

**SELMA-KINGSBURG-FOWLER
COUNTY SANITATION DISTRICT AND
SKF POLICY ADVISORY COMMITTEE**

MINUTES OF SPECIAL JOINT MEETING

April 8, 2021

CALL TO ORDER AND ROLL CALL

The Board Meeting of the Selma-Kingsburg-Fowler County Sanitation District was called to order at 2:09 p.m. by Chairwoman Roman via teleconference.

DIRECTORS

Nathan Magsig (P)
Sarah Guerra (P)
David Cárdenas (A)
Buddy Mendes, Vice Chair (P)
Michelle Roman, Chairwoman (P)

STAFF and CONSULTANTS

Ben Muñoz, Jr., General Manager/Secretary
Alicia Kirk, Executive Assistant to the G.M.
Tricia Miller, Administrative Services/HR Manager
Hilda Cantú Montoy, General Counsel
Veronica Cazares, District Engineer
Scott Aguiar, Operations Supervisor
David Bacon, Information Systems Analyst
Luis Salinas, Accountant

POLICY ADVISORY COMMITTEE (PAC)

Alex Henderson, Kingsburg City Manager (P)
Wilma Quan, Fowler City Manager (P)
Teresa Gallavan, Selma City Manager (P)
Jean Rousseau, Fresno Co. Administrative Officer (A)
Ben Muñoz, Jr., General Manager, Secretary (P)

NOTICE IS HEREBY GIVEN that the Board of Directors and the Policy Advisory Committee have called a Joint Special Meeting.

The sole business to be conducted is as follows:

- A. The Board and Committee will review the FY 2021-22 Capital Improvement Program and consider recommending acceptance by the S-K-F CSD Board of Directors of the FY 2021-22 Capital Improvement Program. (p.3) Staff Report Prepared By: Ben Muñoz, Jr., General Manager/ Secretary.

District Staff implemented the first comprehensive Capital Improvement Program (CIP) in 2010. The Ten-Year CIP is a plan for capital expenditures over a ten-year period. The CIP identifies

capital improvement needs and allocates available dollars. CIP infrastructure includes such items as the collection system, wastewater treatment plant, disposal facilities and lift stations.

The District's funding sources include sewer service charges, capacity charges, and plan check and inspection fees. These revenues are projected annually, taking into account current and potential development activity and rate adjustments.

Capital improvements are major construction projects requiring an expenditure of public funds over and above routine annual operating expenses. They are investments that will last into the future. Expenditures occur for the purchase, construction, or replacement of the District's infrastructure with a useful life of at least five years.

It was asked from Kingsburg to have a sit-down meeting with SKF staff regarding 18th St and Stroud Ave., and Engineer Cazares said that would be no problem. It was asked if SKF had met with the 3 Cities prior to today's meeting and it was answered that Engineer Cazares sent out the Draft CIP Tables to each City Manager and City Engineer. It was also said that SKF Staff had met with each city in developing the Sewer System Master Plan. Also, due to individual City paving projects that come do come up, it is helpful for all parties to communicate. Selma did pose the question as to why the large dollar amount is allocated in their R&R table, and it was answered that it is a place holder should any emergencies arise that Selma would need SKF to fix, as well as any projects they [Selma] may need to move up in priority. It was asked by Selma if paving projects impact the CIP schedule and it was answered yes. It was asked if Selma could provide a timeline for their paving projects, and it was answered that yes, they would connect with Veronica. It was said that SKF would prioritize the projects of the individual cities as they need. As a reminder, SKF has a five- year rate increased that was approve by the Board, and we are currently in year three. Those funds need to be sustained to maintain the monetary capability of the three cities' current and future projects. It was also said that there is a timeline involved in this process, as the District needs Board approval of the CIP by June 2021 at the latest to put items on the tax roll.

At this time, PAC Members cannot endorse their recommendation for the acceptance to the Board of Directors for the Capital Improvement Program, until SKF has met individually with each city (Selma, Kingsburg, and Fowler) to discuss individual needs.

B. The Board and Committee will review the Cash Flow Analysis and will consider recommending to the S-K-F CSD Board of Directors acceptance of the Cash Flow Analysis. (p.4) Staff Report Prepared By: Ben Muñoz, Jr., General Manager/ Secretary.

The District's funding sources include sewer service charges, capacity charges, and plan check and inspection fees. The District Funds are Operation & Maintenance, District Expansion, District Refurbishment & Replacement (R&R) and the Cities R&R. The Cash Flow Analysis considers the Beginning Fund Balance, Revenues, Expenses, Ending Balance, and the Reserve Target. General Manager Muñoz reviewed the Cash Flow Analysis with the Board and the PAC. It was asked if there will be additional rate increases and the ending fund balances are

diminishing and it was answered, that the District is currently in year three of the five year rate increase and are looking forward into the future to determine whether there would need to be another rate increase. It was also said that if any of the three cities were wanting to go beyond the projects already in the CIP, then the District would need to begin the Prop 218 process.

At this time, PAC Members cannot endorse their recommendation for the acceptance to the Board of Directors for the Cash Flow Analysis until SKF has met individually with each city (Selma, Kingsburg, and Fowler) to discuss individual needs.

- C. The Board and Committee will review the draft FY 2021-22 Budget and consider recommending approval by the S-K-F CSD Board of Directors of the Fiscal Year 2021-22 Budget with a rate increase. (p.5) Staff Report Prepared By: Ben Muñoz, Jr., General Manager/ Secretary.

The budget includes the rate increases approved by the Board on July 11, 2019, pursuant to the rate study conducted and the approved Proposition 218 process. For FY 2021-22, the rates will increase from \$482.42 to \$498.93 per year for Selma, from \$450.42 to \$466.93 per year for Kingsburg and from \$466.42 to \$482.93 per year for Fowler for each equivalent single family residence (ESFR), which was approved by the Board on July 11, 2019. The sewer rate increases are necessary due to increased costs of repair, refurbishment & replacement of facilities & equipment; services & supplies; salaries & benefits; labor costs; and a reduction in usage of the plant by industrial dischargers. The increases were determined to be required for the District's Capital Refurbishment & Replacement fund and General Operation & Maintenance, and the Cities' Collection Systems Capital Refurbishment & Replacement fund and General Operation & Maintenance fund. General Counsel did clarify that at this time the Board is not being asked for a rate increase but implementing the Prop 218 that was already approved. It was asked if the impact of COVID-19 had been factored in the annual Industrial Users and annual revenue needed and it was answered yes, as well as other factors: SKF monthly Lab assessment, billing quarterly, and surcharge fees.

At this time, PAC Members cannot endorse their recommendation for the acceptance to the Board of Directors for the draft FY 2021-22 budget until SKF has met individually with each city (Selma, Kingsburg, and Fowler) to discuss individual needs.

ADJOURNMENT

There being no further business to come before the Committee, Chairwoman Roman made a motion to adjourn at 3:20 p.m.

Respectfully submitted,

Approved,



Ben Muñoz, Jr., General Manager/
Secretary of the Committee



Michelle Roman
Chairwoman of the Board