

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

MINUTES OF THE BOARD MEETING

August 14, 2008

The Regular Board Meeting of the Selma-Kingsburg-Fowler County Sanitation District was called to order at 4:04 p.m. by the Chairwoman, Judith G. Case.

DIRECTORS' ROLL CALL

Leland Bergstrom (present)
David Cárdenas (present)
Dennis Lujan (present)
Bob Waterston (4:07 P. M.)
Judith Case, Chairwoman (present)

STAFF AND CONSULTANTS PRESENT

Ben Muñoz, Jr., Interim General Manager/Secretary
Mike Fong, Chief Accountant
Hilda Cantú Montoy, General Counsel
Robert Whitley, Consultant District Engineer
Dave Bacon, Information Systems Analyst
Jaime Ruiz, Engineering Technician II

OTHERS PRESENT

Rod Carter
George Alves
Hal Lore

MOMENT OF SILENCE

Chairwoman Case asked for a moment of silence for Mayor Don Tow and his wife Marie, who has had health problems since Tow's passing.

Director Lujan said; I speak for the City of Selma, "Tow was a valued member of the community, I'm glad to have known him and to call him my friend."

Director Cárdenas said that DonTow was well known by many people and personally by him and his wife. We are sad. We will be keep him and his family in prayers. He will be missed.

Vice-Chairman Bergstrom said he knew Don as a principal. I asked of the Board to help me clear up the concerns Don Tow had about S-K-F. I will miss him.

Director Waterston said Tow was tenacious, conservative community leader, and made the Board think. The community and County will miss him, one of kind honest person. I will continue forward with his concerns of SKF.

Interim General Manager Ben Muñoz said that he and his wife knew Don Tow personally. He was my wife's principal and my wife was very sad because of his death.

CONSIDERATION OF MINUTES

There being no comments from the public, a motion to approve the minutes of the Board Meeting of July 10, 2008, was made by Vice-Chairman Bergstrom, seconded by Director Lujan, and approved by the following vote:

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

CONSENT CALENDAR

Chairwoman Case requested that consent items C-5 (Fuel Usage Report) be pulled from the calendar for separate discussion.

General Counsel Montoy suggested that item C-3 effective date will have to be changed to 60 days after adoption and include additional findings. I will work with staff in adoption of new ordinances, which will supersede older ordinances.

There being no comments from the public, a motion to approve the remaining four consent calendar items and the staff recommendations with the exception item C-5 Fuel Usage Report, was made by Vice-Chairman Bergstrom, seconded by Director Cárdenas, and approved by the following vote:

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

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- Presented the final report and recommendations to the Board of Directors on April 10, 2008.

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. Met with CID manager to discuss proposed project and potential impacts to CID.

Bottleneck No. 3-Solids Thickening (DAFT)-Worked with operations staff to continue with the operational stress tests.

Bottleneck No. 4-Hydraulic Modifications-Submitted 90% complete engineering drawings for a new effluent pump station and the renovated effluent pipeline that will provide for conveyance to all of the percolation ponds. Project on-hold pending receipt of comments from SKF staff.

Bottleneck No. 4-Influent Pipeline Repair-Provided technical consulting advice to District staff regarding project.

Recycled Water Study Application

Received copy of grant approval letter from the SWRCB.

General Inspection

Walked and drove around treatment facilities and noted ongoing operations and conditions. Notified management staff of various observations needing general improvement.

District Technical Advisory Committee (DTAC) Report

The Board received the minutes of the DTAC meeting of July 16, 2008. No action required.

Setting of Ordinance No. 117-Related Public Hearings

Staff recommended that the Board set September 11, 2008 at 4:00 pm in the Board Room of the District Administration building, 11301 East Conejo Avenue, Kingsburg, California, as the date, time and place for public hearings for the following:

- A) Ordinance No. 117, An Ordinance Amending Ordinance No. 3, "An Ordinance Providing for the Establishment of Sewer Service Charges for Services and Facilities Furnished by District's Sewage System, Collection Procedures, Penalties for Delinquency and Restriction On The Use Of Funds Derived." Additionally, Ordinance No. 117 establishes a Plan Check and Inspection Fee.

Operational Audit Report Review

Interim General Manager Muñoz reported that he and the District Technical Advisory Committee (DTAC) will review the "SKF Wastewater Utility District Assessment" dated July, 2007, by

Eisenhardt Group, Inc. (EGI). Interim General Manager Muñoz also reported that he had presented the EGI report to DTAC and advised them that the Board had requested it be reviewed by the Interim General Manager. The Board recommended that the EGI findings and the Interim General Manager recommendations report be reviewed by DTAC, before it goes to the Board.

Fuel Usage Report

Interim General Manager Muñoz reported that there are 21 vehicles and some miscellaneous equipment such as portable welder, lawn mowers, etc. which use gas. There are 9 trucks that use diesel fuel.

The average monthly use of gas in gallons is approximately 833 gallons with a total use of approximately 9,996 gallons per year. The average monthly use of gas per vehicle is 70 gallons. The average monthly use of diesel is approximately 432 gallons with a total use of approximately 5,187 gallons per year.

The average monthly cost for use of gas is approximately \$2,500 with a total cost of approximately \$30,000 per year. The average monthly cost for use of diesel is approximately \$1,416 with a total cost of approximately \$17,000 per year.

The gas and diesel is accounted by the gas or diesel logs, which must be filled out by the person fueling up the vehicle or truck. The logs have the date, time, before and after meter readings, gallons, equipment ID, mileage and initials. The logs are tracked and monitored by the Maintenance Supervisor. Attached is the S-K-F CSD Gas Usage Log 2007, S-K-F CSD vehicles and trucks list and gas & fuel logs.

Chairwoman Case said that the collections standby vehicle had high usage as well as having unusual high mileage for one month. She also said that SKF has a large number of heavy weighted vehicles and when we change out vehicles; we need to get higher gas saving vehicles. As far as board packages we concur that we don't need to deliver packages. "Just mail them."

Vice-Chairman Bergstrom said he wants to know what each vehicle is used for. Thereby better utilization of S-K-F vehicles.

Director Waterston said he would like to see the ages of the vehicles. We cannot keep old vehicles around because of poor gas performance. "Food for thought."

Chairwoman Case said that heavy trucks will need to report to the Air Pollution Board by 2014.

Director Lujan suggested that Interim General Manager Muñoz should check out the requirement for reporting of heavy trucks to the Air Pollution Board.

Director Cárdenas suggested, since he works with a smog station, he would like to be part of a committee to review the vehicles and trucks.

Chairwoman Case recommended that Director Cárdenas, Vice-Chairman Bergstrom and Interim General Manager Muñoz form a committee to review the vehicles and trucks usage. The committee will bring back at the next board meeting or subsequent meeting recommendations.

PUBLIC COMMENTS (first call)

Mr. George Alves with G & L Enterprises came to the Board meeting to request a discount for his sewer connection charges for a proposed warehouse buildings. He said he had papers from the County that said he had paid for 7.2 acres and wanted this discounted from the 26.4 acres.

Interim General Manager Muñoz stated that staff had not received a copy of the County paper but if Mr. Alves would provide it we would work with him.

Mr. Alves stated that he was building more storage buildings for Del Monte and other renters for can storage without restrooms.

There was some discussion on the restrooms; however Interim General Manager Muñoz stated, this is a capacity charge not for restrooms.

Jaime Ruiz, Engineering Technician II said the charges were according to policy which requires the hookup fees and an Agreement for Sewer Services Outside City Limits. The fees are based on occupant usage.

Chairwoman Case asked for clarification of the hookup cost and what Mr. Alves has to pay for.

Mr. Alves then asked what he is getting for his \$13,000.

Chairwoman Case stated that we will put this on the September agenda to discuss the why's and wherea'.

Mr. Alves said he would pay the \$23,101.38 which included the Annexations fees of \$7,656.00, mobile trailer office \$1,395.24, service charge due \$584.70 and the sewer capacity charges for proposed warehouse buildings \$13,465.44. But he would not sign the Agreement for Sewer Services Outside City Limits.

Chairwoman Case told Mr. Alves to pay the fees and SKF will give him the permit so he can get his permit from Fresno County.

General Counsel Montoy recommended that Mr. Alves works with staff irrespective on the sewer connection charges for a proposed warehouse buildings.

UNFINISHED BUSINESS

Solar Energy – Staff to Develop a Request for Proposal for Power Purchase Agreement

Interim General Manager Muñoz reported staff solicited Pre-Qualifications Statements from entities which have expressed interest in the finance, design, construction and operation of a solar facility on District property and then guarantee a specified price for electricity for each year of a twenty-year power purchase agreement. There were 5 interested firms. Staff recommends developing an RFP and soliciting proposals from those interested firms.

At the November, 2007 Board Meeting, the Board heard energy savings reports and alternative energy reports from four energy companies. The consensus of the Board was that the best idea was for a project in which a third party would finance, design, construct and operate a solar facility on District property and then guarantee a specified price for electricity for each year of a twenty-year power purchase agreement.

With this approach, the District does not need to predict a return on investment, nor forecast photovoltaic cell efficiency, nor evaluate construction costs nor predict operations and maintenance costs in comparing proposals. The District needs only to compare the third party's guaranteed price for delivery of electricity to PG&E's delivered price, which currently is at 10.5¢ per kWh.

At the March 13, 2008 Board Meeting, Staff requested authorization to solicit Pre-Qualifications Statements from entities which have expressed interest in the finance, design, construction and operation of a solar facility on District property and then guarantee a specified price for electricity for each year of a twenty-year power purchase agreement.

Staff recommends that the Board direct staff to develop a Request for Proposal for a 20-year solar power purchase agreement, with a final summary review by DTAC, to be brought back to the Board before advertising.

Director Lujan suggested to focus on 5% over low bidder for local firms and a process that will move this faster than a RFP.

Consultant District Engineer Whitley stated that a public contract as per the Public Statute Contract Code required going through a RFP process.

Director Waterston said he just didn't want another committee studying this project to death. I don't want to lose cost saving on this project.

General Counsel Montoy stated that a RFP can be moved forward under the California Contract Code, so we can keep the study out and move in a timely matter.

Chairwoman Case suggested that staff develop a Request for Proposal for a 20-year solar power purchase agreement and to have DTAC review it. Let's get this out.

There being no further comments from the public, a motion to direct staff to develop a Request for Proposal for a 20-year solar power purchase agreement and to have DTAC review it so that staff can proceed with this project, was made by Director Lujan, seconded by Director Cárdenas, and approved by the following vote:

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

Update on District Engineer Contract

General Counsel Montoy summarized her legal review and answered questions regarding the opinion letter. No action required.

General Counsel Montoy said she conducted an analysis under Government 1090 and under the Political Reform Act, Government Code section 81000 et seq for conflict of interest. The issue of follow on contracts can be problematic under Section 1090. Some follow on contracts are clearly prohibited. For example, the design of a construction project precludes bidding on the contract for the construction project. The Attorney General's Office and another expert contacted by this office stated it may be possible to structure a contract that lists broad duties and functions for the consultant. This would eliminate the Section 1090 issue. In other words, a contract that authorizes follow on services would not require a new contract or an amendment to an existing contract. Since no contract is involved, Section 1090 is not implicated. However, a contract structured in such a manner would also need to grant the District sufficient flexibility not to allow the follow on work. Proceeding under the existing agreement would require some updating and some changes to the agreement. As far as the Fair Political Practices Commission (FPPC) is concerned there are no conflict of interest problems. The District engineer has been completing the conflict of interest form diligently.

Chairwoman Case asked how does this compare to a design build code.

General Counsel Montoy said Mr. Whitley would be precluded from a design build contract. For example the solar project is a design build contract.

Director Lujan asked if we have an in house engineer what do they do?

Interim General Manager Muñoz said yes we do have an in house engineer and Veronica takes care of collections, permits, connection, inspections and some in house treatment plant projects. Whitley does the treatment plant projects.

General Counsel Montoy said the distinction is that Mr. Whitley is used for treatment, whereas, in house is used for permits, collections, connection, etc.

Director Lujan asked why do we need all these engineers.

Director Cárdenas stated we need both engineers who play different roles. We don't want to go without engineers.

Director Lujan said if each city has its own sewer, we wouldn't need engineers.

Vice-Chairman Bergstrom asked if we can have access to what our consultants do here.

General Counsel Montoy said the contract will speak for itself.

NEW BUSINESS

None.

COMMUNICATIONS

Interim General Manager Muñoz said he has a get well card to be signed by the Board and gift for David Michel. He informed the Board that Dave's second surgery will be on September 8, 2008 and he is expected to be back to work on November 3, 2008.

Interim General Manager Muñoz reported that Director Cárdenas and General Counsel Montoy are registered for CASA 53rd Annual Conference on August 20-23, 2008.

General Counsel Montoy suggested AB 1234 training and wanted to know from the Board if they would like to take it online or at a class. She said she preferred a class because it would be better to have it at the District. The training would involve due process, conflict of interest, etc.

General Counsel Montoy reported that the Tulare County Grand Jury was requesting a response from the S-K-F CSD. Chief Accountant Fong called Tulare County Grand Jury to advise them that S-K-F CSD is in Fresno County jurisdiction not Tulare County. Therefore S-K-F CSD didn't need to respond to their request.

Vice-Chairman Bergstrom asked Interim General Manager Muñoz why is there water north of Conejo.

Interim General Manager Muñoz said we are using the disposal field across Conejo because we are drying pond 4 so we can deep rip it.

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 \$651,632.41, was made by Director Lujan, seconded by Vice-Chairman Bergstrom, and approved by the following vote:

AYE: Directors, Lujan, Cárdenas, Waterston, Bergstrom 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 on a motion duly made Director Cárdenas, seconded by Vice-Chairman Bergstrom, and approved by unanimous voice vote at 5:18 p.m.

Respectfully submitted,

Approved,

Ben Muñoz, Jr., Interim General Manager/
Secretary of the Board

Judith G. Case
Chairwoman of the Board