



SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY

BOARD OF DIRECTORS MEETING AGENDA

APRIL 3, 2024
8:00 A.M.

ADMINISTRATION BUILDING

1500 SOUTHSIDE DRIVE
GILROY, CA 95020

CHAIR:
Rene Spring, Morgan Hill

VICE CHAIR:
Dion Bracco, Gilroy

BOARD MEMBERS:
Marie Blankley, Gilroy
Fred M. Tovar, M.Ed., Gilroy
Yvonne Martinez Beltran, Morgan Hill

SECRETARY:
Saeid Vaziry, P.E.

SCRWA MANAGER:
Jimmy Forbis, Gilroy

1500 Southside Drive
Gilroy, California 95020
Telephone (408) 848-0480
Facsimile (408) 842-0873
scrwamail@ci.gilroy.ca.us
www.cityofgilroy.org

COMMENTS BY THE PUBLIC WILL BE TAKEN ON ANY AGENDA ITEM BEFORE ACTION IS TAKEN BY THE SCRWA BOARD OF DIRECTORS. Persons speaking on any matter are asked to state their name and address for the record. Public testimony is subject to reasonable regulations, including but not limited to time restrictions on particular issues and for each individual speaker.

All matters listed under Consent Calendar are considered by Board of Directors to be routine and will be enacted by a single motion. There will be no separate discussion of these items unless a request is made by a member of the public, a Board Member or Staff prior to the time the Board votes on the motion to adopt.

Persons who wish to speak on matters set for PUBLIC HEARING will be heard when the presiding officer calls for comments from those persons who are in support of or in opposition thereto. After persons have spoken, the hearing is closed and brought to Board level for discussion and action. There is no further comment permitted from the audience unless requested by the Board.

In compliance with the Americans with Disabilities Act, SCRWA will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the Secretary to the Joint Powers Authority at (408) 848-0480 at least 48 hours prior to the hearing for accommodations. Please ask for assistance at the Secretary's desk PRIOR to the start of the meeting or during a break in the meeting.

If you challenge any planning or land use decision made at this meeting in court, you may be limited to raising only those issues you or someone else raised at the public hearing held at this meeting, or in written correspondence delivered to the Board of Directors at, or prior to, the public hearing.

A Closed Session may be called during this meeting pursuant to Government Code Section 54956.9(b)(1) if a point has been reached where, in the opinion of the legislative body of the Joint Powers Authority on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the Joint Powers Authority.

Meeting Schedule: The Joint Powers Authority meets regularly on the first Wednesday of each quarter, at 8:00 a.m. If a holiday should fall on the regular meeting date, the meeting will be rescheduled to the following Wednesday.

Wednesday, April 3, 2024, 8:00 A.M.

I. Call to Order

- A. Certification of Posting of the Agenda
- B. Roll Call

II. Consent Calendar (by Motion)

- A. Approval of Minutes of the January 3, 2024 meeting (copies)

III. Presentation by Members of the Public on Items not on the Agenda

IV. Bids and Proposals

V. Old Business

- A. Adoption of an Ordinance of the SCRWA Amending Existing Sewer Use Ordinance 2013-01 to Include the Requirements of the U.S. Environmental Protection Agency Regulations and set Uniform Requirements for Discharge into the Wastewater Collection and Treatment System (copies)
 - 1. Public CommentPossible Action:
 - 2. Motion to adopt ordinance 2024-01 of the Board of SCRWA Amending Existing Sewer Use Ordinance 2013-01 to improve Authority's Pretreatment Program

VI. New Business

- A. Approval of the Update to the SCRWA's Conflict of Interest Code by Adoption by Roll Call Vote of Resolution 2024-02 per Political Reform Act (copies)
- B. Award Recommendation for Linear Mixers for Oxidation Ditch at Secondary Treatment (copies)

VII. Communications

- A. Cash and Investment Report as of December 31, 2023 (copies)
- B. Presentation of Audited Financial Statement for the Year Ended June 30, 2023 (copies)
- C. Announcement Regarding SCRWA Receiving Top Award by the Water Environmental Association (copies)

VIII. Report

- A. Jacobs
 - 1. Wastewater Acronyms (copies)
 - 2. Plant Reports – December 2023 to February 2024 (copies)
 - 3. Recap of Expenses – December 2023 to February 2024 (copies)
 - 4. Septage Report – December 2023 to February 2024 (copies)
- A. Valley Water
- B. Stantec
 - 1. Engineering Projects Report – April 2024 (copies)
- C. SCRWA Manager
- D. SCRWA Attorney
- E. Board Members

IX. Adjourn



**SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY**

**BOARD OF DIRECTORS
MEETING MINUTES**

JANUARY 3, 2024

1500 Southside Drive
Gilroy, California 95020
Telephone (408) 848-0480
Facsimile (408) 842-0873
scrwamail@ci.gilroy.ca.us
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SECRETARY:
Saeid Vaziry, P.E.

SCRWA MANAGER:
Jimmy Forbis, Gilroy

MEMBERS PRESENT:

Rene Spring
Dion Bracco
Marie Blankley

STAFF PRESENT:

Gilroy

Harjot Sangha
Saeid Vaziry
Jonathon Crick
Karl Bjarke

Morgan Hill

Chris Ghione
James Sylvain

VALLEY WATER:

John Varela
Richard Santos
Kirsten Struve
Dave Tucker

I. Call to Order

Chairman Spring called the meeting to order at 8:00 A.M.

A. Certification of posting of the agenda

Kerry Edmonds reported the agenda was posted on December 28, 2023 @ 11:30 A.M.

B. Roll Call

3 Board Members were present, Board Members Tovar and Beltran were absent.

II. Consent Calendar

A. Approval of minutes for the October 4, 2023 meeting

Motion to approve Consent Calendar moved by Director Bracco, seconded by Director Blankley

Ayes 3, Spring, Bracco, Blankley

Nays 0, Abstain 0

Vote: Motion Carried

III. Presentation by members of the public on items not on the agenda

None

IV. Bids and Proposals

None

V. Old Business

None

VI. New Business

A. Saeid Vaziry presented a brief background and overview of the Pretreatment Program.

1. Jonathan Crick presented and reviewed the updates amending the existing Sewer Use Ordinance 2013-01 and Enforcement Response Plan and Local Limits Report to include the requirements of the Federal Environmental Protection Agency and State of California Water Board Regulations that regulate Wastewater discharges into the Wastewater Collection and Treatment System. This included required and recommended actions of the 2020 Pretreatment Compliance Audit, including regulations for Industrial Users and setting uniform requirements for discharge into the Wastewater Collection and Treatment System.

Public Hearing was conducted and there were no speakers.

Motion to read the Sewer Use Ordinance 2024-01 of the SCRWA by title only and waive the reading of the ordinance moved by Director Blankley, seconded by Director Bracco.

Ayes 3, Spring, Bracco, Blankley

Nays 0, Abstain 0

Vote: Motion Carried

**Motion to Amend Existing Ordinance 2013-01 and introduce Sewer Use Ordinance 2024-01 of the SCRWA to Regulate Sewer Use and set uniform requirements for discharge into the Wastewater Collection and Treatment System and to update the Enforcement Response Plan moved by Director Blankley, seconded by Director Bracco. Ayes 3, Spring, Bracco, Blankley
Nays 0, Abstain 0
Vote: Motion Carried**

- B. Harjot Sangha presented the Re-adoption of Investment Policy, with two minor changes which are the Investment Standard and Delegation of Authority.
**Motion to accept the changes and Re-adoption of Investment Policy moved by Director Bracco, seconded by Director Blankley.
Ayes 3, Spring, Bracco, Blankley
Nays 0, Abstain 0
Vote: Motion Carried**

I. Communications

A. **Cash and Investment Report as of September 30, 2023**

Harjot Sangha presented the Cash and Investment Report as of September 30, 2023

II. Reports

A. **Jacobs**

John Edgar reported there were no exceedances this past quarter.

2 staff members passed and received level 1 Wastewater Operator certification.

All Grade 3 Operators have received advanced certification training, and 2 have passed and received certification.

B. **Valley Water**

Director Varela reported on a meeting with Cal Fire, to discuss water supply and water turnout in the region in the event of a major fire. We are in good shape for local water supply at this time.

C. **Stantec**

Billy Wong presented the engineering projects report on the Plant Expansion Project which is tracking on time and on budget. Currently in the process of updating the Recycled Water Permits and reviewing applications on additional recycle water use as well as making improvements on the Recycled Water System.

D. **SCRWA Manager**

None

E. **SCRWA Attorney**

None

F. **Board Members**

None

Adjourn

Chairman Spring adjourned the meeting at 8:31 A.M.



Kerry Edmonds, Deputy Secretary of the Board
South County Regional Wastewater Authority



**SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY**

1500 Southside Drive

Gilroy, California 95020-7042

Telephone (408) 848-0480

Facsimile (408) 842-0873

scrwamail@ci.gilroy.ca.us

DATE: April 3, 2024

TO: Honorable Chairman Spring and Members of the Board

FROM: Jimmy Forbis, Authority Manager

BY: Saeid Vaziry, Senior Environmental Engineer
Jonathan Crick, Deputy Fire Marshal and Pretreatment Program Manager

SUBJECT: **ADOPTION OF AN ORDINANCE OF THE SOUTH COUNTY
REGIONAL WASTEWATER AUTHORITY AMENDING EXISTING
SEWER USE ORDINANCE 2013-01 TO INCLUDE THE
REQUIREMENTS OF THE U.S. ENVIRONMENTAL PROTECTION
AGENCY AND THE STATE WATER RESOURCES CONTROL BOARD
FOR DISCHARGE INTO THE WASTEWATER COLLECTION AND
TREATMENT SYSTEM**

Recommendation

Adopt the Sewer Use Ordinance 2024-01 of the South County Regional Wastewater Authority (SCRWA) relating to the Pretreatment Program for wastewater discharges into the wastewater collection and treatment system in accordance with the requirements of the U.S. Environmental Protection Agency and the State Water Resources Control Board.

Executive Summary

The proposed ordinance, which amends the existing Sewer Use Ordinance 2013-01 to meet the requirements of federal and state regulatory agencies to control wastewater discharges and protect water quality, was introduced at the January 3, 2024 SCRWA Board meeting. The Board motioned to read the ordinance by title only, waived further reading of the ordinance, and introduced the ordinance through a public hearing. No modifications to the draft ordinance were proposed by the Board. There were no speakers nor any comments received from the public. The Board is now being asked to adopt the proposed ordinance. Upon adoption, the ordinance would go into effect thirty (30) days thereafter.

Background

At its regular meeting of January 3, 2024, the SCRWA Board introduced the proposed ordinance. This ordinance provides the modifications intended to make the SCRWA Ordinance meet Federal and State requirements for local wastewater dischargers. It clarifies details and definitions to make the local ordinance consistent with the language of the Federal Model and Federal Code of Regulations and will not change the current administration or operations of the Pretreatment

Program. Further context can be found in the attached introduction of the ordinance staff report from January 3, 2024.

Public Outreach

The ordinance amendments' introduction and adoption were advertised and discussed publicly. Public outreach efforts and activities included:

- Posted in agenda for the January 3, 2024 Board meeting.
- Discussed publicly at the January 3, 2024 Board meeting.
- Advertised on cities' official websites in Gilroy and Morgan Hill, accessible to the general public.
- Notified significant industrial users of the proposed amendments.

Alternative

Board may choose not to adopt the ordinance. This is not recommended, as the proposed ordinance was constructed from feedback from federal, state, and local regulatory environmental agencies established to protect water quality. Any changes to the language will result in the need to restart the adoption process.

Next Steps

Once adopted, the ordinance will become effective in 30 days after adoption.

Fiscal Impact

The proposed ordinance is not projected to entail financial or operational implications for the SCRWA.

Attachments:

- 1) Proposed Sewer Use Ordinance 2024-01
- 2) January 3, 2024 Staff Report (without attachments)

ORDINANCE NO. 2024-01

AN ORDINANCE OF THE SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY AMENDING THE EXISTING ORDINANCE 2013-01 TO REGULATE SEWER USE AND SET UNIFORM REQUIREMENTS FOR DISCHARGE INTO THE WASTEWATER COLLECTION AND TREATMENT SYSTEM

WHEREAS, the South County Regional Wastewater Authority (Authority) is required to adopt a sewer use ordinance to protect the South County Regional Wastewater Treatment Plant (Plant); and

WHEREAS, sewer use ordinance 93-1 local limits were amended with Ordinance 2000-01; and

WHEREAS, the sewer use ordinance 2013-01 was adopted with amendments per direction from the Regional Water Quality Control Board; and

WHEREAS, the existing sewer use ordinance 2013-01 provides the legal authority to set uniform requirements for discharges into the wastewater collection and treatment system; and

WHEREAS, the United States Environmental Protection Agency (USEPA) has promulgated new rules pertaining to requirements of sewer use ordinances; and

WHEREAS, the adoption of these rules will ensure the continued compliance of the Plant with its National Pollutant Discharge Elimination System (NPDES) Permit and Federal Law; and

NOW, THEREFORE, THE SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY DOES HEREBY ORDAIN AS FOLLOWS:

SECTION A

This ordinance may be called the “Pretreatment and Sewer Use Ordinance #2024-01”.

SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY
PRETREATMENT AND SEWER USE ORDINANCE #2024-01

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SECTION 1 GENERAL PROVISIONS

SECTION 1.1 AUTHORITY

This ordinance shall apply to all industrial users and other users subject to wastewater discharge permits of the South County Regional Wastewater Treatment Plant (Plant). The ordinance authorizes the issuance of wastewater discharge permits; authorizes monitoring, compliance, and enforcement activities; establishes administrative review procedures; requires industrial reporting; and provides for the settling of fees for the equitable distribution of costs resulting from the program established herein. This ordinance authorizes the South County Regional Wastewater Authority (Authority) to administer the pretreatment program, to enforce its Enforcement Response Plan, and to apply applicable civil and criminal penalties in its wastewater discharge permits as required by 40 CFR Part 403.8(f)(1)(vi).

SECTION 1.2 PURPOSE AND POLICY

This ordinance sets uniform requirements for discharges into the sanitary sewer system and Plant and enables the Authority to comply with the administrative and waste quality requirements of the Clean Water Act, the water quality requirements set by the Central Coast Regional Water Quality Control Board (Central Coast Water Board), the applicable effluent limitations, national standards of performance, toxic and pretreatment effluent standards, and any other discharge criteria which are required or authorized by state or federal law, and to derive the maximum public benefit by regulating the quality of wastewater discharged into those systems.

The objectives of this ordinance to comply with the Clean Water Act are:

- A. To prevent the introduction of pollutants into the Plant and sanitary sewer system that will interfere with the operation of the system or contaminate the resulting sludge;
- B. To prevent the introduction of pollutants into the Plant which will pass through the system, inadequately treated; into receiving waters or the atmosphere or otherwise be incompatible with the system;
- C. To improve the opportunity to recycle and reclaim wastewaters and sludges from the system;
- D. To protect the Plant, sanitary sewer system, and pretreatment personnel who may be affected by wastewater and sludge in the course of their employment, and to protect the general public; and
- E. To enable the Plant to comply with its National Pollutant Discharge Elimination System (NPDES) permit conditions, sludge use and disposal requirements and any other federal or state laws to which the Plant is subject.

SECTION 1.3 ADMINISTRATION AND ENFORCEMENT

The Authority Manager or designee shall enforce the provisions of this ordinance, and for such

purposes shall have the powers of a peace officer. Such powers shall not limit or otherwise affect the powers and duties of other Authority officials. Any powers granted to or duties imposed upon Authority Manager may be delegated by the Authority Manager to a duly authorized employee.

SECTION 1.4 DEFINITIONS

Unless a provision explicitly states otherwise, the following terms and phrases, as used in this ordinance, shall have the meanings hereinafter designated.

- A. Act or the Act: The Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 USC 1251 et seq.
- B. Approval Authority: Regional Water Quality Control Board, Central Coast Region, San Luis Obispo, CA.
- C. Authority: South County Regional Wastewater Authority, its officers, directors, designees, or agents.
- D. Authority Manager: The Manager of the Authority or a designated representative.
- E. Authorized or Duly Authorized Representative of the User: An authorized representative of a user may be:
 - (1) If the user is a corporation:
 - (a) The president, secretary, treasurer, or a vice president of the corporation in charge of a principal business function, or any other person who performs similar policy or decision-making functions for the corporation; or
 - (b) The manager of one or more manufacturing, production, or operating facilities, provided the manager is authorized to make management decisions that govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiate and direct other comprehensive measures to assure long term environmental compliance with environmental laws and regulations; can ensure that the necessary systems are established or actions taken to gather complete and accurate information for individual wastewater discharge permit requirements; and where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.
 - (2) If the user is a partnership or sole proprietorship: a general partner or proprietor, respectively.
 - (3) If the user is a Federal, State, or local governmental facility: a director or highest official appointed or designated to oversee the operation and performance of the activities of the government facility, or their designee.
 - (4) The individuals described in paragraphs (1) through (3), above, may designate a Duly Authorized Representative if the authorization is in writing, the authorization specifies the individual or position responsible for the overall operation of the facility from which the discharge originates or having overall

responsibility for environmental matters for the company, and the written authorization is submitted to the Authority.

- F. Beneficial Uses: Uses of the Waters of the State that may be protected against quality degradation include, but are not necessarily limited to: domestic, municipal, agricultural and industrial supply power generation, recreation, aesthetic enjoyment, navigation and preservation and enhancement of fish, wildlife, and other aquatic resources or reserves, and other uses, both tangible or intangible as specified by Federal or State Law.
- G. Best Management Practices (BMPs): The schedule of activities, prohibitions of practices, maintenance procedures, and other management practices to implement the prohibitions listed in Sections 2.1, 2.2, and 2.3 of this ordinance. BMPs include treatment requirements, operating procedures, and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw materials storage.
- H. Biochemical Oxygen Demand (BOD): The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure for five (5) days at 20° centigrade expressed as a concentration (e.g., milligrams per liter [mg/l]).
- I. Building Sewer: A lateral sewer conveying wastewater from the premises of the user to the public sanitary sewer system.
- J. Categorical Pretreatment Standards or Categorical Standards: Any regulation containing pollutant discharge limits promulgated by USEPA in accordance with section 307(b) and (c) of the Clean Water Act (33 U.S.C. section 1317) that apply to a specific category of users and that appear in 40 CFR Chapter I, Subchapter N, Parts 405-471.
- K. Color: The optical density at the visual wavelength of maximum absorption relative to distilled water. One hundred percent (100%) transmittance is equivalent to zero (0.0) optical density.
- L. Composite Sample: A sample resulting from the combination of individual wastewater samples taken at selected intervals based on an increment of either flow or time.
- M. Cooling Water: The water discharge from any uses, such as air conditioning, cooling, or refrigeration, or to which the only pollutant added is heat.
- N. Commercial or Industrial Sewage: Any and all liquids and/or solids contained within liquids from industrial, commercial, or institutional processes, except liquid borne wastes derived from ordinary living processes, and of such character as to permit satisfactory disposal, without special treatment, into the sanitary sewer system.
- O. Control Authority: The term "Control Authority" shall refer to the South County Regional Wastewater Authority or the Authority Manager or the Authority Manager's designee.
- P. Daily Maximum: The arithmetic average of all effluent samples for a pollutant collected during a calendar day.
- Q. Daily Maximum Limit: The maximum allowable discharge limit of a pollutant during a calendar day. Where daily maximum limits are expressed in units of mass, the daily discharge is the total mass discharged over the course of the day. Where daily

maximum limits are expressed in terms of a concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day.

- R. Effluent: Shall mean the liquid outflow of any facility designed to treat, convey, or retain wastewater.
- S. Environmental Protection Agency (USEPA): The United States Environmental Protection Agency, or where appropriate, the term may also be used as a designation for the administrator or other duly authorized official of said agency.
- T. Existing Source: Any source of discharge, the construction or operation of which commenced prior to the publication of proposed categorical pretreatment standards which will be applicable to such source if the standard is thereafter promulgated in accordance with Section 307 of the Act (33 U.S.C. section 1317).
- U. Grab Sample: A sample which is taken from a wastestream on a one-time basis with no regard to the flow in the wastestream and without consideration of time or strength and over a period of time not to exceed fifteen (15) minutes).
- V. Health Officer: The Santa Clara County health officer, his/her assistants, or authorized deputies.
- W. Holding Tank Waste: Any waste from holding tanks such as vessels, chemical toilets, campers, trailers, boats, septic tanks, and vacuum pump tank trucks.
- X. Indirect Discharge: The discharge or the introduction of non-domestic pollutants from any source regulated under section 307(b) and (c) or (d) by the Act, into the Plant (including holding tank waste discharged into the system).
- Y. Industrial User: Any contributor of industrial waste or wastewater or a source of indirect discharge.
- Z. Industrial Waste or Wastewater: Any non-domestic liquid or solid wastes from any commercial, industrial, or institutional establishment. Industrial waste is distinct from sanitary or domestic waste.
- AA. Inspector: Inspector means the authorized inspector or representative of the Authority Manager.
- BB. Instantaneous Maximum Allowable Discharge Limit: The maximum concentration (or loading) of a pollutant allowed to be discharged at anytime, determined from the analysis of any discrete or composited sample collected, independent of the industrial flow rate and the duration of the sampling event.
- CC. Interceptor: A device or trap to prevent the amount of grease, sand, oil or other solids or semi-solids from entering the sewer system.
- DD. Interference: A discharge that, alone or in conjunction with a discharge or discharges from other sources, inhibits or disrupts the Plant, its treatment processes or operations, or its sludge processes, use or disposal which is a cause of or significantly contributes to either a violation of any requirements of the Plant's NPDES permit (including an increase in the magnitude or duration of a violation) or to the prevention of sewage sludge use or disposal by the Plant in accordance with the following statutory provisions and regulations or permits issued under the Solid Waste Disposal Act (SWDA), including Title II, more commonly, referred to a Resource Conservation and Recovery Act (RCRA) and including State regulations contained in any state sludge

management plan prepared pursuant to Subtitle D of the SWDA, the Clean Air Act, the Toxic Substances Control Act (TSCA), and the Marine Protection, Research, and Sanctuaries Act.

- EE. Local Limit: Specific discharge limits developed and enforced by the Authority upon industrial or commercial facilities to implement the general and specific discharge prohibitions listed in 40 CFR Part 403.5(a)(1) and (b).
- FF. Medical Waste: Isolation wastes, infectious agents, human blood and blood byproducts, pathological wastes, sharps, body parts, fomites, etiological agents, contaminated bedding, surgical wastes, potentially contaminated laboratory wastes, and dialysis wastes.
- GG. Member Agency: Either or both of the Cities of Gilroy or Morgan Hill, whose joint exercise of Powers agreement created the Authority.
- HH. National Pollutant Discharge Elimination System (NPDES) permit: A permit issued to the Authority pursuant to section 402 of the Act that regulates operations of the Plant and discharge of treated effluent to Waters of the United States.
- II. New Source:
 - (1) Any building, structure facility, or installation from which there is (or may be) a discharge of pollutants, the construction of which commenced after the publication of proposed pretreatment standards under section 307(c) of the Act that will be applicable to such source if such standards are thereafter promulgated in accordance with that section, provided that:
 - (a) The building, structure, facility, or installation is constructed at a site at which no other source is located; or
 - (b) The building, structure, facility, or installation totally replaces the process or production equipment that causes the discharge of pollutants at an existing source; or
 - (c) The production or wastewater generating processes of the building, structure, facility, or installation are substantially independent of an existing source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the existing source, shall be considered.
 - (2) Construction on a site at which an existing source is located results in a modification rather than a new source if the construction does not create a new building, structure, or facility, or installation meeting the criteria of section (1)(b) or (c) above but otherwise alters, replaces, or adds to existing process or production equipment.
 - (3) Construction of a new source as defined under this paragraph has commenced if the owner or operator has:
 - (a) Begun, or caused to being, as part of a continuous onsite construction program
 - (i) Any placement, assembly, or installation of facilities or equipment; or

- (ii) Significant site preparation work including clearing, excavation, or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment; or
 - (b) Entered into a binding contractual obligation for the purchase of facilities or equipment which are intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this paragraph.
- JJ. Noncontact Cooling Water: Water used for cooling which does not come into direct contact with any raw material, intermediate product, waste product, or finished product.
- KK. Pass Through: A discharge which exits the Plant in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the Authority's NPDES permit, including an increase in the magnitude or duration of a violation.
- LL. Permittee: The person to whom a wastewater discharge permit has been issued pursuant to this ordinance.
- MM. Person: An individual, firm, partnership, or corporation, and their heirs, assigns or agents.
- NN. pH: The scale of 1 to 14 that measures acidity and alkalinity; 7.0 being neutral, 0-6.9 being acidic, and 7.1-14 being basic or alkaline. Technically, it is the logarithm (base 10) of the reciprocal of the concentration of hydrogen ions in standard units.
- OO. Point of Discharge: The point at which any private sewer joins the sanitary sewer system.
- PP. Pollutant: Any dredged spoil, solid waste, incinerator residue, sewage, garbage, sewage sludge, munitions, medical wastes, chemical wastes, industrial wastes, biological materials, radioactive materials, heat, wrecked or discharged equipment, rock, sand, cellar dirt, agricultural and industrial wastes, and the characteristics of wastewater (i.e. pH, temperature, total suspended solids [TSS], turbidity, color, BOD, Chemical Oxygen Demand [COD], toxicity, odor).
- QQ. Pretreatment: The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutants' properties in wastewater to a less harmful state prior to or in lieu of discharging or otherwise introducing such pollutants into a publicly owned treatment works (POTW). The reduction or alteration can be obtained by physical, chemical, or biological processes, process changes, or other means, except by diluting the concentration of the pollutants unless allowed by an applicable pretreatment standard.
- RR. Pretreatment Requirements: Any substantive or procedural requirement related to pretreatment, other than a pretreatment standard imposed on a user.
- SS. Pretreatment Standard: Prohibited discharge standards, categorical pretreatment standards, and local limits

- TT. Publicly Owned Treatment Works (POTW): A treatment works, as defined by section 212 of the Act (33 U.S.C. section 1292), which is owned by a municipality (as defined by section 502(4) of the Act). A POTW includes any devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes, and other conveyances only if they convey wastewater to a treatment plant. The term also means the municipality as defined in section 502(4) of the Act, which has jurisdiction over the indirect discharges to and the discharges from such a treatment works.
- UU. Reclaimed Water: Water which, as a result of treatment of waste, is suitable for direct beneficial use or a controlled use that would not otherwise occur.
- VV. Sanitary Sewer: A main line sewer for the acceptance of any sewage or liquid waste, except storm water, surface water, ground water, roof runoff, or other unpolluted water.
- WW. Septic Tank Waste: Any sewage from holding tanks, such as vessels, chemical toilets, campers, trailers, and septic tanks.
- XX. Sewage: All water, or a combination of liquid or water containing human waste, conducted away from residences, business buildings, and institutions, which is known as domestic or sanitary sewage, together with the liquid or water carried waste resulting from a manufacturing process employed in commercial or industrial establishments including washing, cleaning, or drain water from such processes, which is known as industrial waste.
- YY. Shall: Is mandatory. *May* is permissive.
- ZZ. Significant Industrial User (SIU): Except as provided in paragraphs (3) and (4) below, an SIU is:
- (1) An industrial user subject to categorical pretreatment standards; or
 - (2) Any industrial user that:
 - (a) Discharges an average of ten thousand (10,000) gallons per average workday or more of process wastewater to the Authority's wastewater treatment system (excluding sanitary, noncontact cooling and boiler blowdown wastewater); or
 - (b) Contributes a process wastestream which makes up five (5) percent or more of the average dry weather hydraulic capacity of the Plant; or
 - (c) Is designated as such by the Authority on the basis that it has reasonable potential for adversely affecting the Plant's operation or for violating any pretreatment standard or requirement.
 - (3) The Authority may determine that an industrial user subject to categorical pretreatment standards is a Non-Significant Categorical Industrial User (NSCIU) rather than an SIU on a finding that the industrial user never discharges more than one hundred (100) gpd of total categorical wastewater (excluding sanitary, noncontact cooling, and boiler blowdown wastewater), unless specifically included in the pretreatment standard) and the following conditions are met:

- (a) The industrial user, prior to the Authority's finding, has consistently complied with all applicable categorical pretreatment standards and requirements;
 - (b) The industrial user annually submits the certification statement required in Section 5.14(B) together with any additional information necessary to support the certification statement; and
 - (c) The industrial user never discharges any untreated concentrated wastewater.
- (4) Upon a finding that a user meeting the criteria in subsection (2) above has no reasonable potential for adversely affecting the Plant's operation or for violating any pretreatment standard or requirement, the Authority may at any time on its own initiative or in response to a petition received from an industrial user, and in accordance with procedures in 40 CFR Part 403.8(f)(6), determine that such user should not be considered an SIU.

AAA. Significant Noncompliance (SNC): SNC is a condition where a user may have any of the following conditions:

- (1) Chronic violations of wastewater discharge limits, defined here as those in which sixty-six percent (66%) or more of all the measurements taken for the same pollutant parameter during a six- (6-) month period exceeded (by any magnitude) a numeric pretreatment standard or requirement, including instantaneous limits as defined in Section 1.4(BB);
- (2) Technical Review Criteria (TRC) violations, defined here as those in which thirty-three percent (33%) or more of wastewater measurements taken for each pollutant parameter during a six- (6-) month period equals or exceeds the product of the numeric pretreatment standard or requirement including instantaneous limits, as defined in Section 1.4(BB), multiplied by the applicable criteria (1.4 for BOD, TSS, fats, oils, and grease, and 1.2 for all other pollutants except pH);
- (3) Any other violation of a pretreatment standard or requirement as defined in Section 2 that the Authority determines has caused, alone or in combination with other discharges, interference or pass through, including endangering the health of POTW personnel or the general public;
- (4) Any discharge of a pollutant that has caused imminent endangerment to the public or to the environment, or has resulted in the Authority's exercise of its emergency authority to halt or prevent such a discharge;
- (5) Failure to meet, within ninety (90) days of the scheduled date, a compliance schedule milestone contained in a wastewater discharge permit or enforcement order for starting construction, completing construction, or attaining final compliance;
- (6) Failure to provide within forty-five (45) days after the due date, any required reports, including baseline monitoring reports, 90-day compliance reports, periodic self-monitoring reports, and reports on compliance with compliance schedules;
- (7) Failure to accurately report noncompliance; or

- (8) Any other violation(s), which may include violation of BMPs, which the Authority determines will adversely affect the operation or implementation of the Pretreatment Program.
- BBB. Slug Load or Slug Discharge: Any discharge at a flow rate or concentration which could cause a violation of the prohibited discharge standards in Section 2.1 of this ordinance. A slug discharge is any discharge of a non-routine, episodic nature, including, but not limited to, an accidental spill or a non-customary batch discharge, which has a reasonable potential to cause interference or pass through, or in any other way violate the Authority's regulations, local limits, or NPDES permit conditions.
- CCC. Standard Industrial Classification (SIC) Code: A classification pursuant to the Standard Industrial Classification Manual issued by the U.S. Office of Management and Budget.
- DDD. Storm Water: Any flow occurring during or following any form of natural precipitation and resulting from such precipitation including snowmelt.
- EEE. Total Dissolved Solids (TDS): Matter dissolved in water that will pass through a filter.
- FFF. Total Suspended Solids (TSS): The total suspended matter that floats on the surface of, or is suspended in, water, wastewater, or other liquids, and which is removable by laboratory filtering.
- GGG. User: A source of indirect discharge.
- HHH. Wastewater: The liquid portion of industrial or domestic wastes from dwellings, commercial buildings, industrial facilities, and institutions, which may be present, whether treated or untreated, which is contributed into or permitted to enter the POTW.
- III. Waters of the State: All streams, lakes, ponds, marshes, water courses, waterways, wells, springs, reservoirs, aquifers, irrigation systems, drainage systems, and all other bodies or accumulations of water, surface, or underground, natural or artificial, public or private, which are contained within, flow through, or border upon the State or any portion thereof.

SECTION 1.5 ABBREVIATIONS

<u>BOD</u>	Biochemical Oxygen Demand
<u>CFR</u>	Code of Federal Regulations
<u>COD</u>	Chemical Oxygen Demand
<u>gpd</u>	Gallons Per Day
<u>l</u>	Liter
<u>LEL</u>	Lowest Explosive Limit
<u>mg</u>	Milligrams
<u>mgd</u>	Million Gallons Per Day
<u>mg/l</u>	Milligrams Per Liter
<u>NIOSH</u>	National Institute of Occupational Safety and Health
<u>NPDES</u>	National Pollutant Discharge Elimination System
<u>O&M</u>	Operation and Maintenance
<u>pH</u>	Hydrogen Ion Concentration
<u>POTW</u>	Publicly Owned Treatment Works

<u>RCRA</u>	Resource Conservation Recovery Act
<u>SIC</u>	Standard Industrial Classifications
<u>SIU</u>	Significant Industrial User
<u>SWDA</u>	Solid Waste Disposal Act (42 USC 6901, et seq.)
<u>TOC</u>	Total Organic Carbon
<u>TDS</u>	Total Dissolved Solids
<u>TSCA</u>	Toxic Substances Control Act
<u>TSS</u>	Total Suspended Solids
<u>TTO</u>	Total Toxic Organics
<u>USC</u>	United States Code
<u>USEPA</u>	U.S. Environmental Protection Agency

SECTION 2 SEWER USE REQUIREMENTS

SECTION 2.1 PROHIBITED DISCHARGE STANDARDS

It shall be unlawful for any user to contribute or cause to be contributed directly or indirectly, any pollutant or wastewater which will pass through or cause interference with the operation or performance of the POTW whether or not the user is subject to categorical pretreatment standards or any other national, state, or local pretreatment standard or requirement. A user shall not contribute the following pollutants, substances, or wastewater to the POTW:

- A. Any liquids, solids, or gases which, by reason of their nature or quantity are, or may be, sufficient either alone or by interaction with other substances to cause a fire or explosion or be injurious in any other way to the POTW or the operation of the POTW. This includes wastestreams with a closed-cup flashpoint of less than 140 degrees F (60 degrees C) using the test methods specified in 40 CFR Part 261.21. Closed-cup flashpoint values may be found in the National Institute of Occupational Safety and Health (NIOSH) *Pocket Guide to Chemical Hazards*. At no time shall two successive readings on an explosion hazard meter at the point of discharge into the system (or at any point in the system) be more than five percent (5%) nor any single reading over ten percent (10%) of the Lowest Explosive Limit (LEL) of the meter. Prohibited materials include, but are not limited to: gasoline, kerosene, naphtha, benzene, toluene, xylene, ethers, alcohols, ketones, aldehydes, peroxides, perchlorates, bromates, carbides, hydrides, sulfides, and any other substances which the Authority, the state, or USEPA has notified the user is a fire hazard to the system.
- B. Solids or viscous substances which may cause obstruction to the flow in a sewer or other interference with the operation of the wastewater treatment facilities.
- C. Wastes having a pH lower than 6.0 or higher than 11.0 or having any corrosive property capable of causing damage or hazards to structures, equipment, or personnel of the sanitary sewer system. Where the Authority deems it advisable, it may be required that any user discharging industrial wastes install and maintain, in an approved manner, a suitable device to continuously measure and record the pH of the wastes so discharged.
- D. Any wastewater containing toxic pollutants in sufficient quantity, either singly or by interaction with other pollutants, to injure or interfere with any wastewater treatment process, constitute a hazard to humans or animals, create a toxic effect in the receiving waters of the Plant, or to exceed the limitations set forth in a categorical pretreatment standard. A toxic pollutant shall include, but not limited to, any pollutant identified pursuant to the Act.
- E. Any noxious or malodorous liquids, gases, or solids which either singly or by interaction with other wastes are sufficient to create a public nuisance or hazard to life and health, or is sufficient to prevent entry into the sanitary sewer system for testing, maintenance, and repair.
- F. Any substance which may cause the Plant's effluent or any other product of the Plant such as residues, sludges, or scums, to be unsuitable for reclamation and reuse or to

interfere with the reclamation process. In no case shall a substance discharged to the POTW cause the Plant to be in non-compliance with sludge use or disposal criteria, guidelines or regulations developed under the Act; any criteria, guidelines, or regulations affecting sludge use or disposal developed pursuant to the SWDA, or State criteria applicable to the sludge management method being used.

- G. Any substance which will cause the Plant to violate its NPDES permit.
- H. Any wastewater with objectionable color not removed in the treatment process.
- I. Any wastewater with heat in amounts which inhibit biological activity in the POTW resulting in interference, but in no case heat in such quantities that the temperature at the Plant exceeds 40° C (104°F) unless the Authority upon requests of the Plant approves alternate temperature limits.
- J. Any pollutants including oxygen demanding pollutants (BOD, etc.) released at a flow rate and/or pollutants concentration which a user knows or has reason to know will cause interference to the POTW. In no case shall a sudden unexpected discharge have a flow rate or contain concentrations or quantities or pollutants that exceed for any time period longer than fifteen (15) minutes more than five (5) times the average twenty-four (24) hour concentration, quantities, or flow during normal operation.
- K. Any wastewater containing any radioactive wastes or isotopes of such half-life or concentration as may exceed limits established by applicable State or Federal regulations.
- L. Any wastewater which causes a hazard to human life or creates a public nuisance.
- M. Storm water, surface water, ground water, artesian well water, roof runoff, subsurface drainage, condensate, deionized water, noncontact cooling water, and unpolluted industrial wastewater.
- N. Limitations on point of discharge: No person shall discharge directly into a manhole or other opening in the sanitary sewer system other than through an approved building sewer, except upon written application by the user and payment of the applicable user charges and fees.
- O. Wastes containing visible amounts of grease, oil, petroleum oil, non-biodegradable cutting oil, or products of mineral oil origin, in concentrations, flows, or amounts that will cause interference or pass through, sufficient to cause stoppage, pluggage, or obstruction of flow to the Plant, or any other damage, or increased maintenance of the sanitary sewer system.
- P. Any trucked or hauled pollutants may not be disposed of except at discharge points designated by the POTW.

Wastes prohibited by this section, shall not be processed or stored in such a manner that they could be discharged to the POTW. All floor drains located in process or materials storage areas must discharge to the user's pretreatment facility before connecting with the POTW.

SECTION 2.2 NATIONAL CATEGORICAL PRETREATMENT STANDARDS

- A. National categorical pretreatment standards shall be in addition to Prohibited Discharge Standards cited in Section 2.1 of this ordinance.
- B. Upon promulgation of the categorical pretreatment standards for a particular industrial category, the categorical pretreatment standard, if more stringent than limitations imposed under this section for sources in that category, shall notify all affected users of the applicable reporting requirements of 40 CFR Part 403.12.
- C. Where specific prohibitions or limits on pollutants or pollutant parameters are developed by the Authority in accordance with Prohibited Discharge Standards (Section 2.1 of this ordinance), such limitations shall be deemed pretreatment standards for the purpose of the Act.

SECTION 2.3 LOCAL LIMITS

The Authority is authorized to establish local limits pursuant to 40 CFR Part 403.5(c). The following pollutant limits are established to protect against pass through and interference. It shall be unlawful for any user to discharge wastewater containing in excess of the following daily maximum limits:

Pollutant	Daily Maximum Limit (mg/L)
Arsenic	0.88
Biochemical oxygen demand (5-day)	610
Cadmium	0.01
Chloride	2,900
Chromium	5.1
Copper	1.8
Cyanide	1.8
Lead	0.50
Mercury	0.03
Nickel	2.7
Silver	4.2
Sodium	2,500
Total dissolved solids	9,500
Total suspended solids	1,000
Zinc	1.4
Oil and grease (as petroleum hydrocarbons)	100
Trace total identifiable chlorinated hydrocarbons	*
Trace toxic organic compounds	*

* Trace refers to the sum of all toxic organic compounds exceeding 1 mg/L. In such cases, the Authority may require additional testing and/or investigation to determine if the discharge may be allowed. The Authority may define the actual limits assigned to the discharger in the wastewater discharge permit.

Concentrations apply at the point where the waste is discharged to the POTW. All concentrations for metallic substance are for “total” metals unless indicated otherwise. The Authority may impose mass limitations in addition to or in place of the concentration-based limitations above.

The Authority may develop Best Management Practices, by ordinance or in a wastewater discharge permit, to implement the local limits and the requirements of Section 2.1 of this ordinance.

SECTION 2.4 STATE OR MEMBER AGENCY REQUIREMENTS

State requirements and limitations on discharges shall apply in any case where they are more stringent than Federal requirements or limitations in this ordinance. A Member Agency's requirements and limitations on discharges shall apply in any case within territorial jurisdiction of the Member Agency where they are more stringent than Federal requirements or limitations in this ordinance.

SECTION 2.5 AUTHORITY'S RIGHT OF REVISION

The Authority reserves the right to establish by ordinance or wastewater discharge permits more stringent limitations or requirements on discharges to the sanitary sewer system.

SECTION 2.6 DILUTION PROHIBITED AS SUBSTITUTE FOR TREATMENT

It shall be unlawful for any user to increase the use of process water or, in any way, attempt to dilute a discharge as a partial or complete substitute for adequate treatment to achieve compliance with the limitations contained in the pretreatment standards. The Authority may impose mass limitations on users who are using dilution to meet applicable pretreatment standards and requirements, or in other cases where the imposition of mass limitations is appropriate.

SECTION 2.7 DISCHARGE TO NATURAL OUTLETS

It shall be unlawful to discharge to the ground surface, storm drain inlet, storm drain, roof drain, sidewalk, drainage ditch, parking lot, curb/gutter, creek, river, or channel any sanitary sewage, wastes, petroleum products, coal tar, or any refuse from any residential, commercial, industrial, or institutional establishments.

SECTION 2.8 HOLDING TANK WASTE OR TRUCKED WASTE

It shall be unlawful for any user to discharge holding tank waste or trucked waste into a sanitary sewer without prior written approval of the Authority. Unless otherwise provided in an approval, a separate written approval must be secured for each separate discharge. Applications for holding tank or trucked waste discharge approvals shall state the specific location of the discharge, the time of day the discharge is to occur, the volume of the discharge, and the wastewater constituents and characteristics of the discharge. If approval is granted for the discharge of such waste into the sanitary sewer system, the user shall pay the applicable user charges and fees and shall meet such other conditions as required by the Authority.

SECTION 2.9 WASH RACK WASTE

No user owning or operating private or public automobile wash rack shall permit any water or effluent to flow into the sanitary sewer system unless such wash rack is roofed over and is equipped with a sand-oil interceptor approved by the Authority.

SECTION 2.10 DRAINING OF SWIMMING POOLS

It shall be unlawful for any person to discharge water from swimming pools, whether public or private, into a storm sewer or gutter. All swimming pool water shall be discharged into a sanitary sewer system and only upon authorization of the Authority, payment of the applicable user charges and fees, and satisfaction of such other conditions as are reasonably required by the Authority.

SECTION 3 PRETREATMENT OF WASTEWATER

SECTION 3.1 PRETREATMENT FACILITIES

Users shall provide all wastewater pretreatment facilities required to comply with this ordinance and shall achieve compliance with all categorical pretreatment standards, local limits, and the prohibitions set forth in Section 2 of this ordinance within the time limitations specified by USEPA, the state, or the Authority, whichever is more stringent. Facilities required to pretreat wastewater to a level acceptable to the Authority shall be provided, operated, and maintained at the user's expense. Detailed plans showing the pretreatment facilities and operating procedures shall be submitted to the Authority for review, and shall be acceptable to the Authority before construction of this facility. The review of such plans and operating procedures will in no way relieve the user from the responsibility of modifying the facility as necessary to produce an effluent acceptable to the Authority under the provisions of this ordinance. Any subsequent changes in the pretreatment facilities or method of operation shall be reported to and be acceptable to the Authority prior to the user's initiation of the changes. The user shall retain all records relating to compliance with Pretreatment Standards and make them available to officials of the USEPA or Central Coast Water Board upon request.

Whenever deemed necessary, the Authority may require users to restrict their discharge during peak flow periods, designate that certain wastewater be discharged only into specific sewers, relocate, and/or consolidate points of discharge, separate sewage wastestreams from process wastestreams, and such other conditions as may be necessary to protect the POTW and determine the user's compliance with the requirements of this ordinance.

The Authority may require any person discharging into the POTW to install and maintain, on their property and at their expense, a suitable storage and flow-control facility to ensure equalization of flow. A wastewater discharge permit may be issued solely for flow equalization.

SECTION 3.2 GREASE INTERCEPTORS

- A. Any business or establishment such as, but not limited to, restaurants, bakeries, donut shops, takeout, drive-in eating establishments, ice cream or milk drive-in stations, hospitals, hotels, markets, recreation or reception halls, etc., where any grease or other objectionable materials may be discharged into the public sanitary sewer system or a private sewage disposal system, shall have a grease interceptor.

- B. Interceptors shall be constructed in accordance with applicable standards approved by the Authority.
- C. Each grease interceptor shall be so installed and connected that it shall be at all times easily accessible for inspection, cleaning, and removal of the intercepted grease. Proper installation of the grease interceptor shall meet the Plumbing Code and approval of the Authority.
- D. Each business establishment, for which a grease interceptor is required, shall have an interceptor which shall serve only that business establishment.
- E. Buildings remodeled to accommodate uses requiring interceptors shall be subject to this ordinance.
- F. Waste discharged from fixtures and equipment in the above-mentioned types of establishments which may contain grease or other objectionable materials, including, but not limited to, scullery sinks, pot and pan sinks, dishwashers, soup kettles, etc., and floor drains located in areas where such objectionable materials may exist, may be drained into the sanitary sewer system through the interceptor only after the approval by the Authority. Exception: toilets, urinals, and other fixtures containing fecal material may not flow through the interceptor.
- G. Interceptors shall be maintained in efficient operating condition by periodic removal of the accumulated grease. No such collected grease shall be introduced into any drainage pipe or the sanitary sewer system or private sewage disposal system.
- H. Abandoned grease interceptors shall be emptied and filled as required for abandoned septic tanks in the Uniform Plumbing Code (UPC).

SECTION 3.3 ACCIDENTAL DISCHARGE/SLUG DISCHARGE CONTROL PLANS

The Authority shall evaluate whether each SIU needs an accidental discharge/slug discharge control plan or other action to control slug discharges. The Authority may require the user to develop, submit for approval, and implement such plan or take other action that may be required to control slug discharges. Alternatively, the Authority may develop such a plan for any user. An accidental discharge/slug discharge control plan shall address, at a minimum, the following:

- A. Description of the discharge practices, including non-routine batch discharges;
- B. Description of stored chemicals;
- C. Procedures for immediately notifying the Authority Manager of any accidental or slug discharge, as required by Section 5.6 of this ordinance; and
- D. Procedures to prevent adverse impact from any accidental or slug discharge. Such procedures include, but are not limited to, inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site runoff, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants, including solvents, and/or measures and equipment for emergency response.

SECTION 4 ADMINISTRATION

SECTION 4.1 ESTABLISHING RULES AND REGULATIONS

The Authority is hereby authorized to establish any rules and regulations necessary or appropriate for the enforcement of this ordinance and may delegate and appoint employees of the Authority or the Member Agencies to act on his/her behalf.

SECTION 4.2 WASTEWATER DISCHARGE PERMITS

- A. It shall be unlawful for any user to connect or to discharge into the sanitary sewer system without first obtaining a wastewater discharge permit or authorization from the Authority.
- B. Users required to obtain a wastewater discharge permit shall complete and file an application with the Authority within fifteen (15) days of a notice to apply. Proposed new users shall apply a minimum of (90) days prior to the actual connection to the sanitary sewer system.
- C. The Authority will evaluate the data furnished by the user and may require additional information. After evaluation and acceptance of the data furnished, the Authority may issue a wastewater discharge permit subject to terms and conditions provided herein.
- D. Permits may be issued for a maximum duration of five (5) years. A permit may be issued for a period less than five (5) years or may be stated to expire on a specific date. Any user wishing to continue its discharge shall apply for permit reissuance prior to the expiration of the user's existing wastewater discharge permit as outlined in the wastewater discharge permit.
- E. Wastewater discharge permits are issued to a specific user for a specific operation. A wastewater discharge permit shall not be reassigned, transferred to, or sold to a new owner, new user, different premises, or a new or changed operation without the approval of the Authority. Any succeeding owner or user shall comply with the terms and conditions of the existing permit until a new permit is issued.

SECTION 4.3 WASTEWATER DISCHARGE PERMIT APPLICATION CONTENTS

The Authority may require users seeking a wastewater discharge permit to provide the following information as part of an application:

- A. Identifying information
 - (1) The name and address of the facility, including the name of the operator and owner.
 - (2) Contact information, description of activities, facilities, and plant production processes on the premises;
- B. Environmental permits. A list of any environmental control permits held by or for the facility;
- C. Description of operations.

- (1) A brief description of the nature, average rate of production (including each product produced by type, amount, processes, and rate of production), and standard industrial classifications of the operation(s) carried out by such user. This description should include a schematic process diagram, which indicates points of discharge to the POTW from the regulated processes.
 - (2) Types of wastes generated, and a list of all raw materials and chemicals used or stored at the facility which are, or could accidentally or intentionally be, discharged to the POTW;
 - (3) Number and type of employees, hours of operation, and proposed or actual hours of operation;
 - (4) Type and amount of raw materials processed (average and maximum per day);
 - (5) Site plans, floor plans, mechanical and plumbing plans, and details to show all sewer, floor drains, and appurtenances by size, location, and elevation, and all points of discharge;
- D. Time and duration of discharges;
- E. The location for monitoring all wastes covered by the wastewater discharge permit;
- F. Flow measurement. Information showing the measured average daily and maximum daily flow, in gallons per day, to the POTW from regulated process streams and other streams, as necessary, to allow use of the combined wastestream formula set out in 40 CFR Part 403.6(e);
- G. Measurement of pollutants
- (1) The categorical pretreatment standards applicable to each regulated process and any new categorically regulated processes for existing sources.
 - (2) The results of sampling and analysis identifying the nature and concentration and/or mass, where required by the standard or by the Authority, of regulated pollutants in the discharge from each regulated process.
 - (3) Instantaneous, daily maximum, and long-term average concentrations, or mess, where required, shall be reported.
 - (4) The sample shall be representative of daily operations and shall be analyzed in accordance with procedures set forth in Section 5.10 of this ordinance. Where the standard requires compliance with a BMP or pollution prevention alternative, the user shall submit documentation as required by the Authority or the applicable standards to determine compliance with the standard.
 - (5) Sampling must be performed in accordance with procedures set out in Section 5.11 of this ordinance.
- H. Any requests for a monitoring waiver (or a renewal of an approved monitoring waiver) for pollutants neither present nor expected to be present in the discharge based on Section 5.4(B) of this ordinance.
- I. Any other information as may be deemed necessary by the Authority to evaluate the permit application.

Incomplete or inaccurate applications will not be processed and will be returned to the user for revision. The Authority will evaluate the data furnished by the user and may require additional information. The Authority will determine whether to issue a wastewater discharge permit upon

receiving a complete permit application. The Authority may deny any application for a wastewater discharge permit.

SECTION 4.4 WASTEWATER DISCHARGE PERMIT CONDITIONS

Wastewater discharge permits shall be expressly subject to all provisions of this ordinance and all other applicable regulations, user charges, and fees established by the Authority or its Member Agencies.

Wastewater discharge permits must contain the following:

- A. A statement that indicates the wastewater discharge permit issuance date, expiration date, and effective date.
- B. A statement that the wastewater discharge permit is nontransferable without prior notification to the Authority in accordance with Section 3.2(E) of this ordinance, and provisions for furnishing the new owner or operator with a copy of the existing wastewater discharge permit.
- C. Effluent limits, including BMPs, based on applicable pretreatment standards.
- D. Self-monitoring, sampling, reporting, notification, and recordkeeping requirements. These requirements shall include an identification of pollutants (or BMPs) to be monitored, sampling location, sampling frequency, and sample type based on Federal, State, and local law.
- E. The process for seeking a waiver from monitoring for a pollutant neither present nor expected to be present in the discharge in accordance with Section 5.4(B).
- F. A statement of applicable civil and criminal penalties for violation of pretreatment standards and requirements, and any applicable compliance schedule.
- G. Compliance schedules – If additional pretreatment and/or operations and maintenance are required to meet the pretreatment standards, the wastewater discharge permit shall require the user to follow and schedule to provide such additional pretreatment at the earliest possible date. The completion date in this schedule shall not be later than the compliance date established for the applicable pretreatment standard. The following conditions shall apply to this schedule:
 - (1) The user shall prepare and submit at his/her expense a proposed schedule for inclusion in the permit. The Authority shall review and refine such schedule at the user's expense.
 - (2) The schedule shall contain performance standards in the form of dates for the commencement and completion in the shortest of major events, leading to the construction and operation of additional pretreatment that may be required for the user to meet applicable pretreatment standards (e.g. hiring and engineer, completing preliminary plans, completing final plans, executing contract for major components, commencing construction, completing construction, etc.).
 - (3) No increment referred to in a paragraph (1) shall exceed nine (9) months.

- (4) Not later than fourteen (14) days following each performance standard date and the final date for compliance, the user shall submit a progress report to the Authority, including, at minimum, whether or not it complied with the performance standard, the reason for the delay, and the steps being taken by the user to return to the schedule established.
 - (5) Failure to satisfy any performance standard of the final date for compliance shall constitute a material violation of the wastewater discharge permit.
- H. Requirements for notifying the Authority of slug discharges;: The Authority shall evaluate whether each user needs an accidental discharge/slug discharge control plan or other action to control slug discharges. The Authority may require any user to develop, submit for approval, and implement such a plan or take such other action that may be necessary to control slug discharges. An accidental discharge/slug discharge control plan shall address, at a minimum, the following:
- (1) Description of discharge practices, including nonroutine batch discharges;
 - (2) Description of stored chemicals;
 - (3) Procedures for immediately notifying the Authority of any accidental or slug discharge, as required by Section 6.6 of this ordinance; and,
 - (4) Procedures to prevent adverse impact from any accidental or slug discharge. Such procedures include, but are not limited to, inspection and maintenance of storage areas, handling and transfer of materials, loading and unloading operations, control of plant site runoff, worker training, building of containment structures or equipment, measures for containing toxic organic pollutants, including solvents, and/or measures and equipment for emergency response.
- I. Any grant of the monitoring waiver by the Authority must be included as a condition in the wastewater discharge permit.

Wastewater discharge permits may contain the following:

- A. The unit charge or schedule of user charges and fees for the wastewater to be discharged to the sanitary sewer system;
- B. Limits on the average and maximum wastewater constituents and characteristics;
- C. Limits on the average and maximum rate and time of discharge or requirements for flow regulations and equalization;
- D. Requirements for installation and maintenance of inspection and sampling facilities; or
- E. Other conditions as deemed appropriate by the Authority to ensure compliance with this ordinance.

SECTION 4.5 WASTEWATER DISCHARGE PERMIT MODIFICATIONS

The Authority may modify a wastewater discharge permit for good cause, including, but not limited to, the following reasons:

- A. To incorporate any new or revised Federal, State, or local pretreatment standards or requirements;
- B. To address significant alterations or additions to the user's operation, processes, or wastewater volume or character since the time of the wastewater discharge permit issuance;
- C. A change in the POTW that requires either a temporary or permanent reduction or elimination of the authorized discharge;
- D. Information indicating the user poses a threat to the POTW, Authority personnel, public health, or the environment;
- E. Violation of any terms or conditions of the wastewater discharge permit;
- F. Misrepresentations or failure to fully disclose all relevant facts in the wastewater discharge permit application or in any required reporting; or
- G. To correct typographical or other errors in the wastewater discharge permit.

The user shall be informed of any proposed changes to a permit at least thirty (30) days to the effective date of change. Any changes or new conditions in the permit shall include a reasonable time schedule for compliance.

SECTION 5 REPORTING REQUIREMENTS

SECTION 5.1 BASELINE MONITORING REPORTS

Within ninety (90) days following the date for final compliance with applicable pretreatment standards or, in the case of a new source, following commencement of the introduction of wastewater into the sanitary sewer system any user subject to pretreatment standards and requirements shall submit to the Authority a Baseline Monitoring Report stating the following:

- A. Identifying Information.
 - (1) The name and address of the facility, including the name of the operator and owner.
 - (2) Contact information, description of activities, facilities, and plant production processes on the premises;
- B. Environmental Permits. A list of any environmental control permits held by or for the facility.
- C. Description of Operations.
 - (1) A brief description of the nature, average rate of production (including each product produced by type, amount, processes, and rate of production), and standard industrial classifications of the operation(s) carried out by such user. This description should include a schematic process diagram, which indicates points of discharge to the POTW from the regulated processes.
 - (2) Types of wastes generated, and a list of all raw materials and chemicals used or stored at the facility which are, or could accidentally or intentionally be, discharged to the POTW;
 - (3) Number and type of employees, hours of operation, and proposed or actual hours of operation;
 - (4) Type and amount of raw materials processed (average and maximum per day);
 - (5) Site plans, floor plans, mechanical and plumbing plans, and details to show all sewers, floor drains, and appurtenances by size, location, and elevation, and all points of discharge;
- D. Time and duration of discharges;
- E. The location for monitoring all wastes covered by the permit;
- F. Flow Measurement. Information showing the measured average daily and maximum daily flow, in gallons per day, to the POTW from regulated process streams and other streams, as necessary, to allow use of the combined wastestream formula set out in 40 CFR Part 403.6(e).
- G. Measurement of Pollutants.
 - (1) The user shall take a minimum of one representative sample to compile that data necessary to comply with the requirements of this paragraph.
 - (2) Samples should be taken immediately downstream from pretreatment facilities if such exist or immediately downstream from the regulated process if no pretreatment exists. If other wastewaters are mixed with the regulated wastewater prior to pretreatment, the user should measure the flows and

concentrations necessary to allow use of the combined wastestream formula in 40 CFR Part 403.6(e) to evaluate compliance with the pretreatment standards. Where an alternate concentration or mass limit has been calculated in accordance with 40 CFR Part 403.6(e), this adjusted limit along with supporting data shall be submitted to the Authority.

- (3) Sampling and analysis shall be performed in accordance with Section 4.4 of this ordinance.
 - (4) The Authority may allow the submission of a baseline report which utilizes only historical data so long as the data provides information sufficient to determine the need for pretreatment measures;
 - (5) The baseline report shall indicate the time, date, and place of sampling and methods of analysis, and shall certify that such sampling and analysis is representative of normal work cycles and expected pollutant discharges to the POTW.
- H. Compliance Certification. A statement, reviewed by the user's authorized representative and certified by a qualified professional, indicating whether pretreatment standards are being met on a consistent basis, and, if not, whether additional operation and maintenance (O&M) and/or additional pretreatment is required to meet the pretreatment standards and requirements.
- I. Compliance Schedule. If additional pretreatment and/or O&M will be required to meet the pretreatment standards, the shortest schedule by which the user will provide such additional pretreatment and/or O&M must be provided. The completion date in this schedule shall be no later than the compliance date established for the applicable pretreatment standard. A compliance schedule pursuant to this Section must meet the requirements set out in Section 3.3(G) of this ordinance.
- J. Signature and Report Certification. All baseline monitoring reports must be certified in accordance with Section 4.3(F) of this ordinance and signed by an authorized representative of the user.

SECTION 5.2 COMPLIANCE SCHEDULE PROGRESS REPORTS

The following conditions shall apply to the compliance schedule required by Section 5.1(K) of this ordinance:

- A. The schedule shall contain progress increments in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the user to meet the applicable pretreatment standards (such events include, but are not limited to, hiring an engineer, completing preliminary and final plans, executing contracts for major components, commencing and completing construction, and beginning and conducting routine operation);
- B. No increment referred to above shall exceed nine (9) months;
- C. The user shall submit a progress report to the Authority no later than fourteen (14) days following each date in the schedule and the final date of compliance including,

as a minimum, whether or not it complied with the increment of progress, the reason for any delay, and, if appropriate, the steps being taken by the user to return to the established schedule; and

- D. In no event shall more than nine (9) months elapse between such progress reports to the Authority.

SECTION 5.3 REPORTS ON COMPLIANCE WITH CATEGORICAL PRETREATMENT STANDARD DEADLINE

Within ninety (90) days following the date for final compliance with applicable categorical pretreatment standards, or in the case of a new source following commencement of the introduction of wastewater into the POTW, any user subject to pretreatment standards and requirements shall submit to the Authority a report containing the information in Section 5.1(F) and (G) of this ordinance. All compliance reports must be signed and certified in accordance with Section 5.3(F) of this ordinance. All sampling will be done in conformance with Section 5.11 of this ordinance.

SECTION 5.4 PERIODIC COMPLIANCE REPORTS

- A. Except as specified in Section 5.4(C), all SIUs must, at a frequency determined by the Authority, submit no less than twice per year (January 15 and July 15) reports indicating the nature, concentration of pollutants in the discharge which are limited by pretreatment standards and the measured or estimated average and maximum daily flows for the reporting period. In cases where the pretreatment standard requires compliance with a BMP or pollution prevention alternative, the user must submit documentation required by the Authority or the pretreatment standard necessary to determine the compliance status of the user.
- B. The Authority may authorize a user subject to a categorical pretreatment standard to forego sampling of a pollutant regulated by a categorical pretreatment standard if the user has demonstrated through sampling and other technical factors that the pollutant is neither present nor expected to be present in the discharge, or is present only at background levels from intake water and without any increase in the pollutant due to activities of the user. This authorization is subject to the following conditions:
 - (1) The waiver may be authorized where a pollutant is determined to be present solely due to sanitary wastewater discharged from the facility provided that the sanitary wastewater is not regulated by an applicable categorical standard and otherwise includes no process wastewater.
 - (2) The monitoring waiver is only valid for the duration of the effective period of the wastewater discharge permit, but in no case longer than five (5) years. The user must submit a new request for the waiver before the waiver can be granted for each subsequent wastewater discharge permit.
 - (3) In making a demonstration that a pollutant is not present, the user must provide data from at least one sampling of the facility's process wastewater

prior to any treatment present at the facility that is representative of all wastewater from all processes.

- (4) The request for a monitoring waiver must be signed by a duly authorized representative of the user and include the certification statement in Section 5.14(A) of this ordinance.
 - (5) Non-detectable sample results may be used only as a demonstration that pollutant is not present if the USEPA-approved method from 40 CFR Part 136 with the lowest minimum detection level for that pollutant was used in the analysis.
 - (6) Any grant of the monitoring waiver by the Authority must be included as a condition in the user's wastewater discharge permit. The reasons supporting the waiver and any information submitted by the user in its request for the waiver must be maintained by the Authority for three (3) years after expiration of the waiver.
 - (7) Upon approval of the monitoring waiver and revision to the user's wastewater discharge permit by the Authority, the user must certify on each report with the statement in Section 5.14(C) below that there has been no increase in the pollutant in its wastestream due to activities of the user.
 - (8) In the event that a waived pollutant is found to be present or expected to be present because of changes that occur in the user's operations, the user must immediately: comply with monitoring requirements or other more frequent requirements imposed by the Authority and notify the Authority.
 - (9) This provision does not supersede certification processes and requirements established in categorical pretreatment standards, except as otherwise specified in the categorical pretreatment standard.
- C. The Authority may reduce the requirement for periodic compliance reports to a requirement to report no less frequently than once per year, unless required more frequently in the pretreatment standard or by USEPA where the user's total categorical wastewater flow does not exceed any of the following:
- (1) 0.01 percent of the Plant's design dry weather hydraulic capacity or five thousand (5,000) gallons per day, whichever is smaller, as measured by a continuous effluent flow monitoring device unless the user discharges in batches;
 - (2) 0.01 percent of the design dry weather organic treatment capacity of the Plant; and
 - (3) 0.01 percent of the maximum allowable headworks loading for any pollutant regulated by the applicable categorical pretreatment standard for which approved local limits were developed in accordance with Section 2.3 of this ordinance.

Reduced reporting is not available to users that have in the last two (2) years been in significant noncompliance, as defined Section 1.4(AAA) of this ordinance. In addition, reduced reporting is not available to a user with daily flow rates, production levels, or pollutant levels that vary so significantly that, in the opinion of the Authority,

decreasing the reporting requirement for this user would result in data that are not representative of conditions occurring during the reporting period.

- D. All periodic compliance reports must be signed and certified in accordance with Section 5.14(A) of this ordinance.
- E. All sampling of wastewater shall be done in a manner so that the sample is representative of the nature of the wastewater being discharged to the sanitary sewer. Sample data shall be collected and analyzed using methods listed in 40 CFR Part 136 and shall be submitted to the pretreatment program. All sample data collected and analyzed using these stated methods shall be submitted to the Pretreatment Program. Wastewater monitoring and flow measurement facilities shall be properly operated, kept clean, and maintained in good working order at all times. The failure of a user to keep its monitoring facility in good working order shall not be grounds for the user to claim that sample results are unrepresentative of its discharge.
- F. If a user subject to the reporting requirements in this section monitors any regulated pollutant at the appropriate sampling location more frequently than required by the Authority, using the procedures described in Section 5.11 of this ordinance, the results of this monitoring shall be included in the report.

SECTION 5.5 REPORTS OF CHANGED CONDITIONS

Users must notify the Authority of any significant changes to the user's operations or system which might alter the nature, quality, or volume of its wastewater at least thirty (30) days before the change.

- A. The Authority may require the user submit such information as may be deemed necessary to evaluate the changed conditions, including the submission of a wastewater discharge permit application under Section 4.3 of this ordinance.
- B. The Authority may issue a wastewater discharge permit or modify an existing wastewater discharge permit in response to changed conditions or anticipated changed conditions.

SECTION 5.6 REPORTS OF POTENTIAL PROBLEMS

- A. In the case of any discharge, including, but not limited to, accidental discharges, discharges of a non-routine, episodic nature, a non-customary batch discharge, a slug discharge or slug load, that might cause potential problems for the POTW, the user shall immediately telephone and notify the Authority of the incident. This notification shall include the location of the discharge, type of waste, concentration, and volume, if known, and corrective action taken by the user.
- B. Within five (5) days following an accidental discharge, the user shall submit to the Authority a detailed written report describing the cause of the discharge and the measures to be taken by the user to prevent similar future occurrences. Such notification shall not relieve the user of any expense, loss, damage, or other liabilities which may be incurred as a result of damage to the POTW, fish kills, or any other

damage to person or property; nor shall such notification relieve the user of any fines, civil penalties, or other liabilities which may be imposed by this ordinance or other applicable law.

- C. A notice shall be permanently posted on the user's bulletin board or other prominent place advising employees whom to call in the event of a discharge as described in Section 5.6(A) above. Employers shall insure that all employees who may cause such an accidental discharge to occur are advised of the emergency notification procedure.
- D. SIUs are required to notify the Authority immediately of any changes at its facility affecting the potential for a slug discharge.

SECTION 5.7 REPORTS FROM UNPERMITTED USERS

All users not required to obtain a wastewater discharge permit shall provide appropriate reports to the Authority as may be required.

SECTION 5.8 NOTICE OF VIOLATION/REPEAT SAMPLING AND REPORTING

If sampling performed by a user indicates a violation, the user must notify the Authority within twenty-four (24) hours of becoming aware of the violation. The user shall also repeat the sampling and analysis and submit the results of the repeat analysis to the Authority within thirty (30) days after becoming aware of the violation. Resampling by the user is not required if the Authority performs sampling at the user's facility at least once per month, or if the Authority performs sampling at the user's facility between the time when the initial sampling was conducted and the time when the user or the Authority receives the results of this sampling, or if the Authority has performed the sampling and analysis in lieu of the user.

SECTION 5.9 NOTIFICATION OF THE DISCHARGE OF HAZARDOUS WASTE

Any user who commences the discharge of hazardous waste shall notify the POTW, the Central Coast Water Board, and state hazardous waste authorities, in writing, of any discharge into the POTW of a substance which, if otherwise disposed of, would be hazardous waste under 40 CFR Part 261. Notifications must include the name of the hazardous waste as set for the on 40 CFR Part 261, the USEPA hazardous waste number, and the type of discharge (continuous, batch, or other). If more than one hundred (100) kg of such waste per calendar month to the POTW, the notification also shall contain the following:

- A. An identification of the hazardous constituents
- B. An estimation of the mass and concentration of such constituents
- C. An estimation of the mass and concentrations in the wastestream expected to be discharged during the following twelve (12) months

All notification must take place no later than one hundred and eighty (180) days after the discharge commences.

SECTION 5.10 ANALYTICAL REQUIREMENTS

All pollutant analyses, including sampling techniques, to be submitted as part of a wastewater discharge permit application or report shall be performed in accordance with the techniques prescribed in 40 CFR Part 136 and amendments thereto, unless otherwise specified in an applicable categorical pretreatment standard. If 40 CFR Part 136 does not contain sampling or analytical techniques for the pollutant in question, or where USEPA determines that the 40 CFR Part 136 sampling and analytical techniques are inappropriate for the pollutant in question, sampling and analyses shall be performed using validated analytical methods or any other applicable sampling and analytical procedures, including procedures suggested by the Authority or other parties approved by USEPA.

SECTION 5.11 SAMPLE COLLECTION

Samples collected to satisfy reporting requirements must be based on data obtained through appropriate sampling and analysis performed during the period covered by the report, based on data that is representative of conditions occurring during the reporting period.

- A. Except as indicated in Section 5.11(B) and (C) below, the user must collect wastewater samples using 24-hour flow-proportional composite sampling techniques, unless time-proportional composite sampling or grab sampling is authorized by the Authority. Where time-proportional composite sampling or grab sampling is authorized by the Authority, samples must be representative of the discharge. Using protocols (including appropriate preservation) specified in 40 CFR Part 136 and appropriate USEPA guidance, multiple grab samples collected during a 24-hour period may be composited prior to analysis as follows: for cyanide, total phenols, and sulfides the samples may be composited in the laboratory or field; for volatile organics and oil and grease, the samples may be composited in the laboratory. Composite samples for other parameters unaffected by the compositing procedures as documented in approved USEPA methodologies may be authorized by the Authority, as appropriate. In addition, grab samples may be required to show compliance with instantaneous limits.
- B. Samples for oil and grease, pH, temperature, cyanide, total phenols, sulfides, and volatile organics compounds must be obtained using grab collection techniques.
- C. For sampling required in support of baseline monitoring and 90-day compliance reports required in Sections 5.1 and 5.2 of this ordinance, a minimum of four (4) grab samples must be used for pH, cyanide, total phenols, oil and grease, sulfide, and volatile organic compounds for facilities for which historical sampling data do not exist; for facilities for which historical sampling data are available, the Authority may authorize a lower minimum. For reports required by Section 5.4 of this ordinance, the user is required to collect the number of grab samples necessary to assess and assure compliance with applicable pretreatment standards and requirements.

SECTION 5.12 DATE OF RECEIPT OF REPORTS

Written reports will be deemed to have been submitted on the date postmarked. For reports, which are not mailed, postage prepaid, into a mail facility serviced by the United States Postal Service, the date of receipt of the report shall govern.

SECTION 5.13 RECORDS RETENTION

Users subject to the reporting requirements of this ordinance shall retain, and make available for inspection and copying, all records of information obtained pursuant to any monitoring activities required by this ordinance, any additional records of information obtained pursuant to monitoring activities undertaken by the user independent of such requirements, and documentation associated with BMPs established under Section 2.2 of this ordinance. Records shall include the date, exact place, method, and time of sampling, and the name of the person(s) taking the samples; the date analyses were performed; who performed the analyses; the analytical techniques or methods used; and the results of such analyses. These records shall remain available for a period of at least three (3) years. This period shall be automatically extended for the duration of any litigation concerning the user or the Authority, or where the user has been specifically notified of a longer retention period by the Authority.

SECTION 5.14 CERTIFICATION STATEMENTS

- A. The following certification statement is required to be signed and submitted by users submitting the following documents: permit applications, initial monitoring waivers, baseline monitoring reports, reports on compliance with categorical pretreatment standard deadlines, required periodic compliance reports, or submitting an initial request to forego sampling of a pollutant. The certification statement must be signed by an authorized representative of the user:

“I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, of those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.”

- B. Annual Certification for Non-Significant Categorical Industrial Users – A facility determined to be an NSCIU by the Authority must annually submit the following certification statement signed in accordance with the signatory requirements in Section 1.4(E). This certification must accompany an alternative report required by the Authority:

“Based on my inquiry of the person or persons directly responsible for managing compliance with categorical pretreatment standards under 40 CFR Part ____, I certify that, to the best of my knowledge and belief that during the period from _____ to _____ [month, day, year]:

- (1) The facility described as [facility name] met the definition of a non-significant categorical industrial user as described in Section 1.4(AAA)(3) of the South County Regional Wastewater Authority Ordinance No. 2024-01;
- (2) The facility has complied with all applicable pretreatment standards and requirements during this reporting period; and
- (3) The facility has never discharged more than 100 gallons of total categorical wastewater on any given day during this report period.

This compliance certification is based on the following information:

_____”

C. Certification of Pollutants Not Present

Users that have an approved monitoring waiver based on Section 5.4(B) of this ordinance must certify on each report with the following statement that there has been no increase in the pollutant in its wastestream due to activities of the user:

“Based on my inquire of the person or persons directly responsible for managing compliance with the pretreatment standard for 40 CFR Part ____, I certify that, to the best of my knowledge and belief, there has been no increase in the level of [list of pollutant(s)] in the wastewater due to the activities at the facility since the filing of the last periodic report under Section 5.4(A) of the South County Regional Wastewater Authority Ordinance No. 2024-01”

SECTION 6 COMPLIANCE MONITORING

SECTION 6.1 RIGHT OF ENTRY: INSPECTION AND SAMPLING

The Authority Manager shall have the right to enter the premises of any user to ascertain whether the user is complying with all requirements of this ordinance and any wastewater discharge permit or order issued hereunder. Users shall allow the Authority Manager ready access to all parts of the premises for the purposes of inspection, sampling, records examination and copying, and the performance of any additional duties.

- A. Where a user has security measures in force which would require proper identification and clearance before entry into its premises, the user shall make necessary arrangements with its security guards so that upon presentation of suitable identification, personnel from the Authority, Central Coast Water Board, or USEPA will be permitted to enter, without delay, for the purpose of performing their specific responsibilities.
- B. The Authority Manager shall have the right to set up on the user's property, or require installation of, such devices as are necessary to conduct sampling and/or metering of the user's operations.
- C. The Authority Manager may require the user to install monitoring equipment as necessary. The facility's sampling and monitoring equipment shall be maintained at all times in a safe and proper operating condition by the user at its own expense. All devices used to measure wastewater flow and quality shall be calibrated according to the manufacturer's specification to ensure their accuracy.
- D. Any temporary or permanent obstruction to safe and easy access to the facility to be inspected and/or sampled shall be promptly removed by the user at the written or verbal request of the Authority Manager and shall not be replaced. The costs for clearing such access shall be borne by the user.
- E. Unreasonable delays in allowing the Authority Manager access to the user's premises shall be a violation of this ordinance.

SECTION 6.2 SEARCH WARRANTS

If the Authority Manager has been refused access to a building, structure, or property, or any part thereof, and is able to demonstrate probable cause to believe that there may be a violation of this ordinance, or that there is a need to inspect and/or sample as part of a routine inspection and sampling program of the Authority designed to verify compliance with this ordinance or any permit or order issued hereunder, or to protect the overall public health, safety, and welfare of the community, the Authority Manager may seek issuance of a search warrant from the Superior Court of Santa Clara County.

SECTION 7 CONFIDENTIAL INFORMATION

SECTION 7.1 CONFIDENTIAL INFORMATION

Information and data on a user obtained from reports, surveys, questionnaires, wastewater discharge permit applications, wastewater discharge permits, monitoring programs, and from inspections shall be available to the public or other governmental agency without restriction, unless the user specifically requests, and is able to demonstrate to the satisfaction of the Authority that the release of such information would divulge information, processes, or methods of production entitled to protection as trade secrets of the user under applicable state law. Any such request must be asserted at the time of submission of the information or data. When requested by the user furnishing a report that such information should be held confidential, the portions of a report which might disclose trade secrets or secret processes shall not be made available for inspection by the public, but shall be made available upon written request to governmental agencies for uses related the NPDES, state disposal system and/or the pretreatment program, and in judicial review or enforcement proceedings involving the user furnishing the report. Wastewater constituents and characteristics and other effluent data, as defined in 40 CFR Part 2.302, will not be recognized as confidential information and shall be available to the public without restriction.

SECTION 8 ENFORCEMENT

SECTION 8.1 VIOLATION NOTICE

Whenever the Authority finds that a user has violated, or continues to violate, any provision of this ordinance, a wastewater discharge permit, or order issued hereunder, the Authority may serve upon the user a written notice of violation. Within fourteen (14) calendar days of receipt of such notice, an explanation of the violation and a plan for the satisfactory correction and prevention thereof, to include specific required actions, shall be submitted by the user to the Authority. Submission of such plan in no way relieves the user of liability for any violations occurring before and after receipt of the notice of violation. Nothing in this section shall limit the authority of the Authority to take any action, including emergency actions or any other enforcement action, without first issuing a notice of violation.

SECTION 8.2 PUBLICATION OF USERS IN SIGNIFICANT NONCOMPLIANCE

The Authority shall publish annually, in a newspaper of general circulation that provides meaningful public notice within the jurisdiction served by the Authority, a list of users which, at any time during the previous twelve (12) months, were in significant noncompliance with applicable pretreatment standards and requirements as defined in Section 1.4(AAA).

SECTION 8.3 CONSENT ORDER

The Authority may enter into a consent order, assurances of compliance, or other similar document establishing an agreement with any user responsible for noncompliance. Such documents shall include specific action to be taken by the user to correct the noncompliance within a time period specified by the document. Such documents shall have the same force and effect as the administrative orders issued pursuant to Sections 8.4 and 8.5 of this ordinance and shall be judicially enforceable.

SECTION 8.4 COMPLIANCE ORDER

When the Authority finds that a user has violated, or continues to violate, any provision of this ordinance, wastewater discharge permit, or order issued hereunder, or any other pretreatment standard or requirement, the Authority may issue an order to the user responsible for the discharge directing that the user come into compliance within a specified time. If the user does not come into compliance within the time provided, sewer service may be discontinued unless adequate treatment facilities, devices, or other related appurtenances are installed and properly operated to correct the violation. Compliance orders may also contain other requirements to address the noncompliance, including additional self-monitoring and BMPs designed to minimize the amount of pollutants discharged to the sanitary sewer system. A compliance order may not extend the deadline for compliance established for a pretreatment standard or requirement, nor does a compliance order relieve the user of liability for any violation, including any continuing violation. Issuance of a compliance order shall not be a bar against, or a prerequisite for, taking any other action against the user.

SECTION 8.5 CEASE AND DESIST ORDER

When the Authority finds that a user has violated, or continues to violate, any provision of this ordinance, a wastewater discharge permit, or order issued hereunder, or any pretreatment standard or requirement, or that the user's past violations are likely to recur, the Authority may issue an order to the user directing it to cease and desist all such violations and directing the user to:

- A. Immediately comply with all requirements; and
- B. Take such appropriate remedial or preventative action as may be needed to properly address a continued or threatened violation, including halting operations and/or terminating discharge. Issuance of a cease and desist order shall not be a bar against, or a prerequisite for, taking any other action against the user.

SECTION 8.6 ADMINISTRATIVE FINES

- A. The Authority may issue and serve an administrative complaint on any user found to be in violation of provisions of this ordinance, a wastewater discharge permit, or order issued hereunder, or any other pretreatment standard or requirement. The complaint shall allege the act or failure to act that constitutes each violation, the provisions of law authorizing the imposition of an administrative penalty, and the proposed penalty. The complaint shall inform the user named of the time and place that a hearing shall be held on the allegations of the complaint, and that the user may elect to waive this hearing.
- B. Within sixty (60) days after the user has been served, the Authority Manager shall hold a noticed public hearing, at which the Authority and the user may each present information relevant to the allegations of the complaint. Formal rules of evidence shall not apply to this hearing. The user named in the complaint may waive the right to a hearing by serving a written waiver on the Authority Manager prior to or at the time of the hearing. If the right to a hearing is waived, no hearing shall be held.
- C. Whether or not a hearing is held, the Authority Manager shall issue and serve on the user named in the complaint, and on any person who appeared at the hearing, if any, and requested a copy, a written Decision and Order. The Decision and Order shall be issued within fifteen (15) working days after:
 - (1) The date the Authority Manager is served with a waiver of hearing if no hearing is held; or
 - (2) The date the hearing is concluded, if a hearing is held.
- D. The user named in the complaint may appeal the Authority Manager's Decision and Order to the Authority Board by delivering a written notice or appeal, accompanied by full payment of any penalties assessed in the Decision and Order, to the Clerk of the Authority Board within thirty (30) days of service of the Decision and Order. The notice of appeal shall set forth grounds for appeal and reasons why the appeal should be granted. The payment shall be held by the Authority Manager, who shall compile the record of the Authority Manager's hearing for the Authority Board's review.

- E. The Authority Board may issue an Order Denying Review or may hear the appeal. If it hears the appeal, it shall do so within fifteen (15) working days of receiving the notice of appeal. On appeal, the Authority Board shall review the record of the Authority Manager's hearing, if any, conduct an additional hearing at which formal rules of evidence shall not apply, and exercise its independent judgment on the matter. Within fifteen (15) working days after the appeal hearing is concluded, the Authority Board shall issue and serve on the user named in the complaint, and on any person who appeared at the hearing and requested a copy, a Decision and Order on Appeal affirming, reversing, or modifying the Authority Manager's Decision and Order. The user named in the complaint may seek review of the Authority Board's determination to the Superior Court of Santa Clara County by filing a petition for a writ of mandate within thirty (30) days following service of the Order Denying Review or the Decision and Order on Appeal, pursuant to California Government Code Section 54740.6.
- F. Administrative penalties which may be imposed by the Authority Manager, or the Authority Board on appeal, are as follows:
- (1) An amount not to exceed two thousand dollars (\$2,000) for each day for failing or refusing to furnish technical or monitoring reports.
 - (2) An amount not to exceed three thousand dollars (\$3,000) for each day for failing or refusing to timely comply with any compliance schedule established by the local agency.
 - (3) An amount not to exceed five thousand dollars (\$5,000) per violation for each day for discharges in violation of any waste discharge limitation, permit condition, or requirement issued, reissued, or adopted by the Authority.
 - (4) An amount not to exceed ten thousand dollars (\$10) per gallon discharge in violation of any suspension, cease and desist order, or other orders, or prohibitions issued, reissued, or adopted by the Authority.
- G. In imposing penalties, the Authority Manager or Authority Board on appeal may take into consideration all relevant circumstances, including, but not limited to, the extent of harm caused by the violation, the economic benefit derived through any noncompliance, the nature and persistence of the violation, the length of time over which the violation occurs, and corrective action, if any, taken or attempted by the Person.
- H. Unless timely appeal, all orders under Section 8.6 of this ordinance become effective and final upon issuance, and payment of penalties shall be made within thirty (30) days. Any penalties which remain delinquent for sixty (60) days shall constitute a lien against the real property of the user upon which the violations resulting in the penalty occurred. All penalties collected shall be deposited in a special account of the Authority and shall be made available for the monitoring, treatment, and control of discharges into the POTW or for other mitigation measures.
- I. No penalties shall be recoverable under Section 8.6 of this ordinance for any violation for which civil liability is recovered in the courts. Notwithstanding the foregoing, the Authority may, at its option, elect to petition the Superior Court of Santa Clara County to confirm any order establishing penalties under Section 8.6 of this ordinance and to

enter judgment in conformity therewith in accordance with Sections 1285 to 1287.6 of the California Code of Civil Procedure.

- J. This Section 8.6 establishes an alternative procedure for enforcement of this ordinance and shall not be deemed to limit any other legal remedies to the Authority.

SECTION 8.7 EMERGENCY SUSPENSION OR REVOCATION OF WASTEWATER DISCHARGE PERMIT

- A. The Authority may immediately suspend a user's discharge, after informal notice to the user, whenever such suspension is necessary to stop an actual or threatened discharge, which reasonably appears to present, or cause an imminent or substantial endangerment to the health, or welfare of persons. The Authority may also immediately suspend a user's discharge, after notice and opportunity to respond, that threatens to interfere with the operation of the POTW, or which presents, or may present, an endangerment to the environment.
 - (1) Any user notified of a suspension of its discharge shall immediately stop or eliminate its contribution. In the event of a user's failure to immediately comply voluntarily with the suspension order, the Authority may take such steps as deemed necessary, including immediate severance of the sewer connection, to prevent or minimize damage to the POTW, its receiving stream, or endangerment of individuals. The Authority may allow the user to recommence discharge when the user has demonstrated to the satisfaction of the Authority Manager that the period of endangerment has passed, unless the termination proceedings in Section 8.8 of this ordinance are initiated against the user.
 - (2) A user that is responsible, in whole or in part, for any discharge presenting imminent endangerment shall submit a detailed written report describing the cause(s) of the harmful contribution and the measures taken to prevent any future occurrence to the Authority Manager prior to the date of any hearing.
 - (3) Nothing in section 8.7(A) shall be interpreted as requiring a hearing prior to any emergency suspension.
- B. The Authority Manager may revoke a wastewater discharge permit for good cause, including, but not limited to, the following reasons:
 - (1) Failure to notify the Authority Manager of significant changes to the wastewater prior to the changed discharge;
 - (2) Failure to provide prior notification to the Authority Manager of changed conditions pursuant to Section 5.5 of this ordinance;
 - (3) Misrepresentation or failure to fully disclose all relevant facts in the wastewater discharge permit application;
 - (4) Falsifying self-monitoring reports and certification statements;
 - (5) Tampering with monitoring equipment;
 - (6) Refusing to allow the Authority Manager timely access to the facility premises and records;
 - (7) Failure to meet effluent limitations;

- (8) Failure to pay fines;
- (9) Failure to pay sewer charges;
- (10) Failure to meet compliance schedules;
- (11) Failure to complete a wastewater survey or the wastewater discharge permit application; or
- (12) Violation of any pretreatment standard or requirement, or any terms of the wastewater discharge permit or this ordinance.

SECTION 8.8 TERMINATION OF DISCHARGE

In addition to the provisions identified in Section 8.7(B) of this ordinance, any user who violates the following conditions are subject to discharge termination:

- A. Violation of wastewater discharge permit conditions;
- B. Failure to accurately report the wastewater constituents and characteristics of its discharge;
- C. Failure to report significant changes in operations or wastewater volume, constituents, and characteristics prior to discharge;
- D. Refusal of reasonable access to the user's premises for the purpose of inspection, monitoring, or sampling; or
- E. Violation of pretreatment standards in Section 2 of this ordinance.

Such user will be notified of the proposed termination of its discharge and be offered an opportunity for a hearing to appeal the proposed action. Exercise of this option by the Authority shall not be a bar to, or a prerequisite for, taking any other action against the user.

SECTION 8.9 RECONSIDERATION AND APPEALS

- A. Any user affected by a decision, action, interpretation, or determination other than an Order under Section 8.6 or a decision under Section 8.7 and 8.8 made or taken pursuant to this ordinance or to any wastewater discharge permit issued hereunder, may file with the Authority Manager a written request for reconsideration within ten (10) working days of such decision, action, interpretation, or determination, setting forth in detail the facts supporting the user's request for reconsideration. The Authority Manager shall respond in writing five (10) working days.

SECTION 8.10 HEARING BY AUTHORITY MANAGER

The Authority Manager shall cause a hearing to be held:

- A. Upon timely appeal of the summary suspension or revocation of a permit pursuant to Section 8.7.
- B. Upon timely appeal of the Authority Manager's decision to refuse, discontinue, or terminate service pursuant to Section 8.8.

- C. Upon timely appeal from a response upon reconsideration by the Authority Manager pursuant to Section 8.9.

SECTION 8.11 HEARING PROCEDURE

The Authority Manager shall hold the hearing within fifteen (15) working days following notice of the appeal. The applicant shall be given notice of said hearing at least five (5) working days prior to the hearing date.

The time and place of the hearing shall be fixed in said notice. The Authority Manager shall hear the user and all witnesses together with any proper documentary evidence offered in support of or against the decision. The Authority Manager shall issue a written decision within fifteen (15) working days of the conclusion of the hearing upholding, modifying, or overruling the decision.

If, from evidence, the Authority Manager finds that substantial evidence exists to sustain the action, the Authority Manager shall order the appropriate action.

SECTION 8.12 HEARING BY THE AUTHORITY BOARD

Any user aggrieved by the written decision of the Authority Manager pursuant to Sections 8.10 and 8.11 may appeal such decision to the Authority Board. An appeal to the Authority Board shall be made by filing a written notice of appeal with the Clerk of the Board no later than ten (10) working days after the decision of the Authority Manager is issued. The notice shall set forth grounds for appeal and the reasons why such appeal should be granted. Upon receipt of said petition the Clerk shall immediately forward a copy to the Authority Manager, who shall compile the record of the hearing for the Board's review.

SECTION 8.13 ACTION BY AUTHORITY BOARD

The Authority Board shall hear the appeal at its first available meeting following the receipt of the notice of appeal. On appeal, the Authority Board shall review the record of the Authority Manager's hearing, conduct an additional hearing of the issues by the grounds for appeal (at which formal rules of evidence shall not apply), and exercise its independent judgment on the matter. The Authority Board may reverse or affirm, wholly or in part, any decision, termination or requirement of the Authority Manager or impose such conditions as the facts warrant. The decision of the Authority Board shall be final.

SECTION 8.14 INJUNCTIVE RELIEF

When the Authority Manager finds that a user has violated, or continues to violate, any provision of this ordinance, a wastewater discharge permit, or order issued hereunder, or any other pretreatment standard or requirement, the Authority Manager may petition the Superior Court of Santa Clara County through the Authority's legal counsel for issuance of a temporary or permanent injunction, as appropriate, which restrains or compels specific performance of the wastewater discharge permit, order, or other requirement imposed by this ordinance on activities of the user. The Authority may also seek other such action as is appropriate for legal

and/or equitable relief, including a requirement for the user to conduct environmental remediation. A petition for injunctive relief shall not be a bar against, or a prerequisite for, taking any other action against a user.

SECTION 8.15 CIVIL PENALTIES

- A. A user who has violated, or continues to violate, any provision of this ordinance, a wastewater discharge permit, or order issued hereunder, or any other pretreatment standard or requirement shall be liable to the Authority for a maximum civil penalty of twenty-five thousand dollars (\$25,000) per violation, per day. In the case of a monthly or other long-term average discharge limit, penalties shall accrue for each day during the period of the violation.
- B. The Authority may recover reasonable attorneys' fees, court costs, and other expenses associated with enforcement activities, including sampling and monitoring expenses, and the cost of any actual damage incurred by the Authority.
- C. In determining the amount of civil liability, the court shall take into account all relevant circumstances, including, but not limited to, the extent of harm caused by the violation, the magnitude and duration of the violation, any economic benefit gained through the user's violation, corrective actions by the user, the compliance history of the user, and any other factor as justice requires.
- D. Filing a suit for civil penalties shall not be a bar against, or a prerequisite for, taking any other action against the user.

SECTION 8.16 CRIMINAL PROSECUTION

- A. A user who willfully or negligently violates any provision of this ordinance, wastewater discharge permit, or order issued hereunder, or any other pretreatment standard or requirement shall, upon conviction, be guilty of a misdemeanor, punishable by a fine of not more than one thousand dollars (\$1,000) per violation per day, or imprisonment for not more than six (6) months, or both.
- B. A user who will willfully or negligently introduces any substance into the POTW which causes personal injury or property damage shall, upon conviction, be guilty of a misdemeanor and be subject to a penalty of not more than one thousand dollars (\$1,000) per violation per day, or imprisonment for not more than six (6) months, or both. This penalty shall be in addition to any other cause of action for personal injury or property damage available under state law.
- C. A user who knowingly makes any false statements, representations, or certifications in any application, record, report, plan, or other documentation filed, or required to be maintained, pursuant to this ordinance, wastewater discharge permit, or order issued hereunder, or who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required under this ordinance shall, upon conviction, be punished by a fine of not more than one thousand dollars (\$1,000) per violation per day, or imprisonment for not more than six (6) months, or both.

- D. In the event of a second conviction, a user shall be punished by a fine of not more than one thousand dollars (\$1,000) per violation per day, or imprisonment for not more than six (6) months, or both.

SECTION 8.17 REMEDIES NONEXCLUSIVE

The remedies provided for in this ordinance are not exclusive. The Authority may take any, all, or any combination of these actions against a noncompliant user. Enforcement of pretreatment violations will generally be in accordance with the Authority's Enforcement Response Plan. However, the Authority may take other action against any user when the circumstances warrant. Further, the Authority is empowered to take more than one enforcement action against any noncompliant user.

SECTION 9 WASTEWATER USER CHARGES AND FEES

SECTION 9.1 TYPES OF CHARGES FOR USER

The types of charges for industrial use may include, but are not limited to:

- A. Fees for permit application
- B. Fees for monitoring, analytical laboratory services, inspections, and surveillance.
- C. Surcharges for BOD, TSS, volume and other discharge constituents.
- D. Other fees as the Authority may deem necessary to carry out the requirements contained herein.

SECTION 9.2 RATES AND CHARGES FOR MUNICIPAL SEWER SERVICE

Rates for municipal sewer service and charges for industrial users shall be as fixed by resolution of the legislative bodies of the Member Agencies, a copy of which shall be kept on file at the Office of the Clerk of the Board. The charges established for the industrial users shall be based upon the measured or estimated constituents and characteristics of that user which may include, but not be limited to, BOD, TSS, COD, oil and grease, and volume of the wastewater.

SECTION 9.3 ESTABLISHMENT OF BOD/TSS

For the purposes of establishing the value of BOD/TSS for a commercial or industrial sewage, four or more representative samples shall be taken at reasonable intervals. Those industrial or commercial establishments whose wastes are found to fall continually within the same BOD/TSS limits will be checked only at the request of the owner of said establishment or at the discretion of the Administrator. The average (BOD/TSS) value of the waste as determined by such samples shall be applied for the billing purposes.

SECTION 9.4 WASTEWATER VOLUME DETERMINATION BY MEMBER AGENCIES

- A. Meter Water Supply – User charges and fees shall be applied against the total amount of water used from all sources unless, in the opinion of the Member Agency, significant portions of water received are not discharged to the sanitary sewer system. The total amount of water used from public and private sources will be determined by means of public meters or private meters installed and maintained at the expense of the user and approved by Member Agency.
- B. Metered Wastewater Volume and Metered Diversions – For purposes of determining other than flat rate charges set forth by Council Resolution of any member Agency the volume of effluent discharged into the sanitary sewer system and sewer service charge for such use shall be measured by an effluent meter installed at the user's expense and approved by the Program Administrator.

For users, where, in the opinion of the Member Agency, a significant portion of the water received from any metered source does not flow in to the sanitary sewer

system because of the principal activity of the user of removal by other means, the user charges and fees will be applied against the volume of water discharged from such premises into the sanitary sewer system. Written notification and proof of the diversion of water must be provided by the user if the user is to avoid the application of the user charges and fees against the total amount of water used from all sources. The user shall install a meter of a type and at a location approved by the Member Agency at the user's expense. Such meters may measure either the amount of sewage discharged or the amount of water diverted. Such meters shall be tested for accuracy at the expense of the user when deemed necessary by the Authority Manager.

C. Estimated Wastewater Volume

- (1) Users Without Source Meters - For users where, in the opinion of the Member Agency, it is unnecessary or impractical to install meters, the quantity of wastewater may be based upon an estimate prepared by the Member Agency and shall be considered as conclusive. This estimate shall be based upon a rational determination of the wastewater discharged and may consider such factors as the number of fixtures, seating capacity, population equivalent, production of goods and services or such other determinations of water use necessary to estimate the wastewater volume discharged.
- (2) Users With Source Meters – For users who, in the opinion of the Member Agency divert a significant portion of their flow from a sanitary sewer, the user charges may be based upon an estimate of the volume prepared by the user, provided the obtains a wastewater discharge permit and pays the applicable user charges and fees. The estimate must include the method and calculations used to determine the wastewater volume and may consider such factors as the number of fixtures, seating capacity, population equivalents, production of goods and services, or such other determinants of water use and necessary volume discharge.

SECTION C SEVERABILITY

If any section, subsection, subdivision, sentence, clause, phrase, or word of this ordinance is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The Authority hereby declares that it would have passed and adopted this ordinance, and each and all provisions hereof, irrespective of the fact that one or more provisions may be declared invalid or unconstitutional.

Sewer Use Ordinance 2024-01 has been introduced to the SCRWA Board at a regular meeting held on the 3rd day of January 2024. Upon adoption, Sewer Use Ordinance 2024-01 will replace Sewer Use Ordinance 2013-01 in its entirety.

The provisions of this Ordinance are separable, and the invalidity of any phrase, clause, provision, or part shall not affect the validity of the remainder.

In accordance with Section 36937 of the Government Code of the State of California, this Ordinance shall be adopted on the 3rd day of April 2024 and take effect thirty (30) days from and after the date of its final adoption by the SCRWA Board.

PASSED AND ADOPTED this 3rd day of April, 2024 by the following roll call vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSTAIN: DIRECTORS:

ABSENT: DIRECTORS:

APPROVED:

Rene Spring, Chairperson

ATTEST:

Saeid Vaziry, Secretary



**SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY**

1500 Southside Drive
Gilroy, California 95020-7042
Telephone (408) 848-0480
Facsimile (408) 842-0873
scrwamail@ci.gilroy.ca.us

DATE: January 3, 2024

TO: Honorable Chairman Spring and Members of the Board

FROM: Jimmy Forbis, Authority Manager

BY: Saeid Vaziry, Senior Environmental Engineer
Jonathan Crick, Deputy Fire Marshal and Pretreatment Program Manager

SUBJECT: **Review of Updates to Pretreatment Program and Introduction of an Ordinance of the South County Regional Wastewater Authority Amending Existing Sewer Use Ordinance 2013-01, to Include Required Actions of 2020 Pretreatment Compliance Audit to Improve Authority's Pretreatment Program – Including Regulations for Industrial Users and Setting Uniform Requirements for Discharge into the Wastewater Collection and Treatment System**

Recommendation

1. Motion to read the ordinance by title only and waive further reading of the ordinance; and
2. Introduce an ordinance of the South County Regional Wastewater Authority (SCRWA) amending existing Sewer Use Ordinance 2013-01 relating to the Pretreatment Program for industrial discharges.
3. Update the Enforcement Response Plan to currently accepted best practices.

Executive Summary

The SCRWA's Wastewater Discharge Permit, issued by the Central Coast Regional Water Quality Control Board (CCRWQCB) along with U.S. Environmental Protection Agency (U.S. EPA) and State Water Resources Control Board, requires that SCRWA have a Pretreatment Program. The Pretreatment Program functions are dictated by a Pretreatment Program Plan which is approved by the CCRWQCB and is mandatory to meet the requirements of the U.S. EPA.

The Pretreatment Program uses the Sewer Use Ordinance (SUO) as its legal authority to implement the local waste discharge requirements. For a brief history, SCRWA adopted Ordinance 93-1 in 1993, and subsequently amended the local limits in 2000 and 2013 with Ordinances 2000-01 and 2013-01, respectively. The SUO protects the SCRWA Facility (Plant) from harmful materials, conditions and pollutants that could: 1) harm the Plant and employees, 2) harm the collection system (i.e., plumbing pipes, pumps, etc.), and 3) cause the Plant to have an upset or violate its waste discharge permit.

The Pretreatment Program compliance audit was performed in 2020. The audit report contains required and recommended actions to improve the Authority's Pretreatment Program. In addition, the report includes improving the SUO and Enforcement Response Plan (ERP). The SCRWA is required to make the necessary revisions to the Pretreatment Program and update its SUO and ERP.

Background

SCRWA operates a Wastewater Discharge Pretreatment Program that regulates industrial wastewater discharges at the source (i.e., control sources of pollution from the businesses). This is a cooperative effort of federal, state, and local regulatory environmental agencies established to protect water quality. The Pretreatment Program is administrated through the Clean Water Act, which called for the U.S. EPA to develop national pretreatment standards to control industrial discharges into sewerage systems.

The objectives of the local program are:

1. To protect our municipal sewer system and wastewater treatment facility from pollutants that may interfere with Plant operations or pass through the Plant untreated; and
2. To improve opportunities for the Plant to reuse treated wastewater and the biosolids that are generated.

The Pretreatment Program applies to all industrial wastewater dischargers. Discharge from industrial wastewater dischargers is controlled through a wastewater discharge permit, which is issued by Pretreatment Program staff.

The Pretreatment Program's management and staffing have been provided by the Gilroy Deputy Fire Marshal using the Gilroy Pretreatment Program Inspection staff. The program staff inspects businesses in both Gilroy and Morgan Hill for compliance with the SUO, issues permits to facilities, conducts sampling of both businesses and the Plant, carries out investigations, pursues enforcement as needed, conducts public education and information programs, and responds to spills and discharges of pollutants, hazardous wastes, and hazardous materials.

The Pretreatment Program is periodically audited by the CCRWQCB on behalf of the U.S. EPA. The audit report also provided comments on the SCRWA's SUO and ERP, and it contains required actions that can improve the Pretreatment Program. As a part of these audits, the staff was notified that certain elements of the SUO require modifications to be in accordance with changes or updates in the Federal and State regulations. The modifications are intended to make the SUO meet these requirements. The changes will not affect the current administration or operations of the Pretreatment Program, and they clarify certain details and definitions to make the local ordinance consistent with the language of the Federal Model SUO and Federal Code of Regulations.

The following supporting documents have been included with this staff report:

- 1) Sewer Use Ordinance 2024-01

- 2) State Water Resources Control Board acceptance letter dated December 13, 2023
- 3) Sewer Use Ordinance Audit Findings and Responses
- 4) Enforcement Response Plan
- 5) Local Limits Report

All amendments were based on the auditors' written report. The Pretreatment Program is required to make these necessary revisions.

Analysis

The State Water Resources Control Board conducts periodic audits of pretreatment programs. These audits require that the pretreatment program address the findings in the report, which the SCRWA Pretreatment Program has done as evidenced by the December 13, 2023, letter from the State Water Resources Control Board (Attachment 2).

The short summary of activities that the SCRWA Pretreatment Program has conducted and completed are:

- 1) Extensive wastewater sampling including analytical chemistry data reports.
- 2) Evaluate the data and use best engineering practices to revise the local limits using technically-based calculation methods, as applicable (Attachment 5, Local Limits Report).
- 3) Revise the SUO and ERP to agree with current codes, regulations, standards, and practices (Attachment 3, Audit Findings and Responses).

An intentional effort has been made to meet all the requirements of the findings, without making drastic and broad-sweeping changes to the Pretreatment Program. The purposes of minimizing the changes are as follows:

- 1) Drastic changes to the Pretreatment Program could cause unforeseen consequences which may affect the regulated community (e.g., businesses) and Plant staff and Pretreatment Program staff.
- 2) The existing SUO and local limits have demonstrated to be generally protective of the collection systems, wastewater treatment plant, sludge quality, and wastewater effluent quality. The local limits study and evaluation confirmed this and did reveal a few parameters which would need to be updated. These updates were minimized and declared as a "non-substantial modification" by the State Water Resources Control Board.

By having these changes declared as a "non-substantial modification," this removes the regulatory burden of the State Water Resources Control Board and allows SCRWA to proceed without further oversight from them for the approval of these specific documents (i.e., the SUO and ERP). A quick comparison of the Table of Contents for both the old and new ordinances will reveal that the section titles and subsection topics to be very similar. The ERP has been updated to meet the currently accepted best practices. Previous Pretreatment Program Managers had used the Hazardous Materials (a.k.a. CUPA Program), Enforcement Plan and although the programs are similar, they are separate and distinct programs; therefore, the updated ERP has been written specifically for the Pretreatment Program.

Attachment 3 includes “IV. Findings Summary Table” and a Checklist from the audit. Within Attachment 3, is the expanded list of correction items. Most findings require the expansion or addition of a definition or section to the ordinance per yellow highlights.

Below is a table of changes for the Local Limits. The table compares the old local limit to the new local limit. The orange highlight indicates no changes. The green highlight indicates a change.

Parameter	Old Daily Maximum (mg/l)	New Daily Maximum (mg/l)
Arsenic (As)	1.1	0.88
BOD	1000	610
Cadmium (Cd)	0.01	0.01
Chloride	N/A	2,900
Chromium (Cr)	5.1	5.1
Copper (Cu)	1.8	1.8
Cyanide (CN)	1.8	1.8
Lead (Pb)	1.6	0.5
Mercury (Hg)	0.03	0.03
Nickel (Ni)	2.7	2.7
Silver (Ag)	4.2	4.2
Sodium	N/A	2,500
Total dissolved solids	N/A	9,500
Total suspended solids	1,000	1,000
Zinc (Zn)	1.4	1.4
Oil and Grease (petroleum)	100	100

Public Outreach

Public outreach efforts were conducted regarding the proposed amendment. The outreach activities included:

- Publicly posted agenda for the January 3, 2024, SCRWA Board Regular Meeting.
- Cities’ Websites: The proposed amendment was posted on the City’s official website, accessible to the public.
- All Significant Industrial Users were notified of the proposed amendment.

Alternatives

Board may modify or reject the proposed amendments to the Ordinance and updates to the ERP. Rejection of the amendments to the Ordinance and updates to the ERP is not recommended, as the

proposed Ordinance and updated ERP were constructed from feedback from federal, state, and local regulatory environmental agencies established to protect water quality, and such action would adversely affect the Plant's operations permit.

Next Steps

If Board approves the amendments and introduces the proposed Ordinance and the updated ERP at this meeting, the Board will need to adopt it at its regular meeting on April 3, 2024. The Ordinance and ERP would go into effect 30 days after adoption.

Fiscal Impact

There is no fiscal impact associated with this item.

Attachments:

- 1) Sewer Use Ordinance 2024-01
- 2) State Water Resources Control Board acceptance letter dated December 13, 2023
- 3) Sewer Use Ordinance Audit Findings and Responses
- 4) Enforcement Response Plan
- 5) Local Limits Report

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**SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY**

1500 Southside Drive
Gilroy, California 95020-7042
Telephone (408) 848-0480
Facsimile (408) 842-0873
scrwamail@ci.gilroy.ca.us

DATE: April 3, 2024

TO: JIMMY FORBIS, Authority Manager

FROM: SAEID VAZIRY, P.E., Senior Environmental Engineer

SUBJECT: **ADOPTION OF RESOLUTION NO. 2024-02 OF THE BOARD OF DIRECTORS OF THE SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY AMENDING ITS CONFLICT-OF-INTEREST CODE**

Recommendation

It is recommended that the SCRWA Board, by roll call vote, adopt Resolution No. 2024-02 that amends the SCRWA Conflict of Interest Code as required by the Political Reform Act.

Summary

The Political Reform Act requires every local governmental agency to review its conflict-of-interest code every even-numbered year. Pursuant to Government Code section 87303, “No conflict-of-interest code shall be effective until it has been approved by the code-reviewing body.” The County of Santa Clara Board of Supervisors is the code-reviewing body for SCRWA. SCRWA last reviewed their conflict-of-interest code in April of 2023.

State law also requires that agencies contact their code-reviewing body when a new position title is to be added to its conflict-of-interest code list of designated positions. (Gov. Code, § 87306.) In performance of this task, SCRWA staff and counsel have reviewed the current conflict of interest code to determine whether any updates are required to be submitted to the County Board of Supervisors.

On January 18, 2024, SCRWA gave notice to the Office of County Counsel that a revision will be made to SCRWA’s conflict of interest code updating its list of Designated Positions found in the attached resolution. It lists the positions and describes the types of interests that must be disclosed by persons holding those positions by associating designated positions with disclosure categories.

In the City of Gilroy, a new department was created, and three new positions added to the list of Designated Positions which consist of Utilities Director, Utilities Business Manager and Environmental Engineer. Moreover, the position of the Assistant to the City Administrator is removed from the list of Designated Positions. It is necessary to revise the list of Designated Positions and update the SCRWA Conflict of Interest Code accordingly.

Next Step

The next step in this update shall occur through the passage of this resolution that incorporates the changes. Upon approval of the final resolution and formal adoption by the Board, SCRWA staff shall send the resolution to the County Counsel for submittal to the County Board of Supervisors for approval to complete the process.

Attachment

Attached hereto is a proposed Resolution No. 2024-02 amending the Conflict Code with the specific changes received from the City of Gilroy. The proposed new Appendix I is attached to the resolution.

RESOLUTION NO. 2024-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY
AMENDING ITS CONFLICT OF INTEREST CODE

WHEREAS, the CITY OF GILROY and the CITY OF MORGAN HILL have together executed and entered into the Joint Exercise of Powers Agreement, dated May 19, 1992, creating and establishing the SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY (“AUTHORITY”); and

WHEREAS, the Political Reform Act, California Government Code section 81000 *et seq.*, requires state and local agencies to adopt and promulgate conflict of interest codes, and the AUTHORITY is an agency subject to said statute; and

WHEREAS, the AUTHORITY, by Resolution No. 92-23, a copy of which is attached hereto as Exhibit 1 and incorporated by this reference, has adopted the terms of Title 2 California Code of Regulations section 18730, and any amendments thereto, taken with appendices prepared and adopted and amended from time to time by the AUTHORITY, as the Conflict of Interest Code of the AUTHORITY, (the “Conflict Code”); and

WHEREAS, the AUTHORITY most recently amended the Conflict Code by adopting Resolution No. 2022-02 on May 4, 2022, which deleted and replaced Appendix I of the Conflict Code to update the list of reporting positions (the “Designated Positions”); and

WHEREAS, as required by law, on October 5, 2022, the AUTHORITY gave notice to the Office of the County Counsel informing the County that revisions will be made to the Conflict Code to update Designated Positions; and

WHEREAS, in the City of Gilroy, existing titles have been revised, positions have been eliminated, and/or new positions have been designated, so that it is necessary to delete the position of Assistant to the City Administrator, City of Gilroy from the list of Designated Positions, and to add the

new City of Gilroy positions of Utilities Director, Utilities Business Manager and Environmental Engineer.

NOW, THEREFORE, BE IT RESOLVED THAT:

SECTION I

Resolution No. 2024-02 shall remain in full force and effect except as otherwise indicated herein. Appendix I to Resolution No. 2024-02, which includes the list of Designated Positions that shall be subject to the AUTHORITY's Conflict Code and describes the disclosure categories, shall be deleted in its entirety from the Conflict Code and replaced with a new Appendix I as set forth in Exhibit 2 to this Resolution.

SECTION II

Statements of economic interests filed by persons holding AUTHORITY designated positions pursuant to FPPC regulations and the AUTHORITY's Conflict Code shall be retained by the AUTHORITY as public records and shall be made available for public review and inspection subject to Government Code section 81008.

[Signatures on the Following Page]

PASSED AND ADOPTED this ____ day of _____, 2024 by the following vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

APPROVED:

Rene Spring, Chairperson

ATTEST:

Saeid Vaziry, Secretary

EXHIBIT 1

RESOLUTION NO. 92-23

A RESOLUTION OF THE SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY ADOPTING A CONFLICT OF INTEREST CODE WHICH INCORPORATES BY REFERENCE THE FAIR POLITICAL PRACTICES COMMISSION'S STANDARD MODEL CONFLICT OF INTEREST CODE.

WHEREAS, pursuant to the provisions of Chapter 5 of Division 7 of Title 1 of the Government code of the state of California, the CITY OF GILROY ("GILROY") and the CITY OF MORGAN HILL ("MORGAN HILL") and together with GILROY, the "MEMBER AGENCIES")have executed and entered into the Joint Exercise of Powers Agreement creating the SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY, dated May 19, 1992, pursuant to which Joint Exercise of Powers Agreement the SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY (the "AUTHORITY") has been created and established and

WHEREAS, the aforesaid Joint Exercise of Powers Agreement provides that the AUTHORITY, in its own name, or for the benefit of the MEMBER AGENCIES, has the power to acquire by purchase, lease, contribution, eminent domain or otherwise, real or personal property, and to plan for, develop, contract for, own, acquire, construct, finance, operate and maintain any systems, plants, buildings, works and other facilities for the collection, treatment and disposal of sewage, waste and storm water, including sewage treatment and disposal plants and works and facilities in connection therewith; and reclamation facilities; and

WHEREAS, the AUTHORITY is operating the existing wastewater treatment plant for the treatment and disposal of wastewater from each MEMBER AGENCY, and has begun the construction of a new wastewater facility (the "PROJECT") in order to serve their needs; and

WHEREAS, the Political Reform Act, Government Code section 81000, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes, and the AUTHORITY is an agency subject to said statute; and

WHEREAS, the Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs., section 18730, which contains the terms of a standard conflict of interest code which can be incorporated by reference and may be amended by the Fair Political Practices Commission ("FPPC") after public notice and hearings to conform to amendments in the Political Reform Act.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The terms of 2 Cal. Code of Regs. section 18730, and any amendments thereto, taken with the appendices attached hereto and incorporated by reference herein, shall constitute the Conflict of Interest Code of the AUTHORITY.

2. Persons holding designated positions listed in the attached Appendix I or by the terms of an employee or consultant agreement with the AUTHORITY, shall file statements of economic interest with the Secretary of the AUTHORITY in accordance with 2 Cal. Code of Regs., section 18730(4). Upon receipt of the statements, the Secretary of the AUTHORITY shall make and retain a copy and forward the original of these statements to the Santa Clara County Clerk of the Board of Supervisors.

3. The geographical jurisdiction of the AUTHORITY shall be all territory within the cities of Gilroy and Morgan Hill and two miles therefrom plus all territory included and within two miles of property owned by the AUTHORITY.

4. Nothing in this resolution should be construed to allow any official, employee or consultant of the AUTHORITY or its MEMBER AGENCIES to make or participate in making or in any way attempt to influence a governmental decision in which he knows or has reason to know he has a financial interest. Disqualification in the event of a conflict of interest is governed by sections 87100 and following of the Government Code and the state regulations promulgated thereunder.

5, This Code shall become effective on _____ date of approval by designated reviewing body.

PASSED AND ADOPTED this 8th day of September, 1992, by the following vote:

SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY


AYES: DIRECTORS: GAGE, KENNEDY, HALE, KLOECKER
NOES: DIRECTORS
ABSENT: DIRECTORS: BASSETT

APPROVED:



Donald F. Gage
Chairperson

ATTEST:


Marilyn Gilhanek
Secretary

[Original Signature Page Attached]

4. Nothing in this resolution should be construed to allow any official, employee or consultant of the AUTHORITY or its MEMBER AGENCIES to make or participate in making or in any way attempt to influence a governmental decision in which he knows or has reason to know he has a financial interest. Disqualification in the event of a conflict of interest is governed by sections 87100 and following of the Government Code and the state regulations promulgated thereunder.


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NOES: DIRECTORS
ABSENT: DIRECTORS: BASSETT

APPROVED:



Donald F. Gage
Chairperson

ATTEST:



Marilyn Silhanek
Secretary

EXHIBIT 2

APPENDIX I

SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY
CONFLICT OF INTEREST CODE

<u>Designated Position</u>	<u>Disclosure Category</u>
1. Member of the Board of Directors	1
2. Alternate Member of the Board of Directors	1
3. Secretary	1
4. Deputy Secretary	1
5. Authority Manager	1
6. Legal Counsel	1
7. Treasurer	1
8. Wastewater Treatment Plant Manager	1
9. Assistant Plant Manager	1
10. Designated City of Gilroy employees:	
a. City Administrator (Manager), City of Gilroy	1
b. Community Development Director, City of Gilroy	1
c. Finance Director, City of Gilroy	1
d. Finance Manager, City of Gilroy	1
e. Management Analyst, City of Gilroy	1
f. Public Works Director, City of Gilroy	1
g. City Engineer/Traffic Engineer, City of Gilroy	1
h. Senior Environmental Engineer, City of Gilroy	1
i. City Attorney, City of Gilroy	1
j. Utilities Director	1
k. Utilities Business Manager	1
l. Environmental Engineer	1
10. Designated City of Morgan Hill employees:	
a. City Manager, City of Morgan Hill	1
b. Assistant City Manager for Development Services, City of Morgan Hill	1
c. Public Services Director, City of Morgan Hill	1
d. Finance Director, City of Morgan Hill	1
e. City Engineer, City of Morgan Hill	1
f. Deputy Director for Utilities Services, City of Morgan Hill	1
g. City Attorney, City of Morgan Hill	1
11. Consultant	2
12. Newly Created Position	*

*Newly Created Positions

Newly Created Positions that make or participate in the making of decisions and whose specific position title is not yet listed in the Authority’s Conflict Code are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: The Authority Manager may determine in writing that a particular newly created position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the broadest disclosure requirements, but instead must comply with more tailored disclosure requirements specific to that newly created position. Such written determination shall include a description of the newly created position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Authority’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict Code.

As soon as the Authority has a newly created position that must file Statements of Economic Interests, the District’s filing official shall contact the County of Santa Clara Clerk of the Board of Supervisors Form 700 division to notify it of the new position title to be added in the County’s electronic Form 700 record management system, known as eDisclosure. Upon this notification, the Clerk’s office shall enter the exact position title of the newly created position into eDisclosure and the Authority’s filing official shall ensure that any individual(s) holding the newly created position is entered under that position title in eDisclosure.

Additionally, within 90 days of the creation of a newly created position that must file Statements of Economic Interests, the Authority shall update this Conflict Code to reflect the exact position title in its list of designated positions, and submit the amended Conflict Code to the County of Santa Clara Office of the County Counsel for code-reviewing body approval by the County Board of Supervisors. (Gov. Code Sec. 87306.)

DISCLOSURE CATEGORIES

Disclosure Category 1:

Persons in this category shall disclose:

- (1) all investments, business positions, and income (including gifts, loans and travel payments) from:
 - (a) all sources subject to the regulatory, permit or licensing authority of the Authority; and
 - (b) all sources that provide, plan to provide, or have provided in the last two years, facilities, goods, software, hardware, or related technology, equipment, vehicles, machinery, or services, including training or consulting services, to the Authority; and
 - (c) all sources that are engaged in any real estate activity including, but not limited to real estate appraisal, development, construction, planning/architectural design, engineering, sales, brokerage, leasing, lending, insurance, rights of way, and/or studies; and/or property or facilities

management/maintenance/custodial and utility services as used by the Authority or provides capital for the purchase of property used or sold by the Authority; and

- (2) all interests in real property in the Authority located entirely or partly within the Authority, or within two miles of the Authority boundaries, or of any land owned or used by the Authority.

Disclosure Category 2:

Consultants, as defined for purposes of the Political Reform Act, shall disclose pursuant to the broadest disclosure category in the Conflict Code subject to the following limitation: The Authority Manager may determine in writing that a particular consultant, although a “designated position”, is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements of the broadest category but instead must comply with more tailored disclosure requirements specific to that consultant. Such a determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. All such determinations are public records and shall be retained for public inspection along with this Conflict Code.



**SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY**

1500 Southside Drive
Gilroy, California 95020-7042
Telephone (408) 848-0480
Facsimile (408) 842-0873
scrwamail@ci.gilroy.ca.us

DATE: April 3, 2024

TO: JIMMY FORBIS, Authority Manager

FROM: SAEID VAZIRY, P.E., Senior Environmental Engineer

SUBJECT: **AWARD RECOMMENDATION FOR FOUR LINEAR MIXERS FOR AN
OXIDATION DITCH AT THE SECONDARY TREATMENT**

Recommendation

Staff recommends approval of a contract award with Landia Inc. for the purchase of Four Model POPL-I Flowmaker Submersible Mixers in the amount of \$154,800.

Executive Summary

Staff is bringing before the Board a request to award a contract for purchase of four slow-speed directional mixers for an oxidation ditch at the secondary treatment process to ensure redundancy and save energy. The bid was conducted based on the City of Gilroy Purchasing Policy for Public Works (PW) for informal proposal process. PW projects of \$200,000 or less can be made using a 3-quote request format. Quotes were received from two vendors that manufactures this specialty equipment. Funding is programmed in this year's improvements budget.

Background

Like other wastewater treatment plants, SCRWA facility is a big energy user. The aeration system is the single largest user of power at the plant, and a good share of the plant's energy use is consumed by the existing surface aerators. Currently three surface aerators are installed in this oxidation ditch and two are used at a given time as the operators rotate between the aerators periodically to ensure operation. The secondary treatment system utilizes two oxidation ditches and removes the majority of the organic matter in wastewater by making use of the bacteria in it through the biological process of aeration.

Process Description

The existing aerators are dual-purpose and provide both mixing and aeration. However, sufficient dissolved oxygen levels are provided through a diffused aeration system installed in 2016. Removal of the existing aerators and replacement with energy-efficient submersible mixers significantly lowers power requirement to control flow velocity. It is anticipated to result in more consistent effluent quality, provides superior process control for all seasons at the rated capacity, and improves the overall reliability of the treatment process.

SCRWA has made significant improvements toward clean energy solutions. Pursuant to SCRWA’s commitment to deliver the highest quality of service and increase efficiency of the treatment process, the proposed retrofit, to replace the outdated 30-year-old 150-horsepower surface aerators with 9-horsepower submersible mixers, not only enhances the delivery system in the oxidation ditch but also reduces energy cost and carbon footprint.

Bid Results

A request for quotes, including technical specifications and procedural requirements, was prepared by staff. Two vendors that manufacturer this specialty equipment submitted quotes as follows:

	Equipment Cost	Freight Cost	Sales Tax (9.125%)	Total Cost
Landia, Inc.	\$151,000	\$3,800	\$13,778.75	\$168,578.75
MISCOwater	\$197,082	\$10,000	\$17,983.74	\$225,065.74

Landia’s quote includes duties and freight to the plant; however, per company policy they do not collect and are not responsible for any sales tax in their proposals. Tax is applicable for the equipment and will be remitted directly to the California Department of Tax and Fee Administration.

Cost-Benefit Analysis

With focus on the aeration equipment as a significant opportunity for energy savings, an energy analysis was performed for the replacement of the 150-horsepower surface aerators with 9-housepower submersible mixers. The assessment of the existing and proposed measure scenarios yields an estimated grid savings (what we may see on the utility bill) of 1,175,000 kWh and 135 kW as depicted in table below.

Description	New Mixers
Energy Savings (kWh/yr.)	1,175,000
Demand Savings (kW)	135
Annual Cost Savings	\$226,850
Equipment Cost	\$154,800
Payback (yrs.)	0.68

The proposed improvement is expected to create net savings of approximately \$227,000 per year in energy and anticipated to pay for itself in less than a year. This project is also eligible for a program incentive by PG&E. Replacement of the surface aerators with more efficient submersible mixers substantially reduces energy cost. Furthermore, the new equipment will have a lower ongoing maintenance cost.

Next Step

If the Board approves the purchase of the new mixers, the product manufacturing lead time is about six to eight weeks, and equipment installation by the plant staff is anticipated to take approximately eight months.

Fiscal Impact

The purchase of the mixers has been budgeted in the FY23-24 budget and funding is available in expense account 8258520 53135 (Improvements). There is no fiscal impact associated with this item and no additional appropriation is needed.

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**SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY
CASH AND INVESTMENTS REPORT
AS OF DECEMBER 31, 2023**

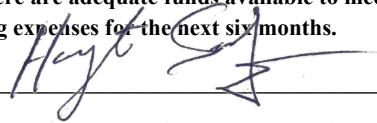
DESCRIPTION	Note		BALANCE AS OF 12/31/23
CASH IN BANK			
WELLS FARGO OPERATING ACCOUNT - SCRWA'S PORTION	1	(584,772.97)	
TOTAL BANK BALANCE			(584,772.97)
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND			
SCRWA LAIF		11,526,603.82	
TOTAL LAIF			11,526,603.82
TOTAL LIQUID FUNDS			10,941,830.85
TOTAL SCRWA FUNDS			10,941,830.85

NOTE:

1. Day to day transactions are made through Gilroy's cash account. The balance held in Gilroy's account on behalf of SCRWA should be close to zero at month end, as the majority of funds will be held in the SCRWA LAIF account.
2. With the start of the SCRWA expansion the cash account will be showing a negative balance since all expenses are on a reimbursement basis.

This is to certify that this schedule of investments is in compliance with SCRWA'S investment policy and that there are adequate funds available to meet SCRWA'S budgeted and actual operating expenses for the next six months.

SIGNED BY : Harjot Sangha
Finance Director




DATE: 02/16/2024

SCRWA
Portfolio Management
Portfolio Summary
December 31, 2023

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
LAIF	11,526,603.82	11,526,603.82	11,526,603.82	100.00	1	1	3.945	4.000
Investments	11,526,603.82	11,526,603.82	11,526,603.82	100.00%	1	1	3.945	4.000
Cash								
Passbook/Checking (not included in yield calculations)	-584,772.97	-584,772.97	-584,772.97		0	0	0.000	0.000
Total Cash and Investments	10,941,830.85	10,941,830.85	10,941,830.85		1	1	3.945	4.000

Total Earnings	December 31 Month Ending	Fiscal Year To Date
Current Year	39,064.58	218,820.92
Average Daily Balance	8,923,212.77	10,165,131.67
Effective Rate of Return	5.15%	4.27%


 Harjot Sangha, Finance Director

02/16/2024

**South County Regional
Wastewater Authority**
(A Component Unit of the City of Gilroy)

Gilroy, California

Annual Financial Report

For the Year Ended June 30, 2023



South County Regional Wastewater Authority
(A Component Unit of the City of Gilroy)
Annual Financial Report
For the Year Ended June 30, 2023

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**SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY**

1500 Southside Drive

Gilroy, California 95020-7042

Telephone (408) 848-0480

Facsimile (408) 842-0873

scrwamail@ci.gilroy.ca.us

March 26, 2024

To the Honorable Members of the SCRWA Board, and Citizens of Gilroy and Morgan Hill:

The South County Regional Wastewater Authority (“Authority”) Joint Powers Agreement requires that the Authority publish a complete set of audited financial statements for each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023. This financial report is submitted for your information and review. The information contained herein has been provided to allow the reader to gain an understanding of the Authority’s financial activities. Management assumes full responsibility for the completeness and reliability of the information contained in this report. The Management Discussion and Analysis (MD&A) is included to assist the reader in its review of the Authority’s financial statements. It provides a roadmap for the financial statements and related notes.

To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive framework of internal controls that is designed to both protect the authority’s assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Authority’s financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Authority’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatements. Management is committed to maintaining the Authority’s internal controls to adequately safeguard assets; and to provide reasonable assurances of proper recording of financial transactions.

The Pun Group LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Authority’s financial statements for the year ended June 30, 2023. The independent auditors’ report is located at the front of the financial section of this report. The MD&A immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction.

Profile of the Authority

The Authority is a joint powers authority of the cities of Gilroy and Morgan Hill. Formed in 1992 the Authority serves both cities treating approximately 2.5 - 2.6 billion gallons of wastewater and producing 800-840 million gallons of recycled wastewater each year for use in landscaping, agricultural, industrial and other applications. The Authority is governed by a five (5) member board of directors consisting of city council members from each member agency; three (3) members from the City of Gilroy and two (2) members from the City of Morgan Hill. The City of Gilroy provides administrative oversight and staffing services to the Authority with the Gilroy City Administrator serving as the Authority's General Manager. General administrative oversight includes, but is not limited to, contract negotiation and administration, financial management, public works services, capital project management, budget preparation, insurance administration, and chemical control services. The Authority's daily operations are provided under a third-party contract with Jacobs Engineering Group.

Fiscal Year 2023 (FY23) Financial Results

During the fiscal year, the Authority's total net position increased by \$27.9 million, to \$148.5 million primarily due to the investment in net capital assets for the treatment plant expansion project. At June 30, 2023, of the total net position, \$12.1 million was unrestricted, while the remaining \$136.4 million consisted of net investment in capital assets. The Authority ended FY23 with an operating loss of \$3.3 million, primarily attributed to the annual depreciation of fixed assets.

Acknowledgements

The preparation of this report would not have been possible without the skill, diligence, and commitment of the entire staff of the City of Gilroy Finance Department, and specifically Finance Manager Rosemary Guerrero. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Authority Board for their continuing support for maintaining the highest standards of professionalism in the management of Gilroy's finances and prioritizing the goal of financial sustainability.

Respectfully submitted,



Jimmy Forbis
Authority General Manager



Harjot Sangha
Treasurer



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the South County Regional Wastewater Authority
Gilroy, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the South County Regional Wastewater Authority, (the "Authority"), a component unit of the City of Gilroy, California (the "City"), which comprise the statement of net position as of June 30, 2023 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

Implementation of New GASB Pronouncements

As discussed in Note 1 to the basic financial statements, the Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription Based Information Technology Agreements* during the year. As of July 1, 2022, the Authority Lease Receivable and Deferred Inflows was increased by \$129,917. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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 auditors' report that includes our opinions. 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 auditing standards generally accepted in the United States of America and *Government 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 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 auditing standards generally accepted in the United States of America and *Government 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 the Authority'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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
March 26, 2024

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**South County Regional Wastewater Authority
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023**

The following discussion and analysis of the financial performance of the South County Regional Wastewater Authority (Authority) provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2023 (FY 23). Please read it in conjunction with the basic financial statements identified in the accompanying table of contents.

Using the Accompanying Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the Authority's activities and present a longer-term view of its finances.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

BACKGROUND AND OVERVIEW

The Authority is a joint powers authority of the City of Gilroy and City of Morgan Hill. Formed in 1992, the Authority serves both cities treating approximately 2.5 - 2.6 billion gallons of wastewater and producing 800-840 million gallons of recycled wastewater each year for use in landscaping, agricultural, industrial and other applications. The Authority is governed by a five (5) member board of directors consisting of city council members from each member agency; three (3) members from the City of Gilroy and two (2) members from the City of Morgan Hill. The City of Gilroy provides administrative oversight and staffing services to the Authority with the Gilroy City Administrator serving as the Authority's General Manager. General administrative oversight includes, but is not limited to, contract negotiation and administration, financial management, public works services, capital project management, budget preparation, insurance administration, and chemical control services. The Authority's daily operations are provided under a third-party contract with Jacobs Engineering Group.

ACCOUNTING STANDARDS

The Authority's basic financial statements are prepared in accordance with the accounting principles established by the Government Accounting Standards Board (GASB).

**South County Regional Wastewater Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023**

FINANCIAL HIGHLIGHTS

The Authority's overall net position, representing the difference between total assets and total liabilities plus deferred inflows of resources, increased by \$27.9 million, to \$148.5 million, during Fiscal Year 2023 (FY 23). Of the total net position, \$12.1 million remains unrestricted, the majority of the remaining, \$136.4 million, or about 92%, consists of net investment in capital assets.

Operating revenues increased by \$0.2 million from FY22 and operating expenses increased by a nominal \$4,630, resulting in an operating loss of approximately \$0.2 million compared the prior year.

Statements of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Cash and investments	\$ 14,782,944	\$ 10,758,715	\$ 4,024,229
Current assets	9,498,814	3,691,020	5,807,794
Capital assets	136,380,628	111,561,190	24,819,438
Total assets	<u>160,662,386</u>	<u>126,010,925</u>	<u>34,651,461</u>
Current liabilities	12,150,054	5,295,425	6,854,629
Noncurrent liabilities	19,177	17,764	1,413
Total liabilities	<u>12,169,231</u>	<u>5,313,189</u>	<u>6,856,042</u>
Deferred inflows of resources			
Deferred lease-related items	32,679	-	32,679
Total deferred inflows of resources	<u>32,679</u>	<u>-</u>	<u>32,679</u>
Net Position			
Investment in capital assets	136,380,628	111,561,190	24,819,438
Unrestricted	12,079,848	9,025,439	3,054,409
Total Net Position	<u>\$ 148,460,476</u>	<u>\$ 120,586,629</u>	<u>\$ 27,873,847</u>

- During FY23, total assets increased by \$34.7 million to \$160.7 million, primarily in the capital assets area, a result of capitalized expenses related to the plant expansion project.
- Total liabilities increased by \$6.9 million to \$12.2 million, primarily due to an increase in retentions and accounts payable for the plant expansion project.
- At June 30, 2023, the Authority's total net position was \$148.5 million, of which \$12.1 million was unrestricted, and the remaining consisted of net investment in capital assets.

**South County Regional Wastewater Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023**

Statements of Revenues, Expenses, and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
OPERATING REVENUES			
Operating contributions from City of Gilroy	5,852,589	6,125,158	(272,569)
Operating contributions from City of Morgan Hill	4,723,664	4,598,541	125,123
Other charges for services	675,316	357,008	318,308
Total operating revenue	<u>11,251,569</u>	<u>11,080,707</u>	<u>170,862</u>
OPERATING EXPENSES			
Sewage treatment	9,554,361	9,218,414	335,947
Pretreatment program	420,409	549,898	(129,489)
Plant operations	370,603	331,538	39,065
Depreciation and amortization	4,202,729	4,443,622	(240,893)
Total operating expenses	<u>14,548,102</u>	<u>14,543,472</u>	<u>4,630</u>
Operating income (loss)	<u>(3,296,533)</u>	<u>(3,462,765)</u>	<u>166,232</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	198,337	70,349	127,988
Rental income	89,629	(92,741)	182,370
Miscellaneous income (expense)	1,929,386	(1,900,741)	3,830,127
Total nonoperating revenues (expenses)	<u>2,217,352</u>	<u>(1,923,133)</u>	<u>4,140,485</u>
Loss before capital contributions	<u>(1,079,181)</u>	<u>(5,385,898)</u>	<u>4,306,717</u>
CAPITAL CONTRIBUTIONS			
Capital contribution from City of Gilroy	16,809,057	12,148,175	4,660,882
Capital contribution from City of Morgan Hill	12,143,971	8,816,845	3,327,126
Total capital contribution	<u>28,953,028</u>	<u>20,965,020</u>	<u>7,988,008</u>
Change in net position	<u>27,873,847</u>	<u>15,579,122</u>	<u>12,294,725</u>
NET POSITION			
Beginning of year	<u>120,586,629</u>	<u>105,007,507</u>	<u>15,579,122</u>
End of year	<u>148,460,476</u>	<u>120,586,629</u>	<u>27,873,847</u>

- Total operating revenues for FY23 were \$11.3 million, an increase of \$0.2 million, compared to the prior fiscal year (FY22).
- Total operating expenses for FY23 were \$14.5 million, a minor increase of \$4,630 from FY22.
- The current year's operating activity produced an operating loss of \$3.3 million, primarily a result of the annual depreciation expense.
- Total capital contributions for FY23 were \$29.0 million, an increase of \$8.0 million from the prior year, primarily for the treatment plant expansion project.
- The Authority's net position increased by \$27.9 million to \$148.5 million from FY22.

**South County Regional Wastewater Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023**

Statement of Cash Flows

A summary of the Authority's statements of cash flows for FY 23 is presented below.

Condensed Statement of Cash Flows

	<u>2023</u>
Cash flows used in operating activities	\$ 3,922,417
Cash flows provided by capital and related financing activities	(96,526)
Cash flows provided by investing activities	<u>198,338</u>
Net change in cash	4,024,229
Cash and investments - beginning of year	<u>10,758,715</u>
Cash and investments - end of year	<u>\$ 14,782,944</u>

Capital Assets

At the end of FY23, the Authority's net investment in capital assets was \$136.4 million, an increase of \$24.8 million from FY22. This increase was primarily due to capital expense for the treatment plant expansion project.

Long-Term Debt

The Authority possesses no long-term debt as debt for Authority-related activities is the obligations of the member agencies and reported in their respective financial statements.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority Treasurer, at the City of Gilroy, 7351 Rosanna Street, Gilroy, California 95020.

BASIC FINANCIAL STATEMENTS

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South County Regional Wastewater Authority
Statement of Net Position
June 30, 2023

ASSETS

Current Assets:

Cash and investments	\$ 14,782,944
Accounts receivable, net	217,930
Due from City of Gilroy	5,344,456
Due from City of Morgan Hill	3,854,263
Due from other governments	82,059
Interest receivable	106
Total current assets	24,281,758

Noncurrent Assets:

Capital assets

Buildings and improvements	72,257,749
Land improvements	10,681,371
Infrastructure	35,874,535
Fleet (vehicles)	1,588,344
Office furniture, fixtures and equipment	20,097,849
Subtotal	140,499,848
Less: accumulated depreciation	(81,695,645)
Total capital assets being depreciated, net	58,804,203
Land	13,396,202
Construction in progress	64,180,223
Total capital assets, net	136,380,628
TOTAL ASSETS	160,662,386

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities	9,493,336
Compensated absences, due within one year	1,973
Due to City of Gilroy	1,455,046
Due to City of Morgan Hill	1,199,699
Total current liabilities	12,150,054

Noncurrent Liabilities:

Compensated absences	19,177
Total noncurrent liabilities	19,177
TOTAL LIABILITIES	12,169,231

DEFERRED INFLOWS OF RESOURCES

Deferred lease-related items	32,679
Total deferred inflows of resources	32,679

NET POSITION

Investment in capital assets	136,380,628
Unrestricted	12,079,848
TOTAL NET POSITION	\$ 148,460,476

South County Regional Wastewater Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

OPERATING REVENUES:

Operating contributions from City of Gilroy	\$ 5,852,589
Operating contributions from City of Morgan Hill	4,723,664
Other charges for services	675,316
Total operating revenue	11,251,569

OPERATING EXPENSES:

Sewage treatment	9,554,361
Pretreatment program	420,409
Plant operations	370,603
Depreciation	4,202,729
Total operating expenses	14,548,102
Operating income (loss)	(3,296,533)

NONOPERATING REVENUES (EXPENSES):

Rental income	89,629
Investment income (loss)	198,337
Miscellaneous income (expense)	1,929,386
Total nonoperating revenues (expenses)	2,217,352
Income (loss) before capital contributions	(1,079,181)

CAPITAL CONTRIBUTIONS:

Capital contribution from City of Gilroy	16,809,057
Capital contribution from City of Morgan Hill	12,143,971
Total capital contributions	28,953,028
Change in net position	27,873,847

NET POSITION:

Beginning of year	120,586,629
End of year	\$ 148,460,476

South County Regional Wastewater Authority
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows from Operating Activities:

Cash received from system users	\$ 14,384,183
Rental income received	89,629
Cash payments to suppliers for goods and services	(10,552,808)
Cash payments to employees for services	1,413
Net cash provided by operating activities	3,922,417

Cash Flows from Capital and Related Financing Activities:

Cash transferred (paid) for capital assets	(22,641,551)
Capital contributions	22,545,025
Net cash (used in) capital and related financing activities	(96,526)

Cash Flows from Investing Activities

Investment income	198,338
Net cash provided by investing activities	198,338
Net change in cash and cash equivalents	4,024,229

Cash and Cash Equivalents:

Beginning of year	10,758,715
End of year	\$ 14,782,944

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating income (loss)	\$ (3,296,533)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,202,729
Rental income	89,629
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	26,970
(Increase) decrease in lease receivable	89,597
(Increase) decrease in due from City of Gilroy	1,741,620
(Increase) decrease in due from City of Morgan Hill	1,415,882
(Increase) decrease in due from other governments	(63,027)
Increase (decrease) in accounts payable	(207,435)
Increase (decrease) in compensated absences	1,413
Increase (decrease) in deferred inflows of resources related to leases	(78,428)
Total adjustments	7,218,950
Net cash provided by operating activities	\$ 3,922,417

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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South County Regional Wastewater Authority
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Significant Accounting Policies

The financial statements of the South County Regional Wastewater Authority (the “Authority”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to local governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Authority are described below.

A. Description of Reporting Entity

The Authority was created on July 1, 1992 by the City of Morgan Hill (“Morgan Hill”) and the City of Gilroy (“Gilroy”) (Member Agencies). The purpose of the Authority is to plan and implement regional solutions to the wastewater treatment and management problems resulting from the generation of wastewater within the service areas of the Member Agencies. To achieve this purpose, the Authority constructs, maintains and operates facilities for sewage treatment and wastewater reclamation. Gilroy and Morgan Hill have a 58.1% and 41.9% capacity interest in the wastewater treatment plant, respectively, which is used to determine the capital contribution amounts by the Member Agencies and the pro-rata share of the Authority’s income (loss).

The Authority is governed by a Board of Directors which consists of three members from the Gilroy City Council and two members from the Morgan Hill City Council. The Authority is classified as a component unit with respect to the two member agencies. The current agreement terminates the joint power agreement entered into in 1979 (the Agreement of 1979). Although the Gilroy controls three of the five members of the Board of Directors, Gilroy does not have the ability to impose its will on the Authority beyond its representation on the Board. The Authority’s budget and member contribution requirements are approved by the Board of Directors of the Authority. Although the Gilroy provides accounting services, engineering services and administrative support to the Authority, day-to-day operations associated with the Authority have been contracted directly by the Authority to a private provider of services for wastewater management and operations.

B. Basic Financial Statements

The basic financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes to the basic financial statements.

C. Measurement Focus and Basis of Accounting

The Authority is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred. Internal activity has been eliminated in the accompanying financial statements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with sewer operations. The principal operating revenues of the Authority are contributions from Member Agencies. Operating expenses include cost of services, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Net position of the Authority has been reported as restricted when its use is constrained more narrowly than the reporting unit in which it is reported as a result of state laws governing such use. When both restricted and unrestricted resources are available for use, the Authority uses restricted resources first, then unrestricted resources as they are needed. For capital expenditures, legally available restricted bond proceeds are used first, then other restricted resources, then unrestricted resources are used if needed.

D. Implementation of New GASB Pronouncements

During fiscal year ended June 30, 2023, the Authority implemented the following new GASB Pronouncements:

GASB Statement No. 91 - In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Implementation of this Statement did not have a significant effect on the Authority's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 94 - In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Implementation of this statement did not have a significant effect on Authority's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 96 - In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset— an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Implementation of this Statement did not have a significant effect on Authority's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 99 - In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Implementation of this Statement did not have a significant effect on Authority's financial statements for the fiscal year ended June 30, 2023.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Significant Accounting Policies (Continued)

E. Compensated Absences

All full-time employees accumulate vacation benefits in varying annual amounts. Sick leave benefits accrue at the rate of one day per month for all full-time employees regardless of their length of service to the Authority. Upon termination or retirement, employees are paid for all unused vacation time and overtime. No cash payment is made for unused sick leave upon termination or retirement.

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

If material, a liability is accrued for all leave benefits relating to the operations of the Authority. All amounts are considered to be noncurrent and will be recorded as fund expenditures in the year in which they are paid or become due. As of June 30, 2023 the Authority had the following activity in compensated absences:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Compensated Absences	\$ 19,737	\$ 1,413	\$ -	\$ 21,150

F. Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

Unrestricted – This component of net position is the amount of the assets and liabilities that are not included in the determination of investment in capital assets.

G. Operating Contributions

Operating contributions from the members are recognized when the related operating costs are incurred. Members are billed amounts equal to the actual operating expenses incurred less other revenues including contributions from nonmember users.

H. Capital Contributions

In accordance with generally accepted accounting principles for local governmental units, the Authority has recorded the following transactions as capital contributions:

- Capital grants and other contributions from third parties restricted for property, plant and equipment.
- Cash contributed from members for capital contributions.

I. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments

The Authority participates in a cash and investment pool maintained by the City, which includes cash balances and authorized investments of all funds and the Local Agency Investment Fund (“LAIF”).

Cash and investments as of June 30, 2023 consists of the following:

Current Assets:

Equity in City of Gilroy investment pool	\$ 3,613,490
Local Agency Investment Fund	11,169,454
Total cash and investments	\$ 14,782,944

A. Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the California Government Code and the Authority’s investment policy. The table also identifies certain provisions of the California Government Code (or the Authority’s investment policy, if more restrictive) that address interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds with fiscal agent that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the Authority’s investment policy.

Investment Type	Authorized Policy	Maximum Maturity*	Maximum Portfolio*	Maximum One Issuer*
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Government Sponsored				
Agency Securities	Yes	5 years	None	None
Banker’s Acceptances	Yes	180 days	15%	30%
Commercial Paper	Yes	270 days	10%	10%
Negotiable Certificates of Deposit	Yes	2 years	15%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% base value	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds	Yes	N/A	5%	10%
Money Market Mutual Funds	Yes	N/A	5%	10%
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

Liquidity:

*Securities or bonds purchased under a prior investment policy may be held or sold but additional purchases shall not be made.

N/A - Not applicable

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

B. Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the Authority’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority’s investments by maturity:

Investment Type	Remaining Maturity 12 Months or Less June 30, 2023
Equity in City of Gilroy investment pool	\$ 3,613,490
Local Agency Investment Fund	11,169,454
Total	\$ 14,782,944

C. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, or the Authority’s investment policy, and the actual rating by Standard & Poor’s as of year-end for each investment type.

Investment Type	Minimum Legal Rating	Total as of June 30, 2023	Not Rated
Equity in City of Gilroy investment pool	N/A	\$ 3,613,490	\$ 3,613,490
Local Agency Investment Fund	N/A	11,169,454	11,169,454
Total		\$ 14,782,944	\$ 14,782,944

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

E. Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (“LAIF”) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority’s pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated. The Authority’s investments in LAIF at June 30, 2023 included a portion of pool funds invested in Structured Notes and Asset-Backed Securities.

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2023, the Authority had \$11,169,454 invested in LAIF, which had invested 0.20% of the pool investment funds in Structured Notes and Asset-Backed Securities.

F. Equity in Cash and Investment Pool of the City of Gilroy

The Authority does not have a separate bank account; however, the Authority’s cash and investments are maintained in an investment pool managed by the City. The Authority is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City. The fair value of the Authority’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority’s pro rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis. At June 30, 2023, the Authority had a cash balance of \$3,613,490.

G. Fair Value Measurements

The Authority categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets (significant other observable inputs) and Level 3 inputs are significant unobservable inputs.

The Authority’s investments in Equity in City of Gilroy investment pool and LAIF are not subject to the fair value measurement hierarchy.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Lease Receivables

The Authority leases various types of property including land and buildings. Leases receivable consist of agreements with other entities for the “right-to-use” the underlying assets at various locations owned by the Authority. The remaining terms of the agreements range from 2 to 40 years. The interest rates used calculated the net present value of the lease receivable ranged from 1% to 1.5%.

For the fiscal year ended June 30, 2023, the Authority recognized \$78,428 in lease revenue and \$1,161 in interest revenue.

A summary of changes in lease receivable for the year ended June 30, 2023 is as follows:

Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts due within one year	Amounts due in more than one year
\$ 89,597	\$ -	\$ (89,597)	\$ -	\$ -	\$ -

Note 4 – Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deletions	Reclassification	Balance June 30, 2023
<i>Capital assets not being depreciated:</i>					
Land	\$ 13,396,202	\$ -	\$ -	\$ -	\$ 13,396,202
Construction in progress	35,257,312	28,922,911	-	-	64,180,223
Total capital assets not being depreciated	48,653,514	28,922,911	-	-	77,576,425
<i>Capital assets being depreciated:</i>					
Buildings and improvements	72,257,749	-	-	-	72,257,749
Land improvements	10,681,371	-	-	-	10,681,371
Infrastructure	35,874,535	-	-	-	35,874,535
Vehicles	1,505,200	83,144	-	-	1,588,344
Office furniture, fixtures and equipment	20,081,737	16,112	-	-	20,097,849
Total capital assets being depreciated	140,400,592	99,256	-	-	140,499,848
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	(42,873,925)	(1,663,216)	-	-	(44,537,141)
Land improvements	(6,098,263)	(190,342)	-	-	(6,288,605)
Infrastructure	(9,985,029)	(1,645,758)	-	-	(11,630,787)
Vehicles	(1,173,839)	(37,155)	-	-	(1,210,994)
Office furniture, fixtures and equipment	(17,361,860)	(666,258)	-	-	(18,028,118)
Total accumulated depreciation	(77,492,916)	(4,202,729)	-	-	(81,695,645)
Total capital assets being depreciated, net	62,907,676	(4,103,473)	-	-	58,804,203
Total capital assets	\$ 111,561,190	\$ 24,819,438	\$ -	\$ -	\$ 136,380,628

Depreciation expense was \$4,202,729 for the year ended June 30, 2023.

South County Regional Wastewater Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Commitments and Contingencies

Litigation

Legal claims and lawsuits arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Authority's financial position.

Commitments

The Authority had the following commitments outstanding as of June 30, 2023:

<u>Name of Project</u>	<u>Outstanding Amount</u>
Treatment Plant Expansion Project	\$ 19,898,926

Note 6 – Insurance

The Authority is owned by the City of Gilroy and the City of Morgan Hill, but operated by a third-party contractor, currently Jacobs. The contract for services with Jacobs requires that Jacobs provide general liability (\$5M per occurrence), auto liability (\$5M per accident), employer's liability (\$5M per accident), professional liability/errors and omissions (\$5M per occurrence), pollution/environmental impairment liability insurance (\$5M per occurrence) and workers' compensation coverage (the State of CA mandated coverage) for the operation of the facility. The City of Gilroy, through its coverage with the Municipal Pooling Authority, purchases property coverage for the SCRWA facility. Property coverage is through the Alliant Property Insurance Program (APIP). The general property insurance coverage amount is \$1Bper occurrence up to the insurable value. The flood limit is \$25M. Business interruption coverage is \$100M.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

SUPPLEMENTARY INFORMATION

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South County Regional Wastewater Authority
Combining Statement of Net Position
June 30, 2023

	Plant Construction	Sewage Treatment Operations	Eliminations	Totals
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 14,782,944	\$ -	\$ 14,782,944
Accounts receivable, net	-	217,930	-	217,930
Interest receivable	-	106	-	106
Due from (to) City of Gilroy	5,344,456	-	-	5,344,456
Due from City of Morgan Hill	3,854,263	-	-	3,854,263
Due from other governments	-	82,059	-	82,059
Total current assets	9,198,719	15,083,039	-	24,281,758
Noncurrent Assets:				
Capital assets				
Buildings and improvements	-	72,257,749	-	72,257,749
Land improvements	-	10,681,371	-	10,681,371
Infrastructure	-	35,874,535	-	35,874,535
Vehicles	-	1,588,344	-	1,588,344
Office furniture, fixtures and equipment	-	20,097,849	-	20,097,849
Subtotal	-	140,499,848	-	140,499,848
Less: accumulated depreciation	-	(81,695,645)	-	(81,695,645)
Total capital assets being depreciated, net	-	58,804,203	-	58,804,203
Land	-	13,396,202	-	13,396,202
Construction in progress	58,952,647	5,227,576	-	64,180,223
Total capital assets, net	58,952,647	77,427,981	-	136,380,628
TOTAL ASSETS	68,151,366	92,511,020	-	160,662,386
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	9,198,718	294,618	-	9,493,336
Compensated absences, due within one year	-	1,973	-	1,973
Due to City of Gilroy	-	1,455,046	-	1,455,046
Due to City of Morgan Hill	-	1,199,699	-	1,199,699
Total current liabilities	9,198,718	2,951,336	-	12,150,054
Noncurrent Liabilities:				
Compensated absences	-	19,177	-	19,177
Total noncurrent liabilities	-	19,177	-	19,177
TOTAL LIABILITIES	9,198,718	2,970,513	-	12,169,231
DEFERRED INFLOWS OF RESOURCES				
Deferred lease-related items	-	32,679	-	32,679
Total deferred inflows of resources	-	32,679	-	32,679
NET POSITION				
Investment in capital assets	58,952,647	77,427,981	-	136,380,628
Unrestricted (deficit)	1	12,079,847	-	12,079,848
TOTAL NET POSITION	\$ 58,952,648	\$ 89,507,828	\$ -	\$ 148,460,476

South County Regional Wastewater Authority
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	Plant Construction	Sewage Treatment Operations	Totals
OPERATING REVENUES			
Operating contributions from City of Gilroy	\$ -	\$ 5,852,589	\$ 5,852,589
Operating contributions from City of Morgan Hill	-	4,723,664	4,723,664
Other charges for services	-	675,316	675,316
Total operating revenue	<u>-</u>	<u>11,251,569</u>	<u>11,251,569</u>
OPERATING EXPENSES			
Sewage treatment	-	9,554,361	9,554,361
Pretreatment program	-	420,409	420,409
Plant operations	-	370,603	370,603
Depreciation	-	4,202,729	4,202,729
Total operating expenses	<u>-</u>	<u>14,548,102</u>	<u>14,548,102</u>
Operating income (loss)	<u>-</u>	<u>(3,296,533)</u>	<u>(3,296,533)</u>
NONOPERATING REVENUES			
Investment income	-	198,337	198,337
Rental income	-	89,629	89,629
Miscellaneous income (expense)	1,929,386	-	1,929,386
Total nonoperating revenues	<u>1,929,386</u>	<u>287,966</u>	<u>2,217,352</u>
Income (loss) before capital contributions	<u>1,929,386</u>	<u>(3,008,567)</u>	<u>(1,079,181)</u>
CAPITAL CONTRIBUTIONS			
Capital contribution from City of Gilroy	16,584,568	224,489	16,809,057
Capital contribution from City of Morgan Hill	11,960,299	183,672	12,143,971
Total capital contributions	<u>28,544,867</u>	<u>408,161</u>	<u>28,953,028</u>
Change in net position	30,474,253	(2,600,406)	27,873,847
NET POSITION			
Beginning of year	<u>28,478,395</u>	<u>92,108,234</u>	<u>120,586,629</u>
End of year	<u>\$ 58,952,648</u>	<u>\$ 89,507,828</u>	<u>\$ 148,460,476</u>

South County Regional Wastewater Authority
Combining Statement of Cash Flows
For the Year Ended June 30, 2023

	Plant Construction	Sewage Treatment Operations	Totals
Cash Flows from Operating Activities:			
Cash received from system users	\$ -	\$ 14,384,183	\$ 14,384,183
Rental income received	-	89,629	89,629
Cash payments to suppliers for goods and services	-	(10,552,808)	(10,552,808)
Cash payments to employees for services	-	1,413	1,413
Net cash provided by operating activities	<u>-</u>	<u>3,922,417</u>	<u>3,922,417</u>
Cash Flows From Capital and Related Financing Activities:			
Cash transferred (paid) for capital assets	(22,136,864)	(504,687)	(22,641,551)
Capital contributions	22,136,864	408,161	22,545,025
Net cash provided by capital and related financing activities	<u>-</u>	<u>(96,526)</u>	<u>(96,526)</u>
Cash Flows from Investing Activities			
Interest on investments	-	198,338	198,338
Net cash provided by investing activities	<u>-</u>	<u>198,338</u>	<u>198,338</u>
Net change in cash and cash equivalents	<u>-</u>	<u>4,024,229</u>	<u>4,024,229</u>
Cash and Cash Equivalents:			
Beginning of year	-	10,758,715	10,758,715
End of year	<u>\$ -</u>	<u>\$ 14,782,944</u>	<u>\$ 14,782,944</u>
Reconciliation of Operating (loss) to Net Cash Provided by Operating Activities:			
Operating (loss)	\$ -	\$ (3,296,533)	\$ (3,296,533)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Depreciation	-	4,202,729	4,202,729
Rental income	-	89,629	89,629
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	-	26,970	26,970
(Increase) decrease in lease receivable	-	89,597	89,597
(Increase) decrease in due from City of Gilroy	-	1,741,620	1,741,620
(Increase) decrease in due from City of Morgan Hill	-	1,415,882	1,415,882
(Increase) decrease in due from other governments	-	(63,027)	(63,027)
Increase (decrease) in accounts payable	-	(207,435)	(207,435)
Increase (decrease) in compensated absences	-	1,413	1,413
Increase (decrease) in deferred inflows of resources related to leases	-	(78,428)	(78,428)
Total adjustments	<u>-</u>	<u>7,218,950</u>	<u>7,218,950</u>
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ 3,922,417</u>	<u>\$ 3,922,417</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Directors
of the South County Regional Wastewater Authority
Gilroy, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the South County Regional Wastewater Authority (the "Authority"), a component unit of the City of Gilroy, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Directors
of the South County Regional Wastewater Authority
Gilroy, California
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
March 26, 2024



**SOUTH COUNTY REGIONAL
WASTEWATER AUTHORITY**

1500 Southside Drive

Gilroy, California 95020-7042

Telephone (408) 848-0480

Facsimile (408) 842-0873

scrwamail@ci.gilroy.ca.us

DATE: April 3, 2024

TO: JIMMY FORBIS, Authority Manager

FROM: SAEID VAZIRY, P.E., Senior Environmental Engineer

SUBJECT: **ANNOUNCEMENT REGARDING SCRWA RECEIVING TOP AWARD
GIVEN BY THE WATER ENVIRONMENTAL ASSOCIATION**

Recommendation

Receive information on facility receiving award.

Summary

The SCRWA facility received top award from the Monterey Bay Section of the California Water Environment Association (CWEA) for “Overall Plant of the Year”. The award was given by the CEWA at their awards ceremony in Santa Cruz, on February 23, 2024. Staff was on hand to accept the award on behalf of SCRWA.

Background

Established in 1929, CWEA’s Awards Program acknowledges outstanding achievement in several categories honoring exceptional California wastewater agencies, treatment plants and professionals. The awards combine the results of a review of infrastructure, management practices, safety, permit compliance, reporting and monitoring records, innovation, cost-effectiveness, and other evidence of superior performance judged by a panel of industry experts, and follow a strict set of criteria.

SCRWA team won the following top award:

- “Overall Plant of the Year Award” for SCRWA facility

Additionally, amongst the 17 sectional winners in California, only the top three facilities are forwarded to the State level for further assessment each year. And this year SCRWA is selected as one of the top three in California. Winner at State level will be announced at the CWEA Annual Conference in Sacramento this April.

Yet again, SCRWA has demonstrated its support for protecting and enhancing the quality of our community’s rivers, lakes, and groundwater by being considered as one of the top water resource recovery facilities in California.

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Wastewater Acronyms

BOD	Biochemical Oxygen Demand	NPDES	National Pollutant Discharge Elimination System
COD	Chemical Oxygen Demand	PPM	Parts Per Million
DO	Dissolved Oxygen	TDS	Total Dissolved Solids
CWA	Clean Water Act	TKN	Total Kjeldhal Nitrogen
CWEA	California Water Environment Association	TOC	Total Organic Carbon
Gal	Gallons	TS	Total Solids
GPD	Gallons Per Day	TSS	Total Suspended Solids
Lbs	Pounds	VS	Volatile Solids
MGD	Million Gallons Per Day	VSS	Volatile Suspended Solids
Mg/L	Milligrams Per Liter	WDID	Waste Discharge Identification
MLSS	Mixed Liquor Suspended Solids	WDR	Waste Discharge Requirements
MLVSS	Mixed Liquor Volatile Suspended Solids		
MPN	Most Probable Number		

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**Operations Management
and Facilities Services**
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 Gilroy, CA 95020
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 F +1 408 842 0873
 www.jacobs.com

Date: 1/25/2024

California Regional Water Quality Control Board
 Central Coast Region
 Attn: Monitoring and Reporting Review Section
 Audrey Liebhaber
 895 Aerovista Place, Suite 101
 San Luis Obispo, CA 93401-7906

Dear Ms. Liebhaber:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: John Edgar **Address:** 1500 Southside Drive
Job Title: Project Manager Gilroy, CA
Phone Number: (408) 848-0480 95020

Type of Report: Quarterly **Month:** October - December
 Groundwater

Year: 2023 **Violation(s):** No Yes

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

If you have any questions or require additional information, please contact me at the number provided above.

Sincerely,

Name: John Edgar
 Title: Project Manager

CC: Jimmy Forbis, SCRWA General Manager
 Chris Ghione, Morgan Hill Director of Public Services
 Saeid Vaziry, Gilroy Environmental Program Manager



**Operations Management
and Facilities Services**
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Date: 1/25/2024

California Regional Water Quality Control Board
Central Coast Region
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Audrey Liebhaber
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

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Contact Person: John Edgar **Address:** 1500 Southside Drive
Job Title: Project Manager Gilroy, CA
Phone Number: (408) 848-0480 95020

Type of Report: Quarterly **Month:** October - December
Groundwater

Year: 2023 **Violation(s):** No Yes

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Sincerely,

Name: John Edgar
Title: Project Manager

CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager



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Date: 1/25/2024

California Regional Water Quality Control Board
Central Coast Region
Attn: Monitoring and Reporting Review Section
Audrey Liebhaber
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. Liebhaber:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: John Edgar
Job Title: Project Manager
Phone Number: (408) 848-0480
Address: 1500 Southside Drive
Gilroy, CA
95020

Type of Report: Quarterly
Surface Water
Month: **October - December**

Year: 2023
Violation(s): **No** **Yes**

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

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Sincerely,

Name: John Edgar
Title: Project Manager

CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager

Date: 1/12/2024

California Regional Water Quality Control Board
Central Coast Region
Attn: Monitoring and Reporting Review Section
Audrey Liebhaber
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. Liebhaber:

Facility Name:	South County Regional Wastewater Authority	
WDID Number:	3 430100001	
WDR Order Number:	R3-2017-0028	
NPDES Permit Number:	CA0049964	
Contact Person:	John Edgar	Address: 1500 Southside Drive
Job Title:	Project Manager	Gilroy, CA
Phone Number:	(408) 848-0480	95020
Type of Report:	Monthly Eff_Inf_Wet	Month: December
Year:	2023	Violation(s): <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes

December 12th BOD - The GGA did not meet the acceptable QC range (165mg/L). The results were not included in the monthly BOD average. With the December 12th results included the average would be 388mg/L

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

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Sincerely,



Name: John Edgar
Title: Project Manager



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CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager

Date: 1/12/2024

California Regional Water Quality Control Board
Central Coast Region
Attn: Monitoring and Reporting Review Section
Audrey Liebhaber
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. Liebhaber:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: John Edgar
Job Title: Project Manager
Phone Number: (408) 848-0480
Address: 1500 Southside Drive
Gilroy, CA
95020

Type of Report: Monthly
Land Discharge
Month: December

Year: 2023
Violation(s): No Yes

December 12th: BOD - the GGA did not meet the acceptable QC range (165mg/L). The results were not included in the monthly BOD average. With the December 12th results included the average would be 4.78mg/L DNQ

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

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Sincerely,



Name: John Edgar
Title: Project Manager



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CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager

Date: 2/23/2024

California Regional Water Quality Control Board
Central Coast Region
Attn: Monitoring and Reporting Review Section
Audrey Liebhaber
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. Liebhaber:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: John Edgar
Job Title: Project Manager
Phone Number: (408) 848-0480
Address: 1500 Southside Drive
Gilroy, CA
95020

Type of Report: Monthly
Eff_Inf_Wet
Month: January

Year: 2024
Violation(s): No Yes

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

If you have any questions or require additional information, please contact me at the number provided above.

Sincerely,



Name: John Edgar
Title: Project Manager

CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager

Date: 2/23/2024

California Regional Water Quality Control Board
Central Coast Region
Attn: Monitoring and Reporting Review Section
Audrey Liebhaber
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. Liebhaber:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: John Edgar
Job Title: Project Manager
Phone Number: (408) 848-0480
Address: 1500 Southside Drive
Gilroy, CA
95020

Type of Report: Monthly
Land Discharge
Month: January

Year: 2024
Violation(s): No Yes

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

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Sincerely,



Name: John Edgar
Title: Project Manager

CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager

Date: 3/21/2024

California Regional Water Quality Control Board
Central Coast Region
Attn: Monitoring and Reporting Review Section
Audrey Liebhaber
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. Liebhaber:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: John Edgar
Job Title: Project Manager
Phone Number: (408) 848-0480
Address: 1500 Southside Drive
Gilroy, CA
95020

Type of Report: Monthly
Eff_Inf_Wet
Month: February

Year: 2024
Violation(s): No Yes

February 12th BOD – The duplicate BOD sample didn't meet QC RPD. The results were not included in the monthly BOD average or percent removal. With the February 12th results the average would be 282mg/L and percent removal 98.1%.

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

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Sincerely,



Name: John Edgar
Title: Project Manager



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CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager

Date: 3/21/2024

California Regional Water Quality Control Board
Central Coast Region
Attn: Monitoring and Reporting Review Section
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895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401-7906

Dear Ms. Liebhaber:

Facility Name: South County Regional Wastewater Authority
WDID Number: 3 430100001
WDR Order Number: R3-2017-0028
NPDES Permit Number: CA0049964

Contact Person: John Edgar
Job Title: Project Manager
Phone Number: (408) 848-0480
Address: 1500 Southside Drive
Gilroy, CA
95020

Type of Report: Monthly
Land Discharge
Month: February

Year: 2024
Violation(s): No Yes

February 12th BOD – The duplicate BOD sample didn't meet QC RPD. The results were not included in the monthly BOD average or percent removal. With the February 12th results the average would be DNQ5.34mg/L and percent removal 98.1%.

In accordance with the Standard Provisions and Reporting Requirements, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision following a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my knowledge of the person(s) who manage the system, or those directly responsible for data gathering, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

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Sincerely,



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Title: Project Manager



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CC: Jimmy Forbis, SCRWA General Manager
Chris Ghione, Morgan Hill Director of Public Services
Saeid Vaziry, Gilroy Environmental Program Manager

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January 16, 2024

Jimmy Forbis
South County Regional Wastewater Authority
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date December, 2023

Dear Jimmy,

The project-to-date financial information for December is portrayed in the Operations, Electricity and Solids Disposal Categories for the Municipal Facility.

Through December, total operating expenses, amount to \$753,532.78

Repair costs in December amount to \$11,106.30. Year to date, this represents 17% of the \$695,997.72 repair budget.

Should there be any questions, please do not hesitate to contact me.

Regards,



John Edgar
Project Manager
via email

cc: Erik May (email)
Lauren Mancuso (email)
File

SOUTH COUNTY REGIONAL WATER AUTHORITY
Recap of Expenditures Through
DEC-FY2024

			PROJECT TO DATE		TOTAL ANNUAL BUDGET	% EXPENDED
	ACTUAL	BUDGET	ACTUAL	BUDGET		
DIRECT COSTS (Not including RP, PW, and Solids)	\$ 326,616	\$ 359,377	\$ 1,883,461	\$ 1,873,990	\$ 3,747,980	50%
INDIRECT COST (Overhead & Management Fee)	\$ 87,871	\$ 87,871	\$ 527,224	\$ 527,224	\$ 1,054,447	50%
PREVAILING WAGE	\$ 17,614	\$ 28,035	\$ 138,277	\$ 168,211	\$ 336,422	41%
REPAIRS	\$ 11,106	\$ 66,923	\$ 115,849	\$ 347,999	\$ 695,998	17%
SOLIDS DISPOSAL	\$ 127,083	\$ 139,781	\$ 705,568	\$ 838,688	\$ 1,677,375	42%
ELECTRICITY	\$ 183,243	\$ 143,594	\$ 1,461,080	\$ 947,718	\$ 1,723,124	85%
GRAND TOTAL	\$ 753,533	\$ 825,581	\$ 4,831,459	\$ 4,703,829	\$ 9,235,345	52%

February 26, 2024

Jimmy Forbis
South County Regional Wastewater Authority
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date January, 2024

Dear Jimmy,

The project-to-date financial information for January is portrayed in the Operations, Solids Disposal, and Electricity Categories for the Municipal Facility.

- January's total operating expenses amount to \$569,104
- Fiscal Year operating expenses amount to \$4,958,393

January 2024

Expense Categories	JANUARY		FY 2023-2024 to Date		Total Annual Budget	% of Annual Budget Expended
	ACTUAL	BUDGET	ACTUAL	BUDGET		
Direct Cost (Not including solids, repairs, PW)	\$ 253,268	\$ 288,809	\$2,136,729	\$2,162,799	\$ 3,747,980	57%
Indirect Cost, Overhead & Management Fee	\$ 87,871	\$ 87,871	\$ 615,094	\$ 615,094	\$ 1,054,447	58%
Prevailing Wage Certified Payroll	\$ 24,613	\$ 28,035	\$ 162,891	\$ 194,089	\$ 336,422	48%
Repairs	\$ 12,661	\$ 53,538	\$ 128,509	\$ 401,537	\$ 695,998	18%
Solids Handling and Transportation	\$ 133,079	\$ 139,781	\$ 838,647	\$ 978,469	\$ 1,677,375	50%
Electricity	\$ 57,613	\$ 157,953	\$1,076,523	\$1,093,521	\$ 1,895,436	57%
TOTAL	\$ 569,104	\$ 755,987	\$4,958,393	\$5,445,509	\$ 9,407,657	53%

Should there be any questions, please do not hesitate to contact me.

Regards,



John Edgar
Project Manager
via email

cc: Saeid Vaziry (email)
Erik May (email)
Stephen French (email)
Heath McMahon (email)
File



**Operations Management
and Facilities Services**
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www.jacobs.com

March 25, 2024

Jimmy Forbis
South County Regional Wastewater Authority
7351 Rosanna Street Gilroy, CA 95020

Subject: Monthly Recap of Expenses Project-to-Date February, 2024

Dear Jimmy,

The project-to-date financial information for February is portrayed in the Operations, Solids Disposal, and Electricity Categories for the Municipal Facility.

- February's total operating expenses amount to \$686,635
- Fiscal Year operating expenses amount to \$5,645,028

February 2024

Expense Categories	FEBRUARY		FY 2023-2024 to Date		Total Annual Budget	% of Annual Budget Expended
	ACTUAL	BUDGET	ACTUAL	BUDGET		
Direct Cost (Not including solids, repairs, PW)	\$ 257,581	\$ 288,809	\$ 2,394,310	\$ 2,451,607	\$ 3,747,980	64%
Indirect Cost, Overhead & Management Fee	\$ 87,871	\$ 87,871	\$ 702,965	\$ 702,965	\$ 1,054,447	67%
Prevailing Wage Certified Payroll	\$ 37,866	\$ 28,035	\$ 200,756	\$ 219,968	\$ 336,422	60%
Repairs	\$ 13,265	\$ 53,538	\$ 141,775	\$ 455,075	\$ 695,998	20%
Solids Handling and Transportation	\$ 112,043	\$ 139,781	\$ 950,690	\$ 1,118,250	\$ 1,677,375	57%
Electricity	\$ 178,010	\$ 157,953	\$ 1,254,533	\$ 1,239,324	\$ 1,895,436	66%
TOTAL	\$ 686,635	\$ 755,987	\$ 5,645,028	\$ 6,187,189	\$ 9,407,657	60%

Should there be any questions, please do not hesitate to contact me.

Regards,

John Edgar
Project Manager
via email

cc: Saeid Vaziry (email)
Erik May (email)
Stephen French (email)
Heath McMahon (email)
File



Operations Management
and Facilities Services

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January 9, 2024

Sally Lee
Santa Clara Dept. of Environmental Services
1555 Berger Drive, Bldg. 2, Suite 300
San Jose, CA 95112-2716

Re: Septage Disposal - December 2023

Dear Ms. Lee,

Attached is the Septage Disposal Report for the SCRWA facility which shows monthly volume and fees, and haulers daily volume summary.

Sincerely,

Kerry Edmonds

Kerry Edmonds
Project Assistant
Jacobs – Gilroy/Morgan Hill

via email: sally.lee@cep.sccgov.org
swpadmin@cep.sccgov.org
jimmy.forbis@ci.gilroy.ca.us
john.edgar@jacobs.com

cc: File 16.12

Monthly Septage Summary

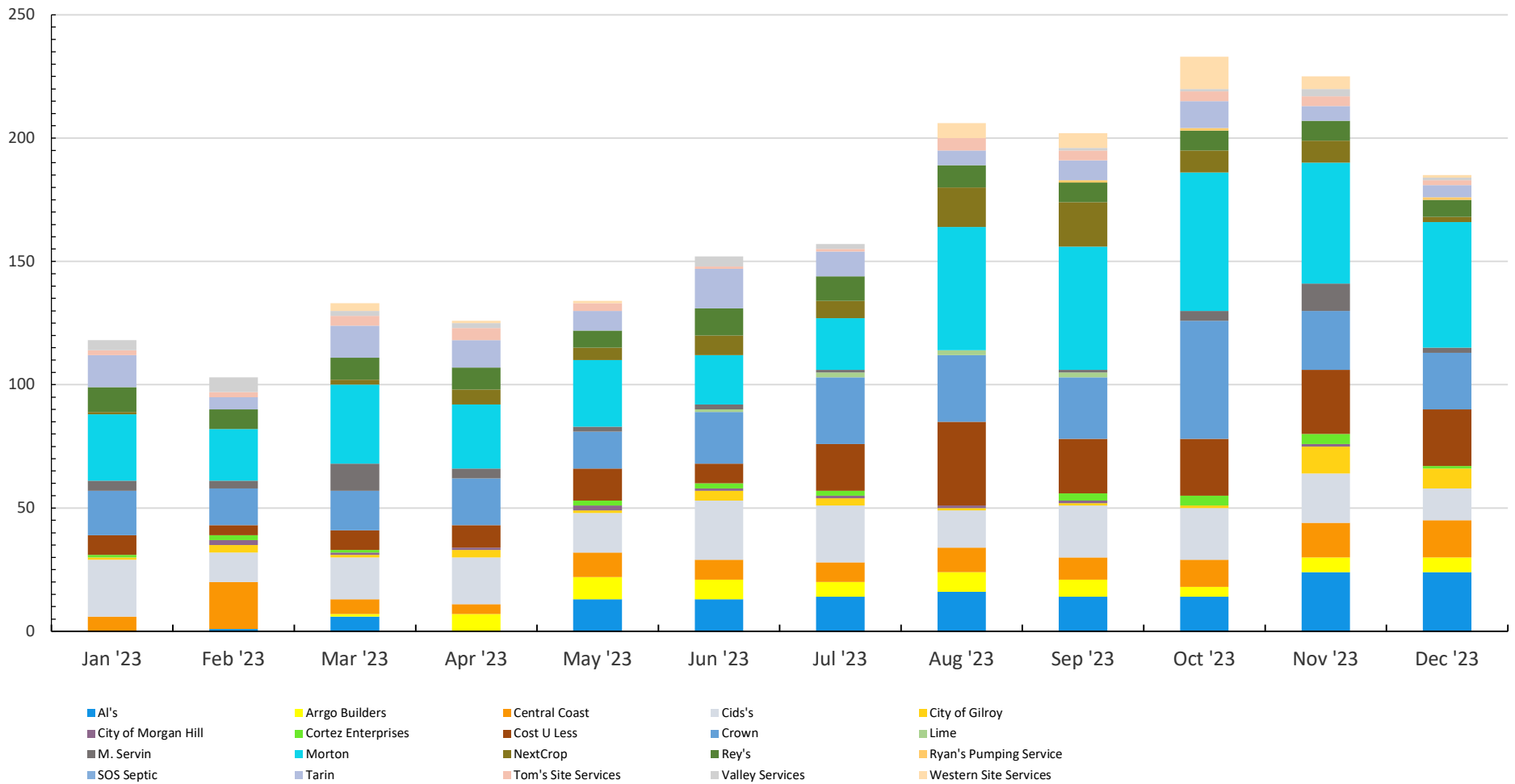
December 2023

Date	Als Septic	Argo Builders	Central Coast Services	Cids Septage	Cortez Enterprises	Cost U Less	Crown Sanitation	Lime Site Services	M. Servin Portable Toilets	Morton Septic	NextCrop	Reys	Ryans Pumping Service	SOS Septic	Tarin Septic Services	Toms Site Services	Valley Services	Western Site Services	City of Gilroy	City of Morgan Hill
1	1,250			800		400	550			2,700					1,200					
2																				
3																				
4	11,280		460	1,200		800				4,700	400									
5		450		1,500	500	400	400			2,000		175			1,000				1,000	
6	1,000		250	1,950			450			3,900										300
7	9,220	400		1,000			400			2,200		175						1,000	300	
8	8,720		245	1,200		400	500			2,700					1,200					
9																				
10				2,000																
11																				
12	4,700		460			1,600	300			4,200		150							2,000	
13						800	1,000		270	6,150						540			200	
14	4,200	350	405			800	300			2,000										
15						800	150			3,900		150								
16																				
17																				
18	4,660					800				3,500			1,200		1,200					
19	1,500	650	415			400	800		320	2,200		150					800			
20						800	175			3,700						528			100	
21	1,500	650	255			800				1,200		150								
22			145							3,700										
23																				
24																				
25																				
26			180				150													200
27				1,950			1,050			6,100										
28	1,500	310	255	2,200						2,400	400	175								
29			140	1,000		400	350			4,100					1,200					
30																				
31																				
Total GAL	49,530	2,810	3,210	14,800	500	9,200	6,575		590	61,350	800	1,125	1,200		5,800	1,068	800	1,000	4,100	
Total \$	7,429.50	421.50	481.50	2,220.00	75.00	1,380.00	986.25		88.50	9,202.50	120.00	168.75	180.00		870.00	160.20	120.00	150.00		

Total Billable Gallons: 160,358.00

Total Billable Amount: \$24,053.70

Load Counts (by month)





Operations Management
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February 1, 2024

Sally Lee
Santa Clara Dept. of Environmental Services
1555 Berger Drive, Bldg. 2, Suite 300
San Jose, CA 95112-2716

Re: Septage Disposal - January 2024

Dear Ms. Lee,

Attached is the Septage Disposal Report for the SCRWA facility which shows monthly volume and fees, and haulers daily volume summary.

Sincerely,

Kerry Edmonds

Kerry Edmonds
Project Assistant
Jacobs – Gilroy/Morgan Hill

via email: sally.lee@cep.sccgov.org
swpadmin@cep.sccgov.org
jimmy.forbis@ci.gilroy.ca.us
john.edgar@jacobs.com

cc: File 16.12

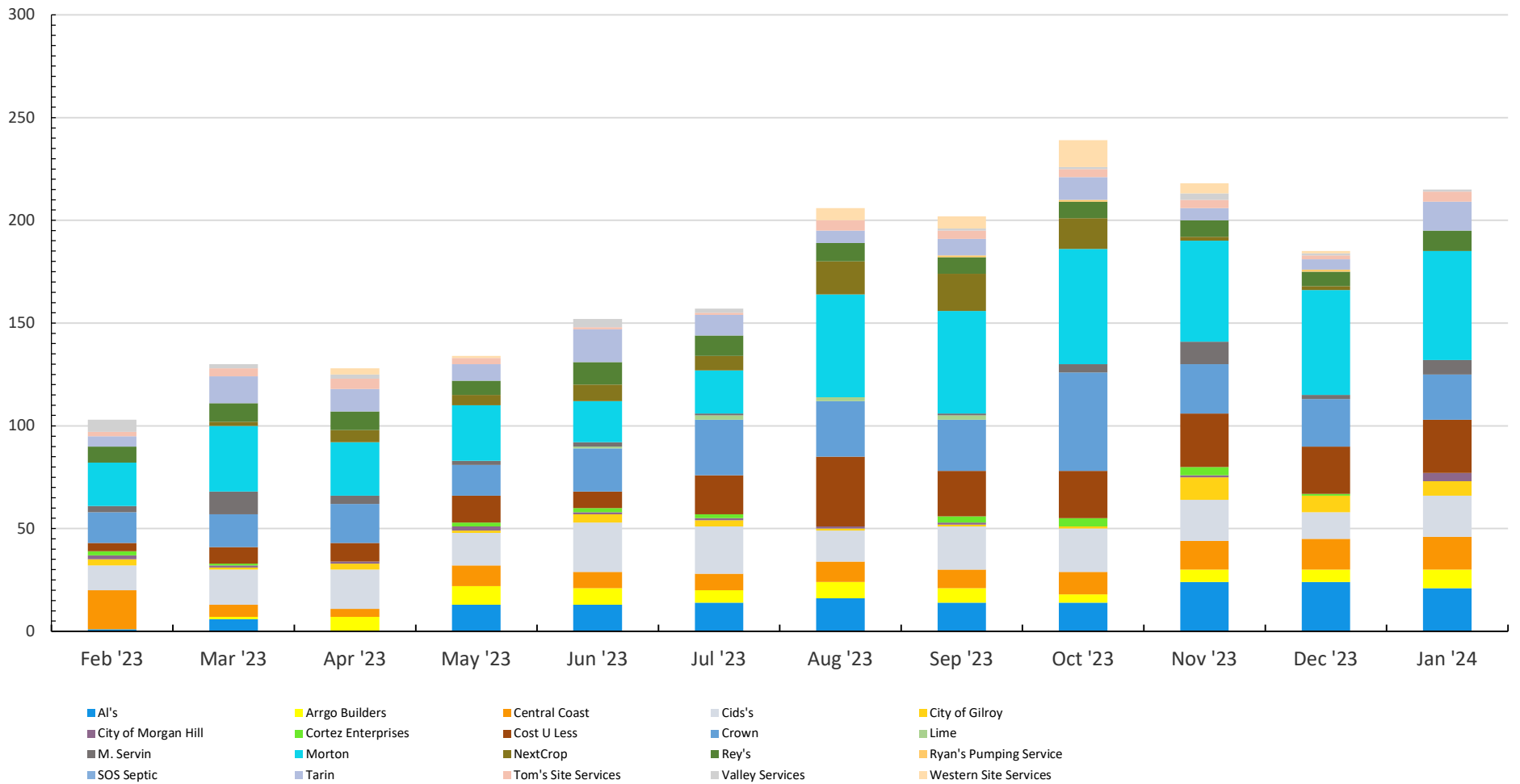
Monthly Septage Summary

January 2024

Date	Als Septic	Argo Builders	Central Coast Services	Cids Septage	Cortez Enterprises	Cost U Less	Crown Sanitation	Lime Site Services	M. Servin Portable Toilets	Morton Septic	NextCrop	Reys	Ryans Pumping Service	SOS Septic	Tarin Septic Services	Toms Site Services	Valley Services	Western Site Services	City of Gilroy	City of Morgan Hill
1									240											
2		650	170	1,000		800				3,900		175			2,400				100	
3				500		1,300	1,475			2,400		150			2,300	468				
4		400	240	1,000		400				1,400		150							100	100
5	4,360		165	500		400				5,100					1,200					
6																				
7																				
8			370			400				3,900										
9	2,000	615		1,000		400	550		350	3,400		150			1,200				1,200	
10	5,600		150	1,200						4,900						468				
11	9,420	375	245			400	700			1,800		150			1,500					100
12				1,000		800	400			3,650										
13																				
14																				
15									360											
16		350		2,700		400				1,200		150								
17			245	2,200			450		330	3,500						468				
18	1,300	315		1,200		400	275		330	3,250										
19			395	1,000		800	400			3,700					1,200					100
20																				
21	1,500	650	255																	
22			145							2,200		175								
23	5,860	650	240	2,400		400	550		280	2,000							1,000			
24	3,200		160	750		400	300		200	1,200						444			750	100
25		620	250			800	750			3,000		150			2,500					
26						400	300			3,900					1,200					
27																				
28																				
29	5,760		90	1,800		800	400			1,200					2,700					
30	3,000	400	220	1,200		800				3,400		150							500	
31			170			400	750			2,200		150			1,200	468			250	
Total GAL	43,860	4,375	3,110	20,650		10,500	7,300		2,090	61,200		1,550			17,400	2,316	1,000		2,900	400
Total \$	6,579.00	656.25	466.50	3,097.50		1,575.00	1,095.00		313.50	9,180.00		232.50			2,610.00	347.40	150.00			

Total Billable Gallons: 175,351.00
Total Billable Amount: \$26,302.65

Load Counts (by month)





Operations Management
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March 5, 2024

Sally Lee
Santa Clara Dept. of Environmental Services
1555 Berger Drive, Bldg. 2, Suite 300
San Jose, CA 95112-2716

Re: Septage Disposal - February 2024

Dear Ms. Lee,

Attached is the Septage Disposal Report for the SCRWA facility which shows monthly volume and fees, and haulers daily volume summary.

Sincerely,

Kerry Edmonds

Kerry Edmonds
Project Assistant
Jacobs – Gilroy/Morgan Hill

via email: sally.lee@cep.sccgov.org
swpadmin@cep.sccgov.org
jimmy.forbis@ci.gilroy.ca.us
john.edgar@jacobs.com

cc: File 16.12

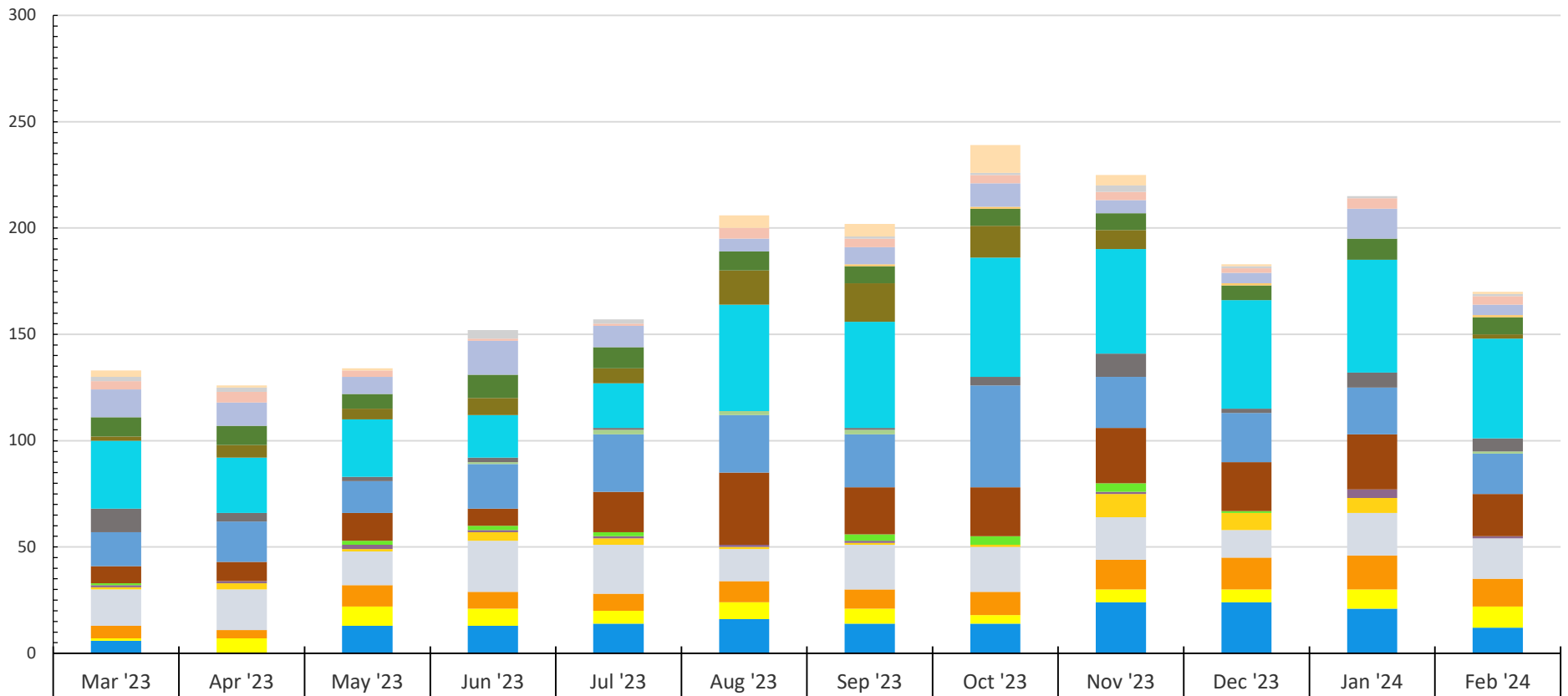
Monthly Septage Summary

February 2024

Date	Als Septic	Arggo Builders	Central Coast Services	Cids Septage	Cortez Enterprises	Cost U Less	Crown Sanitation	Lime Site Services	M. Servin Portable Toilets	Morton Septic	NextCrop	Reys	Ryans Pumping Service	SOS Septic	Tarin Septic Services	Toms Site Services	Valley Services	Western Site Services	City of Gilroy	City of Morgan Hill
1		625								2,700	400									
2			190			800	600			3,700					1,200					
3																				
4																				
5	5,360		75			1,200	400		365	3,400		175								
6	1,500	380		1,200		400	600			2,400					1,200		1,000			100
7	5,300		200							3,200		150				444				
8		630		1,200						1,000								1,000		
9	2,500		220	400			500			3,400										
10																				
11																				
12	1,000			1,200		400	400		350	2,200										
13	500	450	250	2,400			400			1,600		175			1,200					
14			120	2,400		800	1,150			3,000						444				
15		315	260						350	1,800		100								
16										2,400										
17																				
18																				
19			250																	
20		1,300		2,400		1,600	1,350		330	2,200		150			1,200					
21			250			400				3,200					1,500	444				
22		425		2,200		400				2,000										
23			290	500			950	900		3,000		200								
24									340											
25																				
26			260	800		800			360	1,700	400									
27		375	110	1,000		400	1,000			1,000		150								
28			270	2,200		400	850			2,200						444				
29	3,000	400		500		400				3,000		175	1,500							
Total GAL	19,160	4,900	2,745	18,400		8,000	8,200	900	2,095	49,100	800	1,275	1,500		6,300	1,776	1,000	1,000		100
Total \$	2,874.00	735.00	411.75	2,760.00		1,200.00	1,230.00	135.00	314.25	7,365.00	120.00	191.25	225.00		945.00	266.40	150.00	150.00		

Total Billable Gallons: 127,151.00
Total Billable Amount: \$19,072.65

Load Counts (by month)



- Load Counts (by month)
- Al's
 - Arrgo Builders
 - Central Coast
 - Cids's
 - City of Gilroy
 - City of Morgan Hill
 - Cortez Enterprises
 - Cost U Less
 - Crown
 - Lime
 - M. Servin
 - Morton
 - NextCrop
 - Rey's
 - Ryan's Pumping Service
 - SOS Septic
 - Tarin
 - Tom's Site Services
 - Valley Services
 - Western Site Services

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Engineering Projects Report

April 3, 2024

TREATMENT CAPACITY EXPANSION PROJECT

Status: **PG&E service change process (Dec 2021)** – Application submitted to utility to study system needs
BAAQMD permit to operate (Dec 2021) – Application in review by local air district (Submitted)
NPDES permit change (March 2022) – Adoption of new permit by State Water Board (Submitted)
New plant construction and commissioning (2021- 2025) – In compliance with permits
Board presentation (2025) – Board accepts completed project

Construction management and inspection services are ongoing. Current activities include mechanical for the headworks, biological process and solids dewatering building areas. Temporary dewatering system is in operation to facilitate construction of new conveyor. Current work includes review of major equipment submittals, shop drawings, contract document clarifications, and contractor's request for information.

Status	2024											
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Construction	◆											
PG&E Application	→											
Air District Permit	→											
NPDES Permit	→											

Key Milestones	CEQA, Bid Advertisement Process	Board Certified CEQA & Authorizes Bidding	Board Reviews Bids and Awards Contract	Permits & Plant Expansion Construction	Board Accepts Completed Project
Forecast	Oct 2020	Nov 2020	May 2021	2021 - 2025	2025

NPDES/WDR PERMIT RENEWAL

Phase: In Permit Compliance
Project Status: Ongoing tasks

State permit was adopted in 2017. A groundwater study and report as required by the Permit was submitted in 2018. Groundwater contour mapping for the Fourth Quarter Groundwater Monitoring report is complete. Meeting with RWQCB was conducted in September 2023. Responses to NPDES DRAFT comments were provided to RWQCB in February 2024.

Key Milestones	Adopted Permit	Groundwater Contour Study	Permit Compliance
Forecast	November 2017	April 2018	Ongoing

RECYCLED WATER SYSTEM SUPPORT

Phase: Ongoing operations, maintenance and customer permit support
Project Status: On Schedule

Ongoing review of customer permits, site inspections, and update of records for new and existing users are in progress. Annual self-inspection and Recycled Water Users Training was conducted in summer 2023. Permit application review for new recycled water users was conducted during the reporting period.