

**REGULAR BOARD MINUTES  
SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

<b>Meeting</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>
Regular	SPMUD Boardroom Zoom Meeting	February 1, 2024	4:30 p.m.

**I. CALL MEETING TO ORDER:** The Regular Meeting of the South Placer Municipal Utility District Board of Directors was called to order with President Durfee presiding at 4:28 p.m.

**II. ROLL CALL OF DIRECTORS:**

Present: Director Jerry Mitchell, Director Will Dickinson, Director James Durfee, Director Jim Williams

Absent: Director Christy Jewell

Vacant: None

Staff: Adam Brown, Legal Counsel  
Herb Niederberger, General Manager  
Carie Huff, District Engineer  
Eric Nielsen, Superintendent  
Emilie Costan, Administrative Services Manager

**III. PLEDGE OF ALLEGIANCE:** Director Williams led the Pledge of Allegiance.

**IV. PUBLIC COMMENTS:**

ASM Costan confirmed that no eComments were received. Hearing no other comments, the public comments session was closed.

**V. CONSENT ITEMS:**

1. MINUTES from the January 4, 2024, Regular Meeting.
2. ACCOUNTS PAYABLE in the amount of \$525,249 through January 21, 2024.
3. QUARTERLY INVESTMENT REPORT in the total amount of \$75,271,016 through December 31, 2023.
4. BILL OF SALE Acceptance of the Bill of Sale for Sewer Improvements within the Woods at Crowne Point (aka Croftwood Unit 2) with an estimated value of \$1,596,425.
5. RESOLUTION 24-02 AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AGREEMENT WITH CINTAS CORPORATION FOR UNIFORM RENTAL AND FACILITY SERVICES.
6. RESOLUTION 24-03 AUTHORIZING THE GENERAL MANAGER TO EXECUTE CONSTRUCTION COOPERATION AGREEMENTS FOR THE CITY OF ROCKLIN'S FIVE STAR BOULEVARD, DESTINY DRIVE, AND MISSION HILLS PHASE IV PAVEMENT RECONSTRUCTION AND THE PARK DRIVE PAVEMENT REHABILITATION PROJECTS

Director Mitchell pulled consent item 5.1 for additional discussion. He asked for a future agenda item to further discuss the rate sheets provided to applicants who are applying for permits that were brought up during the discussion for item 6.1 Sewer Participation Charge Analysis at the January 4<sup>th</sup> board meeting. GM Niederberger commented that he will prepare a report on the fee sheets for all three jurisdictions and present it to the Board at the March 7<sup>th</sup> board meeting.

Director Mitchell made a motion to approve the consent items; a second was made by Director Dickinson; a roll call vote was taken, and the motion carried 4-0.

## **VI. BOARD BUSINESS**

### **1. LUCILLE'S NOTICE OF VIOLATION APPEAL**

GM Niederberger introduced the appeal of the Stipulation and Administrative Order at Lucille's Smokehouse and BBQ. DE Huff presented an overview of the work completed through the District's Fats, Oils, and Grease (FOG) Program to improve best management practices and mitigate FOG at Lucille's including replacement of the deteriorated six-inch sewer main at a cost to the District of \$320,180. She shared the regulations and codes that apply to food service establishments and the process for correcting violations. DE Huff provided a history of the ongoing violations at Lucille's dating back to 2018 and the attempts by the District to offer solutions for compliance.

Director Mitchell commented that Lucille's raised concerns in their appeal regarding the testing process and potential flow issues with a new hydromechanical grease control device. He asked what involvement the District had in reviewing the original design when the project was constructed. DE Huff shared that plans were submitted in 2006 and likely were in compliance with the codes at the time; however, grease control devices are subjected to highly corrosive environments that cause deterioration and make the devices less effective over time. She confirmed that the currently installed grease control device would not be allowed under current regulations. Director Mitchell asked if there was anything unique to Lucille's that would cause it to be more susceptible to corrosion or other issues. DE Huff shared that the placement of Lucille's grease control device, which is in close proximity to the main line, is a good design.

Director Williams commented that the issues identified at Lucille's are not being seen at every food service establishment. He added that the District was mandated to begin monitoring FOG compliance approximately ten years ago, and the District has been successful in reducing FOG. He expressed concern that if FOG issues are left uncorrected, they will burden District ratepayers with additional costs.

Director Dickinson asked about the differences between the June 2019 Notice of Violation and the current Notice of Violation. DE Huff shared that the 2019 notice focused more on the internal plumbing and pumping frequency. The current notice focuses on the improvement of best practices and preventing the accumulation of FOG. GM Niederberger added that both notices contain much of the same standard language included in all notices of violation related to the abatement of FOG

in the District collection system. Director Dickinson commented that it appears from the notices that the District has been trying to solve this same problem for over four years. DE Huff shared that there have been improvements made to the internal plumbing including elimination of a direct connection that bypassed the grease control device.

Comments were made by the Appellants, Craig Hoffman, of Hoffman Hospitality Group which owns Lucille's, and Ryan Hoffman, Director of Construction with the Hoffman Hospitality Group. Craig Hoffman shared that Lucille's is a family-owned business that was founded in 1999 and is now located in twenty cities. He commented that they take the issues identified seriously and want to find solutions. Ryan Hoffman discussed changes that Lucille's made in 2019 and costs that were incurred at that time to comply with the Notice of Violation including increased pumping of the five-thousand-gallon grease interceptor from quarterly to monthly. He commented that while the grease control device is concrete and a corrosive environment, the baffle wall is still intact and there should not be any grease bypass getting through. He added that their staff met with the pumping company and the manufacturer of the grease interceptor to inspect the grease control device and confirm that everything was working appropriately. Ryan Hoffman commented that their company installed hydromechanical interceptors at three of their locations that had to be replaced with pre-cast units, and the lab informed them that the use of a hydromechanical device would make the pH lower than it already is. He expressed concern about incurring expenses for solutions that do not correct the issues identified. He proposed additional testing to determine the root causes.

President Durfee asked the appellant how long new kitchen best practices have been in place. Ryan Hoffman responded that those changes were made in 2019. Director Williams asked the appellant if he has a theory as to why the amount of FOG seen in the new pipe is getting through the grease interceptor. Ryan Hoffman shared that he does not have a theory and would like to rule out different options through testing. If the tests show that the interceptor is putting out FOG below the thresholds, then other areas need to be looked at. Ryan Hoffman asked the Board what an appropriate testing frequency would be. President Durfee commented that he would prefer that Lucille's propose a plan to address compliance. TSD staff member Aaron Moore asked the appellant to confirm where testing was occurring and shared that bolt-down manholes were added in 2019 to prevent FOG and debris from bypassing the grease interceptor and entering the system through other means.

Director Williams commented that the District has already had to spend considerable funds and resources at Lucille's. He shared that the District prides itself on maintaining low service rates and while the District realizes that FOG mitigation is also expensive for businesses and is sensitive to the challenges faced, those expenses cannot be transferred to the District's ratepayers. The District is also subject to fines from spillages and overflows and has a proactive program to mitigate those risks. He reiterated that this level of buildup is not being seen at other locations. Ryan Hoffman commented that Lucille's is one of the largest restaurants in the District. DE Huff stated that there are also other large FOG-producing establishments.

Director Mitchell asked how confident staff is that a hydromechanical grease interceptor would correct the compliance issues at Lucille's. DE Huff shared that based on the information the

District has, she believes that the device or a series of those devices would be appropriate for the establishment. Director Mitchell commented that the District cannot keep replacing the sewer main after only seventeen years. Ryan Hoffman questioned the use of ductile iron pipe. Director Dickinson expressed the importance of the impact of the FOG and pH on the early deterioration of that pipe. Ryan Hoffman reiterated that they have been informed that the use of a hydromechanical grease control device would make the affluent more acidic. Director Dickinson asked the appellant what they had done to solve the problem. Ryan Hoffman commented that they believed they had the issues resolved. Director Dickinson commented that Lucille's was informed of continuing compliance issues back in June. Director Dickson asked what the appellant would propose as a remedy if FOG accumulation continues and testing continues to show low pH. Ryan Hoffman commented that they would have to work with their plumbing contractor on pre-treatment of some type. He asked if a pH dosing system would be required if the system was constructed to current standards and DE Huff confirmed that it would. Director Dickinson reiterated the need to solve the compliance issues.

GM Niederberger commented that the measures implemented are not working and asked that the Board place the appellant back on the notice of violation. Staff allowed an extension and have been attempting to work in good faith with the appellant. Other restaurants do not have the grease accumulation after four years that was found in Lucille's line after nine months. Generally, a notice of violation comes with the threat of an onerous fine that garners compliance; however, progress to address the compliance issues at Lucille's has not occurred.

President Durfee opened the item for public comment. No public comments were received.

Director Dickinson asked about implementing a performance-based compliance measurement. GM Niederberger shared that the District already has an adaptive management style grease control program that allows the applicant to prove that their system complies with the District's FOG regulations. The issue is that the appellant has not submitted a proposal for review. He also added that the District should be present to observe any future tests. DE Huff commented that if the appellant can show how they can modify their existing system to effectively control grease, the District will review and consider any such proposal.

President Durfee thanked the appellant for coming to discuss this issue with the Board. He commented that the Board is interested in quickly resolving these compliance issues.

Director Dickinson made a motion to deny the appeal and affirm the requirements outlined in the Stipulation and Administrative Order and directing staff to reset the deadline as they deem appropriate based upon the following findings: (1). Excessive grease accumulation has been observed in the new pipeline downstream of Lucille's; and (2). The existing grease interceptor is failing to control or mitigate fats, oils, and grease in the effluent. (3). These are violations of the District's Sewer Code and the City of Roseville's Municipal Code. (4). The CCTV inspection on January 17, 2024, indicates that frequent ongoing cleaning and inspection of the sewer lines downstream of Lucille's will be required to prevent a sanitary sewer overflow (SSO); a second was made by Director Williams; a roll call vote was taken, and the motion carried 4-0.

## **2. RESOLUTION 24-04 AMENDING RESOLUTION 23-22, AND APPROVAL OF MID-YEAR ADJUSTMENTS TO THE FISCAL YEAR 2023/24 BUDGET**

GM Niederberger introduced the Fiscal Year 2023/24 Mid-Year Budget Adjustments. ASM Costan presented the proposed mid-year budget adjustments to the Operating Fund (100), Capital Expansion Fund (300), and Capital Rehabilitation and Replacement Fund (400). She shared that staff is recommending an increase of \$700,000 to the total Revenue Budget from better than anticipated investment earnings. Staff is proposing an increase of \$18,000 to the Operating Fund Expense Budget, and an increase of \$253,000 to the Capital Fund Expense Budgets. ASM Costan shared that some of the additional operational expenses are reimbursable to the District. She also shared that some of the rehabilitation projects at the treatment plants did not progress as quickly as anticipated, and the District is expecting true-up credits from Fiscal Year 2022/23 that can be applied to future treatment expenses. Finally, she shared that the largest recommended expenses are in Fund 400 and result from two unanticipated system rehabilitation projects, the Newcastle Pond Liner Project, and the Farron Street Trunk Replacement Project.

Director Williams made a motion to adopt Resolution 24-04, amending Resolution 23-22 and authorizing the following adjustments to the FY2023/24 Budget: (1). Increase the Revenue Budget by \$700,000: from \$20.77M to \$21.47M. (2). Increase the Operating Fund Budget by \$18,000: from \$21.61M to \$21.63M. (3). Increase the Capital Budget by \$253,000: from \$15.75M to \$15.99M; a second was made by Director Dickinson; a roll call vote was taken, and the motion carried 4-0.

## **3. SOUTH PLACER WASTEWATER AUTHORITY (SPWA) BOARD MEETING REPORT**

Director Williams presented an overview of the topics discussed at the January 25, 2024, SPWA board meeting which included transitioning to four meetings per year to increase transparency and the timeliness of reporting and appointing a permanent executive director. He shared that the capacity fee analysis and the EDU study are not yet completed; although preliminarily, it appears that there will not be significant changes to next year's capacity fee. He shared that there was discussion regarding low-income housing and commented on limitations imposed on independent special districts. Director Dickinson shared that there was also discussion on the deferral of fees and the ability to lock in rates at the time of application but pay fees at a later date. Director Williams added that there are questions that still need to be answered specific to the College Park Fee Deferral Proposal about a ten percent deposit and how those funds would be applied. GM Niederberger shared that staff is still reviewing the Sacramento Regional County Sanitation District's (SRCSD) Capacity Fee Study to better understand how their fee structure is developed, substantiated, and applied. He shared that Byran Buchannan, with the City of Roseville, pointed out that SRCSD differs from SPWA in that SRCSD has assets and the SPWA is a funding mechanism.

Jeff Short with the North State Building Industry Association (BIA) gave public comment. He commented that he appreciated that the District is looking at the SRCSD study. He shared that he was disappointed that the regional exaction study provided at the last board meeting didn't include other areas of Rocklin. He commented that it is too expensive to construct affordable housing units

regardless of how the District's fees compare to the region. He encouraged the District to continue looking for creative ways to support affordable housing.

## **VII. REPORTS**

### **1. District General Counsel (A. Brown):**

General Counsel Brown had no report for this meeting.

### **2. General Manager (H. Niederberger):**

#### **A. ASD, FSD & TSD Reports:**

Director Mitchell asked for more information on the theft that occurred at the District. DS Nielsen shared that there were three trucks that were broken into and some of the steps that have been taken to improve security since the theft. Director Mitchell asked if staff has considered a project to construct enclosed storage for all District vehicles. DS Nielsen shared that enclosed storage for all vehicles has not been considered; however, there have been discussions about an additional garage in the long-term facilities master plan.

Director Mitchell asked for more information on the Fee Deferral Proposal for College Park. GM Niederberger shared that the proposal was to lock in fees and defer payment until permit final. He added that SPWA has stated that fee deferrals are under the authority of the individual member agencies; however, he is uncertain how a deferral of the regional fees could comply with the joint funding agreements.

Director Williams commented that there is a reason that Special Districts have limited power and having a single mission prevents funds from being spent inappropriately. He shared that the Board is not unwilling to listen to new ideas, but the District needs to maintain a system that provides adequate capacity. He welcomed input on the nexus used in the District's Capacity Fee Study.

#### **B. Information Items:**

There were no information items.

### **3. Director's Comments:**

## **VIII. ADJOURNMENT**

The President adjourned the meeting at 5:53 p.m. to the next regular meeting to be held on March 7, 2024, at 4:30 p.m.



Emilie Costan, Board Secretary