

**SELMA-KINGSBURG-FOWLER
COUNTY SANITATION DISTRICT
MINUTES OF THE BOARD MEETING**

July 12, 2007

The regular Board Meeting of the Selma-Kingsburg-Fowler County Sanitation District was called to order at 4:10 p.m. by the Chairwoman, Judith Case.

DIRECTORS' ROLL CALL

Leland Bergstrom, Vice-Chairman (present)
David Cárdenas (present)
Sandi Niswander (present for Don Tow)
Bob Waterston (arrived 4:15 p.m.)
Judith Case, Chairwoman (present)

STAFF AND CONSULTANTS PRESENT

David Michel, General Manager/ Board Sec.
Ben Muñoz, Jr., Assistant Manager
Richard Hargrove, General Counsel
Robert Whitley, District Engineer
Walt Schmidt, Plant Operations Supervisor
Gabe Jimenez, Ass't. Plant Operations Supervisor
Gary Helm, Maintenance Supervisor
Bob Currie, Laboratory Director
Paul Eisenhardt, EGI Inc.

OTHERS PRESENT

Amy Fienen, Kingsburg Recorder
David Elias, Fowler City Manager
Ed Blanton, Kingsburg Resident

CONSIDERATION OF MINUTES

There being no comments from the public, a motion to approve the minutes of the Board Meeting of June 14, 2007, was made by Director Bergstrom, seconded by Director Cárdenas, and approved by the following vote:

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

A motion to approve the minutes of the Board Meeting of June 21, 2007, as corrected to reflect that Director Bergstrom stated that Parlier’s joining the District was only a possibility and not a sure thing, was made by Director Cárdenas, seconded by Director Bergstrom, and approved by the following vote:

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

CONSENT CALENDAR

The items regarding the 40 foot sludge trailer and Centrifuge Change Order No. 1 were removed from the consent calendar by Board Members for separate consideration.

Review of Franchise Fee Expense

In a written memo, General Manager Michel reported that the service agreements between the District and each City contain a requirement that the District pay to each City five percent of the revenue collected from dischargers within the City limits, excluding connection fees. The amount of revenue is the audited amount as reported in the District’s annual audit report. This is called a franchise fee in the budget and is in exchange for “coordination with District’s permitting systems and also so as to administrative services related to general coordination of sewer service for the City.”

For Selma, it was first stated in the Agreement dated 7-1-71 and most recently appears in the amendment dated 2-12-88. For Kingsburg, it was first stated in the Agreement dated 7-1-71 (at 10% because the City was billing for sewer on the City water bills) and most recently appears in the amendment dated 3-1-82 (at 5%). For Fowler, it was first stated in the Agreement dated 11-2-71 and most recently appears in the amendment dated 2-1-05. The recent history of payments is as follows:

<u>FY Ending 6/30</u>	<u>SELMA</u>	<u>KINGSBURG</u>	<u>FOWLER</u>
2007	TBA	TBA	TBA
2006	\$94,599	\$63,892	\$67,973
2005	88,018	64,108	61,216
2004	78,539	54,633	57,279
2003	74,255	46,570	44,790
2002	68,618	44,212	36,098
2001	69,222	41,464	34,298

There was no staff recommendation and no action was taken.

Authorization to Solicit Bids for Fencing Project

In a written memo, General Manager Michel reported that the approved FY 2007-08 budget calls for the installation of new fencing for unfenced property. The budget estimate is \$35,000 and the current staff estimate is \$39,000. A six foot chain link fence is needed for the former Juarez property on SE corner of Conejo and Del Rey Avenues in order to protect the District asset and reduce District liability.

Staff recommended that the Board authorize staff to solicit sealed bids for the fencing project.

McCall Avenue Lateral Project – Change Order No. 1

In a written memo, General Manager Michel reported that the City of Selma was preparing to reconstruct McCall Avenue in August, 2006. Nine houses and two vacant parcels discharged into a 70+ year-old, shallow, six-inch sewer on the east side of McCall. Age and depth of cover gave the sewer an increased chance of failure causing a sewer system overflow. The Board authorized staff to negotiate with the contractor to relocate nine house laterals and to install two additional laterals for an amount not to exceed \$47,000 plus \$5,000 manager’s contingency.

During construction, a tenth existing lateral was discovered and staff authorized a change order, subject to Board confirmation, to relocate the discovered lateral at a cost of \$3,500. The cost was within the authorized manager’s contingency. Staff recommended that the Board approve Change Order No. 1 for the Selma McCall Avenue Lateral Relocation project in the amount of \$3,500.

District Technical Advisory Committee (DTAC) Report

The minutes of the DTAC meeting of June 20, 2007 were presented.

Consent Calendar Approval

There being no comments from the public, a motion to approve the staff recommendations for the consent calendar as stated above, was made by Director Niswander, seconded by Director Cárdenas, and approved by the following vote:

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

Authorization to Solicit Bids for 40-Foot Sludge Trailer

In a written memo, General Manager Michel reported that the approved FY 2007-08 budget calls for the purchase of a 40-foot sludge trailer to replace a 1979 Chevy dump truck. The budget estimate is \$80,000. The dump truck cannot pass smog without extensive repair work. The 40-foot sludge trailer is needed for efficient simultaneous operation of two centrifuges by one operator. It hauls the de-watered sludge from the centrifuge to the sludge storing area at the drying beds. It should reduce the need for intermittent frequent dumping of smaller dump trucks by additional personnel. Staff recommended that the Board authorize staff to solicit sealed bids for a 40-foot sludge trailer.

Director Niswander questioned the need to replace a dump truck with a new trailer if the dump truck does not need to be licensed to operate on the premises. General Manager Michel said that the purpose of the planned expenditure was to improve labor efficiency. Chairwoman Case said that air quality regulations may restrict the use of diesel engines such as the dump truck in the future.

There being no comments from the public, a motion to authorize staff to solicit sealed bids for a 40-foot sludge trailer, was made by Director Waterston, seconded by Director Bergstrom, and approved by the following vote:

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

Centrifuge No. 2 – Change Order No. 1

In a written memo, General Manager Michel reported that in March, 2007, the Board authorized a project budget of \$588,720 for the Centrifuge No. 2 Installation as follows:

Centrifuge No. 2 Installation	\$530,200.00
Compaction Testing	5,000.00
General Daily Inspection	Staff
<u>Contingency</u>	<u>53,520.00</u>
TOTAL	\$588,720.00

A concrete structure (6' x 8' x 5' deep), called a vault, was needed for the proper protection, operation and maintenance of buried plug valves on a 10" centrate return line. The vault was overlooked in staff design review and therefore was not part of the original specifications. Staff requested that the contractor install it at a cost of \$17,512, which was within the manager's authorization for contingency. The amount was determined to be reasonable based on staff experience within the last year constructing a similar vault for the Vac-Con Dumpsite project.

Staff recommended that the Board approve Change Order No. 1 for the Second Sludge Dewatering Centrifuge System project for a valve vault in the amount of \$17,512. General Manager Michel answered several questions from Board Members regarding the change order.

There being no comments from the public, a motion to approve Change Order No. 1 for the Second Sludge Dewatering Centrifuge System project for a valve vault in the amount of \$17,512, was made by Director Waterston, seconded by Director Cárdenas, and approved by the following vote:

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

PUBLIC COMMENTS (first call) None.

UNFINISHED BUSINESS

Aging Report for Will-Serve Letters

General Manager Michel presented a report by Supervising Engineer Cazares on will-serve letters issued, arranged by age. Staff recommended that the Board direct staff to determine which of the projects listed over 2 ½ years old have a final map approved and which do not.

Fowler City manager David Elias said that he did not recognize a couple of the projects listed. Board members commented that some projects may not even have a tentative map.

There being no further comments from the public, a motion to direct staff to report back with information regarding the map status of the listed projects, was made by Director Bergstrom, seconded by Director Cárdenas, and approved by the following vote:

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

Operational Audit Final Report – Eisenhardt Group, Incorporated (EGI)

Paul Eisenhardt of EGI gave a power point presentation summary of the final report which had been previously distributed with the agenda packet. The presentation and report included the following.

Overall, the utility gets a C+ grade. Some things are above average and there are significant improvement areas. Of the key factors considered, the facility has good regulatory compliance, odor control and safety. The sewer service rates are less than the average for the area. Improvements can be made in operations and maintenance practices, energy efficiency and usage of staff. Consideration should be given to revising the organizational structure with regard to responsibility, authority and layers of supervision.

Treatment and Disposal Capacity – The annual average treatment and disposal capacity is 4.8 million gallons per day (mgd). EGI supported the recent Board-approved 6.3 MGD Improvement Plan. There is a potential to treat in excess of 6.3 MGD and it should be assessed by management. Staff and District Engineer should present an annual capacity report recommendation to the Board in order to stay ahead of projected needs. The District should build additional percolation ponds beyond the minimum number needed for annual flow. The District should purchase additional land adjacent to current property.

Operations & Maintenance (O&M) Practices – O&M practices and procedures used by staff are consistent with approaches used at other utilities. Repair and maintenance of Aeration Basin No. 3 needs to be done. The energy efficiency of Aeration Basin No. 3 and of the aerobic digesters should be reviewed by staff and District Engineer. Cross training of staff and use of technology such as handheld data recorders is recommended. An automation master plan, including SCADA is recommended. Process control criteria and the economics of repair versus replacement should be reviewed. Maintenance tracking programs should be utilized more. Cost performance data should be more readily disseminated. O&M Manuals should be more readily available.

Growth Accommodation – Given the anticipated rate of growth and the recently-approved 6.3 MGD Improvement Plan, the District is well positioned to accommodate growth. Cross connections from storm water systems into the sanitary sewer system should be immediately eliminated.

Benchmarking – Benchmarks can be useful in comparing the performance of utilities, but conditions specific to SKF should be used to further calibrate its benchmarked performance against other facilities. Where significant differences between utilities occur, the cause of the difference should be ascertained and then implications can be more appropriately drawn. SKF has lower treatment effectiveness per KWH of electricity; higher staffing per MGD; comparable collection system responsibility; minimal expenditure for outsourcing; lower use of SCADA and technology; and comparable maintenance systems.

Organization and Staffing - Although the organizational structure has been historically effective, it may no longer be a good fit with future needs. Consideration should be given to revising the organizational structure with regard to responsibility, authority and layers of supervision. The budget should be simplified with appendices for details, should have less centralized preparation and should have cost performance data more readily disseminated. The Assistant General Manager position should be utilized as more of a head of operations. Administration and operating staff should be more integrated for better communications. The District Engineer's role should be reviewed and updated to be more of a chief technical officer. A strategic plan for future actions must be developed.

Rate Structure and Grant Compliance – The cost of service and rate study (Bartle Wells, March 2006) needs to be completely updated to reflect the most current information on plant capacity and projected loadings. The findings of the 2006 Sewer System Master Plan need to be incorporated into the study. EGI reviewed documents and interviewed the rate consultant and legal counsel and found no evidence to support concern regarding compliance with State grant regulations. Annual financial audits provide an additional check on such compliance.

Connection Fees and Will-Serve Letters – Staff should continue to implement the policies that are now in place. Staff should continue to meet regularly with developers and planners. The Board should adjust fees based on the updated cost of service study.

Director Cárdenas thanked Mr. Eisenhardt and said the report is a good starting point for the District to improve. Director Niswander said that it bothered her that SKF was not at the cutting edge but that it's a good starting point. Director Waterston said that SKF sewer service rates are less than the average for the area and staff is to be commended for that, but cities such as Clovis and Fresno are becoming more progressive and SKF needs to be more progressive in energy technology such as solar. Director Niswander said that instead of buying more land as EGI suggested, SKF should use less land with higher technology. Director Bergstrom suggested using sludge to produce methane and burning the methane as fuel to generate electricity, such as with dairy waste.

Kingsburg resident Ed Blanton said that he is pleased to see that the lack of maintenance in Aeration Basin No. 3 is reported as he has told the Board. He recommended against building more percolation ponds.

Chairwoman Case suggested that the District use more SCADA rather than adding staff. She summarized the consensus of the Board that staff report back with a plan to fix Aeration Basin No. 3, begin the strategic planning process and review the organizational structure. Director Bergstrom said that Board Members need to be more involved in the planning process. He suggested that individuals be assigned to projects and said that he had some experience in reviewing organizational structures. It was the consensus of the Board to assign Director Bergstrom to work with staff on the organizational structure review.

In a written memo, General Manager Michel reported that in February and March, 2007, the Board authorized EGI to perform an operational audit in an amount not to exceed \$48,675. Additional work was authorized as shown below:

Task 1 – Treatment Capacity		
Task 2 – Effluent Disposal Capacity		
Task 3 – Operations and Maintenance Practices		
Task 4 – Growth Accommodation	(Tasks 1-4)	\$24,875
Task 5 – Provide benchmark comparisons with comparable utilities		8,750
Task 6 – Review Staffing and Effectiveness		9,350
Task 7 – Review Rate Structure and Grant Compliance		<u>5,700</u>
	SUB-TOTAL	<u>\$48,675</u>

Attendance at May 10, 2007 Board Meeting (requested by Chairwoman)	415
Attendance at Developers' Meeting May 21, 2007 (authorized by Board)	4,958
Power Point Summary Workshop July 12, 2007 (optional work in proposal)	<u>2,000</u>

TOTAL \$56,048

Staff recommended that the Board receive the operational audit final report and increase the budget for the work from \$48,675 to \$56,048.

There being no further comments from the public, a motion to receive the operational audit final report, with a report back from staff, and increase the budget for the work from \$48,675 to \$56,048, was made by Director Waterston, seconded by Director Bergstrom, and approved by the following vote:

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

NEW BUSINESS

Grants and Loans Report – California Consulting

Steve Samuelian from California Consulting reviewed General Manager Michel's memo and described the recent trip to Sacramento by him and District Engineer Whitley.

On May 23, 2007 District Engineer Whitley and Steve Samuelian met with the following agencies in Sacramento: California Energy Commission; California Department of Water Resources; State Water Resources Control Board; Assemblyman Juan Arambula; Office of Nicole Parra; Governor's Office, Statewide Director of Local Government. Based on that trip, conference calls and work by SKF staff and California Consulting staff, the following is a summary status report.

Energy - This remains the highest priority. Assistant Manager Muñoz coordinated with PG&E and a third-party vendor who performed an SKF energy audit on May 8, 2007. SKF received a preliminary report of potential energy efficiency measures. Assistant Manager Muñoz is providing additional information that PG&E requested. After a final report is received, staff and District Engineer Whitley will review and prioritize the list (solar generation will be given high priority). District Engineer Whitley and staff also will determine which of the items can be designed by a grant-funded designer and which will need sanitary engineering if projects affect plant operations. Depending on the outcome, CC may pursue the \$20,000 grant for technical assistance (feasibility study).

No matter who designs the energy saving projects, CC may pursue an energy efficiency loan to actually implement (construct or install) the projects. Independent of the outcome, CC will pursue the

\$10,000 energy partnership program which may include alternative energy sources. CC will include SCADA as an energy savings measure. PG&E rebates are at the end of the sequence.

Facilities Expansion – The District is on the waiting list for a low-interest State Revolving Fund loan. The list is to be adopted by the State Water Board in August. CC, District Engineer Whitley and staff had a discussion with the State Infrastructure Bank, which may be a better alternative than State Revolving Fund because of the availability of incremental loans rather than one big project loan.

Buffer Zone - District Engineer Whitley and SKF staff have identified a specific buffer zone for the planting of trees. Staff has given CC a list of trees and supplies, as well as a map of the tree buffer zone. Staff is waiting to recommend that CC apply for the grants (CDF Trees and DP&R recreational trails) because of the following: SKF has not yet notified the lessee's of the removal of vines or orchards; land clearing has not been authorized by the SKF Board nor has it begun; installation of an irrigation system has not been authorized by the SKF Board nor has it begun; and SKF's project costs have not yet been authorized by the SKF Board. Assistant Manager Ben Muñoz will be in charge of this project and he will be attending the grant workshop at CC's office on July 12th regarding parks and recreation grants. He will find out if land clearing and irrigation is grant eligible and whether a walking trail is eligible or would be required. This item will be on the agenda for the August, 2007 Board meeting.

Recycled Water - CC will apply for State Water Board \$75,000 grant for a feasibility study and facilities plan. CC will track the availability of Water Recycling Construction Grants although currently there is no funding available.

Integrated Regional Water Management (IRWM) – Staff and District Engineer Whitley have met with the engineering firm which is preparing the IRWM plan and SKF is included in the data and resources sections. Staff also has talked with CID General Manager Mark Gilkey and expressed interest in jointly pursuing any mutually beneficial grants, with CID being the lead agency. The same may be possible with the Kings River Conservation District.

USDA Rural Water Grants – CC has concluded that SKF is not eligible.

There is a lot of parks and recreation money available. Director Niswander suggested taking staff and Board Members on the next Sacramento trip. Kingsburg resident Ed Blanton stated that the District has no latent powers for parks and recreation. The Board thanked Mr. Samuelian for his report.

6.3 MGD Improvement Plan – Approval of Engineering Cost Estimates

In a written memo and verbal presentation, General Manager Michel reported that on May 10, 2007, the Board accepted the 6.3 MGD Improvement Plan and directed staff to proceed with implementation. The Board authorized District Engineer Whitley to begin any necessary engineering efforts including analysis, design and CEQA review as needed for implementation. District Engineer Whitley has developed a cost estimate for three components of the work, as follows:

Project No. 1 (Clarifier Solids Settling Relief) – District Engineer Whitley is working with staff to evaluate the secondary clarifiers capacity. Operating data will continue to be collected for the next 12 weeks and will provide information to determine a sustainable operating capacity for existing clarifiers. The cost estimate is \$36,000. It could be more, depending on the outcome of data collection. Staff requests a \$36,000 authorization level of the \$167,500 proposed budget.

Project No. 2 (Disposal Pond No. 6) – Although Supervising Engineer Cazares is designing this project in-house, the Board has authorized a budget of \$50,000 for related outside services. In a meeting between staff and RWQCB, they requested a site investigation plan on the proposed site for DP-6. District Engineer Whitley will perform the investigation plan for a cost estimate of \$9,000, which will be funded from the existing \$50,000 authorization.

California Environmental Quality Act (CEQA) Review – As already directed by the Board, District Engineer Whitley is performing the CEQA review and coordination for all six projects in the 6.3 MGD Improvement Plan. The cost estimate is \$30,000. It could be more, depending on unforeseen issues. This will be a new budget item.

Staff recommended that the Board authorize engineering services expenditures in the total amount not to exceed \$75,000, described as a \$36,000 budget appropriation for item 8051-203-01 (Relieve Solids at Clarifiers), \$9,000 from authorized item 8046-203-01 (Disposal Pond No. 6 Design) for a site investigation plan and a budget amendment to create a new item 8057-203-01 (6.3 MGD Plan CEQA Review) authorized at \$30,000.

After some discussion, a motion to approve the staff recommendation, was made by Director Waterston, seconded by Director Cárdenas, and approved by the following vote:

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

COMMUNICATIONS

General Manager Michel distributed a letter dated 7-2-07 from County of Fresno (Kettler) to LAFCO (Ballantyne) regarding Parlier phasing in connection to the SKF facility. Director Case reminded Board Members to notify General Manager Michel if they wish to attend the upcoming conference of the California Association of Sanitation Agencies.

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 \$697,510.81, was made by Director Cárdenas, seconded by Director Bergstrom, and approved by the following vote:

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

PUBLIC COMMENTS (second call) None.

CLOSED SESSION

Chairwoman Case called for a closed session at 6:30 p.m. to confer with legal counsel and staff regarding Fowler Tract 5212, DR Horton, to give instructions to the General Manager regarding wages, hours and working conditions of union and non-represented employees, to give instructions to the General Manager and General Counsel regarding potential litigation for leased property on APN 393-211-07 and to give instructions regarding real property negotiations for the sale of APN 393-330-03T. The Board returned to open session at 6:47 p.m. General Manager Michel reported that, in closed session, the Board authorized Chairwoman Case to execute the Agreement for Reimbursement of Costs for Sewer Improvements between the District and the City of Fowler, with regard to Fowler Tract 5212, and directed staff to issue a check in the amount of \$105,405.35 to the City of Fowler to be taken from the Operations and Maintenance account cash reserve. He stated that there was no other reportable action.

ADJOURNMENT

There being no further business to come before the Board, Chairwoman Case declared the meeting on a motion duly made, seconded and approved by unanimous voice vote at 6:50 p.m.

Respectfully submitted,

Approved,

David Michel, General Manager/
Secretary of the Board

Judith G. Case
Chairwoman of the Board