**KEYES COMMUNITY SERVICES DISTRICT**

**BOARD OF DIRECTORS MEETING**

**Date: Tuesday, February 23, 2016**

**Time: 6:00 p.m.**

**Place: Keyes Community Services District, 5601 7th St., Keyes, Ca.**

1. **Call to Order.**

The meeting was called to order at 6:00 pm.

1. **Pledge of Allegiance.**
2. **Roll Call.**

Present were President Parker, Vice President Bernal, Director Alexander, Director Jones and Director Alexander. Also present were General Manager Garza, Engineer Lee Fremming, Board Secretary Michelle Harris and Attorney Kurtis Keller and Rod Atteberry were late.

1. **Public Comment on Agenda and Non-Agenda Items.**
2. **Consent Agenda.**

**A) Approve Minutes of January 26, 2016.**

**B) Approve Warrant Register for February 23, 2016.**

There was a motion made by Vice President Bernal and a second by Director Alexander. Vice President Bernal(M), Director Alexander(S), President Parker(AYE), Director Jones(AYE) and Director Alexander(AYE).

1. **DISCUSSION/POSSIBLE ACTION ITEMS**

**None**

1. **Items from General Manager.**

**A) Maintenance Staff Report**

Mike Jones reported to the Board. Well 7 was placed back into service although it will be tested for Nitrates weekly to make sure the levels stay near the MCL. Located a meter box that was covered with blacktop at 5353 Rhode Rd and raised it. The locations to add streetlight and remove some that are on the wooden poles have been out and will be submitted to TID for their help in determining how best to get electrical service to them. A.L. Gilbert has had the Fire service connected and the water and sewer services for their new office facility will be connected this week.

**B) Financial Statements**

Ernie said that you can review these numbers at your leisure.

C) There was an e mail that was received from Marques Tamanaha, he wants to set up a conference call to discuss the latest regarding the Arsenic Treatment Facility. The conference call has already been set up for January 25th at 10:30. He states that the full environmental clearance has been received for both the treatment and the consolidation portions of the project. He also states that the management has reevaluated the financing terms of this project and has decided that it will not receive 100% grant limited to $25,000 per connection and $5 million. Regional Benefit Projects, such as ours, receive a bump to $50,000 per connection, limited to $5 million per participating small DAC and $20 million total. The management originally agreed that the per connection limit would apply to the entire new restructured system, making the project 100% grant. The interpretation of the Intended Use Plan has now changed to apply the per connection limit to each individual system, limiting the small systems' proportional shares to $50,000 x the number of connections. This means the small systems can only add a proportional share of about $7.4 million total to the project, which limits the total grant to about $12.4 million. Keyes CSD would have a zero-interest loan of about $6 million. Ernie discussed this Lee Fremming and Mike Jones. During our conference call we are going to confirm that whatever monies are left over from the other communities can be used by us. In reviewing the application for construction of funds they have about 13,000 feet of water main that needs to be installed which is estimated at $3,250,900 for the construction const. If you take the $3.2 million and divide it by 13,000 their estimating it to be $250 a foot which is astronomical. Mike did some research on installation on 8" water main and he reported on. In 2013, The City of Turlock had a replacement done and it was $58 per linear foot of 8" C900. In Santa Barbara they had several bids that ranged from $45 to $90 a linear foot with an average of $60. General Manger Garza said that if we paid $60 a linear foot it would only come out to $780,000. There is an additional $671,000 that is listed for construction management, environmental, LAFco fees and all of that. If this was added to the replacement fees it would still only come out to $1.4 million. After reviewing this he was talking to Lee and said that if we only needed to spend $1.4 million that would leave us $11 million for the construction of the plant, transmission lines and the modification of the well heads. They do not feel that the cost will be that high and they won't need much more money to complete the project. The only other issue that they are thinking they may come up with will be the placement of the fire hydrants which may come to approximately $75,000 for 10 fire hydrants. After the conference call we will know more. Director Landers asked if we are going to receive all of the funding that is being allotted to the 4 outlying communities even if it does not take off of the funds to do the construction of each project. General Manager Garza and Engineer Lee Fremming said that this is the question they will be discussing during the conference call.

D) It is time for the General Managers evaluation and we will be doing it the same way as last year. You will be receiving an evaluation in the mail and there will be a closed session next month. Attorney Rod Atteberry went over the steps that will be taken for the evaluation to make sure that everyone understands what is requested of them.

1. **Staff Comments.**

**A) Lee Fremming**

Lee stated that there is nothing to report on the ATF other that the news that was just received regarding the funding. There has been communication from UPRR with a Valerie Hill. There are a quite a few items that need to be addressed. The A.L. Gilbert Warehouse Project is moving along and they will be observing the connection. Director Landers asked about the plans for the new lift station and how they were coming along. Lee Fremming stated that the plans were finished and the electrical drawings needed to be checked. The conditional use permit has to be taken care of at the County and he is waiting on UPRR. He said that he can bring them if the Board would like to review them. No one requested that.

**B) Michelle Harris**

Michelle Harris reminded the Board that they still need to complete the Ethics training that is mandatory every two years. She gave them the information for the CSDA website and informed them that if they do take the class through CSDA we will receive incentive points that will give us a credit on our Liability and Workers Comp Policy through SDRMA. Michelle Harris went over the BS and noted a few of the amounts that were over for some accounts. She also pointed out there are a few new account numbers for the Bridge Loan and engineering fees. The auditor said that we need to track the revenue and expenses separately so I had to move funds. The audit is normally being finalized this month but there are a few things we are having to research that is holding us up. In 2013 there was a new account created for Customer Deposits. There is one account that the money is deposited into and another non cash account that tracks the moving of funds into the customers deposit area of their account. The balance should not exceed more than maybe $1,000 but there is about a $9,000 balance. I am researching this and it is taking a while longer than I would like it to. There are quite a few items that have not information to link one account to another. I am having to research this and hopefully will get it resolved. Director Landers stated that the County is also having a class that is free. I explained that if he takes it through CSDA we will receive credit and it will help our annual premium.

1. **Director Comments**

Director Landers spoke about the possibility of Bertolotti adding a recycle and green garbage bin. He said that is was talked about at the MAC meeting. He feels that it would be too much of a raise to the monthly bill for the citizens of Keyes.

1. **Open Session Disclosure Regarding Closed Session Items pursuant to Government Code Section 54957.7**

The open session was closed at 6:22 pm to go to closed session.

1. **CLOSED SESSION**

**A. Conference with Legal Counsel-Anticipated Litigation pursuant to Government Code Section 54956.9(b)**

**One Potential Case**

1. **Open Session Report on Closed Session pursuant to Government Code Section 54957.1**

Open Session was reconvened at 6:45 with No Reportable Action.

1. **Adjournment:**

**Minutes taken by: Michelle Harris**

**Minutes typed by: Michelle Harris**