

MINUTES OF THE REGULAR MEETING OF THE SEWERAGE COMMISSION - OROVILLE REGION

(Held at the Commission office on May 22, 2019 at 5:00 p.m.)

1. Call to Order ❖

Chairman Pittman called the meeting to order at 5:00 p.m.

2. Welcome of New Commissioner and Oath of Office ❖

Manager Koch gave the Oath of Office to Commissioner Hatley. The swearing in was witnessed by all Commissioners present. Commissioner Hatley was welcomed back on the board.

3. Roll Call ❖

Commissioners present were Commissioners Fairbanks & Kiely from the Lake Oroville Area Public Utility District, Pittman and C. Reynolds from the City of Oroville, and Hatley from the Thermalito Water and Sewer District. Commissioner Taggart was absent.

4. Salute to the Flag ❖

Commissioner Hatley led Commissioners, staff and guests in the salute to the flag.

5. Acknowledgment of Visitors ❖

Ken Shuey of Provost & Prichard Consulting Group and Marlyne Mack, Secretary to Desiree Vance.

6. Board Meeting Minutes of the Regular Meeting held on April 24, 2019 and the Special Meeting of April 30, 2019 ❖

Upon motion by Commissioner Hatley to approve the minutes of the meetings, and second by Commissioner Fairbanks, the minutes of the April 24, 2019 regular meeting and the April 30, 2019 special meeting were unanimously approved.

7. Authorization of Warrants ❖

Commissioner Fairbanks met with Manager Koch and checked the warrants earlier, and finding everything to be in order made a motion for their approval. Upon second by Commissioner Hatley, warrants 25474-25520 in the total amount of \$1,210,203.60 from April 25, 2019 to May 22, 2019, including Commissioner fees and electronic fund transfers, were unanimously approved and ordered paid.

8. Fiscal Reports ❖

Fiscal Officer Koch reported that all fiscal reports were included in the board packets; there were no questions and nothing further to report.

9. Board Consideration and Possible Approval of Mitigation Agreement between Sewerage Commission – Oroville Region (SC-OR) and Willow Partners LLC for the Sierra Heights Senior Apartments ❖

Manager Koch said a capacity study was performed. Willows Partners has agreed to mitigation, which is to pay fees on this 45 EDU project.

A motion was made by Commissioner Hatley to authorize Manager Koch to enter into a mitigation agreement between SC-OR and Willow Partners LLC for the Sierra Heights Senior Apartments. The motion was seconded by Commissioner Kiely, and passed by the following votes: Kiely – Aye, C. Reynolds – Aye, Hatley – Aye.

10. Resolution 08-18 (Setting the Regional Facility Charge) ❖

Manager Koch said this was on the agenda per a request from Commissioner Kiely. This resolution is a draft from 2018 to give an understanding of how the resolution is written. Commissioner Kiely wanted discussion on this topic.

Commissioner Kiely said since the entities are doing Prop. 218 hearings, and connections fees were part of the study, he felt it would be proper that we do rate increases and consider reducing the RFC charge. Manager Koch stated that part of the Master Plan determined what the RFC should be based upon the projected cost to modify the facility. A 1% growth rate was used in the study with a projected cost of modification at \$26 million dollars. 18% (dedicated to new users) of \$26 million, with 4,068 EDU's to sell over a 20-year period to regain the 18%, we would need to charge \$2,600 and sell 200 EDU's per year to make that 18% dollar amount back. At the time of the Master Plan Study, the growth rate was .3% and we would have needed to charge \$8,464 per RFC to make up that 18%. Currently the projected costs for the modification are at \$45 million. We still have the same number of EDU's. Growth rate this current year alone is only .5% in RFC's sold; 18% of \$45 million over 20-years at a 1% growth rate would be \$3,754 for an RFC, but an RFC at a .5% growth rate over the 20-year period would be \$7,505. Manager Koch said this is the math that was used in the Master Plan but with the updated numbers.

Commissioner Kiely said he'd like to set the charge at a lower fee for a two-year period. Commissioner Pittman said it was discussed at the City Counsel meeting that growth is coming. Developments are beginning to sell and thinks we will be able to meet the 1% growth rate.

Ken Shuey stated that connection fees arbitrarily being lowered based upon growth that might happen will be scrutinized and could impact how the U.S.D.A. and S.R.F. views the financial portion of the loan we will apply for. He said the board should be cognizant we may have to justify to those that paid the higher connection rates over the lower rate.

Commissioner Hatley said we've been talking about changing the RFC for many years, and growth has been predicted in the past. We have growth right now because we have had a major catastrophe and we're still only at a .5% growth rate. He would need to get the will of his board at their next meeting before he would vote for a reduction.

Commissioner Reynolds said he would like to go with a .7% growth rate. Commissioner Hatley said that if we use that rate, we would be looking at a \$5,629 connection fee. Ken Shuey said that we can justify a .7% growth rate much better than 1% or more. Manager Koch said he doesn't disagree with the discussion; he just wants to be sure that whatever decision is made is made in a proper manner so that we are not challenged on it. If the consensus is to look at the .7% growth rate and recalculate the RFC based on that, then he needs to go back to the engineers and get a packet together, and then we'll move forward with the resolution.

The consensus of the board and direction to the Manager is to bring back a resolution based upon a .7% growth rate.

11. Attorney's Report ❖

Attorney Vance is on vacation, but her secretary, Marlyne, is here taking notes, so no report was given.

12. Manager's Report ❖

- **Highway 70 Basecamp Water Disposal:** Manager Koch explained that the Highway 70 Industrial Park has put in trailers to house workers for the Campfire area cleanup; between 1,500 & 2,200 people will be housed there. They installed their own treatment facility to treat the waste, and expected to discharge the wastewater on their property into ponds, and use the treated water for dust control. Butte County Health and the Regional Board said they have concerns with that. They need to dispose of approximately 30,000 gallons of septage a day, which we cannot handle; it is too strong, we have no way to process it, and we do not have the storage facilities to pretreat it. Since they have this treatment plant in place, they feel they can treat the waste to a standard that would not affect our facility as far as loading. He has seen preliminary reports of what their treatment plant can do, and it would not cause a problem accepting the treated waste. They are asking for a reduced cost to bring their pretreated water here. Commissioner Hatley said if we do it for one then we would have to do it others. Commissioner Reynolds and Kiely said they are not for it. Chairman Pittman asked how they will get the wastewater here. Manager Koch replied on a 5,000-gallon truck.

The consensus of the Commission was to charge the Highway 70 Basecamp the normal fees with no reduction per Resolution 09-17.

- **Funding Update:** Our Environmental Manager, Mikah Salsi, attended a funding class for IRWM last week, which is purely a grant fund supplied by DWR. We have been working with them for 10 years on this. They will not make a decision until September of what projects get funded. We had to complete another application today.

They next day Mikah attended a U.S.D.A. RD class to figure out how to merge the SRF load application and USDA.

Ken Shuey attended a CalOES workshop. Ken reported that we are working with CalOES on the influent pump station. They have 75% grant funding, and we would have to come up with the 25% match. The applications are due on July 5. Cal OES can take until November to analyze the applications, which are very competitive, and will then turn them over to FEMA; FEMA will then take 6 to 18 months to review the applications and make a determination on what they will fund. We are easily two years out for construction. He met individually on Friday with CalOES people, and laid out the shovel-ready project for them and they were positive about the project. He then met with their Benefit Cost Analysis Consultant who was very hesitant on funding the project, because our staff has done too good of a job holding the pump station together and it has never failed. He asked the Board if we should move forward with this application. It will take a lot of work from Ken and SC-OR staff to prepare it, and we won't know if we will be approved for any funding for up to two years.

Manager Koch and Key Shues have a meeting on Friday morning with CalOES and USDA to continue talks on funding from them.

Manager Koch said he had been given two directions on this project from the Commissioners: 1) Pursue all funding (grants) for the project, and 2) Build the pump station. He asked if we want to finish the bid documents and put it out to bid and pay for it ourselves, or do we want to continue to pursue funding for the pump station. We either need to fund this ourselves or wait up to two years for funding before this project could begin. Direction given was to wait until September to see if we get the IRWM grant funding, and not to pursue the CalOES/FEMA funding.

- **Prop 218 Update:** Manager Koch reported that TWSD held their Proposition 218 hearing Tuesday, May 21, and their board approved the rate increases, and authorized their board members to sign the Resolution.
- **Lawn Crew:** The lawn crew cancelled our contract. They had a rate increase that we questioned, and in the mean time they obtained another contract in town and cancelled ours. We are going to do the lawncare ourselves, and will need to purchase lawnmowers and weed eaters.

13. Visitor Comments ❖

None

14. Commissioner and Staff Comments ❖

Chairman Pittman commented on a PG&E presentation at the last City Council meeting, who gave a warning to get ready for power outages for up to a week. He asked if we could handle that. Manager Koch said that as long as we can get diesel fuel for our 4,000-gallon tank we can handle it. We have two generators—the main plant generator and a backup generator.

Manager Koch said that PG&E has changed our true-up period. It used to be through September and it is now through March. We may have to change the resolution for when we pay the true-up bill.

15. Adjournment ❖

There being no further business, the meeting was adjourned at 6:27 p.m. to the regular meeting scheduled for June 26, 2019 at 5:00 p.m.

Respectfully submitted,



SCOTT J. KOCH, CLERK

Approved