

Corinne W. Wiley, President  
Catharine Benediktsson, Vice President  
V. William Brady, Secretary

Casey Kawamoto, Director  
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County  
Finance & Fiscal Oversight Committee Meeting  
at Sanitary District No. 5 of Marin County Meeting Room  
2001 Paradise Drive, Tiburon, California  
Tuesday, October 6, 2009 10:00 a.m.**

**CALL TO ORDER** at 10:00 a.m.

- I. ROLL CALL:** Directors present: Catharine Benediktsson, Vice President  
Claire McAuliffe
- Staff present: Robert L. Lynch, District Manager  
Samantha Miller, Office/Finance Manager

**II. PUBLIC COMMENTS:** None

**III. NEW BUSINESS:**

**a. Proposals for Tiburon Zone Annual Sewer Line Cleaning (attached)**

Mgr. Lynch explained he sent out a Request for Proposals (RFP) on August 27, 2009 for the Tiburon Zone Annual Sewer Line Cleaning. The District received two proposals on September 21, 2009. Roto-Rooter had the lowest bid price of \$43,679.35. The bid price from Roy's Sewer Service was \$45,817.50. Mgr. Lynch could not send out the RFP for the Belvedere Zone yet since it will not have enough money for the cleaning program until it receives its sewer service revenue in December.

The Committee would like John Rosser, the District's project manager for the line cleaning program, to put together a summary report for the Board on the cleaning program. This should include what has been cleaned to date, what percentage of the lines are cleaned every year, how long it takes to clean all the lines, and how the decision is made to clean which lines every year.

**b. Update on Research – Potential Line of Credit (attached)**

Mgr. Lynch gave an update to the Committee on the potential line of credit he has been investigating, as recommended by the Advisory Group. Mr. Bob Becker of the Advisory Group put Mgr. Lynch in touch with New Resource Bank in San Francisco. Mgr. Lynch

reported that, in order to have a line of credit with this bank, the bank would require the District to deposit 30% of the value of the line of credit (either \$500,000 or \$1,000,000) in an account at that bank. However, this would mean the District would not be able to earn interest on this money (it can only earn interest on the money it has invested in LAIF). Mgr. Miller added that the County of Marin is already obligated to loan money to the District at the lowest possible interest rate, if the need arises. The Committee decided not to pursue the investigation of this line of credit any further.

**c. Consideration of Buying Truck Mounted Rodding Machine in FY 2010-2011 (attached)**

Mgr. Lynch presented his preliminary research to the Committee about the possible purchase of a truck mounted rodding machine in FY 2010-2011. This would be a way for the District to save money on the routine cleaning of its gravity sanitary sewer lines. Currently, the District contracts out all of this cleaning work, but Mgr. Lynch suggested the idea of the District purchasing its own truck mounted rodding machine and performing the main liner rodding work in-house. This would mean that the District could continuously work on the cleaning program, cleaning all the main lines each year, instead of cleaning approximately one third of the lines each year. Mgr. Lynch's preliminary research shows this machine would cost approximately \$100,000, but the District would save approximately \$92,000 each time it cleaned the entire system of main lines using this machine in-house, instead of contracting the work out.

The Committee discussed this proposal and asked Mgr. Lynch questions. The Committee expressed interest in this proposal and recommended it, directing Mgr. Lynch to continue his research and present his proposal to the entire Board.

**d. Reconsideration of Proposal from Mr. Martin Rauch of Rauch Communication Consultants, LLC**

Mgr. Lynch informed the Committee that Mr. Rauch has agreed to try to keep the costs down as much as possible (below his original proposal) if the Board chooses to use him for the 218 process. He will work on a time and materials basis (T&M), doing only the work the District asks him to do. The Committee recommends hiring Mr. Rauch for the District's 218 process on a T&M basis.

**e. Estimate of Costs for Prosystems Report Writing Software – Mr. David Perotti, CPA (attached)**

The Committee reviewed Mr. Perotti's estimate of additional costs if the District purchases the Prosystems report writing software he has recommended. The initial cost to purchase the software license would be \$1,430, and the annual license renewal fee in

the future would be \$643.50. At the beginning, Mr. Perotti estimates it would cost between \$265 and \$397 for the installation of the software, and between \$560 and \$840 for Mgr. Miller's initial training on the software. There may be a need for additional assistance at the end of the first few months, as well, at a rate of \$140 per hour. The Committee agreed the District should proceed with purchasing the Prosystems software, along with the installation and training from Mr. Perotti.

**f. Comprehensive Annual Report (attached)**

The Committee discussed V.P. Benediktsson's suggestion for the District to begin producing an annual report. They discussed the goals of the annual report and who would be responsible for creating it. The Committee recommends that the District move forward with creating an annual report.

**g. Warrants for September 2009 (attached)**

The Committee reviewed and approved warrants for September 1 – 30, 2009, #3279 through 3344, in the amount of \$160,325.34. The Committee asked why warrant #3297 for PG&E was so high this month (\$20,635.49). Mgr. Lynch explained that the PG&E bills have been more expensive than usual due to the secondary clarifier scum trough replacement capital improvement project; the wet weather pumps have had to cycle on and off.

**h. Financial Reports for September 2009 (attached)**

The Committee reviewed and approved the Financial Reports for September 1 - 30, 2009. The Committee and Mgr. Miller agreed it would be a good idea to separate the Checking/Savings accounts on the Balance Sheet to reflect exactly how much money is in the operating and capital *reserve* accounts for each zone versus the operating and capital money needed for that particular fiscal year. This would make it clearer to see exactly how much money the District has in true reserves. This could mean listing the following Checking/Savings accounts on the Balance Sheet for each zone:

Operating  
Operating Reserve  
Capital  
Capital Reserve  
Connections:  
    Collection  
    Treatment

This will be discussed further when the Finance Committee meets to discuss the District's reserve policies.

**IV. ADJOURNMENT** at 10:55 a.m.

Recorded by Samantha Miller