified the following costs as non-allowable: loss (or gain) on disposal of assets, penalties, and certain employee relocation costs.

In addition, according to the accounting principles prescribed by the Rate Setting Process and Methodology Manual for Integrated Solid Waste Management, the operations of the individual garbage districts are considered separate entities for rate setting purposes. Given this, the financial statements for each company have not been consolidated with the other subsidiaries of Waste Connections US, Inc.

South County Sanitary Service, Inc.

Notes to Financial Statements

Reclassifications:

Certain amounts in the 2022 financial statements have been reclassified for comparative purposes to conform with presentation in the 2023 financial statements.

Allocation of costs:

Management of the Company believes that because costs are shared between districts, allocating costs between the companies receiving the benefits is the most effective way to track and record the costs at the standalone district (Company) level. These costs are mainly allocated based on truck hours or customer count (container counts, CNG trucks and yard waste tons are also used as allocators), depending on the nature of the cost. In general, costs that are administrative are allocated on customer count, and costs that are direct are allocated on truck hours, consistent with the direct labor (direct) and office salaries (administrative) allocations.

Interest:

Interest expense is allocated using an estimated internal interest rate (3.09% for 2023 and 3.89% for 2022) and applying that interest rate to the average net book value of fixed assets, and then allocating to the stand-alone district level based on the pro-rata depreciation allocation percentages. The Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates of the City of San Luis Obispo includes interest expense as an allowable cost.

Income tax:

Entity level income tax is assessed at the corporate parent entity level. As a wholly owned subsidiary, the standalone district (the Company) does not pay or incur income tax. As such, there is no provision for current or deferred income taxes for the Company, and no allocation is made on the standalone financial statements for income tax. Income tax expense is a non-allowable cost under the principles prescribed by the Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates of the City of San Luis Obispo.

Franchise fees and taxes:

U.S. generally accepted accounting principles would require that tax and franchise fees that are assessed by governmental authorities that are directly imposed on a revenue-producing transaction between a seller and a customer be presented on a net basis (excluded from revenues). However, in accordance with the Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates of the City of San Luis Obispo, franchise fees and taxes have been shown gross on the statements of revenues and expenses – regulatory basis and are included in revenues and shown as an allowable cost.

South County Sanitary Service, Inc.

Notes to Financial Statements

Use of estimates:

The preparation of financial statements in conformity with practices prescribed or permitted by the Rate Setting Process and Methodology Manual for Integrated Solid Waste Management Rates of the City of San Luis Obispo, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition:

Revenues are recognized when services are transferred to customers in an amount that reflects consideration that is expected to be received.

Nature of revenue:

The Company's solid waste collection business involves the collection of waste from residential, commercial and industrial customers for transport directly to the landfill, transfer stations or recycling centers. Solid waste collection services include both recurring and temporary customer relationships. The services are performed under service agreements or franchise agreements with governmental entities. Residential and commercial collection services are provided on a subscription basis with individual households or businesses. The fees received for collection services are based primarily on the market, collection frequency, level of service, route density, type and volume or weight of the waste collected, type of equipment and containers furnished, the distance to the disposal or processing facility, the cost of disposal or processing, and prices charged by competitors for similar services.

Disaggregation of revenue:

The following table presents the Company's revenue disaggregated by contract type:

	<u>2023</u>	<u>2022</u>
Hauling revenues - residential customers	\$ 12,140,434	\$ 10,222,758
Hauling revenues - commercial customers	8,783,136	7,710,768
Total	<u>\$ 20,923,570</u>	<u>\$ 17,933,526</u>

The factors that impact the timing and amount of revenue recognized for each type of revenue may vary based on the nature of the service performed. Generally, the Company recognizes revenue at the time it performs a service. Certain customers are billed in advance (bi-monthly billing) and, accordingly, recognition of the related revenues is deferred until the services are provided.

South County Sanitary Service, Inc.

Notes to Financial Statements

Contract balances:

The timing of revenue recognition, billings and cash collections results in billed accounts receivable (contract assets), and customer deposits and deferred revenue (contract liabilities) on the Company's balance sheet (not presented).

Performance obligations:

Service performance obligations of a long-term nature, such as solid waste collection service contracts, are satisfied over time, and revenue is recognized based on the value provided to the customer during the period. The amount billed to the customer is based on variable elements such as the number of residential homes or businesses for which collection services are provided, the volume of waste collected, transported and disposed, and the nature of the waste accepted. The Company does not disclose the value of unsatisfied performance obligations for these contracts as its right to consideration corresponds directly to the value provided to the customer for services completed to date and all future variable consideration is allocated to wholly unsatisfied performance obligations.

Costs to obtain a contract:

The incremental direct costs of obtaining a contract, which consist of sales incentives, would be recognized on the Company's balance sheet (not presented) as a deferred sales incentive to be amortized to expense over the life of the customer relationship. There were no contract acquisition costs recorded at the stand-alone district level.

Accounts receivable and allowance for credit losses:

Accounts receivable is stated at the amount management expects to collect from outstanding balances. At each balance sheet date, the Company recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. The allowance estimate is derived from a review of the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. Management believes that the composition of trade receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly and has not identified any current conditions or supportable forecasts that would have a material impact on the expected credit losses.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the

South County Sanitary Service, Inc.

Notes to Financial Statements

entity's accounting policy election. Changes in the valuation allowance have not been material to the financial statements.

Property and equipment, and depreciation:

Repairs, maintenance and small equipment purchases are charged to expense when incurred. Expenditures, which significantly increase asset values or extend useful lives, are capitalized and recorded at cost. Depreciation expense is calculated on the straight-line method over the following useful lives:

	<u><i>Years</i></u>
Buildings and improvements	25
Vehicles	7
Containers	7
Equipment	7
Office equipment	5

Depreciation is allocated to each stand-alone district based on a combination of customer count, container count, and truck hours allocation factors. Depreciation expense for the years ended December 31, 2023 and 2022 was \$1,704,522 and \$1,391,758, respectively.

Public relations and promotions (advertising) costs:

The Company expenses public relations and promotions costs as incurred.

Insurance:

Waste Connections US, Inc., the sole shareholder and parent of the Company has high deductible coverage for automobile liability, general liability, employer's liability, environmental liability, as well as for certain employee group health claims, property and workers' compensation. Waste Connection's insurance accruals are based on claims filed and estimates of claims incurred but not reported and are developed by corporate management with assistance from its third-party actuary and its third-party claims administrator. The insurance accruals are influenced by past claims experience factors, which have a limited history, and by published industry development factors. Insurance expense and allocated insurance expense for the Company are recorded in other general and administrative costs on the statements of revenues and expenses – regulatory basis.

Economic dependency:

The Company provides disposal services to residential and commercial customers under the terms of franchise agreements with the Cities of Arroyo Grande, Grover Beach, Pismo Beach and the County of San Luis Obispo. The Company also has franchise agreements with Avila Beach Community Service District, Oceano Community Services District and Nipomo Community Service District. Collection rates are determined annually based on historical expenses, future budgeted expenses, and a reasonable rate of return. The franchise agreements extend through 2039.

South County Sanitary Service, Inc.

Notes to Financial Statements

In consideration for the grant of the exclusive franchise to provide services to the respective municipalities the Company has agreed to pay a franchise fee based upon a percentage of annual gross solid waste revenues provided to each grantee, as follows:

Avila Beach Community Services District	10%
Oceano Community Service District	5%
Nipomo Community Service District	10%
City of Arroyo Grande	10%
City of Grover Beach	10%
City of Pismo Beach	10%
County of San Luis Obispo (unincorporated)	10%

In addition to the franchise fees above, the Company is required to make landfill savings payments to the County of San Luis Obispo and the Cities of Arroyo Grande, Grover Beach, Pismo Beach and Oceano Community Services District. These landfill savings payments are non-allowable for the purposes of rate setting and are adjusted annually by the same percent increase as collection rates.

The Company is required to submit audited financial statements to the County of San Luis Obispo, to the cities of Arroyo Grande, Grover Beach, and Pismo Beach and to the community service districts of Avila, Oceano and Nipomo within six months of their year end. The contracts allow for an extension of time if mutually agreed upon by both parties.

Related party rent:

The Company accounts for intercompany leases as related party rent expense and has not adopted the new lease guidance because the intercompany leases eliminate on a consolidated level for Waste Connections US, Inc.

Note 2. Related Party Transactions

The Company has entered into various related party transactions. The nature of related party transactions and amounts not specifically identified elsewhere in the financial statements are as follows:

Overhead:

South County Sanitary Service, Inc. is a wholly-owned subsidiary of Waste Connections US, Inc. Waste Connections US, Inc. provides management and administrative services to South County Sanitary Service, Inc. These costs are included as corporate overhead - allowable threshold in the accompanying statements of revenues and expenses - regulatory basis.

South County Sanitary Service, Inc.

Notes to Financial Statements

Tipping fees:

Waste Connections US, Inc. is also the sole shareholder in Cold Canyon Land Fill, Inc. which operates the sanitary landfill that the Company utilizes for the disposal of garbage collected, and the Materials Recovery Facility (MRF) for the disposal of recyclable material. These costs are included in tipping fees, related party in the accompanying statement of revenues and expenses – regulatory basis.

Transportation:

The Company also pays other related companies for transportation costs of garbage to the landfill. The transportation costs – compactors, related parties are included in the accompanying statement of revenues and expenses – regulatory basis.

Allocated insurance:

The Company incurs expenses for insurance costs that are allocated from a related party company that is a subsidiary of Waste Connections US, Inc. The amount of the insurance cost allocated totaled \$1,387,074 and \$1,324,786 for the years ended December 31, 2023 and 2022, respectively, which is included in other general and administrative costs.

Allocated facilities and regional support costs:

The Company incurs expenses for regional facilities and administrative support costs that are allocated from the regional division of Waste Connections US, Inc. The amount of the facilities and administrative support costs allocated totaled \$55,652 and \$69,189 for the years ended December 31, 2023 and 2022, respectively, which is included in other general and administrative costs.

Allocated labor:

The related companies pay for labor and services on behalf of each other. These costs are allocated between the companies receiving the benefits. The allocated labor costs are recorded to direct labor or office salaries. Direct labor costs are allocated to the companies based on truck hours. Office salaries are allocated to the companies based on customer count.

Allocated bonuses:

Bonus costs to the local level employees allocated from corporate are included in direct labor and office salaries.

Allocated interest:

Interest expense is allocated to the stand-alone district level based on the policy as described in Note 1, and is shown as interest, related party.

South County Sanitary Service, Inc.

Notes to Financial Statements

Allocated other costs:

The Company incurs other costs that are shared between the related companies. These costs are allocated between the companies receiving the benefits. These costs are mainly allocated based on truck hours or customer count (container counts, CNG trucks and yard waste tons are also used as allocators), depending on the nature of the cost. In general, costs that are administrative are allocated on customer count, and costs that are direct are allocated on truck hours, consistent with the direct labor (direct) and office salaries (administrative) allocations.

Note 3. Employee Benefit Plan

The Company's employees can participate in the 401(k) profit sharing plan (the Plan) offered by Waste Connections US, Inc. Waste Connections US, Inc. made matching contributions to a trust, for the benefit of qualified employees, subject to certain limitations imposed by the Internal Revenue Service for the years ended December 31, 2023 and 2022. The Company matches 100% of employee contributions up to 5% of compensation and the match vests immediately. Substantially all employees are eligible who are 21 years of age and have at least one year of service. For the years ended December 31, 2023 and 2022, the Company's contribution amounted to \$137,140 and \$128,786, respectively. The total amount of the retirement costs are recorded in the financial statements as part of direct labor and office salaries.

Note 4. Related Party Lease

The Company has a lease for office and yard space with a related party, Corral de Piedra Land Company. The lease is renewed annually. The base rent is allocated to the stand-alone districts. The monthly base rent for the Company's yard and office space for the years ended December 31, 2023 and 2022 is \$16,090 and \$15,338, respectively. The base rent is subject to an annual increase based on the Consumer Price Index (CPI) and is also subject to allocation adjustments. Related party rent expense for the years ended December 31, 2023 and 2022 was \$193,077 and \$184,059, respectively. Non-related party rent expense for the years ended December 31, 2023 and 2022 was \$6,080 and \$6,365, respectively.

Note 5. Commitments and Contingencies

The Company has certain workers' compensation claims outstanding at the end of the year. The ultimate responsibility of these claims is held by Waste Connections US, Inc, the sole shareholder and parent of the Company. The known liability and expense is allocated from the corporate consolidated level to the stand-alone Company. However, the liability and expense for any incurred but not reported (IBNR) estimated amounts have not been recorded to the financial statements of the stand-alone Company.

The solid waste industry in which the Company operates is subject to a certain level of environmental risk. Although the Company does not accept hazardous waste materials from its commercial and residential customers for placement in the landfill, and is not aware of

South County Sanitary Service, Inc.

Notes to Financial Statements

any occurrences of receiving hazardous waste materials, occurrences are reasonably possible. Such environmental liabilities could have a material effect on the financial position of the Company.

Note 6. Significant Concentration of Risk

The Company operates exclusively in the solid waste industry in San Luis Obispo County, and therefore, its revenues and receivables are subject to geographical concentrations.

Due to the nature of the Company's services, its accounts receivable balance is comprised of amounts due from many customers. This diversity reduces the risk of any one customer significantly impacting the Company's realization of its receivables.

Note 7. Subsequent Events

The date to which events occurring after December 31, 2023 have been evaluated for possible adjustment to the financial statements or disclosure is June 21, 2024 which is the date on which the financial statements were available to be issued.



Independent Auditors' Report on Supplementary Information

To Management of South County Sanitary Service, Inc.
San Luis Obispo, California

We have audited the financial statements of South County Sanitary Service, Inc. for the years ended December 31, 2023 and 2022, and our report thereon dated June 21, 2024, which expressed an unmodified opinion on those statements, appears on pages one and two. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of allowable costs – regulatory basis are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Caliber Audit & Attest, LLP

San Luis Obispo, California
June 21, 2024

South County Sanitary Service, Inc.

*Schedules of Allowable Costs - Regulatory Basis
Years Ended December 31, 2023 and 2022*

	<u>2023</u>	<u>2022</u>
<i>Direct Labor</i>		
Labor	\$ 3,652,745	\$ 3,606,357
Payroll taxes	<u>280,310</u>	<u>269,243</u>
Total direct labor	<u>\$ 3,933,055</u>	<u>\$ 3,875,600</u>
<i>Office Salaries</i>		
Office salaries	\$ 784,037	\$ 764,181
Payroll taxes	<u>52,869</u>	<u>47,518</u>
Total office salaries	<u>\$ 836,906</u>	<u>\$ 811,699</u>

South County Sanitary Service, Inc.

*Schedules of Allowable Costs - Regulatory Basis - Continued
Years Ended December 31, 2023 and 2022*

	<i>2023</i>	<i>2022</i>
<i>Other General and Administrative Costs</i>		
Bad debt	\$ 8,501	\$ 4,922
Bond	5,693	8,341
Depreciation	1,704,522	1,391,758
Drive cam fees	34,066	34,488
Dues and subscriptions	24,699	17,690
Facilities & regional support - allocated from related parties	55,652	69,189
Gas and oil	1,237,166	1,138,209
Insurance - allocated from related parties	1,387,074	1,324,786
Laundry and uniforms	27,036	31,346
Legal and accounting	71,872	71,876
Miscellaneous and other	6,424	5,367
Office	316,456	283,606
Operating supplies	59,124	68,736
Other taxes	58,788	40,970
Outside services	62,266	81,165
Permits and licenses	111,111	95,950
Postage	8,600	28,963
Public relations and promotions	19,856	4,353
Relocation	14,196	493
Rent	6,080	6,365
Telephone	28,795	31,069
Tires	185,752	194,433
Travel	23,747	39,151
Truck repairs	477,240	516,252
Utilities	19,900	24,406
	\$ 5,954,616	\$ 5,513,884

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OCEANO COMMUNITY SERVICES DISTRICT ADOPTING INTEGRATED SOLID
WASTE RATES

WHEREAS, South County Sanitary Service has submitted a rate increase application in accordance with the District's franchise agreements for solid waste, recycling, green waste and organic waste services; and

WHEREAS, this application has been comprehensively reviewed in accordance with the District's rate-setting policies.

WHEREAS, notices of the proposed rate increase were sent to property owners and tenants in accordance with the requirements of Proposition 218 and a public hearing was held on January 8, 2025 to consider protests against the proposed rate increase; and

WHEREAS, it was determined at the conclusion of the public hearing that a majority protest to the proposed rate increase does not exist.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Oceano Community Services District as follows:

1. The solid waste rates set forth in Exhibit A shall become effective on January 1, 2025.
2. Solid waste rates shall increase as follows on January 1, 2026, January 1, 2027, January 1, 2028, and January 1, 2028:
 - a. Annual change in the Bureau of Labor Statistics' Consumer Price Index (CPI) for Garbage and Trash Collection in the U.S all city average, with a minimum 2% adjustment and a maximum 5% adjustment. Amounts below the minimum or above the maximum will carry forward to the following year.
 - b. Calculation of a 10% profit allowance starting in 2026 (estimated at additional 0.67% to 0.69% adjustment in 2026).
 - c. Addition of a revenue balancing mechanism starting in 2027, wherein actual revenues from solid waste rates over or under projections carry forward as additions to, or offsets against, the annual CPI adjustment.
3. That the Board of Directors finds that the rate increase is reasonable, and the District will not pursue the termination option set forth in Section 8.3 of the District's franchise agreement with South County Sanitary Service.

Upon motion of _____, seconded by _____,
and on the following roll call vote:

AYES:

NOES:

ABSENT:

the foregoing resolution was adopted this 8th day of January 2025.

Chair, Board of Directors

ATTEST:

Board Secretary

APPROVED AS TO FORM:

District Counsel

Notice of Public Hearing Regarding Proposed Solid Waste Rate Adjustment

PARA UNA VERSIÓN EN ESPAÑOL DE ESTE “AVISO DE AUDENCIA PÚBLICA SOBRE LOS AUMENTOS PROPUESTOS DE LA TASA DE RESIDUOS SÓLIDOS”, UTILICE EL SIGUIENTE ENLACE AL SITIO WEB:

<https://www.sanluisgarbage.com/news/list>

Property Owners and Tenants - Customers:

The Oceano Community Services District (OCSD) will hold a public hearing regarding rate adjustments (the “Proposed Rate Adjustment”) proposed by South County Sanitary Service (the “Garbage Company”) for properties and customers receiving solid waste, recycling, and green waste services within the OCSD. The Proposed Rate Adjustment will be considered by the OCSD at the date, time, and location specified below. Consistent with the requirements of Proposition 218, this notice also provides the following information:

- The Date, Time, and Place of the Public Hearing;
- The Reason for the Proposed Rate Adjustment;
- The Effective date of the Proposed Rate Adjustment;
- The Basis for the Proposed Rate Adjustment; and
- The Majority Protest Procedures.

NOTICE OF PUBLIC HEARING

The Public Hearing for the Proposed Rate Adjustment within the OCSD limits will be held on:

Date: January 8, 2025 **Time:** 6:00 pm

Place: Oceano Community Service District Board Room located at 1655 Front St Oceano, CA

At the Public Hearing, the Oceano CSD Board will consider all public comments in support of and in opposition to the Proposed Rate Adjustment and whether or not a majority protest exists pursuant to the California Constitution (as described below). If approved, the Proposed 2025 Rate Adjustment would become effective on January 1, 2025 and annual adjustments would be effective each January 1 of 2026, 2027, 2028 and 2029.

Reason For and Basis of the Proposed Rate Adjustments

The Proposed Rate Adjustment for 2025 is based on the Garbage Company’s documented cost of providing solid waste services and is a 4.98% increase above current solid waste rates. This cost-based adjustment is necessary for the Garbage Company to continue to provide safe, environmentally sound and reliable solid waste removal, transportation and disposal services to the residents and businesses of Oceano. The adjustments are requested due to:

- Increases in organics processing costs – Third-party costs for the organic waste post-collection processing facility operated by the company formerly named Hitachi Zosen INOVA, and which are not within the Garbage Company’s control, have doubled since 2022. The change in cost is the result of changes in facility capital and operating costs.
- Increases in landfill disposal costs – Costs for landfill waste disposal at Cold Canyon have remained flat since 2016. The 2025 rate adjustment reflects a market adjustment to these costs, from a per ton tipping fee of \$41 per ton (in place since 2016) to a per ton tipping fee of \$70. The Garbage Company provided market comparison demonstrating the applicability of the \$70 per ton market tipping fee.
- Collection costs including labor, vehicles, operating expenses and overhead – These costs are increasing 4.21% in 2025.
- Adjustments necessary for moving to a new methodology for annual rate adjustments that provides for increased rate stability, predictability, fairness, transparency, ease of administration, and cost-effectiveness. These include updated depreciation lifespans for garbage trucks, removal of a limitation on corporate overhead costs for legal, tax, payroll, human resources, engineering, compliance, IT, training and recruiting programs, and updated profit allowance from 8% to 10% .
- Adjustments for new service enhancements, including the ability for residents to exchange a solid waste collection cart once annually at no cost, no charge collection for one bulky item twice annually via voucher program, and a rate assistance program providing a 20% low-income discount provided to residential customers using 32-gallon cart service (using third party verification of low-income).

The Proposed Rate Adjustments for 2025 applicable to residential solid waste customers are shown in the table below. This includes all three streams (trash, recycling, organic waste).

Garbage Container Size	2024 Monthly Costs	2025 Monthly Costs	Change in Monthly Rate
32-gallon	\$20.37	\$21.38	\$1.01
64-gallon	\$29.31	\$30.77	\$1.46
96-gallon	\$57.38	\$60.24	\$2.86

In addition, commencing each January 1 of 2026, 2027, 2028 and 2029 solid waste rates will be adjusted based on the following:

- Annual change in the Bureau of Labor Statistics’ Consumer Price Index (CPI) for Garbage and Trash Collection in the U.S all city average, with a minimum 2% adjustment and a maximum 5% adjustment. Amounts below the minimum or above the maximum will carry forward to the following year.
- Calculation of a 10% profit allowance starting in 2026 (estimated at additional 0.67% to 0.69% adjustment in 2026).
- Addition of a revenue balancing mechanism starting in 2027, wherein actual revenues from solid waste rates over or under projections carry forward as additions to, or offsets against, the annual CPI adjustment.

The Proposed Rate Adjustments have been independently reviewed for consistency with the City of San Luis Obispo Rate Setting Process and Methodology Manual for Integrated Solid Waste Management dated June 1994 and in accordance with the provisions of the OCSD’s Franchise Agreement with the Garbage Company, as

amended, governing solid waste service within the boundaries of the OCSD. The Proposed Rate Adjustments contemplate implementation of a new methodology for annual rate adjustments which is described in New Solid Waste Rate Adjustment Methodology and 2025 Rates report authored by independent reviewer, R3 Consulting Group, Inc. The consultant's report and the complete set of proposed 2025 solid waste rates is available at the OCSD office located at 1655 Front St Oceano, CA as well on the November 13, 2024 OCSD Board meeting agenda packet online (www.ocsd.specialdistrict.org)

How Do I Protest the Proposed Rate Adjustment?

Pursuant to Section 6 of Article XIII D of the California Constitution, the following persons may submit a written protest against the Proposed Rate Adjustment to the Secretary to the Board before the close of the Public Hearing referenced above.

- An owner(s) of property (parcel(s)) receiving solid waste, recycling, and green waste services within the District limits. If the person(s) signing the protest, as an owner, is not shown on the last equalized assessment roll as the owner of the parcel(s) then the protest must contain or be accompanied by written evidence that such person signing the protest is the owner of the parcel(s) receiving services;
or
- A tenant(s) whose name appears on the Garbage Company's records as the customer of record for the corresponding parcel receiving solid waste, recycling, and green waste services within the OCSD limits (tenant-customer).

A valid written protest must contain a statement that you protest the Proposed Rate Adjustment, the address or Assessor's Parcel Number (APN) of the parcel or parcels which receive solid waste, recycling, and green waste services, and a signature by either the owner or the tenant-customer of the parcel or parcels. One written protest per parcel shall be counted in calculating a majority protest to the Proposed Rate Adjustment subject to the requirements of Section 6 of Article XIII D of the California Constitution. Written protests will not be accepted by e-mail or by facsimile. Verbal protests will not be counted in determining the existence of a majority protest. To be counted, a protest must be received in writing by the Secretary to the Board before the close of the Public Hearing referenced above.

Written protests regarding the solid waste rate Adjustment may be mailed to:

**Oceano Community Service District
Attn: Secretary to the Board
PO Box 599
Oceano, CA 93475**

If valid written protests are presented by a majority of owners and/or tenants-customers of parcels receiving solid waste, recycling, and green waste services within the OCSD limits, then OCSD will not adjust the rates for the services.

SOUTH COUNTY SANITARY SERVICE
EFFECTIVE JANUARY 1, 2025
OCEANO CSD

Service Description	Pickups Per Week	Monthly Rate Effective 01/01/2024	Proposed Rate Increase	Monthly Rate Effective 01/01/2025
RESIDENTIAL SINGLE FAMILY DWELLING AND MULTI-UNIT (4 UNITS OR LESS):				
32 Gallon Waste Wheeler	1	\$20.37	\$1.01	\$21.38
64 Gallon Waste Wheeler	1	\$29.31	\$1.46	\$30.77
96 Gallon Waste Wheeler	1	\$57.38	\$2.86	\$60.24
TWO-64 Gallon Waste Wheelers	1	\$67.72	\$3.37	\$71.09
ONE 64 & ONE 96 Gallon	1	\$88.14	\$4.39	\$92.53
TWO-96 Gallon Waste Wheelers	1	\$108.54	\$5.41	\$113.95
Residential customers must use the waste wheelers provided by the garbage company. This solid service fee for residential trash collections (container with black or gray lid) includes once a week pick-up of one greenwaste/organics container (green lid), and one recycling container (blue lid).				
MULTI-FAMILY (5 or MORE)				
Rates are the same as commercial dumpsters and waste wheeler rates (below).				
COMMERCIAL DUMPSTERS - ALL AREAS:				
1 yd dumpster	1	\$99.70	\$4.97	\$104.67
1 yd dumpster	2	\$143.42	\$7.14	\$150.56
1 yd dumpster	3	\$189.50	\$9.44	\$198.94
1 yd dumpster	4	\$233.25	\$11.62	\$244.87
1 yd dumpster	5	\$281.83	\$14.04	\$295.87
1 yd dumpster	6	\$328.00	\$16.33	\$344.33
1 yd dumpster	7	\$437.31	\$21.78	\$459.09
1.5 yd dumpster	1	\$119.05	\$5.93	\$124.98
1.5 yd dumpster	2	\$182.12	\$9.07	\$191.19
1.5 yd dumpster	3	\$245.42	\$12.22	\$257.64
1.5 yd dumpster	4	\$342.55	\$17.06	\$359.61
1.5 yd dumpster	5	\$417.84	\$20.81	\$438.65
1.5 yd dumpster	6	\$498.04	\$24.80	\$522.84
1.5 yd dumpster	7	\$658.50	\$32.79	\$691.29
2 yd dumpster	1	\$128.75	\$6.41	\$135.16

**SOUTH COUNTY SANITARY
SERVICE
EFFECTIVE JANUARY 1, 2025
OCEANO CSD**

Service Description	Pickups Per Week	Monthly Rate Effective 01/01/2024	Proposed Rate Increase	Monthly Rate Effective 01/01/2025
2 yd dumpster	2	\$211.29	\$10.52	\$221.81
2 yd dumpster	3	\$301.14	\$15.00	\$316.14
2 yd dumpster	4	\$439.76	\$21.90	\$461.66
2 yd dumpster	5	\$539.42	\$26.86	\$566.28
2 yd dumpster	6	\$643.81	\$32.06	\$675.87
2 yd dumpster	7	\$881.86	\$43.92	\$925.78
3 yd dumpster	1	\$155.37	\$7.74	\$163.11
3 yd dumpster	2	\$286.61	\$14.27	\$300.88
3 yd dumpster	3	\$400.82	\$19.96	\$420.78
3 yd dumpster	4	\$714.13	\$35.56	\$749.69
3 yd dumpster	5	\$847.84	\$42.22	\$890.06
3 yd dumpster	6	\$991.15	\$49.36	\$1,040.51
3 yd dumpster	7	\$1,365.23	\$67.99	\$1,433.22
4 yd dumpster	1	\$221.06	\$11.01	\$232.07
4 yd dumpster	2	\$332.92	\$16.58	\$349.50
4 yd dumpster	3	\$478.59	\$23.83	\$502.42
4 yd dumpster	4	\$750.76	\$37.39	\$788.15
4 yd dumpster	5	\$930.41	\$46.33	\$976.74
4 yd dumpster	6	\$1,056.82	\$52.63	\$1,109.45
4 yd dumpster	7	\$1,642.20	\$81.78	\$1,723.98
6 yd dumpster	1	\$331.61	\$16.51	\$348.12
6 yd dumpster	2	\$499.39	\$24.87	\$524.26
6 yd dumpster	3	\$717.85	\$35.75	\$753.60
6 yd dumpster	4	\$1,126.13	\$56.08	\$1,182.21
6 yd dumpster	5	\$1,395.62	\$69.50	\$1,465.12
6 yd dumpster	6	\$1,585.25	\$78.95	\$1,664.20

SOUTH COUNTY SANITARY SERVICE
EFFECTIVE JANUARY 1, 2025
OCEANO CSD

Service Description	Pickups Per Week	Monthly Rate Effective 01/01/2024	Proposed Rate Increase	Monthly Rate Effective 01/01/2025
6 yd dumpster	7	\$2,463.30	\$122.67	\$2,585.97

The rates shown above include the monthly container rental fee and a semi-annual dumpster cleaning.

COMMERCIAL GARBAGE CANS - ALL AREAS:

32 Gallon Waste Wheeler	1	\$28.74	\$1.43	\$30.17
32 Gallon Waste Wheeler	2	\$50.68	\$2.52	\$53.20
64 Gallon Waste Wheeler	1	\$48.06	\$2.39	\$50.45
64 Gallon Waste Wheeler	2	\$74.01	\$3.69	\$77.70
96 Gallon Waste Wheeler	1	\$57.87	\$2.88	\$60.75
96 Gallon Waste Wheeler	2	\$90.66	\$4.51	\$95.17
96 Gallon Waste Wheeler	3	\$119.89	\$5.97	\$125.86
96 Gallon Waste Wheeler	4	\$151.80	\$7.56	\$159.36
96 Gallon Waste Wheeler	5	\$183.65	\$9.15	\$192.80

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

COMMERCIAL - OTHER CHARGES:

Rates for all commercial customers include recycling or greenwaste/organics pickup once per week, included with the garbage service rate. Customers can choose from a 64 or 96 gallon blue commingled recycle waste wheeler or a 32 or 64 gallon organics waste wheeler included with the garbage service rate (96 gallon waste wheelers can only be used with greenwaste due to weight). If you need a bin for recycling there is a charge (see below). **If you need more frequent recycling, including organics/greenwaste service, it can be provided at a 50% discount from the garbage service rates for the specified level of service required.**

MISCELLANEOUS CHARGES - ALL CUSTOMERS:

Overstacked Garbage & extra bags Minimum/unit	each	\$7.13	\$0.36	\$7.49
Overstacked Green waste & extra bags Minimum/unit	each	\$3.57	\$0.18	\$3.75
Overstacked Recycle & extra bags Minimum/unit	each	\$3.57	\$0.18	\$3.75
In yard service (per can or commodity) IN ADDITION TO STANDARD GARBAGE RATES	per month	\$17.78	\$0.89	\$18.67
Vacant Rate	per month	\$16.57	\$0.83	\$17.40
Waste wheeler cleaning	each time	\$26.52	\$1.32	\$27.84
Trip charge	each time	\$17.78	\$0.89	\$18.67
Non-payment downsize service	each time	\$17.78	\$0.89	\$18.67

SOUTH COUNTY SANITARY SERVICE
EFFECTIVE JANUARY 1, 2025
OCEANO CSD

Service Description	Pickups Per Week	Monthly Rate Effective 01/01/2024	Proposed Rate Increase	Monthly Rate Effective 01/01/2025
Non-payment redeliver waste wheeler	each time	\$17.78	\$0.89	\$18.67
MISCELLANEOUS CHARGES - ALL CUSTOMERS (Con't):				
Non-payment reconnect service	each time	\$42.73	\$2.13	\$44.86
Small item pickup (TV, toilet)	each	\$41.70	\$2.08	\$43.78
Appliance pickup-residential	each	\$58.79	\$2.93	\$61.72
Larger than residential appliance or glass, glass doors, or plate glass	by quote only			
Garbage extras on your scheduled pickup day	per yard	\$15.00	\$0.75	\$15.75
Garbage extras -NOT ON YOUR SCHEDULED PICKUP DAY	per yard	\$41.40	\$2.06	\$43.46
Commercial Waste Wheeler rent	per month	\$5.51	\$0.27	\$5.78
Re-deliver bin on stopped acct	each time	\$50.96	\$2.54	\$53.50
Compactor	per yard	\$22.69	\$1.13	\$23.82
Sunday Service (in additional to garbage service level)	per month	\$88.98	\$4.43	\$93.41
Recycle bin rental	per month	\$9.90	\$0.49	\$10.39
Stand by time	per hour	\$85.64	\$4.26	\$89.90
Extra bin cleaning		\$79.51	\$3.96	\$83.47
Replacement/Repair of bins or waste wheelers	at market price			
Lock Charge	per month	\$9.90	\$0.49	\$10.39
City Clean Up	per item	\$14.56	\$0.73	\$15.29
Extra 32, 64, 96 Gal Waste Wheeler - Recycle	per month	\$2.00	\$0.10	\$2.10
Extra 32, or 96 Gal Waste Wheeler - Green Waste	per month	\$4.93	\$0.25	\$5.18
Short Term Dumpsters:				
Delivery & Pickup-Bin		\$50.96	\$2.54	\$53.50
Delivery & Pickup-Waste Wheeler		\$42.73	\$2.13	\$44.86
Rental	Per Day	\$5.51	\$0.27	\$5.78
Empties	Per Yard	\$41.40	\$2.06	\$43.46
Mattress:				

South County Sanitary Services
 4388 Old Santa Fe Road
 San Luis Obispo, CA 93401

Standard
 US Postage
 PAID
 Santa Barbara, CA
 Permit No. 800

SOUTH COUNTY SANITARY SERVICE
EFFECTIVE JANUARY 1, 2025
OCEANO CSD

Service Description	Pickups Per Week	Monthly Rate Effective 01/01/2024	Proposed Rate Increase	Monthly Rate Effective 01/01/2025
Twin	Each	\$23.14	\$1.15	\$24.29
Double	Each	\$23.14	\$1.15	\$24.29
Queen	Each	\$23.14	\$1.15	\$24.29
King	Each	\$23.14	\$1.15	\$24.29

ADDITIONAL INFORMATION ALL CUSTOMERS:

- Customers requesting Temporary Bins or Roll-off Box Service can call the office for current rates
- Polystyrene (Styrofoam, Plastic #6) is not collected for recycling and should be thrown away as trash. Please bag Styrofoam packing peanuts before placing in trash container.
- It is encouraged to bag your trash in the garbage container but do not bag your recyclables or green waste in their respective containers and keep it loose.
- Recycling, Greenwaste/Organics and Garbage containers should spaced 3 feet apart away from any obstacles (i.e mailboxes, cars, etc) before 6:00am on collection service day.
- The fee schedule above only includes the Garbage Company rates and does not include IWMA fees, which are separately noted on the billings.
- Cleaning fees will be billed on a time and materials basis
- Late Fees are imposed for residential customers over 30 days delinquent. The fee is 1.5% per month of the outstanding charge, with a minimum fee of \$5.00. No prior notice is required, as this late fee policy is stated at the bottom of every bill.
- Customers can be charged for contamination fees in the trash, recycling and/or the greenwaste/organics containers.

Any additional recycling services are charged at 50% of the garbage rate.

Aviso de Audiencia Pública sobre Propuesta de ajuste de la tarifa de residuos sólidos

PARA UNA VERSIÓN EN ESPAÑOL DE ESTE “AVISO DE AUDIENCIA PÚBLICA SOBRE LOS AUMENTOS PROPUESTOS DE LA TASA DE RESIDUOS SÓLIDOS”, UTILICE EL SIGUIENTE ENLACE AL SITIO WEB:

<https://www.sanluisgarbage.com/news/list>

Propietarios e inquilinos de inmuebles - Clientes:

El Distrito de Servicios Comunitarios de Oceano (OCSD) llevará a cabo una audiencia pública sobre los ajustes de tarifas (el “Ajuste de Tarifa Propuesto”) propuestos por el Servicio Sanitario del Condado Sur (la “Compañía de Basura”) para las propiedades y los clientes que reciben servicios de desechos sólidos, reciclaje y desechos verdes dentro del OCSD. El OCSD considerará el Ajuste de Tarifa Propuesto en la fecha, hora y lugar que se especifican a continuación. De acuerdo con los requisitos de la Proposición 218, este aviso también proporciona la siguiente información:

- La fecha, hora y lugar de la audiencia pública;
- La razón del ajuste tarifario propuesto;
- La fecha efectiva del ajuste tarifario propuesto;
- La base para el ajuste de la tasa propuesta; y
- Procedimientos de protesta de la mayoría.

AVISO DE AUDIENCIA PÚBLICA

La Audiencia Pública para el Ajuste de Tarifa Propuesto dentro de los límites de la OCSD se llevará a cabo el:

Fecha: 8 de enero de 2025 **Hora:** 18:00 horas

Lugar: Sala de juntas del Distrito de servicios comunitarios de Oceano ubicada en 1655 Front St Oceano, CA

En la Audiencia Pública, la Junta de Oceano CSD considerará todos los comentarios públicos a favor y en contra del Ajuste de Tarifa Propuesto y si existe o no una protesta mayoritaria de conformidad con la Constitución de California (como se describe a continuación). Si se aprueba, el Ajuste de Tarifa Propuesto para 2025 entraría en vigencia el 1 de enero de 2025 y los ajustes anuales entrarían en vigencia cada 1 de enero de 2026, 2027, 2028 y 2029.

Motivo y fundamento de los ajustes de tarifas propuestos

El ajuste de tarifa propuesto para 2025 se basa en el costo documentado de la empresa de recolección de residuos por brindar servicios de recolección de residuos sólidos y representa un aumento del 4,98 % por encima de las tarifas actuales de recolección de residuos sólidos. Este ajuste basado en los costos es necesario para que la empresa de recolección de residuos sólidos continúe brindando servicios seguros, ambientalmente racionales

y confiables de recolección, transporte y disposición de residuos sólidos a los residentes y las empresas de Oceano. Los ajustes se solicitan debido a lo siguiente:

- Aumento de los costos de procesamiento de residuos orgánicos: los costos de terceros para la instalación de procesamiento posterior a la recolección de residuos orgánicos operada por la empresa anteriormente llamada Hitachi Zosen INOVA, y que no están dentro del control de Garbage Company, se han duplicado desde 2022. El cambio en el costo es el resultado de cambios en el capital de la instalación y los costos operativos.
- Aumento de los costos de eliminación de residuos en vertederos: los costos de eliminación de residuos en vertederos de Cold Canyon se han mantenido estables desde 2016. El ajuste de la tarifa de 2025 refleja un ajuste del mercado a estos costos, de una tarifa de vertido por tonelada de \$41 por tonelada (vigente desde 2016) a una tarifa de vertido por tonelada de \$70. The Garbage Company proporcionó una comparación de mercado que demuestra la aplicabilidad de la tarifa de vertido de mercado de \$70 por tonelada.
- Costos de cobranza que incluyen mano de obra, vehículos, gastos operativos y generales: estos costos aumentarán un 4,21 % en 2025.
- Ajustes necesarios para pasar a una nueva metodología de ajustes de tasas anuales que proporcione mayor estabilidad, previsibilidad, equidad, transparencia, facilidad de administración y rentabilidad. Estos incluyen la actualización de la vida útil de depreciación de los camiones de basura, la eliminación de una limitación a los costos generales corporativos para programas legales, impositivos, de nómina, de recursos humanos, de ingeniería, de cumplimiento, de TI, de capacitación y de reclutamiento, y la actualización de la deducción por ganancias del 8% al 10 %.
- Ajustes para nuevas mejoras del servicio, incluida la posibilidad de que los residentes intercambien un carrito de recolección de residuos sólidos una vez al año sin costo, recolección sin cargo de un artículo voluminoso dos veces al año a través de un programa de cupones y un programa de asistencia de tarifas que brinda un descuento del 20 % para personas de bajos ingresos a clientes residenciales que utilizan el servicio de carrito de 32 galones (utilizando la verificación de bajos ingresos de un tercero).

Los ajustes de tarifas propuestos para 2025 aplicables a los clientes de residuos sólidos residenciales se muestran en la siguiente tabla. Esto incluye los tres flujos (basura, reciclaje, residuos orgánicos).

Tamaño del contenedor de basura	Costos mensuales 2024	Costos mensuales 2025	Cambio en la tasa mensual
32 galones	\$20,37	\$21,38	\$1.01
64 galones	\$29,31	\$30,77	1,46 dólares
96 galones	\$57.38	60,24 dólares	\$2,86

Además, a partir del 1 de enero de cada año, los años 2026, 2027, 2028 y 2029, las tarifas de residuos sólidos se ajustarán de acuerdo con lo siguiente:

- Cambio anual en el índice de precios al consumidor (IPC) de la Oficina de Estadísticas Laborales para la recolección de basura y desechos en el promedio de todas las ciudades de los EE. UU., con un ajuste mínimo del 2 % y un ajuste máximo del 5 %. Los montos por debajo del mínimo o por encima del máximo se trasladarán al año siguiente.

- Cálculo de una deducción por utilidades del 10% a partir de 2026 (se estima un ajuste adicional del 0,67% al 0,69% en 2026).
- Adición de un mecanismo de equilibrio de ingresos a partir de 2027, en el que los ingresos reales provenientes de los residuos sólidos que superen o estén por debajo de las proyecciones se transfieran como adiciones o compensaciones al ajuste anual del IPC.

Los ajustes de tarifas propuestos se han revisado de forma independiente para comprobar su coherencia con el Manual de metodología y proceso de fijación de tarifas para la gestión integrada de residuos sólidos de la ciudad de San Luis Obispo, de junio de 1994, y de conformidad con las disposiciones del Acuerdo de franquicia de la OCSD con la empresa de recolección de residuos, en su forma enmendada, que rige el servicio de residuos sólidos dentro de los límites de la OCSD. Los ajustes de tarifas propuestos contemplan la implementación de una nueva metodología para los ajustes de tarifas anuales que se describe en el informe New Solid Waste Rate Adjustment Methodology and 2025 Rates (Nueva metodología de ajuste de tarifas de residuos sólidos y tarifas de 2025), redactado por el revisor independiente R3 Consulting Group, Inc. El informe del consultor y el conjunto completo de tarifas de residuos sólidos propuestas para 2025 están disponibles en la oficina de la OCSD ubicada en 1655 Front St Oceano, CA, así como en el paquete de la agenda de la reunión de la Junta de la OCSD del 13 de noviembre de 2024 en línea (www.ocsd.specialdistrict.org)

¿Cómo puedo protestar el ajuste de tarifa propuesto?

De conformidad con la Sección 6 del Artículo XIII D de la Constitución de California, las siguientes personas pueden presentar una protesta por escrito contra el Ajuste de Tarifa Propuesto al Secretario de la Junta antes del cierre de la Audiencia Pública mencionada anteriormente.

- Un propietario de una propiedad (parcela(s)) que recibe servicios de desechos sólidos, reciclaje y desechos verdes dentro de los límites del Distrito . Si la(s) persona(s) que firma(n) la protesta, como propietario, no figura en el último registro de evaluación igualada como propietario de la(s) parcela(s), entonces la protesta debe contener o estar acompañada de evidencia escrita de que dicha persona que firma la protesta es el propietario de la(s) parcela(s) que recibe los servicios;
- o
- Un inquilino(s) cuyo nombre aparece en los registros de la Compañía de Residuos como cliente registrado de la parcela correspondiente que recibe servicios de desechos sólidos, reciclaje y desechos verdes dentro de los límites de la OCSD (inquilino-cliente).

Una protesta escrita válida debe contener una declaración de que usted protesta contra el Ajuste de Tarifa Propuesto, la dirección o el Número de Parcela del Evaluador (APN) de la parcela o parcelas que reciben servicios de desechos sólidos, reciclaje y desechos verdes, y una firma del propietario o del cliente-inquilino de la parcela o parcelas. Se contará una protesta escrita por parcela para calcular una protesta mayoritaria contra el Ajuste de Tarifa Propuesto, sujeto a los requisitos de la Sección 6 del Artículo XIII D de la Constitución de California. No se aceptarán protestas escritas por correo electrónico ni por fax. Las protestas verbales no se contarán para determinar la existencia de una protesta mayoritaria. Para que se cuente, una protesta debe ser recibida por escrito por el Secretario de la Junta antes del cierre de la Audiencia Pública mencionada anteriormente.

Las protestas escritas sobre el ajuste de la tarifa de residuos sólidos se pueden enviar por correo a:

Distrito de servicios comunitarios de Oceano
A la atención de: Secretario de la Junta Directiva
Apartado Postal 599

Océano, CA 93475

la mayoría de los propietarios y/o inquilinos-clientes de parcelas que reciben servicios de residuos sólidos , reciclaje y residuos verdes dentro de los límites de la OCSD presentan protestas escritas válidas , entonces la OCSD no ajustará las tarifas de los servicios.

**SERVICIO SANITARIO DEL
CONDADO SUR
EN VIGENCIA A PARTIR DEL 1 DE
ENERO DE 2025
CSD OCÉANO**

Descripción del servicio	Recolecciones por semana	Tarifa mensual vigente a partir del 01/01/2024	Propuesta de aumento de tarifas	Tarifa mensual vigente a partir del 01/01/2025
VIVIENDA UNIFAMILIAR RESIDENCIAL Y MULTIUNIDADES (4 UNIDADES O MENOS):				
Camión de basura con ruedas de 32 galones	1	\$20,37	\$1.01	\$21,38
Camión de basura con ruedas de 64 galones	1	\$29,31	1,46 dólares	\$30,77
Camión de basura con ruedas de 96 galones	1	\$57,38	\$2,86	60,24 dólares
DOS Camiones Recolectores de Residuos de 64 Galones	1	67,72 dólares	\$3,37	\$71.09
UNO DE 64 Y UNO DE 96 GALONES	1	\$88,14	\$4,39	\$92,53
Camiones de basura con ruedas de 2,96 galones	1	\$108,54	\$5,41	\$113,95
Los clientes residenciales deben utilizar los vehículos con ruedas que les proporciona la empresa de recolección de basura. Esta tarifa de servicio fijo para la recolección de basura residencial (contenedor con tapa negra o gris) incluye la recolección una vez por semana de un contenedor para desechos orgánicos/verdes (tapa verde) y un contenedor para reciclaje (tapa azul).				
MULTIFAMILIA (5 o MÁS)				
Las tarifas son las mismas que las de los contenedores comerciales y camiones de basura (a continuación).				
CONTENEDORES COMERCIALES - TODAS LAS ÁREAS:				
Contenedor de basura de 1 yarda	1	\$99,70	\$4,97	\$104,67
Contenedor de basura de 1 yarda	2	\$143,42	\$7,14	\$150,56
Contenedor de basura de 1 yarda	3	\$189,50	9,44 dólares	\$198,94
Contenedor de basura de 1 yarda	4	\$233,25	11,62 dólares	\$244,87
Contenedor de basura de 1 yarda	5	\$281,83	\$14,04	\$295,87
Contenedor de basura de 1 yarda	6	\$328,00	\$16,33	\$344,33
Contenedor de basura de 1 yarda	7	\$437,31	\$21,78	\$459,09
Contenedor de basura de 1,5 yardas	1	\$119,05	\$5,93	\$124,98
Contenedor de basura de 1,5 yardas	2	\$182,12	\$9,07	\$191,19
Contenedor de basura de 1,5 yardas	3	\$245,42	\$12,22	\$257,64
Contenedor de basura de 1,5 yardas	4	\$342,55	\$17,06	\$359,61
Contenedor de basura de 1,5 yardas	5	\$417,84	\$20,81	\$438,65
Contenedor de basura de 1,5 yardas	6	\$498,04	\$24,80	\$522,84
Contenedor de basura de 1,5 yardas	7	\$658,50	\$32,79	\$691,29
Contenedor de basura de 2 yardas	1	\$128,75	6,41 dólares	\$135,16
Contenedor de basura de 2 yardas	2	\$211,29	\$10,52	\$221,81
Contenedor de basura de 2 yardas	3	\$301,14	\$15,00	\$316,14
Contenedor de basura de 2 yardas	4	\$439,76	\$21,90	\$461,66
Contenedor de basura de 2 yardas	5	\$539,42	\$26,86	\$566,28
Contenedor de basura de 2 yardas	6	\$643,81	\$32,06	\$675,87
Contenedor de basura de 2 yardas	7	\$881,86	\$43,92	\$925,78
Contenedor de basura de 3 yardas	1	\$155,37	\$7,74	\$163,11

**SERVICIO SANITARIO DEL
CONDADO SUR
EN VIGENCIA A PARTIR DEL 1 DE
ENERO DE 2025
CSD OCÉANO**

Descripción del servicio	Recolecciones por semana	Tarifa mensual vigente a partir del 01/01/2024	Propuesta de aumento de tarifas	Tarifa mensual vigente a partir del 01/01/2025
Contenedor de basura de 3 yardas	2	\$286.61	\$14,27	\$300,88
Contenedor de basura de 3 yardas	3	\$400,82	\$19,96	\$420,78
Contenedor de basura de 3 yardas	4	\$714,13	\$35,56	\$749.69
Contenedor de basura de 3 yardas	5	\$847,84	\$42,22	\$890.06
Contenedor de basura de 3 yardas	6	\$991,15	\$49,36	\$1,040.51
Contenedor de basura de 3 yardas	7	\$1,365.23	\$67,99	\$1,433.22
Contenedor de basura de 4 yardas	1	\$221.06	\$11.01	\$232,07
Contenedor de basura de 4 yardas	2	\$332,92	\$16,58	\$349.50
Contenedor de basura de 4 yardas	3	\$478,59	\$23,83	\$502,42
Contenedor de basura de 4 yardas	4	\$750,76	\$37,39	\$788,15
Contenedor de basura de 4 yardas	5	\$930.41	\$46,33	\$976,74
Contenedor de basura de 4 yardas	6	\$1,056.82	\$52,63	\$1,109.45
Contenedor de basura de 4 yardas	7	\$1,642.20	\$81,78	\$1,723.98
Contenedor de basura de 6 yardas	1	\$331.61	\$16,51	\$348,12
Contenedor de basura de 6 yardas	2	\$499.39	\$24,87	\$524,26
Contenedor de basura de 6 yardas	3	\$717,85	\$35,75	\$753.60
Contenedor de basura de 6 yardas	4	\$1,126.13	\$56.08	\$1,182.21
Contenedor de basura de 6 yardas	5	\$1,395.62	\$69,50	\$1,465.12
Contenedor de basura de 6 yardas	6	\$1,585.25	\$78,95	\$1,664.20
Contenedor de basura de 6 yardas	7	\$2,463.30	\$122,67	\$2,585.97

Las tarifas que se muestran arriba incluyen la tarifa mensual de alquiler del contenedor y una limpieza semestral del contenedor.

CONTENEDORES DE BASURA COMERCIALES - TODAS LAS ÁREAS:

Camión de basura con ruedas de 32 galones	1	\$28,74	1,43 dólares	\$30,17
Camión de basura con ruedas de 32 galones	2	\$50,68	\$2,52	\$53,20
Camión de basura con ruedas de 64 galones	1	\$48.06	\$2,39	\$50,45
Camión de basura con ruedas de 64 galones	2	\$74.01	\$3,69	\$77,70
Camión de basura con ruedas de 96 galones	1	\$57,87	\$2,88	\$60,75
Camión de basura con ruedas de 96 galones	2	\$90,66	\$4,51	\$95,17
Camión de basura con ruedas de 96 galones	3	\$119,89	\$5,97	\$125,86
Camión de basura con ruedas de 96 galones	4	\$151,80	\$7,56	\$159,36
Camión de basura con ruedas de 96 galones	5	\$183,65	\$9,15	\$192,80

* Volumen y peso máximo por bote de basura: 33 galones / 80 libras

COMERCIAL - OTROS CARGOS:

**SERVICIO SANITARIO DEL
CONDADO SUR
EN VIGENCIA A PARTIR DEL 1 DE
ENERO DE 2025
CSD OCÉANO**

Descripción del servicio	Recolecciones por semana	Tarifa mensual vigente a partir del 01/01/2024	Propuesta de aumento de tarifas	Tarifa mensual vigente a partir del 01/01/2025
Las tarifas para todos los clientes comerciales incluyen el reciclaje o la recolección de desechos orgánicos/verdes una vez por semana, incluida en la tarifa del servicio de recolección de basura. Los clientes pueden elegir entre un camión con ruedas para desechos reciclados combinados de color azul de 64 o 96 galones o un camión con ruedas para desechos orgánicos de 32 o 64 galones incluido en la tarifa del servicio de recolección de basura (los camiones con ruedas para desechos de 96 galones solo se pueden usar con desechos verdes debido al peso). Si necesita un contenedor para reciclar, hay un cargo (ver a continuación). Si necesita un reciclaje más frecuente, incluido el servicio de desechos orgánicos/verdes, se puede proporcionar con un descuento del 50 % de las tarifas del servicio de recolección de basura para el nivel de servicio especificado requerido.				
CARGOS VARIOS - TODOS LOS CLIENTES:				
Basura apilada en exceso y bolsas adicionales Mínimo/unidad	cada	\$7,13	\$0,36	\$7,49
Residuos verdes apilados en exceso y bolsas adicionales Mínimo/unidad	cada	\$3,57	\$0,18	\$3,75
Sobreapilado Reciclaje y bolsas adicionales Mínimo/unidad	cada	\$3,57	\$0,18	\$3,75
Servicio en el patio (por lata o producto) ADEMÁS DE LAS TARIFAS ESTÁNDAR DE BASURA	por mes	\$17,78	\$0,89	\$18,67
Tasa de vacantes	por mes	\$16,57	\$0,83	\$17,40
Limpieza de camiones de basura	siempre	\$26,52	1,32 dólares	\$27,84
Cargo por viaje	siempre	\$17,78	\$0,89	\$18,67
Servicio de reducción de personal por falta de pago	siempre	\$17,78	\$0,89	\$18,67
Reparto de basura por falta de pago	siempre	\$17,78	\$0,89	\$18,67
CARGOS VARIOS - TODOS LOS CLIENTES (Continuación):				
Servicio de reconexión por falta de pago	siempre	\$42,73	\$2,13	\$44,86
Recogida de objetos pequeños (TV, inodoro)	cada	\$41,70	\$2,08	\$43,78
Recogida de electrodomésticos - residencial	cada	\$58,79	\$2,93	61,72 dólares
Más grande que un electrodoméstico o vidrio, puertas de vidrio o placas de vidrio.	solo por cita			
Extras de basura en su día de recolección programado	por yarda	\$15,00	\$0,75	\$15,75
Extras de basura: NO EN EL DÍA DE RECOGIDA PROGRAMADO	por yarda	\$41,40	\$2,06	\$43,46
Alquiler de camiones para residuos comerciales	por mes	\$5,51	\$0,27	\$5,78
Reentregar contenedor en cuenta detenida	siempre	\$50,96	\$2,54	\$53,50
Compactador	por yarda	\$22,69	1,13 dólares	\$23,82
Servicio dominical (adicional al nivel de servicio de recolección de basura)	por mes	\$88,98	\$4,43	93,41 dólares
Alquiler de contenedores de reciclaje	por mes	\$9,90	\$0,49	\$10,39

**SERVICIO SANITARIO DEL
CONDADO SUR
EN VIGENCIA A PARTIR DEL 1 DE
ENERO DE 2025
CSD OCÉANO**

Descripción del servicio	Recolecciones por semana	Tarifa mensual vigente a partir del 01/01/2024	Propuesta de aumento de tarifas	Tarifa mensual vigente a partir del 01/01/2025
Tiempo de espera	por hora	\$85,64	\$4,26	\$89,90
Limpieza de contenedores adicionales		\$79,51	\$3,96	\$83,47
Sustitución/Reparación de contenedores o volquetes para residuos	a precio de mercado			
Carga de bloqueo	por mes	\$9,90	\$0,49	\$10,39
Limpieza de la ciudad	por articulo	\$14,56	\$0,73	\$15,29
con ruedas de 32, 64 y 96 galones - Reciclaje	por mes	\$2,00	\$0,10	\$2,10
adicional de 32 o 96 galones - Residuos verdes	por mes	\$4,93	\$0,25	\$5,18
Contenedores de basura a corto plazo:				
Entrega y recogida-Bin		\$50,96	\$2,54	\$53,50
Camión de basura para entrega y recogida		\$42,73	\$2,13	\$44,86
Alquiler	Por día	\$5,51	\$0,27	\$5,78
Envases	Por yarda	\$41,40	\$2,06	\$43,46
Colchón:				
Mellizo	Cada	\$23,14	1,15 dólares	\$24,29
Doble	Cada	\$23,14	1,15 dólares	\$24,29
Reina	Cada	\$23,14	1,15 dólares	\$24,29
Rey	Cada	\$23,14	1,15 dólares	\$24,29

INFORMACIÓN ADICIONAL TODOS LOS CLIENTES:

- Los clientes que soliciten contenedores temporales o servicio de cajas rodantes pueden llamar a la oficina para conocer las tarifas actuales.
- El poliestireno (poliestireno expandido, plástico n.º 6) no se recolecta para reciclar y se debe desechar como basura. Coloque las bolitas de poliestireno expandido en una bolsa antes de colocarlas en el contenedor de basura.
- Se recomienda embolsar la basura en el contenedor de basura, pero no embolse los materiales reciclables ni los desechos verdes en sus respectivos contenedores y manténgalos sueltos.
- Los contenedores de reciclaje, desechos verdes/orgánicos y basura deben estar espaciados a 3 pies de distancia de cualquier obstáculo (es decir, buzones, automóviles, etc.) antes de las 6:00 a. m. del día del servicio de recolección.
- La lista de tarifas anterior solo incluye las tarifas de la Compañía de Recolección de Basura y no incluye las tarifas de IWMA, que se detallan por separado en las facturas.
- Las tarifas de limpieza se facturarán en función del tiempo y los materiales.
- Se aplican cargos por mora a los clientes residenciales que tengan más de 30 días de mora. El cargo es del 1,5 % mensual del monto pendiente, con un cargo mínimo de \$5,00. No se requiere aviso previo, ya que esta política de cargos por mora se indica al final de cada factura.
- A los clientes se les pueden cobrar cargos por contaminación en los contenedores de basura, reciclaje y/o residuos verdes/orgánicos.

Cualquier servicio de reciclaje adicional se cobrará al 50% de la tarifa de basura.

Exhibit E

Annual Rate Adjustment Methodology

Section 1 Objectives

This Exhibit details the process by which Maximum Service Rates are adjusted annually to provide fair and adequate compensation to Franchisee for collection of solid waste and other services provided to Customers and the District per the Agreement. The annual rate adjustment methodology described herein fulfills key objectives established by the District and Franchisee, including rate stability, predictability, fairness, transparency, ease of administration, and cost-effectiveness.

Section 2 Index-Based Rate Adjustments

Except in the case of a Cost-Based Rate Adjustment (see Section 3, below) Franchisee's Maximum Service Rates shall be adjusted via the Index-Based Rate Adjustment methodology described in this section. The Index-Based Rate Adjustment methodology shall be used to adjust Maximum Service Rates effective each January 1 of 2026, 2027, 2028, and 2029 and any subsequent year during which a Cost-Based Rate Adjustment is not allowed or not requested by the District or the Franchisee.

In years during which Maximum Services Rates are to be adjusted pursuant to this Index-Based Rate Adjustment methodology, Franchisee shall submit a report to the District on or before September 1 detailing its calculations of Index-Based Rate Adjustment. District shall have the right to review Franchisee's calculations of Index-Based Rate Adjustment for mathematical accuracy and adherence to the terms and conditions of this Exhibit. District shall prepare written findings regarding adjustments to the Franchisee's calculations of Index-Based Rate Adjustment that are required for mathematical accuracy and adherence to the terms and conditions of this Exhibit on or before October 30.

Index-Based Rate Adjustments shall be prepared and calculated in accordance with the steps described below. All Index-Based percentages shall be rounded to the nearest hundredth of a percent, and all cost calculations shall be rounded to the nearest dollar.

A. Calculation of CPI Adjustment to Franchisee's Collection Services and Post-Collection Services

Franchisee's prior year cost projections for Collection Services and Post-Collection Services shall be adjusted in accordance with the Consumer Price Index (CPI) for Garbage and Trash Collection, U.S. City average, Bureau of Labor Statistics Series I.D. CUUR0000SEHG02.

The CPI Adjustment shall be equal to the percentage change in the average 12-month CPI value ending June of the current year and compared to the average 12-month CPI value ending June of the prior year.

For example, the CPI used to set the 2026 rates shall be calculated as follows:

$$\frac{(\text{Average CPI from July 1, 2024 to June 30, 2025}) - (\text{Average CPI from July 1, 2023 to June 30, 2024})}{\text{Average CPI from July 1, 2023 to June 30, 2024}}$$

If the percentage change is below 2%, the applicable CPI Adjustment shall be 2%, with the difference in the amount below 2% being carried forward as a credit on the rates and applied to the subsequent year. If the percentage change is above 5%, the applicable CPI Adjustment shall be 5%, with the difference in the amount above 5% being carried forward and applied to the rates in subsequent years. Franchisee's prior year cost projections for Collection Services and Post-Collection Services shall be escalated by the resultant CPI Adjustment, rounded to the nearest dollar.

Franchisee's 2025 cost projection for Collection Services is \$761,000 and Franchisee's 2025 cost projection for Post-Collection Services is \$427,779. For 2026, by way of example, if the percentage

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Annual Rate Adjustment Methodology

change in the average 12-month CPI value ending June 2026 compared to the average 12-month CPI value ending June of 2025 is 5%, then Franchisee's 2026 cost projection for Collection Services shall be \$799,050 and Franchisee's 2026 cost projection for Post-Collection Services shall be \$449,168. Likewise, if the percentage change in the average 12-month CPI value ending June 2026 compared to the average 12-month CPI value ending June of 2025 is 2%, then Franchisee's 2026 cost projection for Collection Services shall be \$776,220 and Franchisee's 2026 cost projection for Post-Collection Services shall be \$436,334.

Example Calculation for application of amounts above cap on CPI increases applied to Collection Services component of CPI Adjustment (noting that cap on CPI increases also applies to Post-Collection Services):

Year 1

Collection Services: \$761,000

12-month average CPI index increase: 6.00%

$$\$761,000 \times (1+5.00\%^*) = \$799,050$$

**5% cap on CPI increases. 1% difference carried over to next year*

Year 2

Collection Services: \$799,050

12-month average CPI index increase: 6.00%

$$\$799,050 \times (1+5.0\%^*) = \$839,002$$

**5% cap on CPI increases. 1% difference carried over to next year*

Year 3

Collection Services: \$839,002

12-month average CPI index increase: 3.00%

$$\$839,002 \times (1+5.0\%^*) = \$880,953$$

**3.00% + 1.00% carried forward from Year 1 + 1.00% carried forward from Year 2*

The above is also demonstrated in Table 1, on the following page.

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Annual Rate Adjustment Methodology

Table 1 – Example of CPI Cap and Carryforward

	2025	2026	2027	2028
Collection Services	\$761,000	\$799,050	\$839,002	\$880,953
12-Month Average CPI	6.00%	6.00%	3.00%	
CPI Adjustment (5% Cap)	5.00%	5.00%	5.00%	

B. Calculation of Profit Allowance

The Index-Based Rate Adjustment methodology includes a component for Franchisee’s fair and reasonable Profit Allowance. Profit Allowance is used for the purposes of calculating Index-Based Rate Adjustments and does not constitute a guarantee of profit to the Franchisee.

Franchisee’s Profit Allowance for the purposes of Index-Based Rate Adjustments is calculated as a function of Franchisee’s current year cost projection for Collection Services. For 2025, Franchisee’s Profit Allowance is 9% of the cost projection for Collection Services and in 2026 and thereafter, Franchisee’s Profit Allowance shall be 10% of the cost projection for Collection Services.

Franchisee’s 2025 cost projection for Collection Services is \$761,000; therefore, Franchisee’s Profit Allowance for 2025 is \$761,000 times 9%, rounded to the nearest dollar, equaling \$68,490. Using the first example from Section 2.A above, if Franchisee’s 2026 cost projection is \$799,050 (corresponding to a 5% CPI Adjustment), Franchisee’s 2026 Profit Allowance for the purposes of calculating Index-Based Rate Adjustment shall be \$79,905. Likewise, and using the second example from Section 2.A above, if Franchisee’s 2026 cost projection is \$776,220 (corresponding to a 2% CPI Adjustment), Franchisee’s 2026 Profit Allowance for the purposes of calculating Index-Based Rate Adjustment shall be \$77,622.

C. Calculation of Franchise Fee

Franchisee pays the District a Franchise Fee of 10% of Franchisee’s gross revenues received from Customers in the District. For the purposes of Index-Based Rate Adjustments, the Franchise Fee is calculated as 10% of Franchisee’s annual Total Cost Projection, per Section 2.F below, rounded to the nearest dollar. For 2025, Franchisee’s annual Total Cost Projection is \$1,396,966, yielding Franchise Fee component of \$139,697. Actual Franchise Fee payments made by Franchisee to District shall be calculated as a function of Franchisee’s gross revenues received from Customers in the District and may differ from the amount used in calculating adjustments to the Maximum Service Rates.

D. Calculation of Annual Revenue Reconciliation

Starting with the 2027 Index-Based Rate Adjustment, the difference between the Franchisee’s annual Total Cost Projection and the Franchisee’s actual annual total billings to Customers in the District shall be included in the annual Index-Based Rate Adjustment as an Annual Revenue Reconciliation.

For example, for the 2027 Index-Based Rate Adjustment, the difference between Franchisee’s 2025 Total Cost Projection and Franchisee’s total 2025 billings to Customers in the District shall be included in the 2027 annual Total Cost Projection. By way of example, if Franchisee’s 2025 total billings to Customers in the District is a shortfall of 1% (-\$13,970) then \$13,970 will be added to Franchisee’s Total Cost Projection for 2027. Conversely, if Franchisee’s 2025 total billings to Customers in the District is a surplus of 1% (+\$13,970) then \$13,970 will be subtracted from Franchisee’s Total Cost Projection for 2027.

Table 2, on the following page, provides an example of the case in which there is a 1% shortfall of

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Annual Rate Adjustment Methodology

billed revenues in 2025, which is added to the Total Cost Projection in 2027. The table shows a continuation of 1% shortfalls being added in 2028 and 2029 for example purposes only, and assumes the CPI adjustment to Collection Services, and Post-Collection Services at the 5% cap. Table 2a on the following page, provides an example of the case in which there is a 1% surplus of billed revenues in 2025, which is added to the Total Cost Projection in 2027. The table shows a continuation of 1% surpluses being added in 2028 and 2029 for example purposes only, and assumes the CPI adjustment to Collection Services and Post-Collection Services at the 5% cap.

Table 2 – Example Revenue Reconciliation of -1% Annually

	2025	2026	2027	2028	2029
Collection Services	\$761,000	\$799,050	\$839,002	\$880,953	\$925,000
Profit Allowance	\$68,490	\$79,905	\$83,900	\$88,095	\$92,500
Post-Collection Services	\$427,779	\$449,168	\$471,626	\$495,207	\$519,968
Franchise Fee	\$139,697	\$147,569	\$156,500	\$164,335	\$172,569
Revenue Reconciliation Example	N/A	N/A	\$13,970	\$14,757	\$15,650
Total Cost Projection	\$1,396,966	\$1,475,692	\$1,564,998	\$1,643,347	\$1,725,686
Indexed Rate Adjustment		5.64%	6.05%	5.01%	5.01%

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Annual Rate Adjustment Methodology

Table 2a – Example Revenue Reconciliation of +1% Annually

	2025	2026	2027	2028	2029
Collection Services	\$761,000	\$799,050	\$839,002	\$880,953	\$925,000
Profit Allowance	\$68,490	\$79,905	\$83,900	\$88,095	\$92,500
Post-Collection Services	\$427,779	\$449,168	\$471,626	\$495,207	\$519,968
Franchise Fee	\$139,697	\$147,569	\$153,395	\$161,055	\$169,125
Revenue Reconciliation Example	N/A	N/A	(\$13,970)	(\$14,757)	(\$15,340)
Total Cost Projection	\$1,396,966	\$1,475,692	\$1,533,954	\$1,610,553	\$1,691,254
Indexed Rate Adjustment		5.64%	3.95%	4.99%	5.01%

Significant, unexpected increases or decreases in revenue may be included or excluded from the Annual Revenue Reconciliation if deemed reasonable by the parties. As a one-time exercise, the Franchisee may request to review the entirety of its revenue earnings with the District as a check-in to evaluate alignment with its revenue forecast and conditions outlined in this exhibit. By no later than September 30, 2025, the Franchisee shall provide the District with documentation of actual to-date receipts or billings, accompanied by an analysis of all corresponding service trends. Upon receipt of these materials, the District and the Franchisee shall engage in a good-faith meet-and-confer process to discuss and determine an appropriate resolution, which may include a rate adjustment in January 2026 if necessary.

E. Calculation of Total Cost Projection

Franchisee’s annual Total Cost Projection shall be the sum of the resultant values from Section 2.A through 2.D above. For 2025, the Total Cost Projection is \$1,396,966. Table 3 below demonstrates the 2026 Total Cost Projection if the percentage change in the average 12-month CPI value ending June 2026 compared to the average 12-month CPI value ending June of 2025 is 5%. Table 4, on the following page, demonstrates the 2026 Total Cost Projection in the percentage change in the average 12-month CPI value ending June 2026 compared to the average 12-month CPI value ending June of 2025 is 2%.

Table 3 – 2026 Total Cost Projection at 5% CPI Value for 2026

	2025	2026
Collection Services	\$761,000	\$799,050
Profit Allowance	\$68,490	\$79,905
Post-Collection Services	\$427,779	\$449,168
Franchise Fee	\$139,697	\$147,569
Total Cost Projection	\$1,396,966	\$1,475,692

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Table 4 – 2026 Total Cost Projection at 2% CPI Value for 2026

	2025	2026
Collection Services	\$761,000	\$776,220
Profit Allowance	\$68,490	\$77,622
Post-Collection Services	\$427,779	\$436,334
Franchise Fee	\$139,697	\$143,353
Total Cost Projection	\$1,396,966	\$1,433,529

F. Calculation of Annual Index-Based Rate Adjustments

The Index-Based Rate Adjustment shall be the calculated as function of the Franchisee’s forthcoming annual Total Cost Projection divided by the then current year Total Cost Projection, minus 100%, rounded to the nearest hundredth of a percent.

For example, taking the results shown in Table 3, on the prior page, the Index-Based Rate Adjustment for 2026 would be \$1,475,692, divided by \$1,396,966, minus 100%, yielding a 5.64% adjustment to the Maximum Service Rates effective January 1, 2026. Using the results of Table 4, above as an example, the Index-Based Rate Adjustment for 2026 would be \$1,433,529, divided by \$1,396,966, minus 100%, yielding a 2.62% adjustment to the Maximum Service Rates effective January 1, 2026.

This Index-Based Rate Adjustment calculation described herein shall repeat in 2027, 2028, and 2029, with the addition of the Annual Revenue Reconciliation amounts calculated pursuant to Section 2.D of this Exhibit. Rate adjustments shall be effective on January 1st of each year (unless otherwise agreed to in writing by the parties) and any delay in rate change approval not caused by Franchisee will result in additional adjustments so that all required revenues are billed within the rate year. Any delay in rate change approval that is caused by Franchisee shall not result in additional adjustments corresponding with the delay in approval.

Section 3 Cost-Based Rate Adjustments

Franchisee or District shall have the right to request a Cost-Based Rate Adjustment effective January 1, 2030. Franchisee’s request for Cost-Based Rate Adjustment in 2030 shall be requested in writing on or before January 15, 2029 and District’s request for Cost-Based Rate Adjustment in 2030 shall be requested in writing on or before January 31, 2029. To the extent possible any District request for Cost-Based Rate Adjustment shall be coordinated with the other agencies in San Luis Obispo County that follow the rate adjustment methodology described in this Exhibit, with all such agencies opting to request Cost-Based Rate Adjustment effective in the same rate year

Upon request by either party for Cost-Based Rate Adjustment, Franchisee shall prepare and submit financial records and calculations to the District in accordance with this Section by April 30, 2029. District shall have the right to review Franchisee’s financial records related to the Cost-Based Rate Adjustment and calculations of Cost-Based Rate Adjustment for mathematical accuracy and adherence to the terms and conditions of this Section. District shall prepare written findings regarding adjustments to the Franchisee’s calculations of Cost-Based Rate Adjustment that are required for mathematical accuracy and adherence to the terms and conditions of this Exhibit on or before June 30, 2029. District shall make every effort to seek Board of Directors authorization of Cost-Based Rate Adjustment prior to August 30, 2029. If neither party requests a Cost-Based Rate Adjustment in writing as specified above, then an Index-

Exhibit E

Annual Rate Adjustment Methodology

Based Rate Adjustment shall be applied for adjustments to Maximum Service Rates effective January 1, 2030 and subject to the terms and conditions of Section 2 of this Exhibit.

Franchisee or District shall have the right to request subsequent Cost-Based Rate Adjustments no more frequently than every five (5) years following the prior Cost-Based Rate Adjustment. For example, if a Cost-Based Rate Adjustment is requested as stipulated in above in January, 2029 (and effective January 1, 2030) then the next Cost-Based Rate Adjustment may not be requested by either party until January, 2034 (for effectiveness in 2035). The schedule from the following paragraph would also apply: Franchisee would prepare and submit financial records and calculations by April 30, 2034, District would prepare written findings regarding adjustments to Franchisee's calculations of Cost-Based Rate Adjustment that are required for mathematical accuracy and adherence to the terms and conditions of this Exhibit by June 30, 2034, and District would make every effort to seek Board of Directors authorization of Cost-Based Rate Adjustment prior to August 30, 2034.

Notwithstanding the above, nothing shall prevent the parties from mutually agreeing to conduct Cost-Based Rate Adjustments in other years (i.e., years other than 2030 and 2035), provided that both parties agree in writing to waive the five (5) year limitation on Cost-Based Rate Adjustments expressed herein. If neither party requests Cost-Based Rate Adjustments in subsequent years pursuant to the five (5) year schedule described above, then Index-Based Rate Adjustments shall be applied for adjustments to Maximum Service Rates in such years, subject to the terms and conditions of Section 2 of this Exhibit.

Franchisee shall provide all financial information and supporting documentation required by this review in a format acceptable to District (or District's designated consultant) in a timely manner. Franchisee shall not require District (or District's designated consultant) to review any such documents at Franchisee's worksite but shall instead allow for all required information and supporting documentation to be provided to District (or its designated consultant) via physical mail, e-mail, or any other delivery method approved by District.

Cost-Based Rate Adjustments shall be prepared and calculated in accordance with the steps described below.

A. **Projection of Collection Services and Post-Collection Service Costs**

Franchisee shall prepare financial records and calculations of Cost-Based Rate Adjustment using audited financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) for Franchisee's immediately preceding three (3) fiscal years. Such financial records and calculations shall include Franchisee's projected costs for Collection Services and Post-Collection Services as well as Franchisee's projected gross revenues at then-current Maximum Service Rates for the forthcoming year (e.g., 2030 at the earliest).

Franchisee shall promptly assemble, provide, and submit such information that is reasonably necessary to support the assumptions made by the Franchisee with regard to the assumptions underlying the forecast. Upon submission of such information, the District holds the ability to make appropriate changes for non-allowable costs, large unsupported variances in cost projections including but limited to corporate transactions and allocations, large variances in inter-company and related party transactions and allocations, unjustifiable variances in any cost category, non-conformance with agreed upon depreciation terms, non-conformance agreed upon profit allowances, and other customary and reasonable adjustments as detailed in the Agreement. Cost projections for Collection Services and Post-Collection Services prepared by Franchisee must be justifiable, supportable with financial information, and provide accountability for all expenditures. In preparing such cost projections, Franchisee shall assemble and submit its forecasts of:

- a. Revenues at current Maximum Service Rates for the then-current year, including delineation of revenues by sector (single-family residential vs. commercial and multi-family) and with details of the number of subscribers by type within each sector.
- b. Projected costs of Collection Services for the then-current year and the forthcoming

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Annual Rate Adjustment Methodology

year, with comparison to and explanation of any variances to actual costs for Collection Services in the prior three (3) fiscal years. Costs for Collection Services include labor, corporate overhead, depreciation (with rolling stock at 10-year depreciation lifespan), and general and administrative costs and shall be delineated as per the primary cost categories included in Franchisee's Audited Financial Statements. Franchisee must provide documentation of, and explanation for, material variances in any cost category. Projected costs for the forthcoming year shall be based on Franchisee's actual costs per Audited Financial Statements and escalated by the CPI Adjustment described in Section 2.A of this Exhibit, with the exception that Franchisee may adjust projections to account for other documentable changes in costs. Corporate overhead costs shall be limited to be less than 4% of Franchisee's Total Cost Projection for the forthcoming year and Franchisee must provide documentation and justification for any amounts of Corporate Overhead above 3% of Franchisee's Total Cost Projection for the forthcoming year. District retains the right to make appropriate adjustments to cost projections to cost categories for which Franchisee does not or cannot provide adequate documentation and explanation of material variances compared to prior years.

- c. Projected costs of Post-Collection Services for the then-current year and the forthcoming year, with comparison to and explanation of any variances to actual costs for Collection Services in the prior three (3) fiscal years. Costs for Post-Collection Services include landfill disposal, organics processing, recyclables processing and marketing, related-party transportation, and related-party rent and shall be delineated as per the primary cost categories included in Franchisee's Audited Financial Statements. Franchisee must provide documentation of, and explanation for, material variances in any cost category. Projected costs for the forthcoming year shall be based on Franchisee's actual costs per Audited Financial Statements and escalated by the CPI Adjustment described in Section 2.A of this Exhibit, with the exception that Franchisee may adjust projections to account for other documentable changes in costs. District retains the right to make appropriate adjustments to cost projections to cost categories for which Franchisee does not or cannot provide adequate documentation and explanation of material variances compared to prior years.
- d. Franchisee shall not include any non-allowable costs in its cost projections for Collection Services or Post-Collection Services. Non-allowable costs include but are not limited to:
 - i. Entertainment and non-work related travel expenses, unless authorized in advance by District.
 - ii. Advertising for services not within the scope of this Agreement or outside of the service area of Oceano Community Services District.
 - iii. Fines or penalties of any nature.
 - iv. Liquidated damages assessed under this Agreement.
 - v. Federal or State income taxes.
 - vi. Profit sharing payments not related to an IRS approved pension program.
 - vii. Charitable or political donations.
 - viii. Attorneys' fees and other expenses incurred by Franchisee in any court proceeding in which District and Franchisee are adverse parties, unless Franchisee is the prevailing party in said proceedings.
 - ix. Attorneys' fees and other expenses incurred by Franchisee in any court proceeding in which Franchisee's own negligence, violation of law or

Exhibit E

Annual Rate Adjustment Methodology

regulation, or other wrongdoing, is in issue and occasions part of the attorneys' fees and expenses claimed, provided, however, such attorneys' fees will be allowed to the extent Franchisee can demonstrate they were reasonable and necessary and a cost of doing business, and were not the result of any intentional or willful misconduct by Franchisee or its employees; and attorneys' fees and expenses incurred by Franchisee in a court proceeding in which the legal theory or statute providing a basis of liability against Franchisee also provides for separate strict liability for District arising from the action of its citizens or ratepayers (such as in a CERCLA lawsuit).

- x. Payments to related party entities for products or services (other than lease expense, calculated as provided below), in excess of the fair market value for those products or services. For purposes of this Agreement, related party expenses are those resulting from transactions between Franchisee and another company (companies) that has (have) common ownership or management control.
- e. Franchisee's audited financial statements, and any other documentation as deemed necessary by the District, will be reviewed to determine Franchisee's cost projections for each of the foregoing categories during the year involved. District will use the financial statements to determine that costs have actually been incurred and have been assigned to the appropriate category.
- f. District may adjust the actual costs in two ways: (1) to exclude any non-allowable costs, set out below, and (2) to exclude and/or reduce any costs that were actually incurred but which are not reasonable and necessary in keeping with industry standard best practices.

B. Calculation of Profit Allowance

Franchisee's Profit Allowance shall be 10% of the cost projection for Collection Services, rounded to the nearest dollar.

C. Calculation of CPI Adjustment to AB 939 Fee

Calculation of AB 939 Fee shall be calculated in accordance with Section 2.C, above, for the applicable year as appropriate.

D. Calculation of Franchise Fee

Calculation of Franchise Fee shall be calculated in accordance with Section 2.D, above, for the applicable year as appropriate.

E. Calculation of Annual Revenue Reconciliation

Calculation of Annual Revenue Reconciliation shall be calculated in accordance with Section 2.E, above, for the applicable year as appropriate.

F. Calculation of Total Cost Projection

Calculation of Total Cost Projection shall be calculated in accordance with Section 2.F, above, for the applicable year as appropriate.

G. Calculation of Cost-Based Rate Adjustment

The Cost-Based Rate Adjustment shall be the calculated as function of the Franchisee's forthcoming annual Total Cost Projection divided by the then current year Total Cost Projection, minus 100%, rounded to the nearest hundredth of a percent. This is the same calculation described in Section 2.G, above. The resultant percentage shall be applied to the then-current Maximum Service Rates and be effective January 1 of the forthcoming year.

Exhibit E

Annual Rate Adjustment Methodology

Rate adjustments shall be effective on January 1st of each year (unless otherwise agreed to in writing by the parties) and any delay in rate change approval not caused by Franchisee will result in additional adjustments so that all required revenues are billed within the rate year. Any delay in rate change approval that is caused by Franchisee shall not result in additional adjustments corresponding with the delay in approval.

Section 4 Annual Audited Financial Statements

Franchisee shall annually prepare Audited Financial Statements in accordance with Generally Accepted Accounting Principles (GAAP) for its operations in the San Luis Obispo County region. Franchisee shall provide District with copies of the annual Audited Financial Statements upon request and with any Cost-Based Rate Adjustment submittal.

Section 5 Extraordinary Adjustments

Except as provided herein, Franchisee may not request adjustments to Maximum Service Rates in years during which Index-Based Rate Adjustments are scheduled to be applied and must follow the timeline described in Section 3. Notwithstanding the above, Franchisee may request extraordinary adjustments to Maximum Service Rates due to changes in law affecting collection operations, including for compliance with the California Air Resource Board's (CARBS's) Advanced Clean Fleet (ACF) electrification mandate. The District may, but is not obligated to, consider requests for extraordinary adjustment to Maximum Service Rates due to changes in law affecting Post-Collection Services. Requests for extraordinary changes in Maximum Service Rates are subject to good faith negotiations between District and Franchisee.

In the event of any Change in Scope or Change in Law (each as described below) that results in a material increase or decrease in Franchisee's costs or revenues, in the event of an Extraordinary Cost Increase (as defined below), or in the event of any Change in Fees (as described below), an appropriate adjustment will be made to the Maximum Service Rates in order to compensate, to the maximum extent possible, for such increase or decrease in costs, revenues or Fees, commencing from the Effective Date(s) such increase or decrease first occurs. Any adjustment to Maximum Service Rates due to a Change in Scope, a Change in Law or an Extraordinary Cost Increase shall be in the reasonable discretion of the District.

- A. "Change in Scope" shall mean any change in the services provided by the Franchisee under the Agreement whether proposed by the Franchisee or by the District.
- B. "Change in Law" shall mean the enactment, adoption, promulgation, issuance, modification or written change in any law, regulation, order or judgment of any governmental body that affects the Franchisee's performance of services under the Agreement including, without limitation, the issuance of final regulations under existing laws.
- C. "Change in Fees" shall mean any change in franchise fees, vehicle impact fees and other fees charged to the Franchisee by the District connection with the services provided by the Franchisee under the Agreement the cancellation of any existing fees, and the adoption of any new fees.
- D. "Extraordinary Cost Increase" shall mean a substantial increase in the Franchisee's operating or capital costs or expenses that is outside of the Franchisee's control but not due to a Change in Scope or Change in Law.
- E. "Effective Date" shall mean the date in which the Franchisee notifies the District of the reasons for the cost estimate associated with a Change in Law, Change in Fees, and/or Extraordinary Cost Increase or when the Franchisee begins incurring costs for the Change in Law, Change in Fees, or Extraordinary Cost Increase, whichever is later.

In the case of a Change in Scope, a Change in Law or an Extraordinary Cost Increase, the Franchisee shall provide the District with projected operational, cost and revenue data reflecting the entire financial

Exhibit E

Annual Rate Adjustment Methodology

effect of such Change. The District reserves the right to require that the Franchisee supply any additional operational, cost and revenue data, or any other information it may reasonably need, to ascertain the appropriate financial impact of the Change and any necessary adjustment to Maximum Service resulting from such Change.

Extraordinary adjustments to Maximum Service Rates for a qualifying Change in Scope or Change in Law, for a Change in Fees, or for an Extraordinary Cost Increase shall take effect as of the beginning of the next year and will include all impacts of the extraordinary adjustment from the Effective Date of the impact; provided, however, that, in the case of any Change in Fees charged by the District, the Extraordinary adjustment shall take effect as of the Effective Date of such Change in Fees. The underlying service, cost, revenue or Fee changes supporting any rate adjustment under this Section 5 will be added to the appropriate category under Sections 2 and 3 above for purposes of future cost projections.



Oceano Community Services District

1655 Front Street | P.O. Box 599 | Oceano, CA 93475

PHONE (805) 481-6730 | FAX (805) 481-6836

Date: January 8, 2025

To: Board of Directors

From: Peter Brown, General Manager
Carey Casciola, Accounting and Business Manager

Subject: Agenda Item 10(A) –Consider and discuss the 2025 Committee Assignments

Recommendation

It is recommended that the Oceano Community Services District Board review, discuss, and take action to update Board Members Committee Assignments.

Discussion

Attached is the current year's Committee Assignments roster as of August 14, 2024.

There are four types of committee assignments:

1. Committee assignments to other agency Boards and Committees
2. OCSD Ad Hoc Committees
3. Liaison assignments with other Boards and Committees
4. OCSD Standing Committees

Committee Assignments to other agency Boards and Committees

These assignments give appointees formal authority to act on behalf of the community. The roles are either as a final decision-maker or as an advisory role.

Assignment	Final Decision-Making Role	Advisory Role
<i>South San Luis Obispo County Sanitation District Board of Directors</i>	X	
<i>Water Resource Advisory Committee (WRAC) For the San Luis Obispo County Flood Control and Water Conservation District – Countywide Water Resources</i>		X
<i>Regional Water Management Group (RWMG) For the San Luis Obispo County Integrated Regional Water Management Plan (IRWMP)</i>		X
<i>Zone 3 Advisory Committee</i>		X



Oceano Community Services District

Board of Directors Meeting

For the San Luis Obispo County Flood Control and Water Conservation District (Lopez Water Supply Project) *		
<i>State Water Subcontractors Advisory Committee</i> For the San Luis Obispo County Flood Control and Water Conservation District		X
<i>Parks and Recreation Committee</i> For the District		X

* Note: The Zone 3 Advisory Committee has formal decision-making role to modify delivery of water under the Low Reservoir Response Plan during drought emergencies.

Other Agency Involvement

n/a

Other Financial Considerations

n/a

Results

Reviewing the District’s committee assignments in accordance with the District’s by-laws helps to promote a well-governed community.

Attachments:

1. 2024 Committee Assignments as of August 14, 2024

COMMITTEE ASSIGNMENTS TO OTHER AGENCY BOARDS AND COMMITTEES				Subject Matter Assignments / Expertise
SSLOCS	Austin	Villa	1 st Wed / 6:00 PM Mar-Jun / City of Arroyo Grande City Council Chamber 215 E. Branch, Arroyo Grande July-Oct / Oceano CSD Board Room 1655 Front St., Oceano Nov-Feb / City of Grover Beach City Council Chamber 154 S. 8 th Street, Grover Beach	Wastewater
Water Resource Advisory Comm. (WRAC)	Villa	Joyce-Suneson	1 st Wed / 1:30 PM SLO City Council Chamber 990 Palm St. San Luis Obispo, CA 93401	Regional Water Programs
Regional Water Mgt. Group (RWMG – IRWMP)	General Manager	N/A	1 st Wed / 10:00 AM SLO County New Government Center, Room 161/162 1055 Monterey Street, San Luis Obispo, CA 93401	Regional Water Programs
Zone 3 (Lopez Water)	Gibson	Joyce-Suneson	3 rd Thurs Odd/6:30 PM Varies	Water Supply Contracts
State Water Subcontractors	General Manager	_____	Varies	Water Supply Contracts
Parks & Recreation Advisory Committee	_____	Joyce-Suneson	Varies	Parks & Recreation
LIAISON AND SUBJECT MATTER ASSIGNMENTS				
Airport Land Use	_____	_____	3 rd Wed / 1:30PM County Government Center Board of Supervisors Chamber 1055 Monterey St Room D170 San Luis Obispo, CA 93401 (Currently Held Virtually)	
CA Special District's Association (Local)	Joyce-Suneson	_____	Varies (Usually Noon Fri) every other month	
Zone 1/1A	Austin	_____	3 rd Tues Odd / 3:00PM Sheriff South Patrol Station 1681 Front St. (Highway 1) Oceano, CA 93445	
LAFCO	Austin	_____	3 rd Thur / 9:00AM County Government Center Board of Supervisors Chamber 1055 Monterey St San Luis Obispo, CA 93401 (Currently Held Virtually)	
RWQCB	Gibson	_____	Odd Months/Varies	
NCMA	General Manager	_____	Subject Matter Assignment	

COMMITTEE ASSIGNMENTS IN GREEN ARE ELIGIBLE FOR OCS D COMPENSATION PER GOV'T CODE 61047



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: January 8, 2025

To: Board of Directors

From: Peter Brown, General Manager

Subject: **Agenda Item 10(B) -Discussion and consideration of revisions to the bylaws regarding the Oceano Community Services District Board of Director's decision-making processes**

Recommendation

It is recommended that the Board review, discuss and adopt revisions to the bylaws regarding the Oceano Community Services District Board of Director's decision-making processes and any necessary revisions thereto.

Discussion

At the Regular Board meeting on September 13, 2023, the Board requested a discussion of the decision-making processes of the Board of Directors. Then at the Regular meetings of September 27, 2023, October 11, 2023, and October 25, 2023, the Board continued the item and requested that the item be brought back to the Board for consideration. Attached are the bylaws adopted on November 8, 2023.

Since the Board has operated successfully and as a result of recent changes in District leadership, legal counsel and Directors, the attached redline and update version of the OCSD Board of Directors bylaws best reflects the openness, transparency, mutual trust and efficiency of the organization.

Other Agency Involvement

n/a

Other Financial Considerations

n/a

Results

Reviewing and updating the Board Bylaws from time to time helps to promote a well-governed community.

Attachments: 2025 By-Laws updated, Redline

Rosenberg Rules of Order

**OCEANO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS — BYLAWS 2025 UPDATE**

1. OFFICERS OF THE BOARD OF DIRECTORS.

1.1. The officers of the Board are the President and Vice President.

1.2. The President and Vice President shall be elected annually during a meeting in December, after any newly elected Board members are seated in conformance with Government Code Section 61043. The term of office for the President and Vice-President of the Board shall commence immediately after the election.

1.3. The President of the Board shall serve as presiding officer at all Board meetings. The President shall have the same rights as the other members of the Board in voting, introducing motions, resolutions and ordinances, and any discussion of questions that follow said actions.

1.4. In the absence of the President, the Vice-President of the Board shall serve as presiding officer over all meetings of the Board. If the President and Vice-President of the Board are both absent, the remaining members present shall select one of themselves to act as presiding officer of the meeting.

1.5. The Board may at any time determine, by majority vote of all members, that the President has demonstrated an inability to serve. Upon such determination, the Vice President shall preside instead of the President.

1.6. The Board may at any time determine, by majority vote of all members, that the Vice President, when acting as the presiding officer pursuant to Section 1.5 above, has demonstrated an inability to serve. Upon such determination, the Board shall, by majority vote, elect another member to be the presiding officer.

2. MEETINGS.

2.1. Regular meetings of the Board of Directors (the Board) shall commence on the second ~~Wednesday~~ of each calendar month ~~at 6pm~~ in the Board room at the District Office currently located at 1655 Front Street, Oceano, CA, 93475. ~~Cancellation of a regular meeting shall require approval by a majority of the Board.~~

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2.2. Members of the Board shall attend all regular and special meetings of the Board unless there is good cause for absence. ~~Whenever possible, Directors should inform the President of the Board and General Manager of their inability to attend a Board meeting.~~

2.3. The General Manager, ~~with input from~~ the Board ~~at any~~ prior meeting shall prepare an agenda for each regular and special meeting of the Board. Any Director, before or during a regular meeting, may request that the General Manager place an item on the agenda. The General Manager may also put emergent District business on the agenda. ~~Items being placed on any agenda are subject to Brown Act regulations. All correspondence must list the individual's name to be placed in the agenda packet.~~

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2.4. No action or discussion may be taken on an item not on the posted agenda. However, matters deemed to be emergencies or of an urgent nature may be added to the agenda of a

regular meeting under the procedures of the Brown Act. Pursuant to the Brown Act and at regular meetings:

- a) Board Members may briefly respond to statements or questions from the public; and
- b) Board Members may, on their own initiative or in response to public questions, ask questions for clarification, provide references to staff or other resources for factual information, or request staff to report back at a subsequent meeting; and
- c) ~~No~~ fewer than two members of the Board of Directors may direct the staff to place a matter on a future agenda.

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2.5. The Board shall conduct its meetings in accordance with Rosenberg's Rules of Order. To the extent that the Rules of Order conflict with these bylaws, these bylaws shall supersede. To the extent state law conflicts with these bylaws or the Rules of Order, state law shall supersede.

2.6. The presiding officer shall conduct all meetings in a manner consistent with the policies of the District and the Brown Act. He/she ~~will ask if Board members or the General Manager prefer to change~~ the order in which agenda items shall be considered for discussion and/or actions taken by the Board. He/she shall announce the Board's final decision on all subjects. He/she shall vote on all questions; and on roll call his/her name shall be called last.

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2.7. A majority of the Board shall constitute a quorum for the transaction of business. While a majority of the Board is sufficient to do business, motions must be passed unanimously if only three Board members are present. Only those Board members present (~~or attending virtually in compliance with Brown Act provisions~~) at a meeting may vote on business conducted at that meeting.

2.8. If a quorum does not arrive within fifteen (15) minutes of the time the meeting has been scheduled, a quorum is not present. When there is no quorum for a regular meeting, the President, Vice President, or any Board member shall adjourn such meeting or, if no Board member is present, the District secretary shall adjourn the meeting.

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2.9. Roll call shall be taken on the passage of all business items before the Board. The roll call vote shall be entered in the minutes of the Board meeting showing those Board members voting aye, those voting no, and those not voting or absent. ~~Whether or not~~ a Board member states that he or she is not voting on an item because of a conflict of interest, ~~or any other reason~~, his or her silence or abstention shall be deemed and recorded as a ~~non~~ vote.

Deleted: ~~#~~The Board declares that it is the policy of the District that each business item should be considered for a first and second reading, except in cases of an urgent circumstance which meaning shall be determined solely by the Board. A motion for final approval of a business item without a first reading shall be presumed to be taken under urgent circumstances for the purpose of this bylaw. No action of the Board shall be made invalid for failure to consider the item for a first and second reading under this bylaw.¶

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2.10. Any person attending a meeting of the Board may record the proceedings with an audio or video tape recorder or a still or motion picture camera unless the recording causes unreasonable noise, illumination, or obstruction of view that constitutes or would constitute a disruption of the proceedings or would impair the ability of the public to observe the proceedings. All video tape recorders, still, and/or motion picture cameras shall remain stationary and shall be located and operated from behind the public speakers' podium once the meeting begins.

2.11. During each meeting, time shall be set aside to receive public comment in accordance with the Brown Act and District policy. Public comment shall generally be limited to three minutes and be directed to the Board as a whole and not to any member individually or to the public.

2.12. If an individual or group willfully interrupts a meeting, fails to adhere to the District's policies pertaining to public comment, or otherwise creates an unreasonable disruption to the proceedings, the meeting may be adjourned and the room may be cleared. In such circumstances, members of the media must be allowed to remain and only matters on the agenda can be discussed.

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2.13. No regular meeting will be conducted past 9:30p.m. At that time the meeting will be continued, to a time and place acceptable to a majority of the Board Members present, to consider any items where action is necessary prior to the next regular Board meeting. If a second meeting is held and continues until 9:30p.m., then the meeting will be adjourned and remaining agenda items continued to the next regular Board meeting. Adjournment at 9:30p.m. may be disregarded by means of a motion to suspend the rules, if seconded and approved by a vote of a majority of the Board Members present.

3. COMMITTEES.

3.1. The Board may create Committees that are reflective of the District's business and its enumerated powers at its discretion. Committees shall be advisory committees to the Board and shall not commit the District to any policy, act or expenditure. The duties of the committees shall be outlined at the time of creation.

3.2. All committee meetings shall be conducted as public meetings in accordance with the Brown Act.

3.3. No committee shall include in its membership more than two (2) Board members.

3.4. An alternate member may be assigned by the Board in advance for those meetings where a regular member is unable to attend.

3.5. Committee assignments and District appointments will be coordinated with the election of the District officers annually. Upon a motion and a majority vote, committee assignments and appointments may be reconsidered at any time during the calendar year.

4. PREPARATION OF MINUTES AND MAINTENANCE OF TAPES.

4.1. The minutes of the Board shall be kept by the District Secretary and shall be produced and kept in a file created for that purpose, with a record of each particular type of business transacted set off in paragraphs with proper subheadings. However, the District Secretary shall be required to make a record only of such business as was actually passed upon by a vote of the Board and, except as provided in Section 4.2 below, shall not be required to record any remarks of Board Members or any other person. The Minutes shall record all the votes taken for the passage of all ordinances, resolutions or motions.

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4.2. Any Director may request that brief comments pertinent to an agenda item be included in the minutes, but only at the meeting in which the item is discussed.

4.3. The District Secretary shall attempt to record the names and place of residence of persons addressing the Board, the title of the subject matter to which their remarks related, and whether they spoke in support or opposition to such matter.

4.4. Whenever the Board acts in a quasi-judicial proceeding, such as in assessment matters, the District Secretary shall compile a summary of the testimony of the witnesses.

4.5. Any audio or visual recording of a District meeting made for whatever purpose at the direction of the District shall be subject to inspection pursuant to the California Public Records Act. Audio and/or visual recordings will be posted on the District's website for 30 days before being taken down. Physical copies of the audio/visual recordings will be retained in the District archive for five (5) years and may be destroyed thereafter.

4.6. Nothing herein shall be deemed to create a requirement that minutes from the meeting be taken, or tape or film recordings be made, of any closed sessions of the Board.

4.7. All correspondence should have Name and Address of record to be entered in the minutes.

5. MEMBERS OF THE BOARD OF DIRECTORS.

5.1. Directors shall at all times conduct themselves with courtesy to each other, to staff and to members of the audience present at Board meetings.

5.2. Differing viewpoints are healthy in the decision-making process. Individuals have the right to respectfully disagree with ideas and options,

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5.3. Once the Board takes action, Directors should commit to supporting the action and should not obstruct implementation of the action.

5.4. Any vacancy in the office of a member elected to the Board shall be filled pursuant to Government Code Section 1780.

6. AUTHORITY OF DIRECTORS.

6.1. The full Board of Directors, in actions taken pursuant to The Brown Act, set policy, direct the General Manager and Legal Counsel, and conduct the business of the District.

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6.2. The Board is the unit of authority within the District. Apart from their normal functions as a part of the Board, Directors have no individual authority. As individuals, Directors may not commit the District to any policy, act or expenditure.

6.3. Directors represent and act for the community as a whole.

6.4. The primary responsibility of the Board is the formulation and evaluation of policy. Routine matters concerning the operational aspects of the District are the responsibility of the General Manager and professional staff members of the District. Directors should not obstruct the professional staff in the performance of their duties.

6.5. The Board at a regular or special meeting may authorize a Director or staff to speak or communicate on behalf of the District or represent the District in writing, at a meeting or related function. Otherwise, Board members speaking, writing or attending such events as described above shall make it clear that they are speaking on their own behalf and not representing the District or its Board of Directors.

7. DIRECTOR GUIDELINES.

7.1. It is the intent of the Board of Directors to:

- a) Maintain control and direction of the District by action of the Board of Directors taken pursuant to the Brown Act;
- b) Allow Board Members access to information relative to the running of the District;
- c) Protect staff from undue influence, threats, harassment, and/or pressure from individual Board Members or members of the public; and
- d) Allow staff to execute priorities given by the Board of Directors and management without fear of reprisal.

7.2. Individual Board members, by making a request to the General Manager shall have access to information relative to the operation of the District, including but not limited to statistical information, information serving as a basis for certain actions of staff or as justification for staff recommendations. Board Members shall receive the cooperation and candor of the General Manager in being provided with the requested information. If the General Manager cannot provide the requested information because it is not presently available or its production would cause an interruption in work schedules or workloads, then the General Manager shall inform the Board member why the information is not available or cannot be made available in a timely manner, and when it may be made available.

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7.3. If the information still cannot be provided the General Manager shall, or the Board Members shall direct the General Manager to, place an item on the Board agenda for direction as to the Board's desire and method of providing the information.

7.4. In handling complaints from residents, property owners within the District or other constituents, Directors are encouraged to listen carefully to the concerns, but the complaint should be referred to the General Manager for processing and appropriate response.

7.5. Directors, when seeking clarification of policy-related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and programs, should refer said concerns directly to the General Manager.

7.6. When approached by District personnel concerning specific District policy, Directors should direct inquiries to the General Manager.

7.7. Directors and the General Manager should develop a working relationship so that current issues, concerns and District projects can be discussed comfortably and openly.

7.8. When responding to constituent requests and concerns, Directors should respond to individuals in a positive manner and route their questions to the General Manager.

8. DIRECTOR COMPENSATION.

8.1. Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each regular or special meeting of the Board and fifty dollars (\$50.00) for each committee meeting attended by him or her as the appointed Board representative or as the alternate. An alternate will be compensated only if attendance of the alternate at a committee is required because

- 1) the appointed representative is unable to attend or
- 2) the Board has directed the alternate to attend

8.2. In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.

8.3. Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.

9. EXPENSE REIMBURSEMENT.

9.1. Each Board Member is entitled to reimbursement for their actual and necessary traveling and incidental expenses incurred in the performance of the duties required and authorized by the Board. Personal phone calls are not reimbursed.

a) It is the policy of the District to exercise prudence with respect to hotel or motel accommodations. It is also the policy of the District for Board members and staff to stay at the hotel or motel location of a conference, seminar, or class to gain maximum participation and advantage of interaction with others whenever possible.

b) Any Director traveling on District business shall receive transportation and lodging expenses, and ordinary expenses such as meals and tips. If a Director is called upon to personally pay District business expenses during travel, the Director shall maintain all receipts from any such District business trips. Such receipts will be used to calculate the amount of reimbursement.

c) Mileage reimbursement for use of privately-owned vehicles used for District business shall be as established by the Internal Revenue Service and reimbursed at the current federal rate.

10. CORRESPONDENCE DISTRIBUTION POLICY.

10.1. The following letters and other documents shall be accumulated and delivered to the Board on Friday of each week.

a) All letters approved by the Board and/or signed by the President on behalf of the District.

Deleted: ~~¶~~Sitting Directors should not enter into litigation against the District. Should a Director enter into litigation against the District, it will be presumed that said Director has a conflict of interest on all matters presented to the Board for discussion and action.¶

- b) All correspondence received by the District that are of District-wide concern as reasonably determined by the General Manager.

11. CONFLICTS OF INTEREST AND RELATED POLICY.

11.1. State laws exist which attempt to eliminate any action by a Board Member or the District which may reflect a conflict of interest. The purpose of such laws and regulations is to ensure that all actions are taken in the public interest. The following provides a brief policy summary of various conflict-related laws. Directors are encouraged to consult with the Fair Political Practices Commission (the "FPPC") at (916) 322-5660, prior to the day of the meeting if they have a question about a particular agenda item.

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11.2. Each Director is encouraged to review the District's Conflicts of Interest Code on a regular basis. The general rule is that an official may not participate in making a governmental decision if it is reasonably foreseeable that the decision will have a material financial effect on the official or a member of his or her immediate family or on an economic interest of the official, and the effect is distinguishable from the effect on the public generally. If real property in which the Director has an interest is located within 500 feet of the boundaries of the property affected by decision, that interest is deemed to be directly involved in the decision. Additionally, FPPC rules generally require a disqualified Board member to leave the room during the discussion of the matter.

11.3. The prohibitions of Government Code Section 1090 provide that the District may not contract with any business in which a Board member has a financial interest.

11.4. The basic rule is that public policy requires that when the duties of two offices are repugnant or overlap so that their exercise may require contradictory or inconsistent action, to the detriment of either public office, the discharge of the duties of the two offices by one person is incompatible with the affected office and the official must step down from one of the offices.

12. CONTINUING EDUCATION.

12.1. Board Members are required to attend training on ethics and sexual harassment every other year on an alternating schedule. Board members are also required to attend training on the National Incident Management System (NIMS).

12.2. Members of the Board and the General Manager are encouraged to attend educational conferences and professional meetings to improve District operation, such as Special District Administration, Finance and Governance, and other programs that emphasize employee relationships.

12.3. Subject to budgetary constraints, there is no limit on the number of Directors attending a particular conference or seminar when their attendance is beneficial to the District and in compliance with the Brown Act.

13. RELATIONSHIP AND CONDUCT BETWEEN BOARD MEMBERS AND STAFF.

13.1. The Board of Directors recognizes that the primary function of staff is to execute Board policy and to keep the Board of Directors informed.

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EVALUATION OF CONSULTANTS.¶

¶
The District Consultants, including the District's Legal Counsel and Consulting Engineer, shall be evaluated as needed.¶

13.2. Members of the Board of Directors shall not attempt to pressure and/or influence staff decisions, recommendations, workloads, schedules, and priorities.

13.3. Staff shall take guidance and direction only from action taken by the Board of Directors or from appropriate management supervisors as may be the case. Staff shall reject any attempts by an individual Board Member to influence or otherwise pressure them into making, changing or otherwise affecting staff decisions or recommendations, or changing work schedules and priorities. Staff shall report such attempts, without fear of reprisal, to the General Manager, or to the President or the Vice President of the Board of Directors, who shall take appropriate action.

13.4. In the event that an employee has been the subject of any unlawful conduct from a Board Member, the employee shall report such conduct in writing and without fear of reprisal to the President or the Vice President of the Board of Directors, or to the Grand Jury directly, who shall investigate the complaint and take further necessary action.

14. FIDUCIARY RESPONSIBILITY.

14.1. No member of the Board of Directors shall serve as the District treasurer.

14.2. The General Manager shall be responsible for supervision of the District's finances.

14.3. The Board of Directors shall adopt by resolution a system of accounting and auditing that shall completely and at all times show the District's financial condition. The system of accounting shall adhere to generally accepted accounting principles (Government Code Section 61053). The Board will ensure that generally accepted accounting principles (Government Code Section 61053) are being adhered to by annually hiring an independent auditor to perform such audit.

14.4. The District's money shall be deposited in conformance with the District Investment Policy.

14.5. The General Manager shall make quarterly or more frequent written reports to the Board of Directors, as the Board shall determine, regarding the receipts and disbursements and balances in the accounts of the District.

14.6. The Board will review and approve the District Investment Policy on an annual basis.

14.7. The budget shall be prepared annually for Board approval by the following procedures:

a) On or before June 1st of each year, the Board of Directors should adopt a preliminary budget that conforms to generally accepted accounting procedures applicable to special districts. The preliminary budget shall be prepared by the General Manager.

b) On or before July 1st of each year, the Board of Directors shall publish a notice in a newspaper of general circulation stating the date, time, and place when the Board will meet to adopt the final budget, and that the preliminary budget is available for inspection at the District office.

c) On or before September 1st of each year, the Board of Directors shall adopt a final budget that conforms to generally accepted accounting procedures applicable to special districts.

d) The procedures for adopting a budget shall comply with Government Code Section 61110.

14.8. Audits shall be conducted as soon after the end of the Fiscal Year as possible, preferably within 120 days.

15. PUBLICATION OF POLICY.

15.1. Copies of this Policy shall be distributed to:

- a) All current District employees and new employees at the time of hire.
- b) All current Directors of the District and new Directors at the time they take office.
- c) Staff will provide orientation for new Directors.

15.2. The General Manager shall be available to answer questions of District employees regarding the District Policy on relationship and conduct between Board Members and staff.

16. RESTRICTIONS ON BYLAWS.

These Bylaws shall govern the Board in all cases to which they are applicable and not otherwise inconsistent with State and Federal laws.



Rosenberg's Rules of Order

REVISED 2011

Simple Rules of Parliamentary Procedure for the 21st Century

By Judge Dave Rosenberg



MISSION AND CORE BELIEFS

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

VISION

To be recognized and respected as the leading advocate for the common interests of California's cities.

About the League of California Cities

Established in 1898, the League of California Cities is a member organization that represents California's incorporated cities. The League strives to protect the local authority and autonomy of city government and help California's cities effectively serve their residents. In addition to advocating on cities' behalf at the state capitol, the League provides its members with professional development programs and information resources, conducts education conferences and research, and publishes Western City magazine.

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ABOUT THE AUTHOR

Dave Rosenberg is a Superior Court Judge in Yolo County. He has served as presiding judge of his court, and as presiding judge of the Superior Court Appellate Division. He also has served as chair of the Trial Court Presiding Judges Advisory Committee (the committee composed of all 58 California presiding judges) and as an advisory member of the California Judicial Council. Prior to his appointment to the bench, Rosenberg was member of the Yolo County Board of Supervisors, where he served two terms as chair. Rosenberg also served on the Davis City Council, including two terms as mayor. He has served on the senior staff of two governors, and worked for 19 years in private law practice. Rosenberg has served as a member and chair of numerous state, regional and local boards. Rosenberg chaired the California State Lottery Commission, the California Victim Compensation and Government Claims Board, the Yolo-Solano Air Quality Management District, the Yolo County Economic Development Commission, and the Yolo County Criminal Justice Cabinet. For many years, he has taught classes on parliamentary procedure and has served as parliamentarian for large and small bodies.



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INTRODUCTION

The rules of procedure at meetings should be simple enough for most people to understand. Unfortunately, that has not always been the case. Virtually all clubs, associations, boards, councils and bodies follow a set of rules — *Robert's Rules of Order* — which are embodied in a small, but complex, book. Virtually no one I know has actually read this book cover to cover. Worse yet, the book was written for another time and for another purpose. If one is chairing or running a parliament, then *Robert's Rules of Order* is a dandy and quite useful handbook for procedure in that complex setting. On the other hand, if one is running a meeting of say, a five-member body with a few members of the public in attendance, a simplified version of the rules of parliamentary procedure is in order.

Hence, the birth of *Rosenberg's Rules of Order*.

What follows is my version of the rules of parliamentary procedure, based on my decades of experience chairing meetings in state and local government. These rules have been simplified for the smaller bodies we chair or in which we participate, slimmed down for the 21st Century, yet retaining the basic tenets of order to which we have grown accustomed. Interestingly enough, *Rosenberg's Rules* has found a welcoming audience. Hundreds of cities, counties, special districts, committees, boards, commissions, neighborhood associations and private corporations and companies have adopted *Rosenberg's Rules* in lieu of *Robert's Rules* because they have found them practical, logical, simple, easy to learn and user friendly.

This treatise on modern parliamentary procedure is built on a foundation supported by the following four pillars:

- 1. Rules should establish order.** The first purpose of rules of parliamentary procedure is to establish a framework for the orderly conduct of meetings.
- 2. Rules should be clear.** Simple rules lead to wider understanding and participation. Complex rules create two classes: those who understand and participate; and those who do not fully understand and do not fully participate.
- 3. Rules should be user friendly.** That is, the rules must be simple enough that the public is invited into the body and feels that it has participated in the process.
- 4. Rules should enforce the will of the majority while protecting the rights of the minority.** The ultimate purpose of rules of procedure is to encourage discussion and to facilitate decision making by the body. In a democracy, majority rules. The rules must enable the majority to express itself and fashion a result, while permitting the minority to also express itself, but not dominate, while fully participating in the process.

Establishing a Quorum

The starting point for a meeting is the establishment of a quorum. A quorum is defined as the minimum number of members of the body who must be present at a meeting for business to be legally transacted. The default rule is that a quorum is one more than half the body. For example, in a five-member body a quorum is three. When the body has three members present, it can legally transact business. If the body has less than a quorum of members present, it cannot legally transact business. And even if the body has a quorum to begin the meeting, the body can lose the quorum during the meeting when a member departs (or even when a member leaves the dais). When that occurs the body loses its ability to transact business until and unless a quorum is reestablished.

The default rule, identified above, however, gives way to a specific rule of the body that establishes a quorum. For example, the rules of a particular five-member body may indicate that a quorum is four members for that particular body. The body must follow the rules it has established for its quorum. In the absence of such a specific rule, the quorum is one more than half the members of the body.

The Role of the Chair

While all members of the body should know and understand the rules of parliamentary procedure, it is the chair of the body who is charged with applying the rules of conduct of the meeting. The chair should be well versed in those rules. For all intents and purposes, the chair makes the final ruling on the rules every time the chair states an action. In fact, all decisions by the chair are final unless overruled by the body itself.

Since the chair runs the conduct of the meeting, it is usual courtesy for the chair to play a less active role in the debate and discussion than other members of the body. This does not mean that the chair should not participate in the debate or discussion. To the contrary, as a member of the body, the chair has the full right to participate in the debate, discussion and decision-making of the body. What the chair should do, however, is strive to be the last to speak at the discussion and debate stage. The chair should not make or second a motion unless the chair is convinced that no other member of the body will do so at that point in time.

The Basic Format for an Agenda Item Discussion

Formal meetings normally have a written, often published agenda. Informal meetings may have only an oral or understood agenda. In either case, the meeting is governed by the agenda and the agenda constitutes the body's agreed-upon roadmap for the meeting. Each agenda item can be handled by the chair in the following basic format:

First, the chair should clearly announce the agenda item number and should clearly state what the agenda item subject is. The chair should then announce the format (which follows) that will be followed in considering the agenda item.

Second, following that agenda format, the chair should invite the appropriate person or persons to report on the item, including any recommendation that they might have. The appropriate person or persons may be the chair, a member of the body, a staff person, or a committee chair charged with providing input on the agenda item.

Third, the chair should ask members of the body if they have any technical questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.

Fourth, the chair should invite public comments, or if appropriate at a formal meeting, should open the public meeting for public input. If numerous members of the public indicate a desire to speak to the subject, the chair may limit the time of public speakers. At the conclusion of the public comments, the chair should announce that public input has concluded (or the public hearing, as the case may be, is closed).

Fifth, the chair should invite a motion. The chair should announce the name of the member of the body who makes the motion.

Sixth, the chair should determine if any member of the body wishes to second the motion. The chair should announce the name of the member of the body who seconds the motion. It is normally good practice for a motion to require a second before proceeding to ensure that it is not just one member of the body who is interested in a particular approach. However, a second is not an absolute requirement, and the chair can proceed with consideration and vote on a motion even when there is no second. This is a matter left to the discretion of the chair.

Seventh, if the motion is made and seconded, the chair should make sure everyone understands the motion.

This is done in one of three ways:

1. The chair can ask the maker of the motion to repeat it;
2. The chair can repeat the motion; or
3. The chair can ask the secretary or the clerk of the body to repeat the motion.

Eighth, the chair should now invite discussion of the motion by the body. If there is no desired discussion, or after the discussion has ended, the chair should announce that the body will vote on the motion. If there has been no discussion or very brief discussion, then the vote on the motion should proceed immediately and there is no need to repeat the motion. If there has been substantial discussion, then it is normally best to make sure everyone understands the motion by repeating it.

Ninth, the chair takes a vote. Simply asking for the “ayes” and then asking for the “nays” normally does this. If members of the body do not vote, then they “abstain.” Unless the rules of the body provide otherwise (or unless a super majority is required as delineated later in these rules), then a simple majority (as defined in law or the rules of the body as delineated later in these rules) determines whether the motion passes or is defeated.

Tenth, the chair should announce the result of the vote and what action (if any) the body has taken. In announcing the result, the chair should indicate the names of the members of the body, if any, who voted in the minority on the motion. This announcement might take the following form: “The motion passes by a vote of 3-2, with Smith and Jones dissenting. We have passed the motion requiring a 10-day notice for all future meetings of this body.”

Motions in General

Motions are the vehicles for decision making by a body. It is usually best to have a motion before the body prior to commencing discussion of an agenda item. This helps the body focus.

Motions are made in a simple two-step process. First, the chair should recognize the member of the body. Second, the member of the body makes a motion by preceding the member’s desired approach with the words “I move . . .”

A typical motion might be: “I move that we give a 10-day notice in the future for all our meetings.”

The chair usually initiates the motion in one of three ways:

1. **Inviting the members of the body to make a motion**, for example, “A motion at this time would be in order.”
2. **Suggesting a motion to the members of the body**, “A motion would be in order that we give a 10-day notice in the future for all our meetings.”
3. **Making the motion**. As noted, the chair has every right as a member of the body to make a motion, but should normally do so only if the chair wishes to make a motion on an item but is convinced that no other member of the body is willing to step forward to do so at a particular time.

The Three Basic Motions

There are three motions that are the most common and recur often at meetings:

The basic motion. The basic motion is the one that puts forward a decision for the body’s consideration. A basic motion might be: “I move that we create a five-member committee to plan and put on our annual fundraiser.”

The motion to amend. If a member wants to change a basic motion that is before the body, they would move to amend it. A motion to amend might be: “I move that we amend the motion to have a 10-member committee.” A motion to amend takes the basic motion that is before the body and seeks to change it in some way.

The substitute motion. If a member wants to completely do away with the basic motion that is before the body, and put a new motion before the body, they would move a substitute motion. A substitute motion might be: “I move a substitute motion that we cancel the annual fundraiser this year.”

“Motions to amend” and “substitute motions” are often confused, but they are quite different, and their effect (if passed) is quite different. A motion to amend seeks to retain the basic motion on the floor, but modify it in some way. A substitute motion seeks to throw out the basic motion on the floor, and substitute a new and different motion for it. The decision as to whether a motion is really a “motion to amend” or a “substitute motion” is left to the chair. So if a member makes what that member calls a “motion to amend,” but the chair determines that it is really a “substitute motion,” then the chair’s designation governs.

A “friendly amendment” is a practical parliamentary tool that is simple, informal, saves time and avoids bogging a meeting down with numerous formal motions. It works in the following way: In the discussion on a pending motion, it may appear that a change to the motion is desirable or may win support for the motion from some members. When that happens, a member who has the floor may simply say, “I want to suggest a friendly amendment to the motion.” The member suggests the friendly amendment, and if the maker and the person who seconded the motion pending on the floor accepts the friendly amendment, that now becomes the pending motion on the floor. If either the maker or the person who seconded rejects the proposed friendly amendment, then the proposer can formally move to amend.

Multiple Motions Before the Body

There can be up to three motions on the floor at the same time. The chair can reject a fourth motion until the chair has dealt with the three that are on the floor and has resolved them. This rule has practical value. More than three motions on the floor at any given time is confusing and unwieldy for almost everyone, including the chair.

When there are two or three motions on the floor (after motions and seconds) at the same time, the vote should proceed *first* on the *last* motion that is made. For example, assume the first motion is a basic “motion to have a five-member committee to plan and put on our annual fundraiser.” During the discussion of this motion, a member might make a second motion to “amend the main motion to have a 10-member committee, not a five-member committee to plan and put on our annual fundraiser.” And perhaps, during that discussion, a member makes yet a third motion as a “substitute motion that we not have an annual fundraiser this year.” The proper procedure would be as follows:

First, the chair would deal with the *third* (the last) motion on the floor, the substitute motion. After discussion and debate, a vote would be taken first on the third motion. If the substitute motion *passed*, it would be a substitute for the basic motion and would eliminate it. The first motion would be moot, as would the second motion (which sought to amend the first motion), and the action on the agenda item would be completed on the passage by the body of the third motion (the substitute motion). No vote would be taken on the first or second motions.

Second, if the substitute motion *failed*, the chair would then deal with the second (now the last) motion on the floor, the motion to amend. The discussion and debate would focus strictly on the amendment (should the committee be five or 10 members). If the motion to amend *passed*, the chair would then move to consider the main motion (the first motion) as *amended*. If the motion to amend *failed*, the chair would then move to consider the main motion (the first motion) in its original format, not amended.

Third, the chair would now deal with the first motion that was placed on the floor. The original motion would either be in its original format (five-member committee), or if *amended*, would be in its amended format (10-member committee). The question on the floor for discussion and decision would be whether a committee should plan and put on the annual fundraiser.

To Debate or Not to Debate

The basic rule of motions is that they are subject to discussion and debate. Accordingly, basic motions, motions to amend, and substitute motions are all eligible, each in their turn, for full discussion before and by the body. The debate can continue as long as members of the body wish to discuss an item, subject to the decision of the chair that it is time to move on and take action.

There are exceptions to the general rule of free and open debate on motions. The exceptions all apply when there is a desire of the body to move on. The following motions are not debatable (that is, when the following motions are made and seconded, the chair must immediately call for a vote of the body without debate on the motion):

Motion to adjourn. This motion, if passed, requires the body to immediately adjourn to its next regularly scheduled meeting. It requires a simple majority vote.

Motion to recess. This motion, if passed, requires the body to immediately take a recess. Normally, the chair determines the length of the recess which may be a few minutes or an hour. It requires a simple majority vote.

Motion to fix the time to adjourn. This motion, if passed, requires the body to adjourn the meeting at the specific time set in the motion. For example, the motion might be: “I move we adjourn this meeting at midnight.” It requires a simple majority vote.

Motion to table. This motion, if passed, requires discussion of the agenda item to be halted and the agenda item to be placed on “hold.” The motion can contain a specific time in which the item can come back to the body. “I move we table this item until our regular meeting in October.” Or the motion can contain no specific time for the return of the item, in which case a motion to take the item off the table and bring it back to the body will have to be taken at a future meeting. A motion to table an item (or to bring it back to the body) requires a simple majority vote.

Motion to limit debate. The most common form of this motion is to say, “I move the previous question” or “I move the question” or “I call the question” or sometimes someone simply shouts out “question.” As a practical matter, when a member calls out one of these phrases, the chair can expedite matters by treating it as a “request” rather than as a formal motion. The chair can simply inquire of the body, “any further discussion?” If no one wishes to have further discussion, then the chair can go right to the pending motion that is on the floor. However, if even one person wishes to discuss the pending motion further, then at that point, the chair should treat the call for the “question” as a formal motion, and proceed to it.

When a member of the body makes such a motion (“I move the previous question”), the member is really saying: “I’ve had enough debate. Let’s get on with the vote.” When such a motion is made, the chair should ask for a second, stop debate, and vote on the motion to limit debate. The motion to limit debate requires a two-thirds vote of the body.

NOTE: A motion to limit debate could include a time limit. For example: “I move we limit debate on this agenda item to 15 minutes.” Even in this format, the motion to limit debate requires a two-thirds vote of the body. A similar motion is a *motion to object to consideration of an item*. This motion is not debatable, and if passed, precludes the body from even considering an item on the agenda. It also requires a two-thirds vote.

Majority and Super Majority Votes

In a democracy, a simple majority vote determines a question. A tie vote means the motion fails. So in a seven-member body, a vote of 4-3 passes the motion. A vote of 3-3 with one abstention means the motion fails. If one member is absent and the vote is 3-3, the motion still fails.

All motions require a simple majority, but there are a few exceptions. The exceptions come up when the body is taking an action which effectively cuts off the ability of a minority of the body to take an action or discuss an item. These extraordinary motions require a two-thirds majority (a super majority) to pass:

Motion to limit debate. Whether a member says, “I move the previous question,” or “I move the question,” or “I call the question,” or “I move to limit debate,” it all amounts to an attempt to cut off the ability of the minority to discuss an item, and it requires a two-thirds vote to pass.

Motion to close nominations. When choosing officers of the body (such as the chair), nominations are in order either from a nominating committee or from the floor of the body. A motion to close nominations effectively cuts off the right of the minority to nominate officers and it requires a two-thirds vote to pass.

Motion to object to the consideration of a question. Normally, such a motion is unnecessary since the objectionable item can be tabled or defeated straight up. However, when members of a body do not even want an item on the agenda to be considered, then such a motion is in order. It is not debatable, and it requires a two-thirds vote to pass.

Motion to suspend the rules. This motion is debatable, but requires a two-thirds vote to pass. If the body has its own rules of order, conduct or procedure, this motion allows the body to suspend the rules for a particular purpose. For example, the body (a private club) might have a rule prohibiting the attendance at meetings by non-club members. A motion to suspend the rules would be in order to allow a non-club member to attend a meeting of the club on a particular date or on a particular agenda item.

Counting Votes

The matter of counting votes starts simple, but can become complicated.

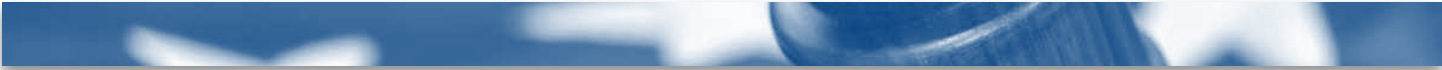
Usually, it’s pretty easy to determine whether a particular motion passed or whether it was defeated. If a simple majority vote is needed to pass a motion, then one vote more than 50 percent of the body is required. For example, in a five-member body, if the vote is three in favor and two opposed, the motion passes. If it is two in favor and three opposed, the motion is defeated.

If a two-thirds majority vote is needed to pass a motion, then how many affirmative votes are required? The simple rule of thumb is to count the “no” votes and double that count to determine how many “yes” votes are needed to pass a particular motion. For example, in a seven-member body, if two members vote “no” then the “yes” vote of at least four members is required to achieve a two-thirds majority vote to pass the motion.

What about tie votes? In the event of a tie, the motion always fails since an affirmative vote is required to pass any motion. For example, in a five-member body, if the vote is two in favor and two opposed, with one member absent, the motion is defeated.

Vote counting starts to become complicated when members vote “abstain” or in the case of a written ballot, cast a blank (or unreadable) ballot. Do these votes count, and if so, how does one count them? The starting point is always to check the statutes.

In California, for example, for an action of a board of supervisors to be valid and binding, the action must be approved by a majority of the board. (California Government Code Section 25005.) Typically, this means three of the five members of the board must vote affirmatively in favor of the action. A vote of 2-1 would not be sufficient. A vote of 3-0 with two abstentions would be sufficient. In general law cities in



California, as another example, resolutions or orders for the payment of money and all ordinances require a recorded vote of the total members of the city council. (California Government Code Section 36936.) Cities with charters may prescribe their own vote requirements. Local elected officials are always well-advised to consult with their local agency counsel on how state law may affect the vote count.

After consulting state statutes, step number two is to check the rules of the body. If the rules of the body say that you count votes of “those present” then you treat abstentions one way. However, if the rules of the body say that you count the votes of those “present and voting,” then you treat abstentions a different way. And if the rules of the body are silent on the subject, then the general rule of thumb (and default rule) is that you count all votes that are “present and voting.”

Accordingly, under the “present and voting” system, you would **NOT** count abstention votes on the motion. Members who abstain are counted for purposes of determining quorum (they are “present”), but you treat the abstention votes on the motion as if they did not exist (they are not “voting”). On the other hand, if the rules of the body specifically say that you count votes of those “present” then you **DO** count abstention votes both in establishing the quorum and on the motion. In this event, the abstention votes act just like “no” votes.

How does this work in practice?

Here are a few examples.

Assume that a five-member city council is voting on a motion that requires a simple majority vote to pass, and assume further that the body has no specific rule on counting votes. Accordingly, the default rule kicks in and we count all votes of members that are “present and voting.” If the vote on the motion is 3-2, the motion passes. If the motion is 2-2 with one abstention, the motion fails.

Assume a five-member city council voting on a motion that requires a two-thirds majority vote to pass, and further assume that the body has no specific rule on counting votes. Again, the default rule applies. If the vote is 3-2, the motion fails for lack of a two-thirds majority. If the vote is 4-1, the motion passes with a clear two-thirds majority. A vote of three “yes,” one “no” and one “abstain” also results in passage of the motion. Once again, the abstention is counted only for the purpose of determining quorum, but on the actual vote on the motion, it is as if the abstention vote never existed — so an effective 3-1 vote is clearly a two-thirds majority vote.

Now, change the scenario slightly. Assume the same five-member city council voting on a motion that requires a two-thirds majority vote to pass, but now assume that the body **DOES** have a specific rule requiring a two-thirds vote of members “present.” Under this specific rule, we must count the members present not only for quorum but also for the motion. In this scenario, any abstention has the same force and effect as if it were a “no” vote. Accordingly, if the votes were three “yes,” one “no” and one “abstain,” then the motion fails. The abstention in this case is treated like a “no” vote and effective vote of 3-2 is not enough to pass two-thirds majority muster.

Now, exactly how does a member cast an “abstention” vote?

Any time a member votes “abstain” or says, “I abstain,” that is an abstention. However, if a member votes “present” that is also treated as an abstention (the member is essentially saying, “Count me for purposes of a quorum, but my vote on the issue is abstain.”) In fact, any manifestation of intention not to vote either “yes” or “no” on the pending motion may be treated by the chair as an abstention. If written ballots are cast, a blank or unreadable ballot is counted as an abstention as well.

Can a member vote “absent” or “count me as absent?” Interesting question. The ruling on this is up to the chair. The better approach is for the chair to count this as if the member had left his/her chair and is actually “absent.” That, of course, affects the quorum. However, the chair may also treat this as a vote to abstain, particularly if the person does not actually leave the dais.

The Motion to Reconsider

There is a special and unique motion that requires a bit of explanation all by itself; the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure to the issue. And so, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion to consider is made and passed.

A motion to reconsider requires a majority vote to pass like other garden-variety motions, but there are two special rules that apply only to the motion to reconsider.

First, is the matter of timing. A motion to reconsider must be made at the meeting where the item was first voted upon. A motion to reconsider made at a later time is untimely. (The body, however, can always vote to suspend the rules and, by a two-thirds majority, allow a motion to reconsider to be made at another time.)

Second, a motion to reconsider may be made only by certain members of the body. Accordingly, a motion to reconsider may be made only by a member who voted in the majority on the original motion. If such a member has a change of heart, he or she may make the motion to reconsider (any other member of the body — including a member who voted in the minority on the original motion — may second the motion). If a member who voted in the minority seeks to make the motion to reconsider, it must be ruled out of order. The purpose of this rule is finality. If a member of minority could make a motion to reconsider, then the item could be brought back to the body again and again, which would defeat the purpose of finality.

If the motion to reconsider passes, then the original matter is back before the body, and a new original motion is in order. The matter may be discussed and debated as if it were on the floor for the first time.

Courtesy and Decorum

The rules of order are meant to create an atmosphere where the members of the body and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the chair and the members of the body to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the chair before proceeding to speak.

The chair should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the members of the body. Debate on policy is healthy, debate on personalities is not. The chair has the right to cut off discussion that is too personal, is too loud, or is too crude.

Debate and discussion should be focused, but free and open. In the interest of time, the chair may, however, limit the time allotted to speakers, including members of the body.

Can a member of the body interrupt the speaker? The general rule is “no.” There are, however, exceptions. A speaker may be interrupted for the following reasons:

Privilege. The proper interruption would be, “point of privilege.” The chair would then ask the interrupter to “state your point.” Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person’s ability to hear.

Order. The proper interruption would be, “point of order.” Again, the chair would ask the interrupter to “state your point.” Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the chair moved on to a vote on a motion that permits debate without allowing that discussion or debate.

Appeal. If the chair makes a ruling that a member of the body disagrees with, that member may appeal the ruling of the chair. If the motion is seconded, and after debate, if it passes by a simple majority vote, then the ruling of the chair is deemed reversed.

Call for orders of the day. This is simply another way of saying, “return to the agenda.” If a member believes that the body has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the chair discovers that the agenda has not been followed, the chair simply reminds the body to return to the agenda item properly before them. If the chair fails to do so, the chair’s determination may be appealed.

Withdraw a motion. During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw his or her motion from the floor. The motion is immediately deemed withdrawn, although the chair may ask the person who seconded the motion if he or she wishes to make the motion, and any other member may make the motion if properly recognized.

Special Notes About Public Input

The rules outlined above will help make meetings very public-friendly. But in addition, and particularly for the chair, it is wise to remember three special rules that apply to each agenda item:

Rule One: Tell the public what the body will be doing.

Rule Two: Keep the public informed while the body is doing it.

Rule Three: When the body has acted, tell the public what the body did.



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Rosenberg's Rules of Order at a Glance

The Three Basic Motions

Simple majority to pass / open to debate

Basic Motion: "I move that we..."

Motion to Amend: suggests changes to the basic motion.

Motion to Substitute: replaces the basic motion entirely.

Special Motions

Simple majority to pass / no debate, goes directly to vote

Motion to Adjourn: ends the meeting.

Motion to Fix a Time to Adjourn: ends the meeting at a set time.

Motion to Recess: break in the meeting. Chair sets length of the break.

Motion to Table: defers the motion under discussion to a future date.

Motions that Permanently Close Discussion

2/3 majority to pass / no debate, goes directly to vote

Motion to Limit Debate: stops debate. "I move the question."

Motion to Close Nominations: stops new nominations for a position.

Motion to Object to the Consideration of a Question: rare, stronger form of tabling. Used before debate has begun.

Motion to Suspend the Rules: temporarily changes meeting rules. Cannot be used to suspend non-parliamentary bylaws. Can be debated.

Meeting Interruptions

May be used at any time. Chair responds by asking you to state your point.

Point of Privilege: points out uncomfortable surroundings, like a cold room or being unable to hear a speaker.

Point of Order: points out failure to follow correct meeting procedures.

Call for Orders of the Day: points out that the discussion has strayed from the agenda.

Appeal: reverses a Chair's ruling when passed by simple majority. Requires a second and can be debated.

Withdraw a Motion: used by the person making the motion. Others may immediately reintroduce the motion if they wish.

Motion to Reconsider

Simple majority to pass / open to debate

May only be made by a member who previously voted in the majority for the item. Must be made during the same meeting (or at the very next meeting, assuming it's been added to the agenda).

Voting:

Public Comment must be heard before votes are cast. See "Life of a Motion" for process relating to motions, public comment and votes.

Life of a Motion

1. Chair announces item subject and number
2. Sponsor introduces item
3. Board asks technical questions for clarification purposes
4. Public comment on the item
5. Chair asks for motion
6. Chair asks for second
7. Board debates motion
8. Board votes
9. Chair announces result

Notes:

- All motions require a second before they can be voted upon.
- You must be recognized by the Chair before speaking.
- Chair may set limits on debate time or number of speakers.
- Abstentions don't count in vote tally.
- A tie vote fails to pass.
- To recuse, publicly state reason for recusal and leave room during debate and vote.



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: January 8, 2024

To: Board of Directors

From: Peter Brown, General Manager

Subject: **Agenda Item 10(C):** Update on Oceano Community Services District seeking outside funding sources for planned Waterline Capital Improvements

Recommendation

It is recommended that the Oceano Community Services District Board receive an informational update on outside funding sources to implement planned Waterline Capital Improvements:

Background

The District developed the Water Resource Reliability Program (WRRP) in 2017 with Propositions 1 and 84 grant funding. WRRP included Low Impact Development (LID) work to promote groundwater recharge, leak detection management plan, and developed Priority 1, 2, and 3 pipeline project segments totaling 30 capital improvement projects (CIP).

Current Grant Funds and Implementation (IRWM \$600,000 with \$175,000 in District Local Match)

Water Resources Reliability Program - Waterline Replacement Projects. Oceano Community Services District has identified approximately 30 sections of waterlines as leaky, aging, and requiring replacement or upgrade within the water system, five of which will be replaced through this Project. The Project will replace approximately 1,810 linear feet of leaking and dilapidated waterlines with 8"-10" PVC pipes and will loop waterlines to eliminate dead ends. The Project will conserve 3 AFY of water and will improve operational efficiency by 3.4 cubic feet per second. Currently envisioned are the completion of CIP projects 1-4 Truman Drive, 1-5 Railroad Street Alley (Truman to Air Park), 1-7 Strand Way South of Utah, 1-8 Laguna Drive Alley South of Utah, and 1-10 Utah Ave Alley between Strand and Utah.

The District is doing the grant work in-house in cooperation with the San Luis Obispo County Flood Control and Water Conservation District who is serving as the Grantee and distributing these grant funds to several agencies in the County. Staff have been working with Cannon Engineering to finalize cost estimates, develop a bid package and take these five critical waterline improvement projects out to bid in early 2025. At the time the Board authorizes the bid package, a fund transfer will be executed to allocate the required District match 29%, or \$175,000 from water fund reserves. If the project is delivered under budget, not all of this allocation will be needed.



Potential Grant Funds (DWSRF \$1.542 million Waterline CIP and \$1.560 million for Tank 2 Rehabilitation, and USDA funding, amount TBD)

The Drinking Water State Revolving Fund (DWSRF) provides various types of assistance for Public Water Systems. Under federal and state law, the primary purpose of the DWSRF is to assist Public Water Systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with the federal Safe Drinking Water Act (SDWA) requirements and to further the public health objectives of the SDWA.

When applying for DWSRF monies through the State Water Resources Control Board, the process begins with a pre-application and after the pre-application is approved by State Water Resources Control Board staff, the four other applications may be completed. The four other applications consist of: (1) general, (2) technical, (3) environmental, and (4) financial. While a great resource for public agencies, the application process is labor intensive, time-consuming, and most smaller agencies that don't possess full time, in-house grant writing staff members seek outside support via consultant services for labor-intensive grant applications such as DWSRF.

The purpose of the pre-application is to classify projects by funding category first and determine if they are appropriate for funding through the DWSRF grant. To the maximum extent practicable, priority funding is determined by the State Water Resources Control Board and is given to projects which: (1) address the most serious risk to human health, (2) are necessary to ensure compliance with the requirements of the SDWA, and (3) assist systems most in need on a per household basis.

At the March 27, 2024 meeting, the Board approved a proposal from MNS Engineering for the amount of \$22,555 for grant writing services related to the Bureau of Reclamation and Water Resources Planning Department call for projects for their Water Sustain and Manage America's Resources for Tomorrow (WaterSMART) Grant Program. However, it was later determined that the grant program was not one that the District could qualify for or compete well to receive outside funding, so the original \$22,555 allocated for grant writing support from MNS Engineering was not used.

At the April 10, 2024 Board meeting, the Board of Directors approved a proposal from Cannon Corporation for \$36,332 to update the Preliminary Engineering Report (PER) for water system improvements, drainage system mapping, and general support associated with seeking USDA funding. USDA Funding amount being sought is to be determined. Cannon has completed a preliminary draft of the PER and staff and USDA have provided feedback to Cannon, who will be finalizing the PER early in 2025. Additionally, as the April 10, 2024 meeting, the Board approved a proposal from Rincon for preparing a consolidated Coastal Development Permit (CDP) application for water system improvements. Staff has worked with Rincon and the California Coastal Commission and is pleased to report that the consolidated CDP has been granted for waterline improvement work within the coastal zone.

At the August 28, 2024 Board meeting, using primarily funds (\$22,555) previously allocated for grant writing support in March of 2024, the OCSD Directors voted unanimously to approve a contract with Rick Engineering for up to \$25,000 to support OCSD staff in preparation of several DWSRF Grant applications. Oceano



Oceano Community Services District

Board of Directors Meeting

Community Services District is currently under contract with RICK Engineering for the preparation of a DWSRF grant. This contract is critical to OCSD staff and the District, since the pre-application and the general, technical, environmental, and financial applications take days each to put together. Using a qualified consultant also gives the District the best chance of being awarded funding, as the consultant team detailed program experience and engineers versed in putting together grant applications. OCSD staff provide supporting and QA/QC roles to the grant writers by providing them with technical and system specific information, engineering reports, cost updates on CIP improvements and oversight of the grant writing process. This oversight role in the past six months has taken several hours a week and is within staff workload capacity, as opposed to 10-20 hours a week required by the details of the grant writing work itself. Additionally, in a further attempt to prepare the District for future success in securing up to \$1.6 million in future DWSRF grants, at the December 11, 2024 Board meeting, the District awarded design and construction management contract to Advantage Technical Services for the design of the rehabilitation of the 1-million-gallon water storage Tank 2 for an amount not to exceed \$58,818.

The Rick Engineering consultant team, with staff oversight has put together two preapplications already. The first was for waterline improvements - 9 sections of water distribution piping and appurtenances from our Capital Improvement Projects List, specifically projects: 2-3, 2-4, 2-5, 2-6, 2-7, 2-8, 2-9, 2-10, and 2-11. Following pre-application submission for this project, State Water Resources Control Board staff notified OCSD staff that these waterline improvements fall under funding Category F, for which the State Water Resources Control Board has expended all available funding. The State Water Resources Control Board staff did note that the passage of Proposition 4 and other state-wide funding source releases are likely to make Category F CIP project funding available again in 2026 or beyond, but the timing of that funding making it down to the DWSF is currently unknown. However, as a result of work completed to date, the District is in prime position to compete for new funds as soon as they are released. When funding does become available for Category F projects, OCSD will not have to resubmit a pre application, we will be able to go straight to the more complex general, technical, environmental, and financial applications.

The second preapplication the consultant team prepared for OCSD was for the rehabilitation of Tank 2. Tank 2 was called out by the Division of Drinking Water in OCSD's 2024 Sanitary Survey from the State Water Resources Control Board as having, "obvious exterior corrosion on the roof, vent, and sides of the tank near the roof." This project was originally qualified as ineligible for funding from the state and outside of Categories A-C by state water board staff. However, the General Manager requested a meeting with state water board staff and management on December 10, 2024, to review the details of the project and requesting that the state reconsider Tank 2 eligible for limited existing funds under Category C. Staff argued that it should be classified as a Category C (1) project, due to impacts to source capacity and water delivery capacity, and thus should be eligible for current funding. At the December 10, 2024 meeting, water board staff concurred with the GM and recommended formal submittal of the preapplication, which was completed and submitted on December 23, 2024. The consultant team will proceed with the general, technical, environmental, and financial applications for this project following the State Water Resources Control Board's review of the preapplication.



Based on the Drinking Water State Revolving Fund (DWSRF) preapplication, projects are classified as one of the following:

Category A – Immediate Health Risk

- (1) Documented waterborne disease outbreaks attributable to the water system.
- (2) Water systems under a court order to correct SDWA violations or to correct water outage problems.
- (3) Total coliform Maximum Contaminant Level (MCL) violations attributable to active sources contaminated with coliform bacteria (e.g., fecal, E. coli, or total coliform).
- (4) Severe domestic water supply outage(s) posing an imminent threat to public health and safety.
- (5) The distribution of water containing nitrates/nitrites, perchlorate, chlorite, or chlorine dioxide exceeding the MCL.

Category B – Untreated or At-Risk Sources

- (1) Surface water or GWUDI sources that are untreated, not filtered, or have other filtration treatment deficiencies, or a recent history of deficiencies, that violate federal or state regulations.
- (2) Non-GWUDI groundwater sources that are contaminated with fecal coliform or E. coli and are inadequately treated.
- (3) Uncovered distribution reservoirs.

Category C – Compliance or Shortage Problems

- (1) Water quantity violations, or a recent history of repeated water quantity violations, caused by source capacity, or water delivery capability that is insufficient to meet existing demand.
- (2) The distribution of water containing chemical or radiological contamination in violation of, or a history of repeated water quality violations of, a state or federal primary drinking water standard (other than those listed in Category A). Projects that address water quality levels above a new MCL (e.g., hexavalent chromium or perfluoroalkyl and polyfluoroalkyl substances (PFAS)) may be considered a Category C priority even if they are not currently in violation of the MCL.
- (3) Total Coliform Rule violations for reasons other than source contamination.

Category D – Inadequate Reliability



- (1) CWSs with a single source and no backup supply.
- (2) Distribution reservoirs with non-rigid covers in active use.
- (3) Disinfection facilities that lack needed reliability features, such as chlorine analyzers or alarms.
- (4) Violations of the Waterworks Standards related to disinfection.

Category E – Secondary Risks

- (1) The distribution of water exceeding secondary drinking water standards.
- (2) The distribution of water exceeding a published chemical notification level.
- (3) The distribution of water exceeding a primary drinking water standard in one or more samples but not a running average standard.
- (4) A standby groundwater source exceeding a primary drinking water standard.
- (5) Violations of the Waterworks Standards (other than those already covered above).

Category F – Other Projects

- (1) Non-metered service connections, replacement of defective water meters or water meters that have reached the end of their useful life, and installation of remote read equipment.
- (2) Deficiencies attributable to the water system that address present or prevent future violations of health-based standards, including deficiencies associated with emerging contaminants (other than those already covered above).

Other Agency Involvement

State Water Board, Division of Drinking Water, and grant-writing and engineering support consultants.

Other Financial Considerations

Fiscal prudence must regularly be balanced with targeted efforts to use local resources, limit matching funds and enlist consultant services to maximize outside funding. OCSD staff regularly seeks outside funding, assesses District competitiveness to receive grant funds, and determines workload required to go after eligible funds. Whenever possible, grants requiring no local match and that can be prepared in-house are sought. However, more complex and time-consuming grants, such as the DWSRF and USDA grant sources, as well as ones



Oceano Community Services District

Board of Directors Meeting

that require outside consultant assistance or significant local contributions are sought to move District capital improvements forward to ensure that all District infrastructure is in a state of good repair.

Results

Attachments:

1. Tank 2 Preapplication
2. Waterline Improvements Preapplication
3. Recent IRWM Quarterly Report Submittal
4. IRWM Funding Agreement Excerpt

Application Preview

This is a preview of your application. Please review and confirm the information is accurate before submitting the application. FAAST will perform a check to verify whether required fields are completed and/or required attachments are uploaded. Once you have verified the information, please read the certification statement and enter your initials to submit the application to the State Water Board.

Note: To print the application, please use the "FILE -> PRINT" menu option on the browser.

PIN 53018 - PHASE1 - Oceano Community Services District Critical Water Tank Rehabilitation - IN PROGRESS

FUNDING PROGRAM ASSISTANCE

Application Preview

RFP Title: Small Community Funding Program, Pre-Application

Submitting Organization: Rick Engineering Company
Submitting Organization:

Division:

Project Title: Oceano Community Services District Critical Water Tank Rehabilitation

Project Description: On July 3, 2024, Oceano Community Services District (OCSD) received a Sanitary Survey from the Division of Drinking Water noting Tank 2's exterior corrosion on the roof, vent, and sides of the tank. Following the survey, OCSD developed a scope to rehabilitate the tank, including mobilization and demobilization, interior and exterior coating, interior ladder modifications, roof repairs, roof guardrail and gate, fall protection anchor, ladder door, roof hatch, and other rehabilitation items. This is a critical tank for OCSD as their only other tank cannot meet the community's water supply demands due to lack of capacity. Tank 2 is the larger of their two tanks and it is necessary for the district to meet the community's water supply demands. There is no redundancy for this tank.

Water System ID:

District Office:

APPLICANT DETAILS

Applicant Organization: Rick Engineering Company
Applicant Organization:
Division:
Applicant Address: 1160 Marsh Street, Suite 150 , San Luis Obispo , CA - 93401

PROJECT LOCATION

Latitude: 35.105110 **Longitude:** -120.610320

Watershed: Lower Arroyo Grande Creek (180600060605)

County: San Luis Obispo

Responsible Regional Water Board: 3 Central Coast Regional Water Board

PROJECT BUDGET

Funds Requested(\$): 1,560,472.00

Local Cost Match(\$): 0.00

Total Budget(\$): 1,560,472.00

Funding Program	Applied	Amount Recommended by State Water Board
Small Community Drinking Water (SCDW) Funding Program	Yes	\$0.00
Small Community Wastewater (SCWW) Funding Program	No	\$0.00

Project Management Role	First Name	Last Name	Phone	Fax	Email
Project Director: Authorized Representative	Peter	Brown	805-481-6730	805-481-6836	peter@oceanocsd.org
Project Manager: Day to day contact	Carey	Casciola	805-481-6730	805-481-6836	carey@oceanocsd.org

Applicant Information

Name: Rick Engineering Company
Division:
Address: 1160 Marsh Street, Suite 150 San Luis Obispo, CA , 93401
UEID:

Person Submitting Information

Submitter Name: Sarah Woolsey
Submitter Phone:
Submitter Fax:
Submitter Email: swoolsey@rickengineering.com

Legislative Information	Primary	Additional District(s)
Senate District	17	
Assembly District	35	
US Congressional District	24	

Pre Submission Attachment Title	Phase	Submission Period	Date & Time
No Pre Submission Attachments Available to Display			

Post Submission Attachment Title	Phase	Date & Time Attached
No Post Submission Attachments Available to Display		

Questionnaire - Phase 1

1 CURRENT YEAR MEDIAN HOUSEHOLD INCOME (MHI):

Please enter the Community's MHI in the numeric field and the source in the text field below. If the Community's MHI is above \$78,672, please contact us DFA-OWSW@waterboards.ca.gov or (916) 327-9978 for additional funding sources.

Answer: 69448

Answer: Pulled from US Census, Income in the Past 12 Months (in 2023 Inflation-Adjusted Dollars) table

2 POPULATION:

a Community's population?

Answer: 7033

b Population served by the System?

Answer: 7601

c Population served by the Project?

Answer: 7601

3 CONNECTIONS:

a Total number of service connections?

Answer: 2207

b Number of residential service connections?

Answer: 2064

c Number of commercial/industrial service connections?

Answer: 143

4 SECOND HOMES:

What percentage (%) of connections provide service to second homes? Please enter a percentage between 0 and 100 in the field below.

Answer: 11

5 PROJECT TYPE:

a Select a project type listed below. (check all that apply)

If "Other" is checked, please specify in the text field below.

Answer: Distribution/Transmission Water Supply Water Storage

Answer:

b Please describe the scope of the Project.

Answer: Fully rehabilitate the 1MG water storage tank including: mobilization and demobilization of construction resources, interior and exterior coating, interior ladder modifications for clearance at hatch, interior ladder climber safety device, roof repairs, roof guardrail and gate, fall protection anchor, replacement of roof vent, cathodic protection system for interior, ladder security door, roof hatch, modification of exterior ladder and add climber safety device, flexible piping connection at 4 locations, modify overflow, interior mixing system, replacement of rafters with corrosion damage, and increase freeboard for seismic damage resistance.

6 SAFE AND AFFORDABLE DRINKING WATER NEEDS (check all that apply):

Need 1 - Interim Water Supplies (providing interim replacement water while a long-term solution is implemented)

Need 2 - Administrator (someone to temporarily take over the water system)

Need 3 - Managerial Consolidation (working with nearby systems to share resources such as operators)

Need 4 - Long-Term Operations and Maintenance (O&M) Support (providing temporary operators and/or O&M costs after a water system has been optimized)

Need 5 - Access to Capital to Remove Financial Barriers (such as existing loans that the system can't afford to pay; note that water rates will be considered)

Answer: Need 5

7 PROBLEM:

Please describe the problem that will be addressed by the Project

Answer: As noted in System Number CA4010005 - 2024 Sanitary Survey, Tank 2 has obvious corrosion on the roof, vent, and sides of the tank near the roof. OCSD developed a scope to rehabilitate the tank, and after requesting a quote, it was clear that the tank has other items that need to be fixed also. To completely rehabilitate the tank there is a need for rehabilitation items listed in the "scope of the Project" section 5b. This is a critical tank for the District's operations. OCSD would not be able to meet the community's water supply demands without this tank due to lack of capacity.

8 PROJECT LOCATION:

a Please enter the Street Address in the box below.

b Please enter the City in the box below.

Answer: Oceano

c Please enter the State in the box below.

Answer: California

d Please enter the Zip Code in the box below.

Answer: 93445

9 COMPLIANCE ORDER:

Is there a compliance order? If "Yes" is selected, enter the compliance order number in the text field below.

Answer: No

Answer: This project was included in System Number CA4010005-2024 Sanitary Survey.

10 WATER SUPPLY PERMIT NUMBER:

What is the Water Supply Permit Number for the system?

Answer: CA4010005

11 CLASSIFICATION OF WATER SYSTEM:

- Community
- Transient Non-Community (TNC)
- Non-Transient Non-Community (NTNC)
- Not currently classified as a public water system

If "Not a public water system." is selected, please explain in the text field below.

Answer: Community

Answer:

12 WATER SYSTEM OWNERSHIP:

a Public Ownership of the Water System (check all that apply).

If "Other" is selected, please explain in the text box below.

Answer: Special District

Answer:

b Private Ownership of Water System (check all that apply).

If "Other" is selected, please explain in text box below.

Answer: Other

Answer: The water system is owned by the special district, Oceano Community Services District.

13 PUBLIC WATER SYSTEM NUMBER:

If "Yes" is selected, enter the public water system number in the text field below.

Answer: Yes

Answer: CA4010005

[Back to Application](#)

[Application Completion Check](#)

ADMIN. If you wish to

access FAAST as a different user role or this is not your user account, please log out and sign in.

[Main Menu](#) > [Proposal Search](#) > [Application](#)

Application

This page allows you to view this application as submitted by the applicant. The application shows the Funding program(s) applied for by the applicant, but does not show whether the proposal is eligible in those Funding program(s). Eligibility information is entered on the Eligibility tab after the proposal has been submitted and screened for eligibility.

PIN #52835 - PHASE1 - Oceano Community Services District (OCSD) Waterline Improvements - SUBMITTED

- [Application](#)
- [Attachments](#)
- [Eligibility](#)
- [Review Assignments](#)
- [Review Sheets](#)
- [Notes](#)
- [Status](#)
- [Performance Measurement](#)
- [Admin Proposals](#)

Application Overview

RFP Title: Small Community Funding Program, Pre-Application

Submitting Organization: Rick Engineering Company

Submitting Organization Division:

Project Title: Oceano Community Services District (OCSD) Waterline Improvements

Project Description: OCSD provides water service to 2,200 connections comprised of approx. 22.5 miles of pressurized pipelines. The existing pipelines are mostly 50-70 yrs old. The project would provide upgrades and improvements to 5,335 linear feet (LF) of pipe, with replacements in situ. Existing pipes are 2, 4, or 6 inches in diameter. Improvements will increase pipes to 8 or 12-inch diameters. 90% of design is complete, 100% of design is already funded. Waterline improvement components will improve water quality and reliability and will be installed within existing ROW. Improvements include: (1) Installation of new pipeline main sections; (2) Replacement of existing mains with upsized pipes; (3) Extension of dead-end pipeline to form pipeline loops to enhance water quality; and (4) Replacement and installation of control valves in the pipeline system. These improvements will support water use efficiency with the replacement of non-standard obsolete pipes that are contributing to water losses.

Water System ID:

District Office:

APPLICANT DETAILS

Applicant Organization: Oceano Community Services District

Applicant Organization Division:

Applicant Address: P.O. Box 599 , Oceano , CA - 93475

PROJECT LOCATION

Latitude: 35.1039 **Longitude:** -120.61

Watershed: 180600060705 , 180600060605

County: San Luis Obispo

Responsible Regional Water Board:

PROJECT BUDGET

Funds Requested(\$): 1,542,000.00

Local Cost Match(\$): 0.00

Total Budget(\$): 1,542,000.00

Funding Program	Applied	Amount Recommended by State Water Board
Small Community Drinking Water (SCDW) Funding Program	Yes	\$0.00
Small Community Wastewater (SCWW) Funding Program	No	\$0.00

Project Management Role	First Name	Last Name	Phone	Fax	Email
Project Director: Authorized Representative	Peter	Brown	805-481-6730	805-481-6836	peter@oceanocsd.org
Project Manager: Day to day contact	Carey	Casciola	805-481-6730	805-481-6836	carey@oceanocsd.org

Applicant Information

Name: Oceano Community Services District
Division:
Address: P.O. Box 599 Oceano, CA , 93475
UEID:

Person Submitting Information

Submitter Name: Sarah Woolsey
Submitter Name:
Submitter Phone:
Submitter Fax:
Submitter Email: swoolsey@rickengineering.com

Legislative Information	Primary	Additional District(s)
Senate District	17	00,
Assembly District	35	00,
US Congressional District	24	24,

Pre Submission Attachment Title	Phase	Submission Period	Date & Time
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No Pre Submission Attachments Available to Display

Post Submission Attachment Title	Phase	Date & Time Attached
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No Post Submission Attachments Available to Display

Questionnaire - Phase 1

1 CURRENT YEAR MEDIAN HOUSEHOLD INCOME (MHI):

Please enter the Community's MHI in the numeric field and the source in the text field below. If the Community's MHI is above \$78,672, please contact us DFA-OWSW@waterboards.ca.gov or (916) 327-9978 for additional funding sources.

Answer: 73084

Answer: Pulled from: <https://data.census.gov/table?q=median%20household%20income&g=160XX00US0653294>

2 POPULATION:

a Community's population?

Answer: 7033

b Population served by the System?

Answer: 7601

c Population served by the Project?

Answer: 1900

3 CONNECTIONS:

a Total number of service connections?

Answer: 2207

b Number of residential service connections?

Answer: 2064

c Number of commercial/industrial service connections?

Answer: 143

4 SECOND HOMES:

What percentage (%) of connections provide service to second homes? Please enter a percentage between 0 and 100 in the field below.

Answer: 11

5 PROJECT TYPE:

a Select a project type listed below. (check all that apply)

If "Other" is checked, please specify in the text field below.

Answer: Distribution/Transmission

Answer: N/A

b Please describe the scope of the Project.

Answer: Replacement of 9 sections of water distribution piping and appurtenances totaling 5,335 LF. Project construction will utilize a combination of open-cut trenching and trenchless jack-and-bore construction techniques. All but one segment of the project will be constructed using open-cut trenching. With open-cut trenching, there will be trench excavation, shoring to stabilize the pipe bed, pipe installation, and backfilling. One section of the project will be constructed using jack-and-boring. This technique consists of excavation of the launching and receiving pits, installation of the shoring system and boring equipment, installation of steel casing and pipeline, removal of equipment, and backfilling. The trenchless installation would be performed by operating a crane to lower and remove equipment and materials. Any portion of the roadway or landscaped areas damaged by construction activities will be repaved and restored, then traffic delineation will be restored.

6 SAFE AND AFFORDABLE DRINKING WATER NEEDS (check all that apply):

Need 1 - Interim Water Supplies (providing interim replacement water while a long-term solution is implemented)

Need 2 - Administrator (someone to temporarily take over the water system)

Need 3 - Managerial Consolidation (working with nearby systems to share resources such as operators)

Need 4 - Long-Term Operations and Maintenance (O&M) Support (providing temporary operators and/or O&M costs after a water system has been optimized)

Need 5 - Access to Capital to Remove Financial Barriers (such as existing loans that the system can't afford to pay; note that water rates will be considered)

Answer: Need 5

7 PROBLEM:

Please describe the problem that will be addressed by the Project

Answer: OCSD provides water to 7,601 individuals. Their population has a median household income (MHI) of 79.95% of the statewide MHI. The community is also defined as disadvantaged through the regional definition of disadvantaged community created by the San Luis Obispo Council of Governments (SLOCOG), our region's Regional Transportation Planning Agency and Metropolitan Planning Organization. CalEnviroScreen 4.0 notes drinking water contaminant levels are higher than 60% of the census tracts in California. OCSD's existing pipelines are mostly 50-70 yrs old. These improvements will enhance water quality and support water use efficiency with the replacement of non-standard obsolete pipes that are contributing to water losses.

8 PROJECT LOCATION:

a Please enter the Street Address in the box below.

b Please enter the City in the box below.

Answer: Oceano

c Please enter the State in the box below.

Answer: California

d Please enter the Zip Code in the box below.

Answer: 93445

9 COMPLIANCE ORDER:

Is there a compliance order? If "Yes" is selected, enter the compliance order number in the text field below.

Answer: No

Answer: N/A

10 WATER SUPPLY PERMIT NUMBER:

What is the Water Supply Permit Number for the system?

Answer: CA4010005

11 CLASSIFICATION OF WATER SYSTEM:

- Community
- Transient Non-Community (TNC)
- Non-Transient Non-Community (NTNC)
- Not currently classified as a public water system

If "Not a public water system." is selected, please explain in the text field below.

Answer: Community

Answer: N/A

12 WATER SYSTEM OWNERSHIP:

a **Public Ownership of the Water System (check all that apply).**

If "Other" is selected, please explain in the text box below.

Answer: Special District

Answer: N/A

b **Private Ownership of Water System (check all that apply).**

If "Other" is selected, please explain in text box below.

Answer: Other

Answer: The water system is owned by the special district, Oceano Community Services District.

13 **PUBLIC WATER SYSTEM NUMBER:**

If "Yes" is selected, enter the public water system number in the text field below.

Answer: Yes

Answer: CA4010005

Certification And Submission Statement

Please read before signing and submitting application.

I certify under penalty of perjury:

- The information entered on behalf of Applicant Organization is true and complete to the best of my knowledge;
- I am an employee of or a consultant for the Applicant Organization authorized to submit the application on behalf of the Applicant Organization; and
- I understand that any false, incomplete or incorrect statements may result in the disqualification of this application.

By signing this application, I waive any and all rights to privacy and confidentiality of the proposal on behalf of the applicant, to the extent provided in this RFP.

Submission By: Sarah_Woolsey_6348

Submitter Initials: SMW

Submission Date:

10/23/2024 2:00:01 PM

Proposition 1 Round 2 Implementation Grant Program.

Grantee Name: San Luis Obispo County Flood Control and Water Conservation District
Grant Agreement No.: 4600015399
Progress Report No.: 04
Reporting Period: July 1, 2024 to September 30, 2024
Prepared: December 6, 2024

Grant Administration

Implementing Agency: San Luis Obispo County Flood Control and Water Conservation District
(Grantee)

Completion Checklist	Completed?	N/A
Narrative Description	<input checked="" type="checkbox"/>	
Appendix A – Status of Required Deliverables	<input checked="" type="checkbox"/>	
Appendix B – Project Photographs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Appendix C – Invoice Projections	<input checked="" type="checkbox"/>	

Narrative Description(s)

1. Project Description

The Grantee will administer these funds and respond to DWR’s reporting and compliance requirements associated with the grant administration. This Grantee will act in a coordination role: disseminating grant compliance information to the project managers responsible for implementing the projects contained in this agreement, obtaining and retaining evidence of compliance (e.g., CEQA/NEPA documents, reports, monitoring compliance documents, labor requirements, etc.), obtaining data for progress reports from individual project managers, assembling and submitting progress reports to the State, and coordinating all invoicing and payment of invoices.

2. Project Progress

Budget Category (a): Project Administration

Task 1: Agreement Administration

Estimated Percent of Work Complete: 20%

Staff continued preparation of the sub-grant agreements with the Local Project Sponsors. These agreements are not yet in place. All documents have been signed and we expect approval from our Board of Supervisors in February of 2025.

- Milestones or Deliverables Completed/Submitted: Agreement with DWR completed.
- Impediments to Completion of Task: none.
- Describe activities that negatively or positively impacted the schedule and/or budget: none to report.

Task 2: Invoicing

Estimated Percent of Work Complete: 0%

See note above. "Zero" invoice for Q4 will be submitted with this PR.

- Milestones or Deliverables Completed/Submitted: none.
- Impediments to Completion of Task: none.
- Describe activities that negatively or positively impacted the schedule and/or budget: none to report.

Task 3: Reporting

Estimated Percent of Work Complete: XX%

We've included updates to Quarterly Reports 2 and 3 with this submittal as well. Projects 1, 2, 4 and 5 are included.

- Milestones or Deliverables Completed/Submitted: Reports for quarters 2, 3 and 4.
- Impediments to Completion of Task: none.
- Describe activities that negatively or positively impacted the schedule and/or budget: none to report.

Project 1: Indirect Potable Reuse (IPR) – Injection Wells

Implementing Agency: City of Morro Bay (City)

Completion Checklist	Completed?	N/A
Narrative Description	<input checked="" type="checkbox"/>	
Appendix A – Status of Required Deliverables	<input checked="" type="checkbox"/>	
Appendix B – Project Photographs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Appendix C – Invoice Projections	<input type="checkbox"/>	

Narrative Description(s)

1. Project Description

The Water Reclamation Facility (WRF) Program includes construction of a Water Reclamation Center (WRC), which will be capable of producing up to 825 acre-feet per year (AFY) of advanced purified water for injection into the Lower Morro Valley Groundwater Basin (Morro Basin) to protect against seawater intrusion and nitrate contamination and for non-potable irrigation uses. The WRC Program is being constructed as three separate components:

- WRC – a new wastewater treatment or water reclamation facility, including Full Advanced Treatment (i.e., membrane filtration, reverse osmosis, and ultraviolet/advanced oxidation treatment processes), located outside of the flood plain and tsunami inundation zones (constructed outside of this grant).
- Conveyance – pipelines and pump stations to convey wastewater to the WRC, treated effluent to the City’s existing ocean outfall and advanced purified recycled water to the IPR injection facilities (constructed outside of this grant).
- IPR Facilities – injection wells and recycled water pipelines to recharge the Morro Basin with advanced purified water.

The scope of the project funded by this Grant includes construction of the IPR Facilities component (i.e., injection wells, distribution pipelines, supporting electrical, mechanical and controls equipment) of the overall

WRC Program.

2. Project Progress

Budget Category (a): Project Administration

Task 1: Project Management

Estimated Percent of Work Complete: 12%

Initiated design consultant for injection well design consultant.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 2: Reporting

Estimated Percent of Work Complete: 0%

No work completed this quarter.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Budget Category (b): Land Purchase/Easements

Task 3: Land Purchase

Not Applicable

Budget Category (c): Planning/Design/Engineering/Environmental Documentation

Task 4: Feasibility Studies

Estimated Percent of Work Complete: 100%

All studies completed in 2023.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 5: CEQA Documentation

Estimated Percent of Work Complete: 50%

The project has one EIR and 2 addendums – one completed and one in progress.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 6: Permitting

Estimated Percent of Work Complete: 25%

The 2019 Aquifer Storage and Recovery (ASR) Permit was renewed during this quarter. This permit authorizes a tracer study at the pilot well (previously installed).

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 7: Design

Estimated Percent of Work Complete: 33%

Design elements for the project – injection well, pipelines and equipping – are underway.

A consultant was contracted for hydrogeologic support services for the injection well design.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 8: Project Monitoring Plan

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Budget Category (d): Construction/Implementation

Task 9: Contract Services

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 10: Construction Administration

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 11: Construction

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

3. Major activities for next reporting period:

Q3 2024 is expected to include contracting with an injection well design consultant. Design for the well, pipelines, and equipping will continue for the quarter.

4. Project Cost Update

ESTIMATED TOTAL PROJECT COST INCURRED THIS REPORTING PERIOD:	\$ 0
ESTIMATED TOTAL PROJECT COST INCURRED TO DATE:	\$ 0

5. Other Major Issues

- None to report.

Project 2: Water Resources Reliability Program - Waterline Replacement Projects

Implementing Agency: Oceano Community Services District (OCSD)

<u>Completion Checklist</u>	<u>Completed?</u>	<u>N/A</u>
Narrative Description	<input checked="" type="checkbox"/>	
Appendix A – Status of Required Deliverables	<input checked="" type="checkbox"/>	
Appendix B – Project Photographs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Appendix C – Invoice Projections	<input checked="" type="checkbox"/>	

Narrative Description(s)

1. Project Description

Oceano Community Services District has identified approximately 30 sections of waterlines as leaky, aging, and requiring replacement or upgrade within the water system, five of which will be replaced through this project. The project will replace approximately 1,810 linear feet of leaking and dilapidated waterlines with 8"-10" PVC pipes and will loop waterlines to eliminate dead ends. The project will conserve 3 AFY of water and will improve operational efficiency by 3.4 cubic feet per second.

2. Project Progress

Budget Category (a): Project Administration

Task 1: Project Management

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 2: Reporting

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Budget Category (b): Land Purchase/Easement

Task 3: Land Purchase

Not Applicable

Budget Category (c): Planning/Design/Engineering/Environmental Documentation

Task 4: Feasibility Studies

Estimated Percent of Work Complete: 100%

Completed under previous IRWM funding rounds.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 5: CEQA Documentation

Estimated Percent of Work Complete: 100%

The IS-MND was completed and approved by the CSD Board on August 14, 2024. Docs will be compiled and submitted in the next quarter.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 6: Permitting

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a

- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 7: Design

Estimated Percent of Work Complete: 100%

Design was completed in 2021.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 8: Project Monitoring Plan

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Budget Category (d): Construction/Implementation

Task 9: Contract Services

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 10: Construction Administration

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 11: Construction

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

3. Major activities for next reporting period:

It is anticipated that the next period will be similar to this one. Project is waiting for agreements to be in place before completing the next steps.

6. Project Cost Update

ESTIMATED TOTAL PROJECT COST INCURRED THIS REPORTING PERIOD:	\$ 0
ESTIMATED TOTAL PROJECT COST INCURRED TO DATE:	\$ 0

7. Other Major Issues

- None.

Project 3: Central Coast Blue – Phase 1 Wells

Implementing Agency: City of Pismo Beach

As discussed with DWR earlier this year, the project is expected to be replaced. A detailed discussion of this will be provided with a future report and subsequent amendment request.

Project 4: Master Water Report and Information System

Implementing Agency: San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD)

<u>Completion Checklist</u>	<u>Completed?</u>	<u>N/A</u>
Narrative Description	<input checked="" type="checkbox"/>	
Appendix A – Status of Required Deliverables	<input checked="" type="checkbox"/>	
Appendix B – Project Photographs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Appendix C – Invoice Projections (included in grant admin rpt)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Narrative Description(s)

1. Project or Component Description

The project will develop a Decision Support Tool to facilitate a comprehensive update to the Master Water Report and to improve the District’s and County of San Luis Obispo’s approach to the collection, storage, analysis, and reporting of data information needed for water-related planning efforts. The project will result in data and information management software architecture and associated reporting tools needed to facilitate this and future updates to the Master Water Report as well as other analyses needs, such as the capacity of a particular area to accommodate housing and accessory dwelling units.

2. Project Progress

Budget Category (a): Project Administration

Task 1: Project Management

Estimated Percent of Work Complete: 18%

District staff collected consultant invoices and staff time during this period.

- Milestones or Deliverables Completed/Submitted: none
- Impediments to Completion of Task: none
- Describe activities that negatively or positively impacted the schedule and/or budget: none

Task 2: Reporting

Estimated Percent of Work Complete: 5%

No work completed in this task in this reporting period.

- Milestones or Deliverables Completed/Submitted: none
- Impediments to Completion of Task: none
- Describe activities that negatively or positively impacted the schedule and/or budget: none

Budget Category (b): Land Purchase/Easement

Task 3: Land Purchase

Not Applicable

Budget Category (c): Planning/Design/Engineering/Environmental Documentation

Task 4: Feasibility Studies

Not Applicable

Task 5: CEQA Documentation

Not Applicable

Task 6: Permitting

Not Applicable

Task 7: Design

Not Applicable

Task 8: Project Monitoring Plan

Estimated Percent of Work Complete: 0%

No work completed in this task in this reporting period.

- Milestones or Deliverables Completed/Submitted: none
- Impediments to Completion of Task: none
- Describe activities that negatively or positively impacted the schedule and/or budget: none

Budget Category (d): Construction/Implementation

Task 9: Contract Services

Estimated Percent of Work Complete: 100%

This task was completed prior to the grant agreement and not reimbursable by the State.

- Milestones or Deliverables Completed/Submitted: none
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 10: Construction Administration

Estimated Percent of Work Complete: 27%

Work completed this period included directing the consultant team to begin planning for the next phase of the project and planning outreach meetings to Planning and Groundwater departments of the County.

- Milestones or Deliverables Completed/Submitted: none
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 11: Implementation

Estimated Percent of Work Complete: 27%

Planning began for expanding the system to the rest of the County, known as “Phase 2” of the project. Emphasis this quarter was on resiliency & risk scoring related to SB-522, which is part of the scope of the project.

- Milestones or Deliverables Completed/Submitted: none
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

3. Major activities for next reporting period:

The next reporting period will include continued strategic planning for Phase 2 of the project, which is expansion of the system to entire County and expanding the analysis currently in the system.

8. Project Cost Update

ESTIMATED TOTAL PROJECT COST INCURRED THIS REPORTING PERIOD:	\$ 0
ESTIMATED TOTAL PROJECT COST INCURRED TO DATE:	\$ 608,750

Note: project costs incurred July 1 to Sept. 30 were included in the November 2024 invoice. Costs from this period will be included in the next report – Oct 1 to Dec 31.

9. Other Major Issues

- None.

Project 5: Water Main Improvement Project

Implementing Agency: San Miguel Community Services District (SMCSD)

Completion Checklist	Completed?	N/A
Narrative Description	<input type="checkbox"/>	
Appendix A – Status of Required Deliverables	<input type="checkbox"/>	
Appendix B – Project Photographs	<input type="checkbox"/>	<input type="checkbox"/>
Appendix C – Invoice Projections	<input type="checkbox"/>	

Narrative Description(s)

1. Project or Component Description

The project will replace existing 4-inch cast-iron (CI) and 3-inch asbestos cement (AC) pipelines with a new 8-inch PVC pipeline. This project will improve deficient pressure and fire flows to approximately 20 residences and will provide water supply savings of approximately 5 AFY.

2. Project Progress

Budget Category (a): Project Administration

Task 1: Project Management

Estimated Percent of Work Complete: 20%

Tasks completed this quarter include completing the bid package and open the public bid.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 2: Reporting

Estimated Percent of Work Complete: 0%

No reports completed in this period.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Budget Category (b): Land Purchase/Easement

Task 3: Land Purchase

Not Applicable

Budget Category (c): Planning/Design/Engineering/Environmental Documentation

Task 4: Feasibility Studies

Estimated Percent of Work Complete: 100%

The District Master Plan was completed in 2020.

- Milestones or Deliverables Completed/Submitted: none.
- Impediments to Completion of Task: none.
- Describe activities that negatively or positively impacted the schedule and/or budget: none.

Task 5: CEQA Documentation

Estimated Percent of Work Complete: 0%

An NOE is expected for this project, to be filed late 2024/early 2025. No work was completed this quarter.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 6: Permitting

Estimated Percent of Work Complete: 100%

Project team acquired the County of San Luis Obispo Encroachment permit for work in the County Right-of-Way.

- Milestones or Deliverables Completed/Submitted: Encroachment Permit from County
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 7: Design

Estimated Percent of Work Complete: 100%

100% design plans were completed.

- Milestones or Deliverables Completed/Submitted: 100% design plans
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 8: Project Monitoring Plan

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Budget Category (d): Construction/Implementation

Task 9: Contract Services

Estimated Percent of Work Complete: 50%

The bid package was completed and the bid was publicly noticed in August.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 10: Construction Administration

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

Task 11: Construction

Estimated Percent of Work Complete: 0%

Not started yet.

- Milestones or Deliverables Completed/Submitted: n/a
- Impediments to Completion of Task: n/a
- Describe activities that negatively or positively impacted the schedule and/or budget: n/a

3. Major activities for next reporting period:

Q3 2024 is anticipated to include completion of the bid documents and opening the public bid for construction.

10. Project Cost Update

ESTIMATED TOTAL PROJECT COST INCURRED THIS REPORTING PERIOD:	\$ 10,000
ESTIMATED TOTAL PROJECT COST INCURRED TO DATE:	\$ 15,000

This table represents Grant eligible costs.

11. Other Major Issues

- No major issues, however, this is expected to me a long procurement time for construction materials.

Appendix A

Status of Required Deliverables

Grant Administration			
Budget Category, Task #	Budget Category Work Items for Review	% Of Work Complete	Date Submitted
	Budget Category (a): Project Administration		
(a)2	Quarterly Invoices and associated backup documentation	0%	
(a)3	Quarterly Progress Reports	10%	6/12/2024
(a)3	Grant Completion Report	0%	

Project 1: Indirect Potable Reuse (IPR) – Injection Wells			
Budget Category, Task #	Budget Category Work Items for Review	% Of Work Complete	Date Submitted
	Budget Category (a): Project Administration	10%	-
(a)1	Invoices and associated backup documentation	0%	-
(a)2	Quarterly Project Progress Reports	0%	-
(a)2	Project Completion Report	0%	-
(a)2	Documentation (e.g., photo) of "Acknowledgment of Credit & Signage"	0%	-
	Budget Category (b): Land Purchase/Easement – N/A	n/a	n/a
	Budget Category (c): Planning/Design/Engineering/Env. Docs	33%	-
(c)4	Relevant Feasibility Studies	100%	-
(c)4	OneWater Plan	100%	-
(c)5	All completed CEQA documents as required	50%	-
(c)5	Legal Challenges Letter	0%	-
(c)6	Permits as required	33%	-
(c)7	Basis of Design Report	100%	-
(c)7	100% Design Plans and Specifications	20%	-

(c)8	Project Monitoring Plan	0%	-
	Budget Category (d): Construction/Implementation	0%	-
(d)9	Bid Documents	0%	-
(d)9	Proof of Advertisement	0%	-
(d)9	Award of Contract	0%	-
(d)9	Notice to Proceed	0%	-
(d)10	DWR Certificate of Project Completion	0%	-
(d)10	Record Drawings	0%	-
(d)11	Photographic Documentation of Progress	0%	-
Project 2: Water Resources Reliability Program - Waterline Replacement Projects			
	Budget Category (a): Project Administration	0%	-
(a)1	Invoices and associated backup documentation	0%	-
(a)2	Quarterly Project Progress Reports	0%	-
(a)2	Project Completion Report	0%	-
(a)2	Documentation (e.g., photo) of "Acknowledgment of Credit & Signage" per Standard Condition D.2	0%	-
	Budget Category (b): Land Purchase/Easement – Not Applicable	n/a	n/a
	Budget Category (c): Planning/Design/Engineering/Environmental Documentation	80%	-
(c)4	Water System Capital Improvement Plan Update	100%	-
(c)4	Leak Detection Report	100%	-
(c)4	Leak Detection Plan	100%	-
(c)5	All completed CEQA documents as required	100%	-
(c)5	Legal Challenges Letter	0%	-
(c)6	Permits as required	0%	-
(c)7	100% Design Plans and Specifications	100%	-
(c)8	Project Monitoring Plan	0%	-
	Budget Category (d): Construction/Implementation	0%	-
(d)9	Bid Documents	0%	-
(d)9	Proof of Advertisement	0%	-
(d)9	Award of Contract	0%	-

(c)9	Notice to Proceed	0%	-
(c)10	DWR Certificate of Project Completion	0%	-
(c)10	Recording Drawings	0%	-
(c)11	Photographic Documentation of Progress	0%	-

Project 3: Central Coast Blue - Phase 1 Wells
Not included

Project 4: Master Water Report and Information System			
Budget Category, Task #	Budget Category Work Items for Review	% Of Work Complete	Date Submitted
	Budget Category (a): Project Administration		
(a)1	Invoices and associated backup documentation	0	tbd
(a)2	Quarterly Project Progress Reports	10	tbd
(a)2	Project Completion Report	0	
(a)2	Documentation (e.g., photo) of "Acknowledgment of Credit & Signage" per Standard Condition D.2	0	
	Budget Category (b): Land Purchase/Easement		
	Budget Category (c): Planning/Design/Engineering/Environmental Documentation		
(c)8	Project Monitoring Plan	0	tbd
	Budget Category (d): Construction/Implementation		
(d)9	Bid Documents	100	tbd
(d)9	Proof of Advertisement	100	tbd
(d)9	Award of Contract	100	tbd
(d)9	Notice to Proceed	100	tbd
(d)10	DWR Certificate of Project Completion	0	tbd
(d)11	Auto-generated Water Supply and Demand reports (PDF)	27	tbd

(d)11	Resiliency assessment for SLO County (PDF)	27	tbd
(d)11	Web-based data and Information management tool	27	tbd

Project 5: Water Main Improvement Project			
Budget Category, Task #	Budget Category Work Items for Review	% Of Work Complete	Date Submitted
	Budget Category (a): Project Administration	15%	-
(a)1	Invoices and associated backup documentation	0%	-
(a)2	Quarterly Project Progress Reports	0%	-
(a)2	Project Completion Report	0%	-
(a)2	Documentation (e.g., photo) of "Acknowledgment of Credit & Signage" per Standard Condition D.2	0%	-
	Budget Category (b): Land Purchase/Easement	n/a	n/a
	Budget Category (c): Planning/Design/Engineering/Environmental Documentation	50%	-
(c)4	District Master Plan	100%	-
(c)5	All completed CEQA documents as required	0%	-
(c)5	Legal Challenges Letter	0%	-
(c)6	Permits are required	100%	-
(c)7	100% Design Plans and Specifications	100%	-
(c)8	Project Monitoring Plan	0%	-
	Budget Category (d): Construction/Implementation	10%	-
(d)9	Bid Documents	100%	-
(d)9	Proof of Advertisement	100%	-
(d)9	Award of Contract	0%	-
(d)9	Notice to Proceed	0%	-
(d)10	DWR Certificate of Project Completion	0%	-
(d)10	Record Drawings	0%	-
(d)11	Photographic Documentation of Progress	0%	-

Appendix B

Project Photographs (as required)

Update: No photos are included in progress report #4

Appendix C

Invoice Projections

Invoice Projections for the next two Quarters (six months): September 2024 through March 2025

Project Name:	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
Grant Admin	\$5,000	\$5,000	\$5,000	\$5,000	\$2,000	\$2,000	\$24,000
Indirect Potable Reuse - Injection Wells	\$0	\$0	\$0	\$0	\$10,000	\$40,000	\$50,000
Water Resources Reliability Program - Waterline Replacement Projects	\$0	\$0	\$0	\$0	\$10,000	\$25,000	\$35,000
Central Coast Blue - Phase 1 Wells	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Master Water Report and Information System	\$0	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$150,000
Water Main Improvement Project	\$0	\$0	\$0	\$0	\$2,000	\$25,000	\$27,000
TOTAL	\$5000	\$35000	\$35000	\$35,000	\$54,000	\$122,000	\$286,000

**FUNDING AGREEMENT BETWEEN SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER
CONSERVATION DISTRICT AND OCEANO COMMUNITY SERVICES DISTRICT
PROPOSITION 1 ROUND 2 INTEGRATED REGIONAL WATER MANAGEMENT (IRWM)
IMPLEMENTATION GRANT**

THIS FUNDING AGREEMENT is entered into by and between the San Luis Obispo County Flood Control and Water Conservation District, a public agency in the State of California, duly organized, existing, and acting pursuant to the laws thereof (FCWCD), and the Oceano Community Services District, a community services district, duly existing and operating pursuant to the provisions of Government Code Section 61000 et seq. (OCSD), which parties do hereby agree as follows:

- 1) **PURPOSE.** On December 7, 2023, the FCWCD and the California Department of Water Resources (State or DWR) entered into Grant Agreement No. 4600015399 attached hereto and incorporated herein by this reference (Grant Agreement). Pursuant to the Grant Agreement, the State shall provide funding from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) to the FCWCD to assist in financing the projects, which are included in and implemented in an adopted Integrated Regional Water Management Plan (IRWM Plan), pursuant to Chapter 7. Regional Water Security, Climate, and Drought Preparedness (Wat. Code, § 79740 et seq.). Also, the provision of State funds pursuant to the Grant Agreement is construed or interpreted to mean that the IRWM Plan, or any components of the IRWM Plan, implemented in accordance with the Work Plan as set forth in Exhibit A to the Grant Agreement, has been adopted through the IRWM Plan Review Process, and is/are consistent with Water Code section 10530 et seq. One of the projects identified in the Grant Agreement (as Project 2) is the Water Resources Reliability Program - Waterline Replacement Projects (Project) to be implemented by OCSD as the local project sponsor. The purpose of this Funding Agreement is to set forth the terms and conditions under which the FCWCD will disburse funds provided by the State for the Project pursuant to the Grant Agreement to OCSD.
- 2) **GENERAL RESPONSIBILITIES.** As the Grant administrator and fiscal agent for the Grant, the FCWCD shall be responsible for disbursing the Grant funds to OCSD for implementation of the Project subject to the terms and conditions set forth herein. OCSD shall be responsible for faithfully and expeditiously performing or causing to be performed all Project work as described in Exhibit A (Work Plan) and in accordance with Exhibit B (Budget) and Exhibit C (Schedule). OCSD shall comply with all the terms and conditions of this Funding Agreement and applicable California Public Resources Code (PRC) requirements. In addition, OCSD acknowledges and agrees that this Funding Agreement is subject to the obligations and limitations imposed on the FCWCD and on local project sponsors by the Grant Agreement and all future amendments to the Grant Agreement and is intended to be in conformance and harmony with it. OCSD further acknowledges that if the Grant Agreement is terminated by the State, the FCWCD shall have the right to terminate or amend this Funding Agreement by giving written notice. OCSD hereby expressly agrees to the provisions of the Grant Agreement and to take all actions (and provide all information) necessary for the FCWCD to satisfy its obligations thereunder and to act on behalf of the FCWCD in the fulfillment of FCWCD responsibilities where specified in the Grant Agreement. OCSD further agrees that the FCWCD has the right to enter into amendments to the Grant Agreement and shall not be restricted or impaired, in any way, by this Funding Agreement.
- 3) **TERM OF FUNDING AGREEMENT.** The term of this Funding Agreement begins on May 6, 2023, through final payment plus three (3) years unless otherwise terminated or amended as provided in this Funding Agreement. However, all work shall be completed by March 31, 2027, in accordance with the Schedule as set forth in Exhibit C and no funds may be requested after June 30, 2027.
- 4) **FUNDING AMOUNT.** The maximum amount payable by the FCWCD under this Funding Agreement shall not exceed \$600,000.
- 5) **OCSD COST SHARE.** OCSD is required to provide a Local Cost Share (non-state funds) as set forth in Exhibit B (Budget). Local Cost Share may include Eligible Project Costs directly related to Exhibit A (Work Plan) incurred after January 1, 2015.
- 6) **BASIC CONDITIONS.** The FCWCD shall have no obligation to disburse money for the Project under this Funding Agreement until OCSD has satisfied the following conditions (if applicable):

- A. OCSD executes a reimbursement agreement with the FCWCD associated with Grant application costs in a form substantially similar to the agreement attached hereto as Exhibit O.
 - B. OCSD shall demonstrate compliance with all eligibility criteria as set forth on pages 9-11, inclusive, of the 2022 IRWM Grant Program Guidelines (2022 Guidelines).
 - C. For the term of this Funding Agreement, OCSD shall submit Quarterly Progress Reports to the FCWCD which must accompany an invoice (\$0 Invoices are acceptable) and all invoice backup documentation. The Quarterly Progress Report shall be submitted within 30 days following the end of the calendar quarter (i.e., reports due April 30, July 30, September 30, and February 28) and all other deliverables as required by Paragraph 14, "Submission of Reports" and Exhibit A, "Work Plan".
 - D. Prior to the commencement of construction or implementation activities, if applicable, OCSD shall submit the following to the FCWCD.
 - i. Final plans and specifications certified, signed and stamped by a California Registered Civil Engineer (or equivalent registered professional as appropriate) to certify compliance for the Project.
 - ii. Work that is subject to the California Environmental Quality Act (CEQA) (including final land purchases) shall not proceed under this Funding Agreement until the following actions are performed:
 - a) OCSD submits to the State and FCWCD all applicable permits, as indicated on the Environmental Information Form,
 - b) All documents that satisfy the CEQA process are received by the State and FCWCD,
 - c) The State has completed its CEQA process as a Responsible Agency, and
 - d) OCSD and FCWCD receive written notification from the State of concurrence with OCSD's CEQA documents and State's notice of verification of environmental permit submittal.
- The State's concurrence of OCSD's CEQA documents is fully discretionary and shall constitute a condition precedent to any work (i.e., construction or implementation activities) for which it is required. Once CEQA documentation has been completed, the State will consider the environmental documents and decide whether to continue to fund the project, or to require changes, alterations, or other mitigation. Proceeding with work subject to CEQA prior to the State's concurrence shall constitute a material breach of this Funding Agreement. OCSD shall also demonstrate that it has complied with all applicable requirements of the National Environmental Policy Act (NEPA) by submitting copies of any environmental documents, including Environmental Impact Statements, Finding of No Significant Impact, mitigation monitoring programs, and environmental permits as may be required prior to beginning construction/ implementation.
- iii. A monitoring plan as required by Paragraph 16, "Monitoring Plan Requirements," if applicable.
- 7) **DISBURSEMENT OF FUNDS.** FCWCD will disburse to OCSD the amount approved, subject to the availability of funds through normal State processes. Notwithstanding any other provision of this Funding Agreement, no disbursement shall be required at any time or in any manner which is in violation of, or in conflict with, federal or state laws, rules, or regulations, or which may require any rebates to the federal government, or any loss of tax-free status on state bonds, pursuant to any federal statute or regulation. Any and all money disbursed to OCSD under this Funding Agreement shall be deposited in a non-interest-bearing account and shall be used solely to pay Eligible Project Costs.
 - 8) **ELIGIBLE PROJECT COST.** OCSD shall apply State funds received only to Eligible Project Costs in accordance with applicable provisions of the law and Exhibit B, "Budget". Eligible Project Costs include the reasonable costs of studies, engineering, design, land and easement acquisition and associated legal fees, preparation of environmental documentation, environmental mitigations, monitoring, and project construction. Reimbursable administrative expenses are the necessary costs incidental but directly

related to the Project included in this Funding Agreement. Costs incurred after May 5, 2023, may be eligible for reimbursement.

Costs that are not eligible for reimbursement include, but are not limited to, the following items:

- A. Costs, other than those noted above, incurred prior to the award date of the Grant.
 - B. Costs for preparing and filing a grant application.
 - C. Operation and maintenance costs, including post construction performance and monitoring costs.
 - D. Purchase of equipment that is not an integral part of the Project.
 - E. Establishing a reserve fund.
 - F. Purchase of water supply.
 - G. Replacement of existing funding sources (e.g., bridge loans).
 - H. Meals, food items, or refreshments.
 - I. Payment of any punitive regulatory agency requirement, federal or state taxes.
 - J. Purchase of land in excess of the minimum required acreage necessary to operate as an integral part of the Project, as set forth and detailed by engineering and feasibility studies, or acquisition of land by eminent domain.
 - K. Indirect Costs. "Indirect Costs" means those costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to Project (i.e., costs that are not directly related to the Project). Examples of Indirect Costs include, but are not limited to: central service costs; general administration of OCSD; non-Project-specific accounting and personnel services performed within OCSD's organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-Project-specific facilities; tuition and conference fees; forums, trainings, and seminars; and, generic overhead or markup. This prohibition applies to OCSD and any subcontract or sub-agreement for work on the Project that will be reimbursed pursuant to this Funding Agreement.
 - L. Mitigation for environmental impacts not resulting from implementation of the Project funded by this program.
 - M. Costs incurred as part of any necessary response and cleanup activities required under the Comprehensive Environmental Response, Compensation, and Liability Act; Resource Conservation and Recovery Act; Hazardous Substances Account Act; or other applicable law.
- 9) METHOD OF PAYMENT. OCSD acknowledges and agrees to the method by which State will disburse funds to FCWCD following receipt of the necessary information as more specifically set forth in Paragraph 8 of the Grant Agreement. Without limiting the foregoing, OCSD specifically acknowledges and agrees as follows:

Invoices submitted by OCSD shall include the following information:

- A. Costs incurred for work performed in implementing the Project during the period identified in the particular invoice.
- B. Costs incurred for any interests in real property (land or easements) that have been necessarily acquired for the Project during the period identified in the particular invoice for the implementation of the Project.
- C. Invoices shall be submitted on forms provided by the State and shall meet the following format requirements:

- i. Invoices shall contain the date of the invoice, either the time period covered by the invoice or the invoice date received within the time period covered, and the total amount due.
- ii. Invoices shall be itemized based on the categories (i.e., tasks) specified in Exhibit B, "Budget." The amount claimed for salaries/wages/consultant fees shall include a calculation formula (i.e., hours or days worked times the hourly or daily rate = the total amount claimed).
- iii. One set of sufficient evidence (i.e., receipts, copies of checks, personnel hours' summary table, time sheets) shall be provided for all costs included in the invoice.
- iv. Each invoice shall clearly delineate those costs claimed for reimbursement from the State's funding amount, as depicted in Paragraph 4, "Funding Amount" and those costs that represent OCSD's costs, as applicable, in Paragraph 5, "OCSD Cost Share."
- v. All invoices shall be submitted to the FCWCD's Project Manager via email.

All invoices submitted shall be accurate and signed under penalty of law. Any and all costs submitted pursuant to this Funding Agreement shall only be for the tasks set forth herein. OCSD shall not submit any invoice containing costs that are ineligible or have been reimbursed from other funding sources unless required and specifically noted as such (i.e., cost share). Any eligible costs for which OCSD is seeking reimbursement shall not be reimbursed from any other source. Double or multiple billing for time, services, or any other eligible cost is illegal and constitutes fraud. Any suspected occurrences of fraud, forgery, embezzlement, theft, or any other misuse of public funds may result in suspension of disbursements of Grant funds and/or termination of this Funding Agreement requiring the repayment of all funds disbursed hereunder plus interest. Additionally, the State or FCWCD may request an audit pursuant to Standard Condition D.5 and refer the matter to the Attorney General's Office or the appropriate district attorney's office for criminal prosecution or the imposition of civil liability. (Civ. Code, §§ 1572-1573; Pen. Code, §§ 470, 487-489.)

- 10) ADVANCED PAYMENT. Water Code section 10551 authorizes advanced payment by the State for projects included and implemented in an applicable Integrated Regional Water Management Plan, and when the project proponent is a nonprofit organization; a disadvantaged community (DAC); or the project benefits a DAC. If a project is awarded less than \$1,000,000 in grant funds, the project proponent may receive an advanced payment of fifty (50) percent of the grant award; the remaining fifty (50) percent of the grant award will be reimbursed in arrears after the advanced funds of a budget category have been fully expended. OCSD does not and will not request advance payment from State or FCWCD.
- 11) WITHHOLDING OF DISBURSEMENTS BY THE STATE OR FCWCD. If the State or FCWCD determines that the Project is not being implemented in accordance with the provisions of the Grant Agreement or this Funding Agreement, or that OCSD has failed in any other respect to comply with the provisions of the Grant Agreement or this Funding Agreement, and if OCSD does not remedy any such failure to the FCWCD or State's satisfaction, the State or FCWCD may withhold from OCSD all or any portion of the State funding and take any other action that it deems necessary to protect its interests. Where a portion of the State funding has been disbursed to OCSD and the State or FCWCD notifies OCSD of its decision not to release funds that have been withheld pursuant to Paragraph 12, "Default Provisions," the portion that has been disbursed shall thereafter be repaid immediately with interest at the California general obligation bond interest rate at the time the State or FCWCD notifies OCSD, as directed by the State or FCWCD. The State or FCWCD may consider OCSD's refusal to repay the requested disbursed amount a material breach subject to the default provisions in Paragraph 12, "Default Provisions." If the FCWCD notifies OCSD of its decision to withhold the entire funding amount from OCSD pursuant to this Paragraph, this Funding Agreement shall terminate upon receipt of such notice by OCSD and the FCWCD shall no longer be required to provide funds under this Funding Agreement and the Funding Agreement shall no longer be binding on either party.
- 12) DEFAULT PROVISIONS. OCSD shall be in default under this Funding Agreement if any of the following occur:

- A. Substantial breaches of this Funding Agreement, or any supplement or amendment to it, or any other Agreement between OCSD and the FCWCD evidencing or securing OCSD's obligations.
- B. Making any false warranty, representation, or statement with respect to this Funding Agreement or the application filed to obtain Grant funds.
- C. Failure to operate or maintain the Project in accordance with this Funding Agreement or the Grant Agreement.
- D. Failure to make any remittance required by this Funding Agreement or the Grant Agreement, including any remittance recommended as the result of an audit conducted pursuant to Standard Condition D.5.
- E. Failure to submit quarterly progress reports pursuant to Paragraph 6.
- F. Failure to routinely submit invoices pursuant to Paragraph 9.
- G. Failure to meet any of the requirements set forth in Paragraph 13, "Continuing Eligibility."

Should an event of default occur, FCWCD may do any of the following:

- A. Declare the disbursed Grant funds be immediately repaid, with interest, which shall be equal to State of California general obligation bond interest rate in effect at the time FCWCD notifies OCSD of the default.
- B. Terminate any obligation to make future payments to OCSD.
- C. Terminate this Funding Agreement.
- D. Take any other action that it deems necessary to protect its interests.

In the event FCWCD finds it necessary to enforce this provision of this Funding Agreement (including, but not limited to, because State finds it necessary to enforce the same provision in the Grant Agreement against FCWCD due to an event of default by OCSD) in the manner provided by law, OCSD agrees to pay all costs incurred by the FCWCD including, but not limited to, reasonable attorneys' fees, legal expenses, and costs (including all such costs incurred by State and passed on to FCWCD pursuant to the Grant Agreement).

13) CONTINUING ELIGIBILITY. OCSD shall meet the following ongoing requirement(s) and all eligibility criteria outlined in the 2022 Guidelines to remain eligible to receive Grant funds:

- A. An urban water supplier that receives grant funds pursuant to this Funding Agreement shall maintain compliance with the Urban Water Management Planning Act (UWMP; Wat. Code, § 10610 et seq.) and Sustainable Water Use and Demand Reduction (Wat. Code, § 10608 et seq.) as set forth on page 11 of the 2022 Guidelines and as stated on page 24 of the 2022 IRWM Implementation Grant Proposal Solicitation Package.
- B. An agricultural water supplier receiving Grant funds shall comply with Sustainable Water Use and Demand Reduction requirements outlined in Water Code section 10608, et seq. and have their Agricultural Water Management Plan (AWMP) deemed consistent by DWR. To maintain eligibility and continue funding disbursements, an agricultural water supply shall have their 2015 AWMP identified on the State's website. For more information, visit the website listed in Appendix A in the 2022 Guidelines.
- C. A surface water diverter receiving Grant funds shall maintain compliance with diversion reporting requirements as outlined in Water Code section 5100 et. seq.
- D. If applicable, OCSD shall demonstrate compliance with the Sustainable Groundwater Management Act (SGMA) set forth on page 10 of the 2022 Guidelines.
- E. If OCSD has been designated as a monitoring entity under the California Statewide Groundwater Elevation Monitoring (CASGEM) Program, OCSD shall maintain reporting compliance, as required by Water Code section 10932 and the CASGEM Program.

- F. OCSD shall adhere to the protocols developed pursuant to The Open and Transparent Water Data Act (Wat. Code, § 12406, et seq.) for data sharing, transparency, documentation, and quality control.
- G. On March 4, 2022, the Governor issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. The EO may be found at: <https://www.gov.ca.gov/wp-content/uploads/2022/03/3.4.22-Russia-Ukraine-Executive-Order.pdf>. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under State law. The EO directs DWR to terminate funding agreements with, and to refrain from entering any new agreements with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State or FCWCD determine that OCSD is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this Funding Agreement. The State or FCWCD shall provide the Grantee advance written notice of such termination, allowing OCSD at least 30 calendar days to provide a written response. Termination shall be at the discretion of the State or FCWCD.
- 14) SUBMISSION OF REPORTS. The submittal and approval of all reports is a requirement for the successful completion of this Funding Agreement. Reports shall meet generally accepted professional standards for technical reporting and shall be proofread for content, numerical accuracy, spelling, and grammar prior to submittal to the FCWCD. All reports shall be submitted to the FCWCD’s Project Manager and shall be submitted via email. If requested, OCSD shall promptly provide any additional information deemed necessary by the State or FCWCD for the approval of reports. Reports shall be presented in the formats described in the applicable portion of Exhibit F, “Report Formats and Requirements.” The timely submittal of reports is a requirement for initial and continued disbursement of Grant funds. Submittal and subsequent approval by the State and FCWCD of a Project Completion Report is a requirement for the release of any funds retained for the Project.
- A. Quarterly Progress Reports: OCSD shall submit quarterly Progress Reports to meet the State’s requirement for disbursement of funds. Progress Reports shall be emailed to the FCWCD’s Project Manager. Progress Reports shall, in part, provide a brief description of the work performed, OCSD’s activities, milestones achieved, any accomplishments and any problems encountered in the performance of the work under this Funding Agreement during the reporting period. The first Progress Report must accompany an invoice (\$0 Invoices are acceptable) and shall be submitted within 30 days following the end of the calendar quarter (i.e. invoice April 30, July 30, September 30, and February 28).
- B. Project Completion Report: OCSD shall prepare and submit to the FCWCD a Project Completion Report for the Project. OCSD shall submit a Project Completion Report (or a Component Completion Report, if a Project has multiple Components) within thirty (30) calendar days of Project/Component completion as outlined in Exhibit F.
- C. Post-Performance Reports: OCSD shall prepare and submit to the FCWCD a Post-Performance Report for the project. The Post-Performance Report shall be submitted to the FCWCD within thirty (30) calendar days after the first operational year of the Project has elapsed. This record keeping and reporting process shall be repeated annually for a total of three (3) years after the Project begins operation.
- 15) OPERATION AND MAINTENANCE OF PROJECT. For the useful life of construction and implementation the Project and in consideration of the funding made by the State, OCSD agrees to ensure or cause to be performed the commencement and continued operation of the Project, and shall ensure or cause the Project to be operated in an efficient and economical manner; shall ensure all repairs, renewals, and replacements necessary to the efficient operation of the same are provided; and shall ensure or cause the same to be maintained in as good and efficient condition as upon its construction, ordinary and reasonable wear and depreciation excepted. Neither the State nor the FCWCD shall not be liable for any cost of such maintenance, management, or operation. OCSD or their successors may, with the written approval of the FCWCD and State, transfer this responsibility to use, manage, and maintain the property.

For purposes of this Funding Agreement, “useful life” means period during which an asset, property, or activity is expected to be usable for the purpose it was acquired or implemented; “operation costs” include direct costs incurred for material and labor needed for operations, utilities, insurance, and similar expenses, and “maintenance costs” include ordinary repairs and replacements of a recurring nature necessary for capital assets and basic structures and the expenditure of funds necessary to replace or reconstruct capital assets or basic structures. Refusal by OCSD to ensure operation and maintenance of the Project in accordance with this provision may, at the option of the State or FCWCD, be considered a breach of the Grant Agreement or this Funding Agreement and may be treated as default under Paragraph 12, “Default Provisions.”

- 16) MONITORING PLAN REQUIREMENTS. A Monitoring Plan shall be submitted to the FCWCD prior to disbursement of Grant funds for construction or monitoring activities. The Monitoring Plan should incorporate Post-Performance Monitoring Report requirements as defined and listed in Exhibit F, and follow the guidance provided in Exhibit L, “Project Monitoring Plan Guidance.”
- 17) STATEWIDE MONITORING REQUIREMENTS. OCSD shall ensure that all groundwater projects and projects that include groundwater monitoring requirements are consistent with the Groundwater Quality Monitoring Act of 2001 (Water Code § 10780 et seq.) and, where applicable, that projects that affect water quality shall include a monitoring component that allows the integration of data into statewide monitoring efforts, including where applicable, the Surface Water Ambient Monitoring Program carried out by the State Water Resources Control Board. See Exhibit G for web links and information regarding other State monitoring and data reporting requirements.
- 18) NOTIFICATION OF FCWCD. OCSD shall promptly notify the FCWCD, in writing, of the following items:
 - A. Events or proposed changes that could affect the scope, budget, or work performed under this Funding Agreement. OCSD agrees that no substantial change in the scope of the Project will be undertaken until written notice of the proposed change has been provided to the FCWCD and State, and the FCWCD and State have given written approval for such change. Substantial changes generally include changes to the scope of work, schedule or term, and budget.
 - B. Any public or media event publicizing the accomplishments and/or results of this Funding Agreement and provide the opportunity for attendance and participation by the FCWCD and State’s representatives. OCSD shall make such notification at least twenty-one (21) calendar days prior to the event.
 - C. Discovery of any potential archaeological or historical resource. Should a potential archaeological or historical resource be discovered during construction, OCSD agrees that all work in the area of the find shall cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the FCWCD and State have determined what actions should be taken to protect and preserve the resource. OCSD agrees to implement appropriate actions as directed by the FCWCD and State.
 - D. The initiation of any litigation or the threat of litigation against OCSD regarding the Project or which may affect the Project in any way.
 - E. Applicable to construction projects only: Final inspection of the completed work on the Project by a Registered Professional (Civil Engineer, Engineering Geologist, or other State approved certified/licensed Professional), in accordance with Exhibit D. OCSD shall notify the FCWCD of the inspection date at least twenty-one (21) calendar days prior to the inspection in order to provide the FCWCD and State the opportunity to participate in the inspection.
- 19) NOTICES. Any notice, demand, request, consent, or approval that either party desires or is required to give to the other party under this Funding Agreement shall be in writing. Notices may be transmitted by any of the following means:
 - A. By delivery in person.

- B. By certified U.S. mail, return receipt requested, postage prepaid.
- C. By “overnight” delivery service, provided that next-business-day delivery is requested by the sender.
- D. By electronic means.
- E. Notices delivered in person will be deemed effective immediately on receipt (or refusal of delivery or receipt). Notices sent by certified mail will be deemed effective given ten (10) calendar days after the date deposited with the U.S. Postal Service. Notices sent by overnight delivery service will be deemed effective one business day after the date deposited with the delivery service. Notices sent electronically will be effective on the date of transmission, which is documented in writing. Notices shall be sent to the addresses listed below. Either party may, by written notice to the other, designate a different address that shall be substituted for the one below.

20) PERFORMANCE EVALUATION. Upon completion of this Funding Agreement, the Grantee’s performance will be evaluated by the FCWCD and State and a copy of the evaluation will be placed in the State and FCWCD file and a copy sent to OCSD.

21) PROJECT REPRESENTATIVES. The Project Representatives during the term of this Funding Agreement are as follows:

Oceano Community Services District
Peter Brown
General Manager
P.O. Box 599
Oceano, CA 93475
Phone: (805) 481-6730
Email: peter@oceanocsd.org

San Luis Obispo County Flood Control and
Water Conservation District
Courtney Howard
Water Resources Division Manager
County Government Center, Room 206
San Luis Obispo, CA 93408
Phone: (805) 781-1016
Email: CHoward@co.slo.ca.us

Department of Water Resources
Arthur Hinojosa
Manager, Division of Regional Assistance
P.O. Box 942836
Sacramento, CA 94236
Phone: (916) 902-6713
Email: Arthur.Hinojosa@water.ca.gov

Direct all inquiries to the Project Manager:

Oceano Community Services District
Peter Brown
General Manager
P.O. Box 599
Oceano, CA 93475
Phone: (805) 481-6730
Email: peter@oceanocsd.org

San Luis Obispo County Flood Control and
Water Conservation District
Brendan Clark
Supervising Water Resources Engineer
County Government Center, Room 206
San Luis Obispo, CA 93408
Phone: (805) 788-2316
Email: BClark@co.slo.ca.us

Department of Water Resources
Pavel Zakusilo
Engineer
P.O. Box 942836
Sacramento, CA 94236
Phone: (916) 326-9915
Email: Pavel.Zakusilo@water.ca.gov

The FCWCD and OCSD may change their Project Representatives or Project Managers upon written notice.

22) STANDARD PROVISIONS. This Funding Agreement is complete and is the final Agreement between the parties. The following Exhibits are attached and made a part of this Funding Agreement by this reference:

Exhibit A – Work Plan

Exhibit B – Budget

Exhibit C – Schedule

Exhibit D – Standard Conditions

Exhibit E – Authorizing Resolution

Exhibit F – Report Formats and Requirements

Exhibit G – Requirements for Data Submittal

Exhibit H – State Audit Document Requirements and Cost Share Guidelines for the Grantee

Exhibit I – Local Project Sponsors and Project Locations

Exhibit J – Appraisal Specifications (Not applicable)

Exhibit K – Information Needed for Escrow Processing and Closure (Not applicable)

Exhibit L – Project Monitoring Plan Guidance

Exhibit M – Invoice Guidance for Administrative and Overhead Charges

Exhibit N – Grant Agreement

Exhibit O – Grant Application Costs Reimbursement Agreement

IN WITNESS WHEREOF, the parties hereto have executed this Funding Agreement.


<p>SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT</p> <p>By: _____ Courtney Howard, Water Resources Division Manager</p> <p>Date: _____, 20__</p>	<p>OCEANO COMMUNITY SERVICES DISTRICT</p> <p>By: _____ General Manager</p> <p>Date: _____, 20__</p>
<p>APPROVED AS TO FORM AND LEGAL EFFECT: RITA L. NEAL County Counsel</p> <p>By:  _____ Deputy County Counsel</p> <p>Date: <u>September 4</u>, 20<u>24</u></p>	<p>APPROVED AS TO FORM AND LEGAL EFFECT:</p> <p>By: _____ District Counsel</p> <p>Date: _____, 20__</p>

EXHIBIT A
WORK PLAN

PROJECT 2: Water Resources Reliability Program - Waterline Replacement Projects

IMPLEMENTING AGENCY: Oceano Community Services District

PROJECT DESCRIPTION: Oceano Community Services District has identified approximately 30 sections of waterlines as leaky, aging, and requiring replacement or upgrade within the water system, five of which will be replaced through this Project. The Project will replace approximately 1,810 linear feet of leaking and dilapidated waterlines with 8"-10" PVC pipes and will loop waterlines to eliminate dead ends. The Project will conserve 3 AFY of water and will improve operational efficiency by 3.4 cubic feet per second.

Budget Category (a): Project Administration

Task 1: Project Management

Manage Funding Agreement including compliance with Funding and Grant Agreement requirements, and preparation and submission of supporting Grant documents. Prepare invoices including relevant supporting documentation for submittal by FCWCD to DWR. This task also includes administrative responsibilities associated with the Project such as coordinating with partnering agencies and managing consultants/contractors.

Deliverables:

- Invoices and associated backup documentation

Task 2: Reporting

Prepare progress reports detailing work completed during reporting period as outlined in Exhibit F of this Agreement. Submit reports to FCWCD for submittal to DWR.

Prepare Project Completion Report and submit to FCWCD for submittal to DWR no later than 60 days after Project completion for FCWCD and DWR Project Managers' comment and review. The report shall be prepared and presented in accordance with guidance as outlined in Exhibit F.

Deliverables:

- Quarterly Project Progress Reports
- Project Completion Report
- Documentation (e.g., photo) of "Acknowledgment of Credit & Signage" per Standard Condition D.2

Budget Category (b): Land Purchase/Easement

Task 3: Land Purchase

Not applicable.

Deliverables: N/A

Budget Category (c): Planning/Design/Engineering/Environmental Documentation

Task 4: Feasibility Studies

The Project has been identified in the District's Water Resource Reliability Program (WRRP) that reflects "deferred infrastructure projects." Prioritization of waterline replacement projects included a leak detection

report prepared by California Rural Water Association through a Technical Assistance program funded by the State Water Board. Oceano Community Service District recently prepared a Water Leak Detection Plan pursuant to American Water Works Association (AWWA) standards which recommended the replacement of outdated and undersized waterlines. The project identified in this agreement is a priority based on criteria that includes the age of pipe, materials, and location.

Deliverables:

- Water System Capital Improvement Plan Update
- Leak Detection Report
- Leak Detection Plan

Task 5: CEQA Documentation

Complete environmental review pursuant to CEQA. Prepare all necessary environmental documentation. Prepare letter stating no legal challenges (or addressing legal challenges).

Deliverables:

- All completed CEQA documents as required
- Legal Challenges Letter

Task 6: Permitting

The following permits are anticipated to be acquired for this Project: Encroachment permits from the County of San Luis Obispo for work within their public rights

Deliverables:

- Permits as required

Task 7: Design

Separate design for the five priority sections have been completed.

Deliverables:

- 100% Design Plans and Specifications

Task 8: Project Monitoring Plan

Develop and submit a Project Monitoring Plan per Paragraph 16 for FCWCD and DWR's review and approval.

Deliverables:

- Project Monitoring Plan

Budget Category (d): Construction/Implementation

Task 9: Contract Services

This task must comply with the Standard Condition D.11 – Competitive Bidding and Procurements. Activities necessary (as applicable) to secure a contractor and award the contract, including: develop bid documents, prepare advertisement and contract documents for construction contract bidding, conduct pre-bid meeting, bid opening and evaluation, selection of the contractor, award of contract, and issuance of notice to proceed.

Deliverables:

- Bid Documents

- Proof of Advertisement
- Award of Contract
- Notice to Proceed

Task 10: Construction Administration

This task includes managing contractor submittal review, answering requests for information, and issuing work directives. A full-time engineering construction observer will be on site for the duration of the project. Construction observer duties include documenting of pre-construction conditions, daily construction diary, preparing change orders, addressing questions of contractors on site, reviewing/updating project schedule, reviewing contractor log submittals and pay requests, forecasting cash flow, notifying contractor if work is not acceptable. Upon completing the project, the DWR Certificate of Project Completion and record drawings will be provided to FCWCD and DWR.

Deliverables:

- DWR Certificate of Project Completion
- Record Drawings

Task 11: Construction

Mobilize equipment to the job site(s). Prepare site with an Underground Service Alert for existing utilities and potholing and pavement trench cuts and excavation. Install approximately 1,810 linear feet of 8-inch and 10-inch PVC pipes, including all appurtenances, and abandonment of existing pipelines, testing, backfill, and repaving. At the end of the Project, the contractor will remove all leftover construction materials and equipment from the project.

Deliverables:

- Photographic Documentation of Progress

EXHIBIT B
BUDGET

PROJECT 2: Water Resources Reliability Program - Waterline Replacement Projects

Implementing Agency: Oceano Community Services District

	BUDGET CATEGORY	Grant Amount	Required Cost Share: Non-State Fund Source*	Other Cost Share**	Total Cost
(a)	Project Administration	\$0	\$0	\$10,000	\$10,000
(b)	Land Purchase / Easement	\$0	\$0	\$0	\$0
(c)	Planning / Design / Engineering / Environmental Documentation	\$0	\$0	\$5,000	\$5,000
(d)	Construction / Implementation	\$600,000	\$0	\$160,000	\$760,000
	TOTAL COSTS	\$600,000	\$0	\$175,000	\$775,000

NOTES:

*The project received a 100% cost share waiver.

**Other Cost Share fund source(s): Oceano Community Services District Capital Budget.

EXHIBIT C
SCHEDULE

PROJECT 2: Water Resources Reliability Program - Waterline Replacement Projects

	BUDGET CATEGORY	Start Date	End Date
a	Project Administration	05/01/2023	03/31/2025
b	Land Purchase / Easement	N/A	N/A
c	Planning / Design / Engineering / Environmental Documentation	05/01/2023	01/01/2024*
d	Construction / Implementation	10/01/2023	12/31/2024

*It is expected that selected General Contractor(s) for the pipeline replacements will finalize the encroachment permit procurement defined in Category (c). This would occur after the task 9 in Category (d).

EXHIBIT D



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

www.oceanocsd.org

Date: January 8, 2025

To: Board of Directors

From: Robert Schlutz, District Legal Counsel

Subject: **Agenda Item #10(D): Approval of Amendments to the contract between the District and Robert Schultz and The JAM Law Group**

Recommendation

It is recommended that the Board approve amendments to the contracts between the District and Interim District Counsel Robert Schultz and Special Counsel The JAM Law Group.

Discussion

At the December 11th, 2024 Regular meeting the Board met in closed session to discuss the appointment of District Legal Counsel and gave direction to Staff to amend the contracts between the District and interim District Counsel Robert Schultz and Special Counsel The JAM Law Group to allow the General Manager and Interim District Counsel additional discretion to delegate General Legal Services to The Jams Law Group.

Mr. Schultz will still have primary responsibility as Interim District Counsel and will attend all general and special Board meetings. The attached amendments to the contracts will allow the General Manager and Interim District Counsel to delegate to Mr. Jeff Minnery of the JAM Law Group legal matters pertaining to District operations. The General Manager, Interim District Counsel and Special Counsel will work cooperatively to cover all aspects of required legal work. Both Mr. Schultz and Mr. Minnery will cover for each other if/when needed due to availability or illness.

Other Agency Involvement

N/A

Other Financial Considerations

Robert Schultz hourly rate is \$195 and the attorneys at JAM Law Group are \$215 per hour. Detailed coordination will occur such that neither legal entity will bill the District for the same legal work, thus saving rate payers and the District undue costs.

Results



Oceano Community Services District

Board of Directors Meeting

Hiring qualified District Legal Counsel at competitive rates promotes a prosperous, safe, healthy, and well-governed community.

Attachment:

1. Contract – Robert Schultz
2. Contract – The JAM Law Group

AMENDMENT ONE THE AGREEMENT FOR LEGAL SERVICES

THIS AMENDMENT ONE THE LEGAL SERVICES AGREEMENT is entered into on this 8th day of January 2025 by and between the Oceano Community Services District, herein called the "District," and Robert Schultz, engaged in providing legal services, herein called the "Attorney".

RECITALS

- A. The District and Attorney previously entered into an agreement to provide legal services which was executed on December 21th, 2023.
- B. The District and Consultant wish to amend the previously executed agreement.

AGREEMENTS

NOW, THEREFORE, THE PARTIES HERETO AGREE AND AMEND THE PREVIOUSLY ENTERED INTO CONSULTANT LEGAL SERVICES AGREEMENT ENTERED INTO ON JANUARY 8, 2025 AS FOLLOWS:

- 1.1. The District desires to retain the Attorney to discharge the duties of Interim District Legal Counsel. The scope of the requested representation by the Attorney is to advise and represent the District in connection with any legal matters that the District may refer to the Attorney from time to time ("Matter(s)"), including acting as District general legal counsel. The District in consultation with Attorney shall have the ability to delegate any legal Matters to the JAM Law Group.

IN WITNESS WHEREOF, the District and Consultant have executed this Agreement as of the date indicated on page one.

Robert Schultz ("Attorney")

By: Robert Schultz, Attorney

Oceano Community Services District ("District")

By: Robert Schultz, Board President

Approved as to form:

Robert Schultz, Interim District Legal Counsel

AMENDMENT ONE THE AGREEMENT FOR CONSULTANT LEGAL SERVICES

THIS AMENDMENT ONE THE CONSULTANT LEGAL SERVICES AGREEMENT is entered into on this 8th day of January 2025 by and between the Oceano Community Services District, herein called the "District," and JAM Law Group, engaged in providing legal services, herein called the "Consultant."

RECITALS

- A. The District and Consultant previously entered into an agreement to provide legal services which was executed on January 24th, 2024.
- B. The District and Consultant wish to amend the previously executed agreement.

AGREEMENTS

NOW, THEREFORE, THE PARTIES HERETO AGREE AND AMEND THE PREVIOUSLY ENTERED INTO CONSULTANT LEGAL SERVICES AGREEMENT ENTERED INTO ON JANUARY 24, 2024 AS FOLLOWS:

- 1. Scope of Services. The Consultant shall advise and represent the District in connection with any legal matters that the District may refer to the Attorney from time to time ("Matter(s)"), including representing and providing legal advice pertaining to District operations, litigation, conflicts, any matters related thereto, and any other matters of District business which may be referred to the Consultant from time to time.

IN WITNESS WHEREOF, the District and Consultant have executed this Agreement as of the date indicated on page one.

THE JAM LAW GROUP ("Consultant")

By: Jeffery A. Minnery, Attorney

Oceano Community Services District ("District")

By: Shirley Gibson, Board President

Approved as to form:

Robert Schultz, Interim District Legal Counsel



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: January 8, 2025
To: Board of Directors
From: Carey Casciola, Business and Accounting Manager
Via: Peter Brown, General Manager
Subject: **Agenda Item #10(E):** Discussion of the District Expenditure Control Guidelines

Recommendations

It is recommended that the OCS D Board review the District Expenditure Control Guidelines and restore General Manager expenditure provisions, commensurate with industry and local practice.

Discussion

The attached Expenditure Control Guidelines authorize the General Manager to approve certain recurring payments for specific purposes, payees, and vendors. The Guidelines also authorize the General Manager to approve payments to advance Board-adopted District priorities for professional and other goods and services up to \$7,500, whereas prior to August 2023, the approval limit was at \$25,000. This authority demonstrates trust of staff's professional judgement to conduct routine District business, allows payments to be issued to meet deadlines, avoids late payment fees, and takes advantage of discounts for all vendors. The Guidelines require that all payments are included in the Board's agenda material for transparency with the public and Board of Directors and limits the General Manager's purchasing authority to only items that are within the Board approved budget.

There is merit and operational efficiency in restoring the General Manager's budget authority back to the \$25,000 limit. The Board-approved Budget requirement provides sufficient and necessary oversight as does regular monthly reporting of expenditures. Outlined below is a current sampling of other agencies staff spending authority without going the Board for those agencies that provide similar services:

County Department of Public Works	\$200,000
Los Osos CSD	\$50,000
Templeton CSD	\$50,000
Nipomo CSD	\$25,000
Oceano CSD	\$7,500



Oceano Community Services District

Board of Directors Meeting

Other Agency Involvement

N/A

Other Financial Considerations

Reasonable expenditure authority allows for prompt payment of invoices, removes the need for redundant staff reports and Board approval of previously authorized budget allocations, reduces risk of late fees and penalties, and promotes efficient and cost-effective use of District resources.

Results

Consideration of the Expenditure Control Guidelines will promote administrative efficiencies, health and safety, and a well governed community.

Attachments:

- Expenditure Control Guidelines Redlined

**OCEANO COMMUNITY SERVICES DISTRICT
EXPENDITURE CONTROL GUIDELINES**



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I. Introduction

This expenditure control system is an integral part of the internal control structure of Oceano Community Services District (OCSD). As such, it is intended to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and those transactions are executed in accordance with management's authorization and recorded properly in the general ledger.

It is the intent of the District to control expenditures before it is obligated to pay for goods or services. This system is designed to accomplish this goal while providing a clearly documented record of the entire process.

The system is intended to be used in conjunction with the existing internal control structure. Any significant change in other aspects of the control environment will require a review of the effectiveness of this system.

In the event of an emergency, where time is limited, the General Manager or their authorized representative may assume the responsibility for any deviations from this policy.

II. Expenditure Classifications

The control mechanism and method of documentation is determined by the type of expenditure. OCSD recognizes the following types of expenditures:

1. **Recurring:** Included are utilities, debt service payments, payroll, payroll taxes and benefits, insurance, postage, office supplies, and various normal items (i.e. water supply) provided by the County of San Luis Obispo, etc.
2. **Contract:** Included are formal contracts for goods and services and construction contracts.
3. **Travel:** Included are advances and reimbursements for travel, mileage reimbursements for use of personal automobiles and meal expenses.
4. **Petty Cash:** Included are reimbursements of expenditures from the petty cash fund and increases in petty cash or change funds.
5. **Customer Refunds:** Included are refunds of deposits and overpayments to our customers.
6. **Purchase Order:** Included are all purchases of goods and services which require a purchase order.
7. **Emergency Procurement:** Included are purchases or expenditures necessary to permit the continued conduct of District operations, services, or construction work, or to avoid danger to life, health or property in cases of emergency.
8. **Other:** Included are all expenditures which cannot be classified in one of the above categories.

III. Control System

Expenditures will be controlled in the classifications indicated in section II by the following procedures:

1. **Recurring:** These expenditures will be controlled by the budget. The Board will adopt a budget that includes line items such as electricity, natural gas, telephone, telemetry, payroll, payroll taxes and employee benefits, debt payments, insurances, water supply provided by the County of San Luis Obispo, and other budgeted line items. Such expenditures will not normally require a purchase order.

Management will monitor the relationship of year-to-date expenditures in these line items with the adopted budget. If it becomes apparent that there is insufficient budget to cover an expenditure, a budget adjustment will be prepared for the Board's review and consideration for approval.

2. **Contract:** Contracts fall into three categories.
 - a. Construction work follows the requirements of the California Uniform Public Construction Cost Accounting Act (CUPCCAA) (OCSD Code 3.10). Budgeted public projects costing up to \$60,000 will be classified as Purchase Order expenditures and approved by the General Manager. Public projects costing \$60,000 to \$200,000 will require informal bidding procedures as defined in the CUPCCAA. Public projects costing \$200,000 or more will require formal bidding procedures as defined in the CUPCCAA. The dollar limits will automatically update with any changes in the dollar limits found in the CUPCCAA.
 - b. Professional Services (architectural, engineering, legal, environmental, land surveying, professional consultation, and construction project management) costing up to ~~\$25,000~~ and identified in the annual budget will be approved by the General Manager. Formal contracts for individual projects costing over ~~\$25,000~~ and not reflected in the budget will be brought to the Board for review and consideration for approval, where no emergency condition exists.
 - c. Other Goods and Services costing up to ~~\$25,000~~ will be classified as Purchase Order expenditures. A purchase order approved by the General Manger will be required for budgeted projects costing up to ~~\$25,000~~. The Board will approve the formal contracts for Other Goods and Services costing over ~~\$25,000~~.

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3. **Travel:** All employees will have a Training and Travel Authorization Request form (Attachment 1) approved by their supervisor and General Manager before travel.
Use of private vehicles by staff for travel (i.e. outside San Luis Obispo County) will be approved by the Business and Accounting Manager and reviewed by the General Manager. Such use by a Manager will be approved in advance by the General Manager. All reimbursement for personal automobile use will be made at the currently applicable Federal business mileage rate approved by the Internal Revenue Service.

Travel and meal advances may be made before the intended travel. Reimbursement for all meals and lodging will be done at the Federal per diem rate approved by the

Internal Revenue Service: (<http://www.gsa.gov/portal/category/100120>).

All receipts for travel expenses (airfare or similar) and lodging must be turned in after the travel or event. An accounting must be made for these expenditures and any excess advance returned at the completion of event or activity.

All expenditures described in this section will require the completion of an OCSD Travel Expense Report (Attachment 2). These expenditures will be limited by the budget as described for Recurring expenditures (section III-1). Travel expenditures do not normally require a purchase order.

4. **Petty Cash:** Reimbursement of expenditures requires an accounting of petty cash expenditures. Such reimbursements will be approved by the Business and Accounting Manager or General Manger. Petty cash will be kept at a balance of \$300; increases in the amount of petty cash or change fund will require Board approval. Petty cash will be reconciled and replenished as needed. Individual reimbursement requests are to not exceed a total of \$75; amounts in excess of \$75 should be processed through accounts payable.
5. **Customer Refunds:** These expenditures are processed as part of the utility billing system. Normally, a closing bill will be printed which shows a balance due to the customer. Such refunds will be approved by the Business and Accounting Manager during the regular accounts payable process. Customer refunds do not normally require a purchase order.
6. **Purchase Order:** The purchase of all non-recurring supplies, materials and capital assets will require a purchase order (Attachment 3).

Budgeted purchases costing up to \$25,000 will be approved by the General Manager. Budgeted purchases costing over \$25,000 will be approved by the Board.

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All purchase orders will be pre-numbered. See section IV for additional information regarding purchase orders.

7. **Emergency Procurement:** California Public Contract Code Section 22050 governs procurement procedures when emergencies exist. When the Board of Directors declares an emergency by a four-fifths vote and repair or replacements, services and/or materials are necessary to permit the continued conduct of District operations or services, or to avoid danger to life, health or property, the General Manager may proceed, at once, to replace or repair District facility(s) or infrastructure and/or procure the necessary goods and/or services without the benefit of competitive purchasing, either formal or informal. The General Manager shall report to the Board at successive regular meetings stating the justification for continuing with the emergency work.
8. **Other:** All other expenditures will be approved in advance when possible and upon receipt of goods or services otherwise. The Board or General Manager will approve the purchase in accordance with the limits on approval of Purchase Orders. Expenditures of \$500 or less will require a purchase claim number only.

IV. Purchase Order System Documentation and Implementation

1. **Regular Purchase Orders:**

Purchase orders will be prepared by staff and signed by the General Manager and a copy will be provided to Accounts Payable. Upon receipt of an invoice, staff will verify the invoice against the approved purchase order.

The Business and Accounting Manager is responsible for the purchase order issued and for ensuring that total departmental purchase order expenditures do not exceed the Board-approved budget line item. The Business and Accounting Manager will provide a quarterly budget report to the Board of Directors and the General Manager.

2. **Charge Accounts:** For vendors from whom numerous regular purchases are made, the District will employ annual open charge accounts. A list of active charge accounts will be maintained by Accounts Payable and reviewed by the Business and Accounting Manager on an annual basis for best pricing and any needed changes in vendors.

Each charge account authorization will indicate an annual expiration date, a total monthly dollar limit allowed on that charge account, a list of employees authorized to make purchases, and the maximum dollar amount for any one purchase. No more than one charge account may be active at any time for a vendor. Department Managers will have copies of active charge account authorizations for their departments. All orders or invoices received against a charge account will be checked and signed by the Department Manager before being processed by Accounts Payable.

OCS D Credit Cards: For purchases too small to warrant regular or charge accounts, but too large for petty cash. Receipts from credit card purchases must be retained, signed or initialed by the Department Manager, and matched to the statement at the end of the month before the statement is paid by Accounts Payable. Statements will be reviewed monthly by the Business and Accounting Manager and General Manager as part of the payment process (see Section VI – Disbursements).

V. Approval System

A Disbursement approval form will be completed by Accounts Payable for each invoice or statement to be paid (Attachment 4). The classification of expenditure will be clearly indicated on the disbursement approval form. The disbursement approval form will indicate all invoices or statements to be paid with one check.

All supporting documents including invoices, purchase order, proof of receipt, packing slip, etc. will be attached to the disbursement approval form. The form will be approved in accordance with the chart in the disbursement section and the signers will verify that the documents are internally consistent, that invoices being paid are original, that receipt of goods or services has been acknowledged by the appropriate OCS D employee and that

amounts agree between documents.

The check stub will be attached to the form when the check is sent to the vendor. All paid disbursement approval forms are filed by vendor, separated by the fiscal year in which the payment was made, and retained for 7 years after the completion of the audit, per District Document Retention Policy.

VI. Disbursements

The OCSD checking accounts will require two signatures by any of the following officials:

- General Manager
- Business and Accounting Manager
- Any member of the Board of Directors

The two signing officials of the check are to examine the full invoice/receipt and disbursement approval form before signing any check.

Board of Director's checks for compensation will be issued only after the Regular & Special Meeting Compensation Form (Attachment 5) and the Committee Notes Form (Attachment 6), if applicable, for meeting attendance and the disbursement approval form (Attachment 1) has been signed indicating approval by the General Manger. Any disbursement approval form approved by one of the above signing officials will be signed by two different official, and not the official that approved the disbursement for payment.

The General Manager is authorized to update the "Authorized Signatures" form provided by the County of San Luis Obispo for the payment of water supply to the County.

Lost checks will be re-issued less the amount of the bank's Stop Payment fee, to cover the cost of the stop payment order for the lost check.

Checks will be issued as needed to meet deadlines and take advantage of discounts. Check writing will routinely be batched and done on every 1st and 3rd Thursday of the month. Invoices need to be received by Accounts Payable no later than 12:00 pm on every 1st and 3rd Thursday to be included in the batcha batch must be received by Accounts Payable no later than 12:00 pm. Checks issued outside of a regular batch may only be authorized by the General Manager to meet deadlines and are within budget. Payroll will be issued bi-weekly on alternate Fridays.

The Business and Accounting Manger will reconcile the checking account within five (5) working days of receipt of monthly bank statements and verify that all checks were written in accordance with these guidelines.

VII. Summary

Good control over expenditures depends upon advance authorization and adequate documentation. The use of purchase orders and disbursement approval forms provides a basis for such control and documentation.

The success of this system depends upon the understanding and cooperation of all staff. Questions are welcomed and will be promptly answered by the General Manager or Business and Accounting Manager. Unusual situations should be documented by memorandum or letter. Suggestions for improvement are welcome and will be carefully considered by management.

Oceano Community Services District



Training & Travel Authorization Request

Director/Employee	Position	Training	Travel	Total

Destination	No. of Days	Account No.	Amount

PURPOSE

COST SUMMARY

Description	Vendor	Payment Method	Amount
TOTAL			\$ -

ITINERARY

Departure	Return	Approved Reg Hours	Approved OT Hours

APPROVALS

Employee	Date
Supervisor	Date
General Manager	Date

Oceano Community Services District Travel Expense Report



TRAVEL EXPENSE DETAIL

DESCRIPTION	Date						TOTAL

RECEIPTS MUST BE ATTACHED FOR ALL EXPENSES

TOTAL

MILEAGE DETAIL- PERSONAL VEHICLE

DEPARTURE/DESTINATION	Odometer Readings		Trip Mileage
	Starting Mileage	Ending Mileage	
Total Miles- Personal Vehicle Reimbursement @			0
(current IRS Rate) \$ XXXX per mile			\$ -

TRAVEL EXPENSE SUMMARY

By signing this expense report, the employee certifies that the amounts listed were incurred in conformance with the District's travel guidelines and that no part is claimed for reimbursement of a personal nature.

Total Travel Expenses		
Accounts Payable/Credit Card		
Cash Expenses Paid by Employee		
Cash Advance to Employee		
Amount Due Employee (District)		

Employee	Date	Supervisor	Date

PURCHASE ORDER

VENDOR: Coastline Equipment Name: Address: City: PH: Fax: Email:	PURCHASE ORDER: Code To:
---	--

SHIPPING ADDRESS: OCEANO COMMUNITY SERVICES DISTRICT 1655 FRONT STREET OCEANO, CA 93445	BILLING ADDRESS: OCEANO COMMUNITY SERVICES DISTRICT P O BOX 599 OCEANO, CA 93475-0599 (805) 481-6730
--	--

DATE OF ISSUANCE:

SCOPE OF WORK:

COMPLETION REQUIREMENTS: N/A

AMOUNT:

This purchase order is subject to Terms and Conditions incorporated herein by reference on the attached documents.

Signature _____ Date _____

Conditions of Purchase

1. The only terms that will be honored are those issued by the Oceano Community Services District (District).
2. No acknowledgment of this order is required. If this purchase order is the result of a written bid or quotation, the purchase order shall serve as acceptance thereof. If this purchase order is the result of an informal oral or written quote, acceptance will be assumed unless otherwise advised within (10) days of the date of the order. Unless otherwise specified, the U.S. Mail shall be the accepted means of communication.
3. Purchase order numbers shall appear on all invoices, packages, crates, boxes, etc.
4. Invoices must include only items shown on this order. In the event any item included on this order is not delivered, please notify the District at once as to the reason for the delay and the date we can expect delivery. Do not include any item which is back ordered on your invoice. Any invoice or claim on this contract must be presented within 1 year from delivery of goods or services.
5. Changes of any kind are not authorized without permission from the District.
6. The District reserves the right to cancel any or all items not shipped within the time specified on the order.
7. No charges for transportation, containers, packing, etc. will be allowed unless specified on the order.
8. All material furnished must be as specified and will be subject to inspection and approval of the District after delivery. The right is reserved to reject and return at the risk and expense of the supplier such portion of any shipment which may be defective or fail to comply with specifications without invalidating the remainder of the order. Rejected material will be held for disposition at the expense and risk of the seller.
9. This order is subject to sales tax, exempt from federal tax. Certificate of exemption will be provided upon request.
10. All goods and/or services shall be in compliance with all federal, state and local law including but not limited to OSHA and CAL OSHA.
11. The seller shall provide the District with a Material Safety Data Sheet for each product containing substances on the List of Hazardous Substances published by the California Administrative Code, Title S, Section 5194. These sheets must be sent to Oceano Community Services District at P O Box 599, Oceano, CA 93475-0599. Please reference the above purchase order number.

INSURANCE REQUIREMENTS

INDEMNIFICATION

To the fullest extent permitted by law, CONTRACTOR shall indemnify, defend and hold harmless the District and its officers, agents, employees, and volunteers from and against all claims, demands, damages, liabilities, loss, costs, and expense (including attorney's fees and costs of litigation) of every nature arising out of or in connection with Contractor's performance or attempted performance of work hereunder or its failure to comply with any of its obligations contained in the agreement, except such loss or damage which was caused by sole negligence or willful misconduct of the District.

INSURANCE COVERAGE

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, or employees.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. Commercial General Liability (CGL); Insurance Services Office (ISO) Form CG 0001 covering CGL on an "occurrence" basis for bodily injury and property damage, including products-completed, operations, personal injury and advertising injury, with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: ISO Form Number CA 0001 covering, Code 1 (any auto), or if Contractor has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damages.
3. Worker Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease. If Contractor will provide leased employees, or is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage shall also include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the District as the Alternate Employer, and the endorsement form shall be modified to provide that District will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Contractor's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.
(Not required if Contractor provides written verification it has no employees)

If the contractor maintains higher limits than the minimums shown above, the District requires and shall be entitled to coverage for the higher limits maintained by the contractor.

OTHER INSURANCE PROVISIONS

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status:

The District, its officers, officials, employees, and volunteers are to be covered as insureds on the auto policy with respect to liability arising out of automobiles owned, leased, hired or borrowed by, or on behalf of the Contractor; and on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10, 11 85 or both CG 20 10 and CG 23 37 forms if later revisions used).

Primary Coverage

For any claims related to this contract, the Contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, and volunteers. Any insurance of self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall state that coverage shall not be canceled, except after thirty (30) days prior written notice (10 days for non-payment) has been given to the District.

Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the required insurance shall constitute a material breach of the Contract upon which the District immediately may withhold payments due to Contractor, and/or suspend or terminate this Contract. The District, at its sole discretion, may obtain damages from Contractor resulting from said breach.

Waiver of Subrogation

Contractor hereby grants to District a waiver of any right to subrogation which any insurer of said Contractor may acquire against the District by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the District has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the District. The District may require the Contractor to provide proof of ability to pay losses and related

investigation, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.A. Best's rating of no less than A: VII, unless otherwise acceptable to the District.

Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work;
2. Insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of the contract of work;
3. If coverage is canceled or non-renewed, and not replaced with another claims- made policy form with a Retroactive date prior to the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of five (5) years.

Separation of Insured's

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separate of insured's provision with no insured versus insured exclusions or limitation.

Verification of Coverage

Contractor shall furnish the District with original certificates and mandatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the District before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The District reserves the right to required complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Certificates and copies of any required endorsements shall be sent to:

Oceano Community Services District
P.O. Box 599
Oceano, CA 93475-0599

Subcontractors

Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein.

Special Risks or Circumstances

District reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Attachment 4

A/P			
Vendor #:		Vendor Name:	
Invoice #:		Amount: \$	
Code to:	Fund:	Invoice Copied:	Recommend for Approval: <div style="border: 1px solid black; width: 100%; height: 60px; background-color: #e0e0e0; margin-top: 5px;"></div>
	<input type="checkbox"/> 01 General	<input type="checkbox"/> Reimbursable	
	<input type="checkbox"/> 02 Water	<input type="checkbox"/> Reimbursable	
	<input type="checkbox"/> 03 Sewer	<input type="checkbox"/> Reimbursable	
	<input type="checkbox"/> 06 Garbage	<input type="checkbox"/> Reimbursable	
	<input type="checkbox"/> 10 Facilities	<input type="checkbox"/> Reimbursable	
	<input type="checkbox"/> 12 Equipment	<input type="checkbox"/> Reimbursable	
Line Item:		\$	
		\$	
		\$	
		\$	
		Total: \$	
PO/PC or Project #		FY: 19/20	<input type="checkbox"/> Copied
PO/PC Amt:		\$	
PO/PC Bal:		\$	Posted:

Attachment 5

BOARD OF DIRECTOR'S REGULAR & SPECIAL MEETING COMPENSATION FORM BOARD MEETING: _____, 2024			
DIRECTORS	SIGNATURE	DATE	COMPENSATION
PRESIDENT _____			\$100.00
VICE PRESIDENT _____			\$100.00
DIRECTOR _____			\$100.00
DIRECTOR _____			\$100.00
DIRECTOR _____			\$100.00
<u>Oceano Community Services District -</u>			
Section 8.1: Each Director is authorized to receive one hundred dollars (\$100.00) as compensation for each Regular or Special Meeting.			
Section 8.2: In no event shall Director compensation exceed one hundred dollars (\$100.00) per day.			
Section 8.3: Director compensation shall not exceed six hundred (\$600.00) in any one (1) calendar month.			

Attachment 6

Meeting Date:

Director Name:

Public Meeting / Hearing:

Notes:

Attached Agenda / Other Meeting Documents: Yes No

Signature

Date



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: January 8, 2025

To: Board of Directors

From: Peter Brown, General Manager

Subject: **Agenda Item #10(F): Discussion and consider a resolution adopting the Oceano Parks and Recreation Committee Bylaws and review committee applicants.**

Recommendation

It is recommended that that the Oceano Community Board of Director's discuss and consider adopting revised Oceano Parks and Recreation Committee Bylaws and review committee applicants and consider making appointments to one or two-year terms for the interested applicants.

Discussion

With the allocation of funds to the Parks and Recreation budget in the Fiscal Year 2023-2024 and 2024-2025, the Board should consider the updates to the bylaws and appointing committee applicants to the OCSD Parks and Recreation Committee to comply with adopted bylaws. The attached resolution includes a redline version of the bylaws for the Board's consideration. The OPARC committee reviewed and discussed potential ways to augment funds for the committee, grant opportunities and fundraising efforts. The committee also voted unanimously to recommend that the Board consider revising the bylaws to move from monthly to bi-monthly OPARC meetings to promote efficiency and reduce costs.

At the December OPARC meeting the committee received applications for members of OPARC. Attached are those applicants for the Board's consideration. The attached bylaw revisions propose a 11-member committee, rather than a 12-member committee. The Board is currently considering a total of 6 applications, plus the potential to retain Director Joyce-Suneson as a committee member which would make a total of seven members. Membership consists of representatives from the following:

- A. Two Board members (One existing – Joyce-Suneson and one new applicant – Director Villa)
- B. One Lucia Mar Unified School District (no application received)
- C. One individual from the San Luis Obispo County Parks and Recreation Commission (no application received)
- D. One individual representing the Oceano Elementary School Parent Teacher Association (Wonda Monson reapplied)
- E. One representative from the Oceano Beach Community Association (no application received)



Oceano Community Services District

Board of Directors Meeting

- F. One representative from the South County Boys and Girls Club (no application received)
- G. One representative from the South County Senior Center (no application received)
- H. Three at-large residents of the District. (Four Applications received; Varni, Monson, Paz, Osterbauer)

While staff has no record of prior formal Board appointments to the OPARC committee consistent with the adopted bylaws, the following members have been regular attendees and participants of OPARC meetings:

2024 COMMITTEE MEMBERS:

- Beverly Joyce-Suneson, OCSD, OPARC Chair (can be reappointed by the Board)
- Charles Varni, Board President, OCSD Board President (Director Villa applied for this seat)
- Andy Stenson, Executive Director of Facilities, Maintenance, & Operations, LMUSD (no application received)
- Jasmine Dexter, Director of Resource Development, Boys & Girls Club of South SLO County (no application received)
- Wanda Monson, Safe Routes to School Committee, Oceano Elementary School Parent Teacher Association (application received for reappointment)
- Bruce Hilton, Parks Commissioner District 4, County of San Luis Obispo Parks and Recreation (no application received)
- Jeannie Carpenter, Habitat for Humanity (no application received)
- Ray Monson, OPARC Member at Large (application received for reappointment)

Other Agency Involvement

Lucia Mar Unified School District, Oceano Elementary School Parent Teachers Association, and Boys and Girls Club.

Financial Considerations

Unlike enterprise funds with ongoing revenue, OPARC lacks a reliable funding source for long-term activities and operations. Prior Board allocations of General Fund revenues are not recommended in the future due to loss of over 96% of property tax revenue related to FCFA Fire Divestiture and minimal future revenues anticipated for the streetlighting system that is in need of evaluation, maintenance and capital upgrades.



Results

Establishing OPARC duties, governing policies and procedures, and cooperation with other local agencies promotes a livable and well governed community. Going forward, considering the fiscal constraints of the district, OPARC will have to rely on its volunteer committee members to continue the work of OPARC. The committee will need to:

- A. Prepare agendas two weeks prior to bi-monthly meetings for staff and legal review. Staff will finalize and publish.
- B. Seek on-going outside funding sources from the County, donations or grants. Write grants to secure outside funding contributions. Staff will review and finalize. Either staff or a Board representative on the committee may submit grants once staff review is completed.
- C. Co-ordinate fundraising independently.
- D. Supervise and co-ordinate all aspects of the jogging/walking track and soccer field in coordination with LMUSD as the lead agency.
- E. Staff will assist with conducting meetings, taking minutes, publishing meeting minutes and any legal or operational concerns.

Attachment: Resolution

Committee Applicants

OCEANO COMMUNITY SERVICES DISTRICT

RESOLUTION NO. 2025-~~5~~

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A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY
ADOPTING THE BYLAWS OF THE OCEANO PARKS AND RECREATION COMMITTEE

WHEREAS, the California Community Services District Law, Cal. Gov. Code § 61000 *et seq.*, which enumerates the types of services and facilities that may be provided by a community services district, specifically authorizes a district’s exercise of a Parks and Recreation power to:

- (1) “Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district... [and]
- (2) Organize, promote, conduct, and advertise programs of community recreation, in the same manner as a recreation and park district...”;

WHEREAS, the Board of Directors (“Board”) of the Oceano Community Services District (the “District”) desires to exercise these powers in a manner that is transparent, collaborative, and accountable to the residents of Oceano;

WHEREAS, the District’s Bylaws allow the Board to, “...create Committees that are reflective of the District’s business and its enumerated powers at its discretion [which] shall be advisory committees to the Board and shall not commit the District to any policy, act or expenditure”;

WHEREAS, the Board, in its regular meeting on February 22, 2023, authorized the creation of “a parks and recreation advisory committee to advise the Board of Directors on projects and programs relevant to recreation and parks in Oceano”;

WHEREAS, the Ralph M. Brown Act, Gov. Code § 54950 *et seq.*, requires “[a] commission, committee, board, or other body of a local agency, whether permanent or temporary, decision-making or advisory, created by charter, ordinance, resolution, or formal action of a legislative body...” to comply with certain requirements regarding open and public meetings;

WHEREAS, the Board desires to enumerate the duties and policies of the Oceano Parks and Recreation Committee.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Oceano Community Services District adopts Bylaws for the Oceano Parks and Recreation Committee, which are attached as Exhibit A to this resolution.

BE IT FURTHER RESOLVED that the District General Manager or their designee is directed to assist the chair and members of OPARC to allow the committee to conduct its work as described in this resolution and to ensure compliance with all applicable requirements under the committee bylaws adopted by this resolution.

PASSED AND ADOPTED by the Board of Directors of the Oceano Community Services District on January 8, 2025, by the following vote:

AYES:

NAYES:

ABSENT:

ABSTAIN:

ATTEST:

Board Secretary of the
Oceano Community Services District

APPROVED AS TO FORM:

Robert Schultz, District Counsel

President, Board of Directors of the
Oceano Community Services District

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EXHIBIT A
BYLAWS FOR THE PARKS AND RECREATION ADVISORY COMMITTEE
OF THE OCEANO COMMUNITY SERVICES DISTRICT (“OPARC”)

SECTION I. DUTIES OF THE COMMITTEE

1. The purpose of the Oceano Parks and Recreation Committee (“OPARC” or “Committee”) is to advise the Board of Directors of the Oceano Community Services District (“District”) regarding the exercise of the District’s Parks and Recreation powers as those powers are enumerated in [the District Code of Ordinances and LAFCO District Services](#).

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2. Pursuant to state law and the District’s Bylaws, OPARC is an advisory committee to the District’s Board of Directors (“Board”), and therefore shall not commit the District to any policy, act or expenditure”;

3. Within 30 days after the appointment of Directors from the Board to serve on the OPARC, or no less than annually, OPARC shall submit a brief description of its proposed activities for the year to the Board for its approval. These activities may include:

- a. Making suggestions regarding the planning and design process for proposed programs for parks and recreation within Oceano and presenting related recommendations to the Board;
- b. Researching grants related to the District’s parks and recreation power and, at the direction of the Board, preparing applications for grants, recommending contracting with grant writers, and other funding sources;
- c. Meeting with other public and private not-for-profit organizations to explore offering events or activities for Oceano, or to apply for grant funding;
- d. Advising the Board on proposed policies and guidelines for use of District resources, including property owned by the District, for parks and recreation; and
- e. Proposing programs that provide physical, cultural, and educational opportunities for residents of Oceano to the Board.

SECTION II. POLICIES & PROCEDURES

1. In accordance with state law and the District’s Bylaws, OPARC shall operate as a standing committee for purposes of the Brown Act and shall conduct all meetings of the committee as public meetings in accordance with all applicable requirements of the Brown Act.

2. OPARC shall coordinate with the District's General Manager, or the General Manager's designee, to prepare agendas and related materials for all committee meetings, which shall be posted on the District's website and physically posted at the District office.

3. OCSD Staff shall prepare and maintain minutes for each of the committee's meetings and included with the meeting materials for the next regular meeting of the Board of Directors for its review; this shall be in addition to the verbal report which will be made by a Director-committee member at that meeting.

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4. OPARC may receive funding for its operations from private or public donations, eligible funding sources, grants from outside agencies, and will need to develop an on-going source of funds to operate, as approved by a majority of Directors.

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5. OPARC shall meet bi-monthly (every other month), on the odd-numbered months of the year, for a total of six annual meetings, unless the need arises for a special meeting to take place. In such a case, OPARC committee members may take action to recommend to the General Manager that a special meeting be convened.

SECTION III. COMMITTEE MEMBERSHIP

1. Membership of the Committee shall consist of the following:

- a. Two members of the Board, one of whom shall be designated by the Board to serve as chair of the Committee;
- b. One individual representing the Lucia Mar Unified School District;
- c. One individual from the San Luis Obispo County Parks and Recreation Commission
- d. One individual representing the Oceano Elementary School Parent Teacher Association;
- e. ;
- f. One representative from the Oceano Beach Community Association
- g. One representative from the South County Boys and Girls Club
- h. One representative from the South County Senior Center
- i. Three at-large residents of the District.

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Deleted: One representative from the local County Advisory Council for the residents of Oceano

2. The Board shall accept applications for membership on the committee in January of each odd numbered year and shall approve the appointment of any Committee members to one or two-year terms, no later than March of that year. Organizations may designate an alternate who can serve as a

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replacement in the absence of the designated Committee member, [subject to OCSD Board approval](#).

[The Board reserves the right to appoint OPARC committee members at any time.](#)

3. The Board may remove a member of the Committee at any time, with or without cause, by a majority vote of the Board.

4. [A majority of the members that have been appointed to OPRAC shall constitute a quorum.](#)

5. Members of the Committee may not receive compensation from the District for their service on the Committee, except that members of the Board may receive compensation for their service in accordance with applicable state law and District policy.

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Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: January 8, 2025
To: Board of Directors
From: Peter Brown, General Manager
Subject: **Agenda Item #10(G) -Discussion and of Oceano Community Services District Parks and Recreation Committee Community Event on November 16, 2024**

Recommendation

It is recommended that the Board review the summary of the Oceano Community Services District Parks and Recreation Committee (OPARC) Community Event on November 16, 2024 and consider requesting OPARC to provide a more detailed report and follow-up at a future OCS D Board meeting.

Discussion

OPARC members informed staff that the event was attended by three OCS D Directors and by an estimated 200 community members. Participants enjoyed free tacos and burgers, visited the many community service booths, welcomed community speakers, appreciated the music by DJ Suz, and either participated in or watched people having fun on the dance floor.

Numerous community organizations had information booths at the event including: Boys and Girls Club; Los Promotores; Cal Poly Taxpayer Clinic; United Way; Five Cities Optimists Club; Oceano County Library; California Highway Patrol; County Sheriff's Office; Cal Poly Latin Dance Club; and OPARC.

OPARC Committee member Varni served as Master of Ceremonies who welcomed attendees, expressed appreciations to agencies and individuals who made the new plaza possible, and outlined the day's activities.

Community speakers gave brief presentations at intervals during the event which touched on such themes as: the value of organizational collaboration for community betterment; the specifics of the Oceano Community Track and Soccer Field Project; the value of OPARC as a catalyst for community building and opportunities for community betterment funding; fundraising support for the Community Track and Field project; unmet recreational needs in Oceano; new projects funded by the County and future plans for more improvements; and the symbol of the new plaza as a space for coming together and celebrating community. Speakers included:

Jim DeCecco, retired Oceano school teacher

Andy Stenson, LMUSD Facilities Administrator, OPARC Committee Member

Wanda Monson, Oceano School Safe Routes to Schools Committee Chair, OPARC Committee Member



Supervisor Paulding spoke to the County funds which have been allocated for projects in Oceano plus future planning and action for community betterment.

Cal Poly Latin Dance group, led by Jose Lozano, presented a salsa dance lesson which about 20 people participated in and then morphed into a more general music dance party

Other Agency Involvement

The County of San Luis Obispo issued the encroachment permit, and the Community Project Grant funds and South County Sanitary Services provided the solid waste containers.

Other Financial Considerations

The event totaled \$2,114.53 in costs (Attachment #2) and the County Community Grant Program issued the District \$2,500. The remaining \$385.47 will be returned to the County in January of 2025.

Results

Reviewing and updating the Board on District Community Events helps to promote a well-governed community. The Board may request that OPARC follow up with participants, committee members, vendors, businesses and community groups to evaluate successes and perhaps identify areas for improvement in future events. Of interest to the Board, OPARC and the community:

1. What was the approximate public head count for community members (not including organizations or volunteers).
2. What was provided by OCSD or OPARC? Tables, chairs, pop-ups, A-frames, traffic control, solid waste/recycling, etc.?
3. Which organizations participated?
4. Please complete a follow-up with each group to determine the following:
 - a) What type of group?
 - b) How many volunteers?
 - c) How many people visited their table?
 - d) What were residents interested in?
 - e) Would the group participate again for another event?
 - f) Suggestions from each group?



Oceano Community Services District

Board of Directors Meeting

5. Also, follow-up with Efren's, Sylvester's and LaTapita.
 - a. How many coupons were used at each eatery?
 - b. Would the restaurants participate again?
 - c. What changes or suggestions would they like to see?
 - d. Were there any glitches with reimbursement of the coupons to the restaurants?

6. How much was spent on public relations?
7. How many posters were printed for distribution?
8. What other mediums were used to advertise the events?

(Nextdoor, Facebook, Instagram, SLO Tribune, New Times, Dave Congalton/radio, Television PSA's, Etc.)

9. Any changes recommended for the next event?
10. Overall, what suggestions or changes would the committee recommend for the next event?

Attachments:

1. SLO County Community Grant Agreement
2. SLO County Community Grant Costs

AGREEMENT FOR COUNTY GRANT

This Agreement is entered into this _____ day of _____, 2024, by and between the County of San Luis Obispo, a body corporate and politic, hereinafter referred to as "County", and **Oceano Community Services District**, hereinafter referred to as "Applicant".

WHEREAS, Applicant has applied to County for a grant of County funds for the following project detailed on Exhibit "A" attached hereto and by the descriptive title **Grand Opening Celebration of the new Oceano Zocalo**; and

WHEREAS, Applicant has applied to the County for a grant of County funds to be used to offset the cost of **sanitation stations, permitting, food, and entertainment**; and

WHEREAS, the County finds that the project is eligible for a County Grant of County funds as a local community project; and

WHEREAS, the Board of Supervisors has approved this project and has authorized a County contribution to Applicant.

NOW, THEREFORE, it is mutually agreed between the parties hereto, as follows:

1. County agrees to pay over, as a grant of County funds, the sum of **\$2,500** from Fund Center 106 to Applicant for the purpose of funding the aforesaid project as a community project available for public use.

2. That the project which is the subject of this grant agreement is described with particularity on Exhibit "A" attached hereto, and incorporated herein by this reference.

3. Applicant agrees to apply the aforesaid grant funds solely to the project for which the funds have been granted, as a community project available for public use.

4. Applicant agrees to diligently pursue the completion of this project, and to complete this project within one year from the date of this agreement.

5. Applicant agrees to abide by all laws and regulations applicable to the expenditure of County Grant Funds, including, but not limited to, the audit of the expenditure of these funds for compliance with regulations, the inclusion of provisions guaranteeing compliance with all labor laws and regulations pertinent to public funds, and further, to assure compliance with the anti-discrimination provisions of the law, including County Ordinances.

6. If the project budget for this project includes purchase of any equipment which has a useful life extending beyond the termination date of this project, then Applicant agrees that said equipment will be transferred over to County at the conclusion of this project, unless the County consents to a renewal or extension of the same or some similar project by Applicant utilizing the same equipment.

7. Applicant agrees to allow the County Administrative Officer to inspect and audit all records pertaining in any way to this grant, and further, to submit to the County Administrative Office a written report, if requested, upon completion of this project detailing the record of expenditures under this grant.

8. Applicant agrees that all discretionary decisions related to the carrying out of the aforesaid project remain in the control of the San Luis Obispo County Board of Supervisors.

9. In the event the Project is cancelled, Applicant shall remit the grant funds for the Project to the County within fourteen (14) days of the cancellation.

AGREED TO ON THE DAY AND YEAR SET FORTH ABOVE.

COUNTY OF SAN LUIS OBISPO


BY: _____

_____, 2024

APPROVED AS TO FORM AND LEGAL EFFECT

RITA L. NEAL
County Counsel

By: 
Chief Deputy County Counsel

Applicant: OCSD
By: 
Print Name: PETER J BROWN
Title: GENERAL MANAGER

Date: October 20, 2024


Applicant: OCSD
By: 
Print Name: Carey Casciola
Title: Bus + Act Manager

EXHIBIT "A"

Oceano Community Services District
ATTN: Peter Brown
1655 Front Street
Oceano, CA 93475

The mission of Oceano Community Services District's Parks and Recreation (OPARC) standing committee is: To provide safe recreational access, infrastructure, and programs which enhance the physical, emotional, social health, and quality of life for all Oceano residents. For the first time in its more than 100-year history, the community of Oceano has a dedicated community gathering space in the form of a beautiful central Zocalo/Plaza in the central part of town. In many ways, this space is envisioned as part of a "safe, healthy, livable, prosperous and well governed community." This long-awaited development, first conceived in the Oceano 2013 Revitalization Plan, is envisioned as a powerful symbol of community unity and an inclusive gathering space for public events. These funds will be used to support and fund a community-wide Grand Opening Celebration of the new Oceano Zocalo. This event will be free to the community.

The \$2,500 in County funds will be used to offset the cost of sanitation stations, permitting, food, and entertainment.

Oceano Community Services District
ATTN: Peter Brown
1655 Front Street
Oceano, CA 93475

October 18, 2024

Re: Agreement for County Funds

Dear Peter Brown:

Supervisor Paulding wishes to provide a total of \$2,500 from his District Community Project funds to be used for the Grand Opening Celebration of the new Oceano Zocalo. To allow this to happen, please complete, sign, and return the enclosed Agreement by November 5, 2024. **Please note that TWO signatures are required.** It would be appreciated if you **do not fill in the date on the agreement.**

Please contact me if you have any questions. Thank you.

Sincerely,

Genae Sarver
Executive Assistant to the Board of Supervisors
1055 Monterey St. D-430
San Luis Obispo, CA 93408
Direct Line: (805)781-4335
Email: gsarver@co.slo.ca.us

SLO County Community Project Grant

Grant Agreement

\$ 2,500.00

Grant contract	Approved Contract	Vendor	INVOICE DATES	INV. ID	AUTHORIZED TO APPROVE	AUTHORIZATION DATE	INVOICE AMOUNT	Payment Amount	Payment - Check/Credit Card	Payment Date	Description	Net
Sanitation - Portable toilets with ADA accessibility and handwashing station	\$500.00	Harvey's Honeyhuts	11/18/2024	Inv 52762			\$ 375.22	\$ 375.22	Credit Card			\$124.78
Sanitation - Three-Stream waste	\$500.00	Waste Connections	10/31/2024	N/A			\$ -					\$500.00
Permitting - SLO County	\$500.00	SLO county		N/A								\$500.00
Food	\$500.00	-	-	-	-	-	-		-	-	\$5 Food Disc Vouchers at event, 16-La Tapatia, 72-Efren's	\$60.00
-Food	see above	Efren's	11/16/2024				\$ 360.00				72 @ \$5 Vouchers	see above
-Food	see above	La Tapatia	11/16/2024				\$ 80.00				16 @ \$5 Vouchers	see above
Entertainment - Music DJ	\$400.00	Mirame Entertainment	12/03/2024	14BCE6A7			\$ 400.00	\$ 400.00	Credit Card		Music Services	\$0.00
Misc	\$100.00	Charles Varni	11/16/2024				\$ 697.31				printing, banners, parts, pens, clamps	(\$597.31)
Misc Cont.		eventhelper.com	11/05/2024	Policy #M3302683			\$ 202.00	\$ 202.00	Credit Card		Event Insurance	(\$202.00)
							TOTAL PAID TO DATE	\$ 2,114.53				
							CONTRACT AMOUNTS REMAINING	\$ 2,500.00				
							BALANCE	\$ 385.47				\$385.47

Charles Varni - to be reimbursed

Burdine Printing	476.06 posters, flyers	Inv #50926 - \$38.46	Inv #50953 - \$43.97	Inv #51008 - \$393.63
banners.com	163.68 2 banners	Inv #81124- 162 - \$64.65	Inv #81124- 163 - \$99.03	
Harbor Freight	34.33 cords, clamps			
Office Depot	23.24 pens, stamp pad			
	697.31			