

**SELMA-KINGSBURG-FOWLER
COUNTY SANITATION DISTRICT**

MINUTES OF THE BOARD MEETING

April 10, 2008

The Regular Board Meeting of the Selma-Kingsburg-Fowler County Sanitation District was called to order at 4:07 p.m. by the Chairwoman, Judith G. Case.

DIRECTORS' ROLL CALL

Leland Bergstrom, Vice-Chairman (present)
David Cárdenas (present)
Dennis Lujan (present for Don Tow)
Bob Waterston (present)
Judith Case, Chairwoman (present)

STAFF AND CONSULTANTS PRESENT

David Michel, General Manager/ Board Secretary
Ben Muñoz, Jr., Assistant General Manager
Hilda Cantú Montoy, General Counsel
Veronica Cazares, Supervising Engineer
David Bacon, Information Systems Analyst
Robert Whitley, Consultant District Engineer

OTHERS PRESENT

Jim Avalos, Selma Council Member
Ed Blanton, Kingsburg Resident
Norman Krebbs, Kingsburg Resident
Alan Weaver, SKF DTAC
David Weisser, SKF DTAC
Bruce Webber, SKF DTAC

CONSIDERATION OF MINUTES

There being no comments from the public, a motion to approve the minutes of the Board Meeting of March 13, 2008, was made by Director Cárdenas, seconded by Director Bergstrom, and approved by the following vote:

AYE:	Directors Cárdenas, Bergstrom, Waterston and Case
NO:	None
ABSENT:	None
ABSTAIN:	Director Lujan

CONSENT CALENDAR

There being no comments from the public, a motion to approve the four consent calendar items and the staff recommendations as described below, was made by Director Bergstrom, seconded by Director Cárdenas, and approved by the following vote:

AYE:	Directors Bergstrom, Cárdenas, Lujan, Waterston and Case
NO:	None
ABSENT:	None
ABSTAIN:	None

Land Clearing Contract Report

In a written memo, General Manager Michel reported that the low bid contractor (non-prevailing wage) submitted a prevailing wage cost that was lower than the second lowest bid. The Board had directed staff to request a cost from ALW with prevailing wages and to execute an agreement if the cost was below the second low bid. ALW submitted a written prevailing wage cost of \$53,775.

With the advice of General Counsel, staff executed the agreement for \$35,833 with the condition that a change order will be issued to increase the contract price to \$53,775 if California Department of Industrial Relations says it is a prevailing wage job. In that case, the Board will need to amend the project budget to accommodate the change order.

Plant Electricity Distribution Chart

In a written memo, General Manager Michel distributed a pie chart showing electricity usage in the treatment plant. He reported that the chart was first presented to the Board in November, 2007. The SKF treatment plant utilizes aerobic digestion, which uses electricity. Anaerobic digestion, a typical design incorporated into many central valley treatment plants, uses virtually no electricity and often produces electricity.

At the November, 2007 Board meeting, Alan Goto (PG&E) and Brian Hackett (BASE Energy) presented the Integrated Energy Audit report prepared by BASE Energy, Inc. The report identified cost effective energy efficiency measures, demand response opportunities, as well as any potential for self-generation.

Among the energy saving opportunities that were identified are the following items which are being addressed by DTAC: conversion of Aeration Basin No. 2 to fine bubble diffusion; SCADA and dissolved oxygen sensor controls; refurbishment of AB-3 with higher efficiency blowers, motors and diffusers; variable frequency drives; and installation of anaerobic digester with heat and power system. The report also discussed possible opportunities for varying time of day usage and lighting controls. The report did not recommend solar energy. Staff and DTAC are already addressing PG&E's recommendations.

6.3 MGD Improvement Plan Update

General Manager Michel reported that, in May, 2007, the Board approved the plan to increase the capacity of the treatment plant to 6.3 million gallons per day (MGD). The time estimate was 18 months to implement the plan. The County of Fresno has determined that a land use application and revised conditional use permit is required, which added 3 months to the schedule as approved by the Board in September, 2007. The current target completion date is February, 2009 although item 2b may extend into FY 2009-10. There are five projects in the plan, an update of which was distributed in the agenda packet.

Consultant District Engineer Activity Report

Consultant District Engineer Whitley provided a letter stating that the following presents a summary of the activities that he has been engaged with on behalf of the District.

6.3 Improvement Project

Bottleneck No. 1-Secondary Clarifier Capacity- Reviewed the final report with DTAC.

Bottleneck No. 2A-Pond No. 6- Construction of Pond No. 6 remains as the critical path action item. The Fresno County amended Conditional Use Permit for Pond No. 6 & No. 7 and CEQA Initial Study are in public review.

Bottleneck No. 3-Solids Thickening (DAFT)-Prepared and submitted an operational stress test work plan.

Bottleneck No. 4-Hydraulic Modifications-Continuing to prepare engineering drawings for a new effluent pump station and the renovated effluent pipeline that will provide for conveyance to all of the percolation ponds.

10 year Capital Improvement Plan (CIP)-Refurbishment and Replacement

Continued to review a 10-year CIP with the District's Technical Advisory Committee (DTAC).

AMENDED ORDER OF BUSINESS

With the consensus of the Board, Chairwoman Case took the following item out of sequence to accommodate the travel needs of Kingsburg resident Norman Krebbs.

Disposition of Vacant House and Use of Storage Building

A memo dated June 8, 2006 from Assistant General Manager Muñoz showed that the cost to make the former Scarry house safe would be excessive at \$57,000. In October, 2006 the Board ordered the house to be vacated, boarded up, inspected for lead-asbestos and the utilities disconnected. In January, 2008 the Board ordered the house demolished, which required removal of lead-asbestos. In February, 2008, the Board received no proposals after advertising to rent the steel storage building. Consequently, the Board authorized staff to prepare to use it for storing surplus items, thereby freeing up space to store expensive District equipment in the maintenance buildings.

Kingsburg resident Norman Krebs has submitted a letter dated March 27, 2008 (distributed in the agenda packet) in which he proposes to lease the house for \$4,800 per year and to lease the storage building for \$700 per year. Mr. Krebs commented to the effect that he could make the house safe for about \$2,500.

Board Members commented on the seriousness and cost of re-wiring the house, which would be required to make it safe. General Counsel Montoy expressed concern regarding potential liability. The consensus of the Board was that the house should not be rented. Mr. Krebs commented to the effect that he would be willing to make an offer to move the house, and asked that it not be demolished.

A motion to demolish the house was made by Director Waterston and seconded by Director Lujan. Mr. Krebs confirmed that he would be willing to submit a proposal to move the house, and if he changes his mind he will notify staff so they can stop work on developing the bid documents for moving the house. Director Lujan withdrew his second.

There being no further comments from the public, a motion to direct staff to solicit proposals both for demolishing the house and moving the house, was made by Director Cárdenas, seconded by Director Waterston, and approved by the following vote:

AYE:	Directors, Cárdenas, Waterston, Bergstrom, Lujan and Case
NO:	None
ABSENT:	None
ABSTAIN:	None

PUBLIC COMMENTS (first call)

Kingsburg resident Norman Krebs commented to the effect that the two large trees and the few smaller shade trees on the former Juarez property should be kept in place. The consensus of the Board was to continue the process of having them removed, as is part of the ongoing Land Clearing contract, so that they do not become attractive shady spots for activities which may cause unnecessary maintenance and liability to the District.

UNFINISHED BUSINESS

Plant Capacity Usage Report

General Manager Michel reviewed the 3-4-08 updated SKF Plant Capacity Usage colored chart along with an updated 16-page development projects status report. Both show that, given the anticipated growth, the District is planning and designing in a timely manner. The District has signed off on plans and has issued will-serve letters for projects that take the expansion plans to almost 6.3 million gallons per day (MGD). Construction needs to begin within months to stay on track for completion of the 6.3 MGD Improvement Plan which will upgrade the treatment plant from 4.8 MGD to 6.3 MGD.

Director Lujan commented to the effect that the City of Selma will be sending out RFP's for package plants for two housing projects, RJ Hill and Raven. The plants would be run by the City of Selma. Director Bergstrom commented to the effect that if the projects are on the capacity usage chart, staff should monitor them for possible removal.

DTAC Chairman Alan Weaver described how DTAC has been using the chart for developing the Capital Improvement Program and the Strategic Plan recommendations. Director Lujan questioned the need for a 0.7 MGD industrial reserve. DTAC Chairman Weaver said that the reserve was appropriate based on the industrial discharge variability and plant operations.

There was no public comment.

District Technical Advisory Committee (DTAC) Report

General Manager Michel reported that DTAC held its meeting March 19th and discussed the following items with recommendations as shown in the minutes:

- A. 6.3 MGD Improvement Plan
- B. District Strategic Plan (recommended changes and approval with authorization to proceed)
- C. Sewer Improvements Scheduling
- D. Secondary Clarifier Performance Evaluation Report (recommended acceptance and authorization of total \$250,000 budget)
- E. Plant Capacity Usage Update
- F. Capital Improvement Program - Bartle Wells Refurbishment & Replacement (R&R) Update
(will review again)
(recommended drafting the budget with \$800,000 for District R&R)
(recommended drafting the budget with \$22/ESFR for the Cities' Collection Systems R&R in each of the three Cities)

DTAC reviewed the following letters (distributed in agenda packet):

- 1. September 25, 2007 from Norman Krebbs regarding projected plant loadings
- 2. January 4, 2008 from Norman Krebbs regarding cash balance projections

3. January 10, 2008 from Ed Blanton regarding studies of I&I and Carollo Master Plan
4. January 10, 2008 from Ed Blanton re: Ordinance 42 industrial users capacity allocations protest
5. January 17, 2008 from Norman Krebs re: comparison of baseline discharge to budget amounts
6. February 4, 2008 from Ed Blanton re: 270 gallons per day single family residence estimate
7. March 11, 2008 from Norman Krebs regarding projected hydraulic loadings

District Strategic Plan

General Manager Michel reported that the District needs to develop a Strategic Plan for eventually expanding the treatment plant beyond 6.3 MGD. The District Technical Advisory Committee (DTAC) recommends the attached plan and recommends that staff proceed.

It takes 5-7 years to plan, design, finance, construct and start-up a wastewater treatment plant expansion. Now is the time to begin the first part, planning.

The District has a short range plan (6.3 MGD Improvement Plan). The District needs a medium range plan to squeeze the most out of the existing facilities from 6.3 MGD to \approx 8.0 MGD (Capacity Maximization Plan). The District also needs a long range plan to expand facilities from \approx 8.0 MGD to 17.0 MGD (Treatment Plant Facilities Plan).

In September, 2007, the Board approved an engineering services fee increase with Whitley, Burchett & Associates. The Board directed, as part of the approval motion, that proposals for engineering services were to be sent out within six months. Throughout the Strategic Plan development process, the General Manager's approach has been to have Engineer Whitley perform the Capacity Maximization Plan and to solicit proposals for the Treatment Plant Facilities Plan.

DTAC has taken a different approach, as reflected in the attached Strategic Plan, Flow Chart and RFP's. The Committee feels that Engineer Whitley's extensive personal knowledge of the facilities and the wastewater characteristics are so valuable that he should be designated to prepare both Plans. The Committee also recognized that by having a sanitary engineering firm (local preference) act as peer reviewer for the development of the Plans, the District could transition into having the peer review firm submit a competitive proposal to do the actual design of the expansion from \approx 8.0 MGD to 17.0 MGD.

DTAC recommends that the Board approve the Strategic Plan and authorize staff to solicit the RFP's for Whitley Burchett & Associates to prepare both the Capacity Maximization Plan (CMP) and the Treatment Plant Facilities Plan (TPFP), and authorize staff to solicit RFP's for peer review.

Chairwoman Case said that an RFP sent to only one firm is not a true RFP. In the interest of performing her due diligence on behalf of the public, she wants to be certain that the District is getting cost effective engineering services.

Consultant District Engineer Whitley said that he was willing to discuss the structure by which his firm's services are provided. General Counsel Montoy commented to the effect that if an RFP is sent out, it must be sent out to more than one service supplier. The District is not required to go through an RFP process for professional services, but it is not a best practice to get an estimate or proposal from only one professional service provider.

DTAC Chairman Alan Weaver said that an RFP may be the wrong title. The intent of DTAC was to solicit a cost estimate from a preferred provider. There was extensive discussion for several months at DTAC meetings. DTAC concluded that it was very cost effective for the District to maintain its relationship with Consultant District Engineer Whitley. General Manager Michel said that he should have changed the title of the document from RFP, which was his recommendation to DTAC, to Request for Cost Estimate, which was DTAC's approach for the last couple of meetings.

Director Lujan commented that he and Mayor Tow both feel that the District should solicit competitive proposals for the two-part strategic plan, with no peer review. He made a motion to direct staff to solicit competitive proposals for the two-part strategic plan, with no peer review. The motion died for lack of a second.

Chairwoman Case requested that General Counsel Montoy review the current contract with Consultant District Engineer Whitley and report back to the Board at the next Board Meeting. She also requested that staff provide a three-year history of engineering costs and report back to the Board.

There being no comments from the public, a motion to direct staff to solicit estimates of cost for the two plans in the strategic plan from Consultant District Engineer Whitley, and to solicit competitive proposals for peer reviews, with preference to local firms, was made by Chairwoman Case, seconded by Director Bergstrom, and approved by the following vote:

AYE:	Directors Case, Bergstrom, Cárdenas and Waterston
NO:	Director Lujan
ABSENT:	None
ABSTAIN:	None

Secondary Clarifier Performance Evaluation Report – Consultant District Engineer Whitley

Consultant District Engineer Whitley reviewed the Secondary Clarifier Performance Evaluation Report prepared by him dated February 2008. It concludes that, with certain structural modifications, flow monitoring improvements, changes in operational criteria and concurrent operation of aeration basins, the clarifiers will be able to handle solids loading at a hydraulic rate of 6.4 MGD on an annual average basis. He presented graphs which showed the influence of high-strength industrial wastewater.

Staff, with minimal outside engineering support or formal public contract services, will be able to perform the modifications using small contract help as needed for a construction/equipment cost estimated at \$220,000. The next step is for the Board to specifically authorize the budget expenditure

level at \$250,000 which includes engineering. He emphasized that the report is based on a typical year and that substantial changes in loading factors could affect the report's conclusions.

Staff and DTAC recommended that the Board accept the clarifier report and amend the budget to authorize a total of \$250,000 for budget item 8051-203-01-Relieve Solids Settling Restriction at Clarifiers (BN #1).

There being no comments from the public, a motion to accept the clarifier report and amend the budget to authorize a total of \$250,000 for budget item 8051-203-01-Relieve Solids Settling Restriction at Clarifiers (BN #1), was made by Director Lujan, seconded by Director Cárdenas, and approved by the following vote:

AYE:	Directors Lujan, Cárdenas, Bergstrom, Waterston and Case
NO:	None
ABSENT:	None
ABSTAIN:	None

Budget Amendment – Engineering Services

General Manager Michel reported that, as stated in the six-month summary financial report presented in February, 2008 the budget category for general engineering services requires an increase of \$18,000 due to extra work with DTAC, planning criteria, water recycling and the industrial baseline discharge policy revision. This does not include specific feasibility studies, technical evaluations or design services.

The current expenditure authorization level is \$41,872 for budget item 7810-101-00 (Professional Services – Engineering and Technical). The Eisenhardt Group's expenses were accommodated with \$28,000 remaining for Consultant District Engineer Whitley. Through February, 2008 the District's use of Engineer Whitley's services have cost over \$32,000 due to extra work with DTAC, planning criteria, water recycling and the industrial baseline discharge policy revision.

It is absolutely crucial for DTAC to hear first-hand Engineer Whitley's evaluations of District plans, operations and facilities. The budget needs to be increased by \$18,000. Staff recommends that the Board amend the budget to increase the expenditure authorization for budget item 7810-101-00 (Professional Services – Engineering and Technical) from \$41,872 to \$59,872.

Director Lujan reported that Mayor Tow had given him a note to the effect that Mayor Tow believes that staff should be able to handle the duties at DTAC meetings without Consultant District Engineer Whitley.

There being no comments from the public, a motion to amend the budget to increase the expenditure authorization for budget item 7810-101-00 (Professional Services – Engineering and Technical) from \$41,872 to \$59,872, was made by Director Lujan, seconded by Director Bergstrom, and approved by the following vote:

AYE: Directors Lujan, Bergstrom, Cárdenas, Waterston and Case
NO: None
ABSENT: None
ABSTAIN: None

NEW BUSINESS

Fiscal Year 2008-09 Draft Budget Presentation (Version 3-31-08)

General Manager Michel reported that the budget indicates an 11.8% rate increase. Notices to property owners must be mailed within days for the Board to increase rates at the June Board Meeting.

The draft budget for the fiscal year (FY) 2008-09, version 3-31-08, was distributed with the agenda packet. As recommended by the District Technical Advisory Committee (DTAC), the budget increases the funding level to \$800,000 for refurbishment & replacement (R&R) of District facilities.

The budget indicates a rate increase from \$21.82 to \$24.39 per month for each equivalent single family residence (ESFR). This is an increase of \$2.57 per month per household. The 11.8% sewer rate increase is due to increased costs in the following areas: refurbishment & replacement of facilities & equipment; services & supplies; sludge removal; labor costs; and worker benefits. On an annual basis, this is an increase from \$261.82 per year to \$292.59 per year, which is an annual increase of \$30.77.

DTAC has been reviewing the Capital Improvement Program (CIP) for the sewer system and the treatment plant for the last seven months. The CIP is still under review by DTAC. After the review is completed, DTAC recommendations could affect the FY 2008-09 budget by adding projects to the capital pages 5-7 or by calling for borrowing to perform projects other than those stated in the draft budget. No matter what is the eventual outcome of their CIP review, DTAC recommended at this time that staff budget \$800,000 for DR&R and budget a Cities' Collection System R&R fee of \$22/ESFR. The draft budget follows DTAC's recommendations.

Staff recommended that the Board direct staff to mail the Proposition 218 notices, as revised by General Counsel Montoy, notifying property owners of a potential rate increase by an amount not to exceed \$2.57 per month per equivalent single family residence, from \$21.82 per month to a maximum of \$24.39 per month, effective July 1, 2008. For an equivalent single family residence, the potential increase is from \$261.82 per year to \$292.59 per year. This potential increase of up to approximately 11.8% is necessary due to increased costs in the following areas: refurbishment & replacement of facilities & equipment; services & supplies; sludge removal; labor costs; and worker benefits.

Director Lujan said that he and Mayor Tow believe that the District should be cutting costs and they do not support sending out the notice.

There being no comments from the public, a motion to accept the staff recommendation, was made by Director Cárdenas, seconded by Director Bergstrom, and approved by the following vote:

AYE:	Directors Cárdenas, Bergstrom, Waterston and Case
NO:	Director Lujan
ABSENT:	None
ABSTAIN:	None

COMMUNICATIONS

Chairwoman Case suggested that a Chairwoman's barbecue be held at 11:30 a.m. on May 8th, followed by a special Board Meeting at 12:30 p.m. to accommodate those who will be attending the Farm Bureau's annual banquet that evening. It was the consensus of the Board to hold the next meeting on May 8th at 12:30 pm.

General Manager Michel stated that he had distributed a confidential letter to Board Members and Assistant General Manager Muñoz regarding an upcoming medical leave for himself. Chairwoman Case suggested that continuity during the absence be placed on the next meeting's agenda.

ALLOWANCE OF CLAIMS

There being no comments from the public, a motion to accept the warrant list report showing checks issued in the amount of \$393,755.61, was made by Director Lujan, seconded by Director Cárdenas, and approved by the following vote:

AYE:	Directors Lujan, Cárdenas, Bergstrom Waterston and Case
NO:	None
ABSENT:	None
ABSTAIN:	None

PUBLIC COMMENTS (second call)

None.

ADJOURNMENT

There being no further business to come before the Board, Chairwoman Case declared the meeting adjourned to May 8th at 12:30 p.m., on a motion duly made, seconded and approved by unanimous voice vote at 6:26 p.m.

Respectfully submitted,

Approved,

David Michel, General Manager/
Secretary of the Board

Judith G. Case
Chairwoman of the Board