

MINUTES
NEVADA COUNTY SANITATION DISTRICT NO. I
ADVISORY COMMITTEE

Meeting April 6, 2017
Empire Room, Second Floor
Eric Rood Administrative Center,
950 Maidu Avenue, Nevada City, California

1. CALL TO ORDER

The meeting was called to order at 10:00 a.m. In attendance were Committee Members Howard Stone, Mike Chipchase, David Rosseau, and Terry Thies. This constituted a quorum in accordance with Article VIII of the Committee By-Laws. Nevada County Supervisor, Hank Weston; Trisha Tillotson, Department of Public Works (DPW) Director; Brad Torres, DPW Wastewater Operations Manager; Carolyn Nealon, DPW Administrative Assistant; and Debbie Durkin, Auditor/Controller's office; were also in attendance.

2. ANNOUNCEMENTS

The District hired a Grade III Wastewater Treatment System Operator to fill a current vacancy.

3. ACTION ITEMS

A. Acceptance of Minutes

The minutes from the February 22, 2017 meeting were unanimously approved.

B. Review Fiscal Year 2017/18 Wastewater Division Budget and Recommend Approval to the Board of Directors

The Committee members received a copy of a spreadsheet that has data for the Fiscal Year 2017/18 Sanitation budget in the agenda packet. District staff is asking the Committee members to review the Fiscal Year 2017/18 budget and provide a recommendation of approval to the Board of Directors.

Account 4700 Shared Cost

There were no changes to revenue from Fiscal Year 2016/17 to 2017/18. Labor costs have gone down because a Lab Coordinator position has been eliminated for Fiscal Year 2017/18.

Class 2 Costs – Maintenance and insurance costs have increased, and maintenance costs of vehicles have gone up. Committee Member Stone asked staff to look into a 53% increase in A87 costs on Page 7 of the agenda packet. The cost plan has a fluctuation based upon expenses. More activity in a zone will cause an increase in the budget. The Auditor Controller's office estimates costs and they are updated with true costs. Increases reflect increased activity in a zone such as the pipeline project. The Mountain Lake Estates Zone pays about 60% of their budget toward inter-fund allocations. When inter-fund allocations are increased it affects the smaller zones. Mr. Torres said the District is able to keep overall costs down because tasks such as fiscal, legal, etc. are done by other County departments.

Computer equipment costs have increased due to recent purchase of software that will track equipment and work orders. Projected costs of equipment rental and fleet vehicles have gone up.

Class 4 Costs – Three vehicles and camera line inspection equipment were purchased in Fiscal Year 2017/18.

Expenses for fuel, vehicle and equipment maintenance, salaries and other items used by all zones go into 4700 fund budget and are spread to the other zones. Costs for 4700 fund budget have increased approximately \$8,000 from last fiscal year. Increased costs for next fiscal year will be offset by elimination of the Lab Coordinator position. Sanitation revenue is based upon sewer charges paid through the tax bills, and the spreadsheet shows revenue coming in through January 2017.

Lake Wildwood Zone Budget

Budget fund 4727 is for the Lake Wildwood loan payments.

Budget fund 4728 is the Lake Wildwood operations and maintenance (O&M) budget.

Funding of \$45,000 will go toward upgrade of SCADA software and is tied with computer upgrades. The current equipment is outdated. Mr. Torres explained that the Wastewater Plant Operations Supervisor has years of experience with SCADA and related equipment. The Lake Wildwood and Lake of the Pines plants will both have SCADA and equipment upgrades at the same time with the same type of equipment.

Cost of \$250,000 is projected for I&I investigation and repair. The recent storm season has identified some I&I problems throughout the zones.

Costs associated with the Penn Valley pipeline project that pay for site specific items needed at the Lake Wildwood plant are included in the budget. A new grit removal unit has been needed for a long time at Lake Wildwood, and it was less expensive to tie that into the Penn Valley pipeline project.

An expenditure of \$254,000 in the budget spreadsheet is a planned expenditure of fund balance, and is expected to be added by the end of Fiscal Year 2017/18. Larger projects are being funded by fund balance and will not be financed.

Cascade Shores Zone Budget

The Cascade Shores budget is stable.

The District is working with the Water Board for a final loan agreement for the leach field project in the Cascade Shores Zone. Design phase for the project will be next, and staff anticipates preparing a Request for Qualifications (RFQ) this summer for design services. New hook ups are not anticipated as a result of the project; however, the project has the potential to increase capacity in this zone. The leach field project will potentially lower operating costs of this zone which may allow the District to reduce rates in the future once fund balance is built up. Existing equipment from the current plant may be sold when it is no longer in service.

The Cascade Shores Zone currently does not have a Sanitation District Advisory Committee (SDAC) representative. District staff has reached out to the Cascade Shores Home Owner's Association representative regarding the SDAC vacancy for the Cascade Shores Zone.

North San Juan Zone Budget

The North San Juan Zone will purchase a surplus generator from the Cascade Shores Zone and this will costs in the North San Juan Zone.

The County looked into putting solar power equipment at various county sites including some of the treatment plants. Some locations were determined to not be feasible due to trees that are in the way and location of the power grid.

Lake of the Pines Zone Budget

The largest expenditure for the Lake of the Pines Zone Fiscal Year 2017/18 budget is the SCADA system and computer upgrades. The current SCADA systems at Lake Wildwood and Lake of the Pines are obsolete, and it is difficult to get replacement parts and for the current system to communicate with other equipment.

The District will be replacing generators in lift stations. Parts from old generators will be used for replacement parts for new generators.

DarkHorse Area

There have been some new sewer connections in the DarkHorse area located in the Lake of the Pines Zone. The Trees Resort and Rincon Del Rio are potential projects that will increase the amount of equivalent dwelling units (EDUs) in the Lake of the Pines Zone. There are currently 2,331 EDUs in the Lake of the Pines Zone.

The Lake of the Pines State Revolving Fund (SRV) loan budget fund is building a fund balance. The payment amounts are the same each year, and the amount of the loan is going down. The SRF loan agreement has language that requires a reserve fund to be established.

In the Lake of the Pines budget, a net loss of \$348,000 comes from cash fund balance. Mr. Torres explained that in past years, revenue from rates exceeded expenditures. After funding was established for the Lake of the Pines WWTP expansion, future growth that was anticipated in the Lake of the Pines Sewer Zone to help offset those costs did not occur and fund balance is declining. Potential housing projects within the Lake of the Pines Zone will increase fund balance if they are built in the future. The next significant project needed in the Lake of the Pines Zone is membrane replacement.

Gold Creek Zone Budget

The District will be looking into a rate increase for the Gold Creek Zone. This zone has not had a rate increase for many years and is using fund balance.

Mountain Lake Estates Zone Budget

There will be general increases in Classes 1, 2 and 3 budgets and Class 4 reimbursements. Staff is doing a good job of maintaining the treatment facility and sharing maintenance with the Nevada County Road Maintenance Division. District staff appreciates the Mountain Lake Estates homeowners help with brush clearing.

There was a discussion about shared costs in fund 4700. This fund covers unexpected costs such as large storms, sink holes and other items.

Committee Member Stone thanked County staff for providing the budget spreadsheet and said the information is easier to review compared to information received in previous years. Mr. Torres said that CDA Fiscal Staff prepare the budget spreadsheets.

Penn Valley and Lake Wildwood Zones Budget

More connections will be available in the Penn Valley Zone once the pipeline project is completed, and that will bring in more funds. However, due to maintenance projects that need to be done, fund balance will not increase as quickly.

Penn Valley Zone Budget

There are not a lot of substantial increases or decreases from last year's budget for the Penn Valley Zone. The Penn Valley Capital Improvement Project (CIP) fund tracks grant funding for this zone.

There was a discussion about an NID water pipe installation project in Penn Valley and repaving roads after the project is completed. The County is working with NID on requirements to repave Penn Valley Drive when their project is finished and coordinating this with the Penn Valley pipeline project.

SB1 is going to a vote, and if passed the County will receive \$3.8 million per year in funding from the state for repaving and maintenance of roads. Some repaving will be done this summer, and staff is hoping that by summer 2018 we will be able to completely repave Penn Valley Drive. Sections of Penn Valley Drive and Pleasant Valley Road will be repaved throughout the project. Once the project is completed, the road surface will be blended in. Microsurface work will be done later if the County receives funding. Pleasant Valley Road is the first priority and Penn Valley Drive is the second priority to repave; Penn Valley Drive needs more work.

Valley Oak Court Zone Budget

Once the Penn Valley pipeline project is finished, the Valley Oak Court Zone will connect to the Lake Wildwood WWTP. The Valley Oak Court Zone will essentially dissolve. The property that the sewer equipment is located is owned by the Valley Oak Court Home Owner's Association. There will be a tie in available for the Valley Oak Court Zone to connect to the new pipeline. This zone has one to two years to connect to the new pipeline, per their permit.

There was a meter installed at the shopping center in Penn Valley to determine the flow and how many EDUs will be needed. The current sewer system that serves the shopping center and mobile home park will be decommissioned by the property owner, and the Sanitation District will not need to be involved with the decommissioning the private system. Infrastructure installed to connect the shopping center and mobile home park to the lift station will be maintained by the property owner of the center and mobile home park.

Higgins Village Zone Budget

The Higgins Village Zone is using fund balance. District staff is looking into connecting the Higgins Village Zone into the Lake of the Pines Zone. The issue is it costs money to install a pipeline to connect Higgins Village to the Lake of the Pines WWTP. During the Combie Road improvement project, staff is coordinating installing a sewer pipeline while the road project is occurring.

Eden Ranch Zone Budget

Eden Ranch Zone expenses are low and the zone is building fund balance.

District Budget Discussion

A new Dollar Store is proposed in Penn Valley, and the Planning Department asked for conditions from the Sanitation District as part of the application process for this project. Capacity will need to open up in the Penn Valley Zone, through the pipeline project or if EDUs could be transferred from other properties, before a new Dollar Store could be built. The District estimates the Dollar Store would need three EDUs.

With the current Lake Wildwood WWTP design, there are enough EDUs to cover potential growth in the Penn Valley Zone. Recent storms have shown some weaknesses that the District will address.

For inter-fund allocations, costs for services from other departments are calculated and allocated to different department budgets. The Auditor/Controller's Department will provide a spreadsheet that shows the various department charges that go to the District. The State Controller's office approves County's charges.

The Sanitation District Advisory Committee approves the Fiscal Year 2017/18 Sanitation District budget as presented. Committee Member Mike Chipchase motioned, and Committee Member Terry Thies seconded. This item was approved unanimously.

4. INFORMATIONAL ITEMS

A. Penn Valley Zone Project Update

The Penn Valley pipeline project was discussed during the budget discussion for the Penn Valley Zone. No further discussion for this agenda item occurred.

5. PUBLIC COMMENT

There was no additional public comment during the meeting.

6. NEXT MEETING

The next meeting is scheduled for May 24, 2017. The Auditor/Controller's office will provide a spreadsheet detailing the inter-fund allocation charges at the May meeting.

7. ADJOURNMENT

The meeting was adjourned at 11:16 a.m.