

AGENDA ITEM: 1

MEETING DATE: November 7, 2022

I. NATURE OF ITEM

Discussion and Consideration of Memorandum of Understanding with the Mosquito and Vector Management Agency for Mosquito Control Services

II. BACKGROUND INFORMATION

For the past several years the District has paid the Mosquito and Vector Management District (MVMD) to provide mosquito control services on the District's treatment plant property pursuant to a Memorandum of Understanding (MOU). The last MOU with the MVMD was executed in 2020 and expired June 30, 2022.

A new proposal for mosquito control services and an MOU for FY22-23 and FY23-24 have been prepared and is attached to this report. The proposed services covered by the new MOU are basically the same as the prior MOU.

Staff has met with representatives of the MVMD to review the MOU and confirm both the scope of mosquito control services needed and associated costs. The new MOU for mosquito control services on District property is presented herein for Board consideration.

III. COMMENTS AND RECOMMENDATIONS

The proposed MOU includes a site-specific Mosquito Management Plan (MMP) for the District property that describes the areas to be treated, type of treatment to be performed and the frequency of treatment. The main areas to be treated are the 6.5-acre open space/wetland at the corner of Fowler Road and William Moffett Place and the District's stabilization ponds. The term of the MOU is through June 2024. The total annual cost of treatment for FY22-23 and FY23-24 (based on labor and materials) is estimated to be \$5,719. These are estimated costs. Actual costs billed will be based on a time and materials basis as appropriate and in accordance with the approved scope of work. No additional services shall be performed, or costs incurred without prior written approval.

Staff recommends that the Board authorize the General Manager to execute the proposed MOU with the MVMD for Mosquito Control Services for FY22-23 and FY23-24.

IV. REFERENCE MATERIAL

Mosquito and Vector Management District Memorandum of Understanding and Management Plan for FY22-23 and FY23-24

AGENDA ITEM: 2

MEETING DATE: November 7, 2022

I. NATURE OF ITEM

Review and Consideration of Depositing District Funds in the California Cooperative Liquid Asset Securities System (CLASS)

II. BACKGROUND INFORMATION

At a recent meeting Santa Barbara chapter of the California Special District Association (CSDA) a presentation was made regarding a new public investment fund, similar in nature to the Local Agency Investment Fund (LAIF) called the California Cooperative Liquid Assets Securities System (California CLASS).

California CLASS is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS offers public agencies a convenient method for investing in highly liquid, investment-grade securities carefully selected to optimize interest earnings while maximizing safety and liquidity. The California CLASS Prime Cash fund offers public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that provides the framework for the investment of public funds. After the presentation made at the most recent Local Chapter CSDA meeting, Directors Fuller and Rose suggested the District should consider this option.

III. COMMENTS AND RECOMMENDATIONS

The California Debt and Investment Advisory Commission Local Agency Investment Guidelines outline allowable Investment Instruments per State Government Code Applicable to all Local Agencies; a table of those investments is attached. The table includes Joint Powers Authority Pool, just above the entry for LAIF. A copy of the Joint Exercise of Powers agreement for California CLASS is attached to this report.

A two-page flyer on California CLASS is also attached that gives a general overview. The California CLASS Board of Trustees consist of two CSDA public agency members, two League of California Cities public agency members, and one public agency member elected at large.

Public Trust Advisors serve as the California CLASS investment advisors and administrator of the funds. Public Trust Advisors provide investment services for more than 5,000 local government investment pool clients nationally, with combined assets of more than \$55 billion (as of May 31, 2022). The custodian of the funds is US Bank, and other service providers include Orrick (special legal counsel) and Clifton Larson Allen LLP (auditor).

The California CLASS offers two funds, Prime and Enhanced Cash. However, only the Prime fund is being considered, as the Enhanced Cash Fund does not seek to maintain a stable net asset value and does not offer daily liquidity. As such, staff is recommending consideration of the CLASS Prime fund only. Prime fund information, investment policy and financial disclosures are attached.

Since the California CLASS investment strategy is to focus on securities with shorter maturities than compared to LAIF, the Prime Fund is expected to adjust quicker and provide a higher yield in a rising interest rate environment as exists now. This is one of the primary reasons that the CLASS Prime Fund is currently earning over 3% while LAIF is earning around 1.5%.

Should the Board wish to make deposits into California CLASS Prime Fund, a resolution amending the District's investment policy (Administrative Code Section 3-2.2-1. DEPOSITS), to include the California CLASS investment fund would be brought back to the Board for consideration at a subsequent meeting.

IV. REFERENCE MATERIALS

California Debt and Investment Advisory Commission Local Agency Investment Guidelines Figure 1 Allowable Investment Instruments per State Government Code Applicable to all Local Agencies

California CLASS Joint Exercise of Powers Agreement

California CLASS Features and Benefits

California CLASS Prime Fund Information

California CLASS Prime Fund Investment Policy

California CLASS Financial Disclosures 09/30/22

AGENDA ITEM: 3

MEETING DATE: November 7, 2022

I. NATURE OF ITEM

Review and Consideration of Preliminary Design Report for Biosolids and Energy Strategic Plan Phase 2 Improvements

II. BACKGROUND INFORMATION

Over the last several years, the District has worked with Hazen and Sawyer Inc. (Hazen) to develop and implement a Biosolids and Energy Strategic Plan (BESP). The goal of the BESP is to determine the most appropriate combination of biosolids treatment, disposal and energy recovery improvements that once implemented will help the District reduce ongoing operational costs and achieve its vision of long-term energy sustainability.

Since adoption of the BESP in 2019, staff has been working closely with the Hazen team to complete the design and environmental review of the Phase 1 improvement project and put it out to bid. This project includes the construction of a new 500,000-gallon digester and a 160kW Combined Heat and Power (CHP) system to convert biogas to electricity. The design is now complete, and the Phase 1 project is scheduled to go out to bid in spring of 2023 once all regulatory permits are obtained.

On February 7, 2022, the Board approved an agreement with Hazen for the preliminary design of the second phase of the BESP which included the installation of a new high strength waste receiving station, centrifuge, and thermal dryer facility.

The preliminary design has been completed and a preliminary design report (PDR) is presented herein for Board consideration.

III. COMMENTS AND RECOMMENDATIONS

The completion of a PDR is an important milestone in the development of a large capital project as the scope of the project is defined to a point that a preliminary cost estimate can be prepared and environmental review process can be completed. It also provides an opportunity for the implementing agency to review and/or revise the scope of work as needed due to funding and/or regulatory permitting issues.

The PDR for the BESP Phase 2 improvements consists of two separate volumes of information. Volume 1 is approximately 73 pages long and includes the following:

1. Executive summary
2. Design criteria and other information on all components of the project
3. Regulatory and permitting evaluation
4. Anticipated California Environmental Quality Act (CEQA) requirements
5. Preliminary construction cost estimate summary

6. Preliminary schedule
7. Cost reduction considerations

A copy of Volume 1 of the PDR is attached to this report. Volume 2 of the PDR is approximately 337 pages long and includes the following:

1. Preliminary drawings
2. Preliminary specifications list
3. Equipment cut sheets
4. Design calculations
5. Geotechnical report
6. Air quality analysis
7. CEQA analysis
8. Technical memo on construction cost estimate

A digital copy of Volume 2 of the PDR is available for review at the District office.

The total cost of the Phase 2 project is now estimated to be approximately \$32.6M including a 30% contingency. This is significantly above the initial estimate and budget amount of \$25.5M. A complete breakdown of the construction cost estimate that shows all the “cost adders” is included in Volume 2 of the PDR.

This increase in estimated project cost led to a value engineering effort and further review of the project scope to see how the project cost might be brought back into line with the prior cost estimate and budget. Several cost reduction alternatives were considered and are included in Volume 1 of the PDR.

The removal of the high strength waste (HSW) receiving facility from the project was one option that was preferred for several reasons. First, the installation of the HSW triggers the installation of a new flare that meets Best Available Control Technology (BACT) requirements. Furthermore, a net present cost analysis of the total costs associated with installation of the HSW to generate biogas for the thermal dryer compared to using natural gas showed that the options were about equal.

Since there is no economic incentive for installation of the HSW at this time and since it can be constructed at a later date when cost drivers (grant funding availability and increased biogas value) make it more economically feasible, removing it from the scope of the proposed project at this time makes sense and will reduce the overall project cost.

Other cost reductions considered relate to the type and size of the proposed thermal dryer building. The total estimated cost savings associated with the recommended cost reduction alternative is approximately \$5.6M. Further analysis of the type and size of the thermal dryer building during final design may yield additional cost savings.

Given the possibility of changes to the overall scope of the project as discussed above the environmental review of this project has been temporarily placed on hold. Once

the scope of the project is confirmed, the environmental review process will continue. If the scope of the project is reduced as recommended in the PDR, the level of environmental review/analysis required, along with final design costs will also be reduced.

For these reasons, staff recommends that the proposed cost reduction alternative included in the PDR be implemented to reduce the overall estimated project cost by approximately \$5.6M.

If the Board supports this recommendation, staff will reinitiate the environmental review efforts and bring an updated proposal for final design services back to the board for consideration at a subsequent meeting.

IV. REFERENCE MATERIAL

BESP Phase 1 Preliminary Design Final Report Volume 1