

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

(Held at the Commission office on January 26, 2022 at 5:00 p.m.)

1. Call to Order †

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

2. Roll Call †

Commissioners present were Commissioners Fairbanks and Mastelotto from the Lake Oroville Area Public Utility District, Pittman from the City of Oroville, Hatley and Wristen from the Thermalito Water and Sewer District. Staff present was Manager Glen Sturdevant, Plant Supervisor Mikah Salsi, and Attorney Scott Huber. Commissioner Reynolds was absent.

3. Salute to the Flag †

Commissioner Hatley led the commissioners and staff in the salute to the flag.

4. Acknowledgment of Visitors †

Simon Grey from Coleman Engineering, and Phil Strong from K&M Developers and Modern Building, and former SC-OR manager Ray Sousa.

5. Board Meeting Minutes of the Regular Meeting held on December 16, 2021 †

Upon motion by Commissioner Hatley to approve the minutes of the meeting, and seconded by Commissioner Fairbanks, the minutes of the December 16, 2021 regular meeting were unanimously approved.

6. Authorization of Warrants †

Chairman Pittman met with Manager Sturdevant and reviewed the warrants, and having found everything to be in order made a motion for their approval. The motion was seconded by Commissioner Fairbanks. Warrants 27180-27246 in the total amount of \$450,063.82 from December 17, 2021 to January 26, 2022, including Commissioner fees and electronic fund transfers, were unanimously approved and ordered paid.

Manager Sturdevant brought to the Commissioners' attention a check created to pay Pape Machinery for \$6,687.40. This was for repairs of a critical backup pump for which the original quote was \$2,500.00. Pape determined there was more extensive damage, so they came back with the \$6,687.40 figure, and Manager Sturdevant gave approval to continue with the repairs. He felt this was good use of his emergency authority.

7. Fiscal Reports †

Manager Sturdevant stated the fiscal reports for December 2021 were in the packets for review. There were no questions and nothing further to report.

8. Fee waiver request by K&M Developers †

Phil Strong of K&M Developers said their company is developing the Olive Ranch Apartments, phases I, II and III, and the Mono Avenue Apartments, phases I & II. They are pretty sizable developments of low-income housing for the Oroville area. He claims they are not used to getting charged for fees in other jurisdictions that they have built in before services are even used, and it doesn't make sense to them. They have sought outside counsel regarding the sewer service fees, and have been advised by their council to not pay the fees as they are illegal. They ask that a meeting be set up between our counsel and their counsel to discuss these fees.

Manager Sturdevant stated that this request should have been first taken to the City Council to request that they waive their fees, as they are the fee collectors. If they approved waiving of their fees, then K&M Developers could have come to SC-OR to ask for the same. SC-OR has never allowed for fees to be waived in our history; the fees are in place for a reason. He spoke with past manager, Ray Sousa, who verified that waiving of fees has never been done in SC-OR's history.

Attorney Huber said he is more than happy to have a conversation with K&M's Counsel. He stated that if he had a dollar for every developer attorney who claimed that fees were illegal, he'd have a lot of dollars in his pocket. He said the rates are set as a property use rate, not a property tax or incident of property ownership; they are a use of property fee, and is set by proposition 218. The fee is established by determining how much each EDU costs for infrastructure, etc. on an annual basis to operate the plant. If you waive the fees for some properties, it undermines the entire 218 structure, and it could be considered a gift of public funds. The other component, because it relates to the use of the property, the builder has the ability to build the entire structure, build the lateral, and wait until right before they get their occupancy permit to connect to the system. Once that project is connected to the system, they have a right to use it. It is Attorney Huber's legal position that it is unlawful to waive the fees.

Former SC-OR manager, Ray Sousa, spoke and said that this request is a reservation of capacity, bottom line. The financial plan does not allow for that. The reservation of capacity has come to the board many times in many different ways. If you grant this developer their waiver, you must grant every developer that comes through our door a waiver. What you do for one you must do for all. The policy has worked well for 45 years.

Manager Sturdevant said that not only are the 218 hearings tied to this policy, but the financial applications for loans and grants are tied to it also.

9. Resolution 01-22 (Investments of SC-OR Monies in L.A.I.F) ♦

Manager Sturdevant reported that our funds are invested in the Local Area Investment Fund (L.A.I.F.), per board action, which pays a better interest than banks do. This Resolution brings the annual authorization for investment to the Commission for approval.

A motion was made by Commissioner Hatley to adopt Resolution 01-22, (Investments of SC-OR Monies in L.A.I.F.). The motion was seconded by Commissioner Mastelotto, and passed by unanimous consensus.

10. Request approval for Pump Repair from Xylem Water Solutions ♦

Manager Sturdevant reported that pump #1 at the Feather River Pump Station, which is a daily duty pump, is approximately 23 years old and needs to be overhauled with some repair work done. The estimate for the work is for an amount not to exceed \$18,500.00. He believes we can get another 5-10 years of service from it with this overhaul, but also thinks that SC-OR needs to start planning for the replacement of these pumps in the near future.

Commissioner Hatley made a motion to approve the pump repair by Xylem Water Solution for an amount not to exceed \$18,500.00. The motion was seconded by Commissioner Mastelotto. The motion passed by unanimous consensus.

11. Award Contract for Design of East Interceptor Repair to Coleman Engineering ♦

Manager Sturdevant said that this is the east interceptor that serves LOAPUD. Under direction from the board, he and Plant Supervisor Salsi developed a scoring system for the design bids. They requested four bids and received three. They got proposals from Jacobs, Coleman and NorthStar. After scoring them, Coleman provides the best value to SC-OR, so Their recommendation is to go with Coleman. Commissioner Mastelotto asked what points they were looking at in their scoring system; was it cost or other things too? Manager Sturdevant said when it comes to professional services, the price isn't what is looked at, but "value". They looked at what we were getting from each proposal, along with references, resumes, similar historical repairs done, were all weighed in the value.

Commissioner Hatley made a motion to award the contract for the design of the east interceptor repair to Coleman Engineering at a cost not to exceed \$137,000. The motion was seconded by Commissioner Fairbanks, and passed by unanimous consensus.

12. Approve Meeting Schedule for Calendar Year 2022 ♦

Attorney Huber informed Manager Sturdevant that the way we schedule our holiday meetings is not the correct way to do it. They become special meetings when they are changed from the already scheduled calendar. Attorney Huber stated he has an ongoing conflict with our currently scheduled meeting times, and hates not to attend

these meetings in person. He asked that the board consider changing the meeting dates to either the first or second Wednesday of the month if that fit everyone's schedule. Commissioner Mastelotto asked if it would be possible for everyone to hold the meetings on the 4th Tuesday evening of each month.

It was the consensus of the board to take this issue to their boards and make sure there aren't any conflicts prior to bringing it back to the next regular board meeting to make a decision.

13. Attorney's Report ♦

Attorney Huber stated he had nothing further to report.

14. Manager's Report ♦

Manager Sturdevant said that all is running smoothly. The Influent Pump Station construction is finally back on schedule after the rains.

15. Visitor Comments †

Simon of Coleman Engineering thanked the board for awarding them the East Interceptor Design Project, and they will get rolling on it.

16. Commissioner and Staff Comments †

Commissioner Hatley asked for clarity that it was the 4th Tuesday of each month that we wanted our boards to consider for changing the SC-OR board meeting dates to. That was confirmed.

Chairman Pittman said there are 2,500 units in process of development and/or construction in the County right now. The City of Oroville has around 500 of these units in progress.

17. Adjournment †

There being no further business, the meeting was adjourned at 5:48 p.m. to the regular meeting scheduled for February 23, 2022 at 5:00 p.m.

Respectfully submitted,



GLEN E. STURDEVANT, CLERK