

TO: BOARD OF DIRECTORS
 FROM: BRUCE BUEL *BBB*
 DATE: APRIL 20, 2007



INVESTMENT POLICY – FIRST QUARTER REPORT

The Board of Directors has adopted an Investment Policy for NCSD which states that the Finance Officer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the Board of Directors.

Below is the March 31, 2007 Quarterly Report for your review.

As District Finance Officer and Treasurer, I am pleased to inform the Board of Directors that the District is in compliance with the 2007 Investment Policy and that the objectives of safety, liquidity, and yield have been met. The District has the ability to meet cash flow requirements for the next six months.

After Board consideration and public comment, it is recommended that your Honorable Board accept the quarterly report by motion and minute order.

INVESTMENT POLICY-FIRST QUARTER REPORT 3/31/07

| Investment | Institution | Amount of Deposit 3/31/07 | Rate of Interest | Quarterly Interest Earned or Accrued 3/31/07 | Amount of Deposit 3/31/06 | Rate of Interest | Quarterly Interest Earned or Accrued 3/31/06 |
|------------------------------|-------------------------------------|------------------------------|------------------|---|---|------------------|---|
| Money Market | Mid State Bank | \$123,997.48 | .25% | \$20.99 | \$38,734.78 | 0.25% | \$26.67 |
| Savings | Mid State Bank | \$916.17 | 1.00% | \$30.04 | \$894.91 | 0.75% | \$1.12 |
| Pooled Money Investment | Local Agency Investment Fund (LAIF) | \$18,632,245.44 | 5.17% | \$239,809.28 | \$17,471,314.05 | 4.03% | \$169,847.40 |
| Certificate of Deposit (COP) | Mid State Bank | \$1,915,987.24 | 4.50% | \$7,158.11 | Previously held by Bank of New York Trust Agent | | |

ATTACHMENTS

None

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TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *B&B*
DATE: APRIL 20, 2007

**AGENDA ITEM
E-1
APRIL 25, 2007**

DIVISION OF SOUTHLAND WWTF UPGRADE COST

ITEM

Determine division of Southland WWTF Upgrade costs between current customers and future customers [PROVIDE POLICY GUIDANCE].

BACKGROUND

In order for the Reed Group to complete the Town Sewer Rate Study, your Honorable Board must provide policy guidance regarding the division of the costs of the upgrade amongst current users and future users. To assist in this determination, your Board retained Boyle Engineering to prepare the attached evaluation of upgrade facilities and capacities. As set forth in the attachment, Boyle is recommending that the current users pay 47% of the upgrade costs and future users pay 53% of the upgrade costs.

Mike Nunley from Boyle Engineering is scheduled to present this evaluation to your Board and answer questions regarding their methodology and proposal.

RECOMMENDATION

Staff concurs with Boyle's evaluation and recommends that your Honorable Board approve the proposed cost division and forward that division to the Reed Group for incorporation into the rate study.

ATTACHMENT

- Boyle Evaluation

DRAFT

SECTION 12 BASIS FOR ASSESSMENT OF RATES AND FEES

The objectives of this section are 1) to establish guidelines for determining the value of the existing facilities at Southland WWTF that would remain in service for future demands, and 2) to recommend a cost allocation strategy for existing ratepayers and new development to assist in funding Phase I WWTF improvements¹.

Use of Existing Facilities

The process schematic of the existing WWTF is included as Figure 4-1. If the Biolac® System is installed, all the basins, drying beds, and percolation ponds will remain in service with the recommended upgrades. However, the influent trunk main, flow meter, and pump station will be replaced. The grinder will be replaced with screening and grit removal systems in order to reduce the amount of solids in the influent and resulting wear on equipment.

The recommended process improvement, a Biolac® system, utilizes two of the four existing aerated ponds as basins (the two larger, secondary aeration ponds). The flow diagram and site plan (with the existing facilities in gray) for the Biolac® retrofit are included as Figures 8-3 and 8-4. With this alternative, the mechanical aerators will be replaced with a Wave Oxidation™ system and integral clarifiers will be added at the end of the ponds. Existing aeration piping will be abandoned or removed. The District will be able to use the blower building and three existing blowers, but may need to add or replace some in the future as demand increases. The Biolac® upgrade is recommended in phases as discussed in Section 11.

With increased biological treatment of any extended aeration processes, a greater amount of sludge will be produced than is currently generated. The two existing primary aerated ponds would be operated as sludge holding lagoons to provide treatment and storage. The aeration system will need to be removed and brush aerators will be added to maintain an aerated layer of water over the sludge.

The two existing sludge drying beds will continue in service. In order to meet increased demands, we recommend adding concrete liners and a decanting pump station for dewatering the beds and conveying the supernatant back to the plant's headworks for treatment. This retrofit is recommended to coincide with the Phase I Biolac improvements (see Table 11-2). During the second phase of construction, two new drying beds should be installed to ensure storage and dewatering capacity for buildout demands.

The WWTF currently uses onsite infiltration basins for final treatment and disposal of the effluent. Continued onsite percolation is assumed in this report, but pending studies and future policy direction regarding wastewater reuse and disposal may require additional plant improvements. An analysis is currently underway to investigate the potential impacts to groundwater and the District is exploring sites for groundwater recharge. A survey to identify prospective users of reclaimed wastewater is recommended, as well.

¹ Though Phase II improvements are discussed in this report, the cost-sharing strategy was developed only for Phase I at this time based on direction from the Board during the April 11, 2007, NCSD Board Meeting.

DRAFT

Cost-Sharing Strategy

Nearly all the recommended improvements have two objectives: meet existing demands, and handle anticipated demands from future development. To assist the District in developing a cost-sharing strategy for the Phase I WWTF improvements, each project cost is separated into two funding categories: existing customers and future development, as shown in Table 12-1.

Table 12-1 Recommended Funding Allocation

| Demands | AAF (mgd) | Percentage |
|-------------------------------|-----------|------------|
| Existing | 0.59 | 47 % |
| Future Development | 0.66 | 53 % |
| Total Projected for Year 2030 | 1.25 | 100 % |

The project costs are then divided between existing ratepayers and future development based on relative capacity.

Table 12-2 Proposed Cost-Sharing for Recommended Phase I WWTF Improvements

| Component | 2007 Project Cost | Year to be Complete | Escalated Project Cost to Midpoint of Construction ¹ | % Capacity for Existing Users | Cost for Existing Users ² (midpoint of construction) | % Capacity for Future Development | Cost for Future Development (midpoint of construction) |
|--|-------------------|---------------------|---|-------------------------------|---|-----------------------------------|--|
| FACILITY IMPROVEMENTS | | | | | | | |
| Frontage Rd. Trunk Main 21" Upgrade | \$2,182,000 | 2009 | \$2,361,000 | 47 | \$1,115,000 | 53 | \$1,247,000 |
| Influent Pump Station and Flowmeter Improvements | \$967,000 | 2009 | \$1,046,000 | 47 | \$494,000 | 53 | \$553,000 |
| Spiral Screening System | \$468,000 | 2009 | \$507,000 | 47 | \$240,000 | 53 | \$268,000 |
| Grit Removal System | \$560,000 | 2009 | \$606,000 | 47 | \$287,000 | 53 | \$320,000 |
| PROCESS IMPROVEMENTS | | | | | | | |
| Phase I Biolac System (Capacity = 1.7 MGD MMF, or 75% of 2030 Demands) | \$4,060,000 | 2009 | \$4,392,000 | 47 | \$2,074,000 | 53 | \$2,319,000 |
| Phase I Drying Bed Improvements | \$1,716,000 | 2009 | \$2,348,000 | 47 | \$1,109,000 | 53 | \$1,240,000 |
| Percolation Ponds | \$1,363,000 | 2015 | \$1,865,000 | 47 | \$877,000 | 53 | \$988,000 |
| ¹ Cost is escalated using a 4% annual cost escalation. ² Percent capacity is determined by ratio of flow demands for existing users to total future demand. | | | | | | | |

TO: BOARD OF DIRECTORS
FROM: BRUCE BUEL *BBB*
DATE: APRIL 20, 2007

AGENDA ITEM
E-2
APRIL 25, 2007

ADOPT SANITARY SEWER OVERFLOW PROGRAM TIMELINE

ITEM

Adopt Sanitary Sewer Overflow Program Timeline and submit to State of California [RECOMMEND ADOPTION].

BACKGROUND

As previously reported the SWRCB has mandated that all local agencies with a sewer collection system prepare a comprehensive overflow prevention and reporting system. NCSD has already registered (November 2006 Notice of Intent) and staff has initiated the monthly reporting, however, the SWRCB requires submission of a timeline by May 2, 2007 to document NCSD's expected schedule for complying with the remaining milestones. Attached is staff's proposed timeline, which proposes to submit each milestone product on the date, set forth in the regulations. It should be noted that there is no penalty for submission of these milestone products earlier than proposed.

Staff has proposed funding in the FY07-08 Budget to achieve compliance with November 2008 Milestone Products and initial work on the 2009 Milestone Products.

RECOMMENDATION

Staff recommends that your Honorable Board adopt the attached Timeline and direct staff to submit the Timeline to the SWRCB.

ATTACHMENT

- DRAFT TIMELINE

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SANITARY SEWER OVERFLOW PLAN TIMELINE

NIPOMO COMMUNITY SERVICES DISTRICT

| | |
|-----------------------------|---|
| May 2, 2006 (Baseline Date) | Waste Discharge Requirements Adoption |
| November 2006 | Notice of Intent Application sent |
| February, 2007 | Reporting Program – classes held, 2 staff members attend. |
| May 2, 2007 | SSMP Development Plan & Schedule - in process |
| May 2, 2007 | Goals & Organization Structure - (i) Goal: The goal of the SSMP is to provide a plan and schedule to properly manage, operate, and maintain all parts of the sanitary sewer system. This will help reduce and prevent SSOs, as well as mitigate any SSOs that do occur. (ii) Organization: The SSMP must identify: (a) The name of the responsible or authorized representative as described in Section J of this Order. (b) The names and telephone numbers for management, administrative, and maintenance positions responsible for implementing specific measures in the SSMP program. The SSMP must identify lines of authority through an organization chart or similar document with a narrative explanation; and (c) The chain of communication for reporting SSOs, from receipt of a complaint or other information, including the person responsible for reporting SSOs to the State and Regional Water Board and other agencies if applicable (such as County Health Officer, County Environmental Health Agency, Regional Water Board, and/or State Office of Emergency Services (OES)). |
| November 2, 2008 | Overflow Emergency Response Program (vi) Overflow Emergency Response Plan - Each Enrollee shall develop and implement an overflow emergency response plan that identifies measures to protect public health and the environment. At a minimum, this plan must include the following: (a) Proper notification procedures so that the primary responders and regulatory agencies are informed of all SSOs in a timely manner; (b) A program to ensure an appropriate response to all overflows; (c) Procedures to ensure prompt notification to appropriate regulatory agencies and other potentially affected entities (e.g. health agencies, Regional Water Boards, water suppliers, etc.) of all SSOs that potentially affect public health or reach the waters of the State in accordance with the MRP. All SSOs shall be reported in accordance with this MRP, the California Water Code, other State Law, and other applicable Regional Water Board WDRs or NPDES permit requirements. The SSMP should identify the officials who will receive immediate notification; |

- (d) Procedures to ensure that appropriate staff and contractor personnel are aware of and follow the Emergency Response Plan and are appropriately trained;
- (e) Procedures to address emergency operations, such as traffic and crowd control and other necessary response activities; and
- (f) A program to ensure that all reasonable steps are taken to contain and prevent the discharge of untreated and partially treated wastewater to waters of the United States and to minimize or correct any adverse impact on the environment resulting from the SSOs, including such accelerated or additional monitoring as may be necessary to determine the nature and impact of the discharge.

November 2, 2008

- Legal Authority (iii) Legal Authority:** Each Enrollee must demonstrate, through sanitary sewer system use ordinances, service agreements, or other legally binding procedures, that it possesses the necessary legal authority to:
- (a) Prevent illicit discharges into its sanitary sewer system (examples may include I/I, stormwater, chemical dumping, unauthorized debris and cut roots, etc.);
 - (b) Require that sewers and connections be properly designed and constructed;
 - (c) Ensure access for maintenance, inspection, or repairs for portions of the lateral owned or maintained by the Public Agency;
 - (d) Limit the discharge of fats, oils, and grease and other debris that may cause blockages, and
 - (e) Enforce any violation of its sewer ordinances.

November 2, 2008

- Operation & Maintenance Program (iv) Operation and Maintenance Program.** The SSMP must include those elements listed below that are appropriate and applicable to the Enrollee's system:
- (a) Maintain an up-to-date map of the sanitary sewer system, showing all gravity line segments and manholes, pumping facilities, pressure pipes and valves, and applicable stormwater conveyance facilities;
 - (b) Describe routine preventive operation and maintenance activities by staff and contractors, including a system for scheduling regular maintenance and cleaning of the sanitary sewer system with more frequent cleaning and maintenance targeted at known problem areas. The Preventative Maintenance (PM) program should have a system to document scheduled and conducted activities, such as work orders;
 - (c) Develop a rehabilitation and replacement plan to identify and prioritize system deficiencies and implement short-term and long-term rehabilitation actions to address each deficiency. The program should include regular visual and TV inspections of manholes and sewer pipes, and a system for ranking the condition of sewer pipes and scheduling rehabilitation. Rehabilitation and

SSO Timeline

replacement should focus on sewer pipes that are at risk of collapse or prone to more frequent blockages due to pipe defects. Finally, the rehabilitation and replacement plan should include a capital improvement plan that addresses proper management and protection of the infrastructure assets. The plan shall include a time schedule for implementing the short- and long-term plans plus a schedule for developing the funds needed for the capital improvement plan;

(d) Provide training on a regular basis for staff in sanitary sewer system operations and maintenance, and require contractors to be appropriately trained; and

(e) Provide equipment and replacement part inventories, including identification of critical replacement parts.

November 2, 2008

Grease Control Program vii) FOG Control Program:

Each Enrollee shall evaluate its service area to determine whether a FOG control program is needed. If an Enrollee determines that a FOG program is not needed, the Enrollee must provide justification for why it is not needed. If FOG is found to be a problem, the Enrollee must prepare and implement a FOG source control program to reduce the amount of these substances discharged to the sanitary sewer system. This plan shall include the following as appropriate:

(a) An implementation plan and schedule for a public education outreach program that promotes proper disposal of FOG;

(b) A plan and schedule for the disposal of FOG generated within the sanitary sewer system service area. This may include a list of acceptable disposal facilities and/or additional facilities needed to adequately dispose of FOG generated within a sanitary sewer system service area;

(c) The legal authority to prohibit discharges to the system and identify measures to prevent SSOs and blockages caused by FOG;

(d) Requirements to install grease removal devices (such as traps or interceptors), design standards for the removal devices, maintenance requirements, BMP requirements, record keeping and reporting requirements;

(e) Authority to inspect grease producing facilities, enforcement authorities, and whether the Enrollee has sufficient staff to inspect and enforce the FOG ordinance;

(f) An identification of sanitary sewer system sections subject to FOG blockages and establishment of a cleaning maintenance schedule for each section; and

(g) Development and implementation of source control measures for all sources of FOG discharged to the sanitary sewer system for each section identified in (f) above.

August 2, 2009

Design and Performance (v) Design and Performance Provisions:

- (a) Design and construction standards and specifications for the installation of new sanitary sewer systems, pump stations and other appurtenances; and for the rehabilitation and repair of existing sanitary sewer systems; and
- (b) Procedures and standards for inspecting and testing the installation of new sewers, pumps, and other appurtenances and for rehabilitation and repair projects.

August 2, 2009

System Evaluation and Capacity Assurance Plan

(viii) **System Evaluation and Capacity Assurance Plan:** The Enrollee shall prepare and implement a capital improvement plan (CIP) that will provide hydraulic capacity of key sanitary sewer system elements for dry weather peak flow conditions, as well as the appropriate design storm or wet weather event. At a minimum, the plan must include:

- (a) **Evaluation:** Actions needed to evaluate those portions of the sanitary sewer system that are experiencing or contributing to an SSO discharge caused by hydraulic deficiency. The evaluation must provide estimates of peak flows (including flows from SSOs that escape from the system) associated with conditions similar to those causing overflow events, estimates of the capacity of key system components, hydraulic deficiencies (including components of the system with limiting capacity) and the major sources that contribute to the peak flows associated with overflow events;
- (b) **Design Criteria:** Where design criteria do not exist or are deficient, undertake the evaluation identified in (a) above to establish appropriate design criteria; and
- (c) **Capacity Enhancement Measures:** The steps needed to establish a short- and long-term CIP to address identified hydraulic deficiencies, including prioritization, alternatives analysis, and schedules. The CIP may include increases in pipe size, I/I reduction programs, increases and redundancy in pumping capacity, and storage facilities. The CIP shall include an implementation schedule and shall identify sources of funding.
- (d) **Schedule:** The Enrollee shall develop a schedule of completion dates for all portions of the capital improvement program developed in (a)-(c) above. This schedule shall be reviewed and updated consistent with the SSMP review and update requirements as described in Section D. 14.

August 2, 2009

Final SSMP, incorporating all SSMP requirements

Annual reporting

Collection System Questionnaire (anniversary of Application)

August 2, 2014

SSMP Update every 5 years