

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Monday, January 25, 2010 5:30 p.m.
Closed Session 5:00 p.m.**

CALL TO ORDER by President Wiley at 5:09 p.m.

ROLL CALL: Directors present:

Corinne W. Wiley, President
Catharine Benediktsson, Vice President
V. William Brady, Secretary
Casey Kawamoto
Claire McAuliffe

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager

Others present:

Roy Fedotoff
Deirdre McCrohan, *The Ark Newspaper*

CLOSED SESSION at 5:10 p.m.

GOVERNMENT Code, Section 54957 –
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: District Manager

OPEN SESSION at 5:32 p.m.

Pres. Wiley announced that no action was taken during Closed Session. The Board and Mgr. Lynch agreed to amend the District Manager's employment contract so the District is no longer required to be a member of the California Association of Sanitation Agencies (CASA). This is due to the fact that the CASA annual membership dues for 2010 have doubled from \$4,000.00 to \$8,000.00. The Board also decided to continue the District Manager's performance evaluation to another Closed Session at the next Regular Board Meeting.

Motion (Brady/Benediktsson) to amend the District Manager's employment contract, eliminating the requirement that the District pay the CASA membership dues (which is required in order to attend the CASA conferences), unless the membership dues decrease to \$4,000.00 per year again. Passed, all present.

The Board presented Dir. Kawamoto with a memento, thanking him for his 33 years of wonderful service on the Sanitary District No. 5 of Marin County Board of Directors. Dir. Kawamoto will be greatly missed.

1. Administering of Oath of Office to New Board Member

Sec. Brady administered the Oath of Office to incumbent Dir. Catharine Benediktsson and newly elected Dir. Roy Fedotoff.

2. Election of Officers of the Board

Motion (Benediktsson/Brady) to nominate Claire McAuliffe as the President of Sanitary District No. 5 of Marin County Board of Directors for the 2010 term. Passed, all present.

Newly elected Pres. McAuliffe thanked outgoing Pres. Wiley for her fantastic leadership, vision, and tenacity this past year.

Motion (McAuliffe/Brady) to nominate Corinne W. Wiley as the Vice President of Sanitary District No. 5 of Marin County Board of Directors for the 2010 term. Passed, all present.

Motion (Benediktsson/Wiley) to nominate V. William Brady as the Secretary of Sanitary District No. 5 of Marin County Board of Directors for the 2010 term. Passed, all present.

3. Appointment of Committee Members (attached)

Pres. McAuliffe announced the following appointments of Directors to the Standing Committees of the Board of Directors for the 2010 term:

Finance & Fiscal Oversight Committee: Corinne W. Wiley (Chair)
Claire McAuliffe
Catharine Benediktsson (Alternate)

Paradise Cove Committee: Catharine Benediktsson (Chair)
V. William Brady
Roy Fedotoff (Alternate)

Capital Improvement Program Committee: Corinne W. Wiley (Chair)
Roy Fedotoff
V. William Brady (Alternate)

Governance Committee: Claire McAuliffe (Chair)
Catharine Benediktsson
Roy Fedotoff (Alternate)

Information Technology Committee:	V. William Brady (Chair) Roy Fedotoff Catharine Benediktsson (Alternate)
Personnel Committee:	Catharine Benediktsson (Chair) Claire McAuliffe Corinne W. Wiley (Alternate)
Communications Committee:	V. William Brady (Chair) Claire McAuliffe Corinne W. Wiley (Alternate)

Pres. McAuliffe explained that the Communications Committee is a new committee created to help reduce the costs of Mr. Martin Rauch's public outreach program for the Proposition 218 rate increase process. This committee will do some of the work Mr. Rauch initially proposed to do, in order to keep his costs down.

The Board directed Mgr. Miller to continue to write the minutes for the Finance & Fiscal Oversight Committee meetings, and the committee members will continue to give oral reports for all other committee meetings at the Board meetings.

PUBLIC OPEN TIME:

Mr. Casey Kawamoto urged the Board to continue producing District newsletters on a frequent basis.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Dir. Benediktsson requested that the Communications Committee meet to discuss what should go in the next District newsletter.

Dir. Benediktsson presented an article to the Board about the recent \$75,000 fine to Sausalito-Marín City Sanitary District. She also submitted information about an infrastructure inspection program to the Information Technology Committee for consideration.

V.P. Wiley shared with the Board an article titled, "Public Employee Unions Are Sinking California."

Dir. Fedotoff noted the Romberg Center indicated to him that they would like to connect to the District, but they currently do not have enough money to do so. Mgr. Lynch informed Dir. Fedotoff that the Romberg Center has been talking about this with the District for a long time. Dir. Fedotoff suggested that the District give the Romberg Center seed money for them to connect in five years.

Dir. Benediktsson stated that she is adamantly against giving anyone seed money; it sets a precedent for future developers, and she believes it is a very bad idea. The Board would like the Paradise Cove Committee to further discuss this matter.

CONSENT CALENDAR:

4. Approval of December 7, 2009 Regular Board Meeting Minutes (attached)
5. Approval of Warrants for December 2009, #3481 through 3538, in the amount of \$141,517.29 (attached)
6. Receipt of Financial Reports for December 2009 (attached)

Motion (Brady/Benediktsson) to approve Item No. 4 of the Consent Calendar. Passed, all present.

Dir. Fedotoff asked about warrant #3529 to California Special Districts Association (CSDA) for 2010 annual membership dues. The Board asked Mgr. Lynch whether he feels it is worthwhile for the District to continue its membership with CSDA. Mgr. Lynch replied it is very worthwhile.

Motion (Wiley/Brady) to approve Item No. 5 of the Consent Calendar. Passed, all present.

Pres. McAuliffe asked Mgr. Miller when Mr. Perotti will be able to train her on the new ProSystems report writing software. Mgr. Miller replied the training should occur in mid-February.

Motion (Wiley/Fedotoff) to approve Item No. 6 of the Consent Calendar. Passed, all present.

MANAGEMENT REPORT:

7. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report November 2009 (attached)

Mgr. Lynch reviewed the Operations Report for November 2009 with the Board. He noted the District met all NPDES permit requirements. Mgr. Lynch reported that there were no odor complaints or sewer system overflows (SSO's) in the month of November.

8. District Manager's Summary Report of December 2009 (Lynch) (attached)

Mgr. Lynch updated the Board on the smoke testing done in Belvedere on January 5-7, 2010. District staff found two really bad areas of concern on the Lower Woodwardia Lane and Golden Gate Avenue sewer lines. Mgr. Lynch presented pictures of the smoke testing

to demonstrate the extent of the broken sewer lines. He informed the Board he has issued Requests for Proposals (RFPs) for the replacement of these two sewer lines by means of pipe bursting. These lines are in such bad shape that liners will not work for these lines.

Mgr. Lynch informed the Board that the Seafirth Estates pump station renovation project is complete. The District has received all easement documents, and the SCADA alarm system has been tested and is functioning. The District plans to officially take over the Seafirth pump stations once Seafirth Estates reimburses the District for the costs the District has incurred for the establishment of the Seafirth pump stations communications. This invoice totals \$12,283.96, which includes charging Seafirth for 50 hours of labor (for a portion of Mgr. Rubio's time). Mgr. Lynch and Mgr. Rubio have actually spent an estimated total of 154 hours of their time on this project during this fiscal year alone. Mgr. Lynch reported that Seafirth agreed to pay the District's invoice if the 50 hours of labor cost is removed. The Board agreed to remove the 50 hours of labor cost (\$3,718.00) from the invoice.

Mgr. Lynch passed out a Storm Flows handout for January 2010. He noted the District's inflow has not been too bad in these last rain storms. District staff has been working 24 hours a day during the storms to protect the District and prevent incidents that other Districts have had during storms. We only blended three days at the main plant, and we have not had any big events due to these big storms. Mgr. Rubio has been taking care of organizing all of the storm watch shifts. Dir. Benediktsson noted she was impressed with Mgr. Rubio's responses to the Finance Committee's questions at their last meeting.

Mgr. Lynch informed the Board that the District's total operating expenditures for the first half of FY 2009-2010 are currently below 50% of their budgeted amount. He discussed the summary of expenditures with the Board.

Sec. Brady asked Mgr. Lynch how confident he is that the amount budgeted for line maintenance this fiscal year is appropriate. Mgr. Lynch replied he believes it is appropriate; the pumps and lines maintenance expense account is only at 38.3% of the budgeted amount due to the fact that only the lines in the Tiburon zone have been cleaned so far. The Belvedere zone has not had enough money to start its cleaning program until now. He added that, due to the smoke testing results, the Belvedere zone will now have to pay the capital costs of replacing the Lower Woodwardia Lane and Golden Gate Avenue sewer lines. These expenditures will have to come out of the undesignated capital expenditure account for Belvedere.

NEW BUSINESS:

9. Consideration of Authorization and Approval for District Manager to Execute Contract with Roy's Sewer Service for Annual Sanitary Sewer Cleaning Program for the Belvedere Zone for an Amount Not to Exceed \$57,123.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained the District only received one bid for the annual sewer line cleaning program for the Belvedere zone; this bid was submitted by Roy's Sewer Service.

Pres. McAuliffe asked how this bid compares to what the District paid last year for this annual cleaning program; Mgr. Lynch replied it is a similar amount. Mgr. Lynch also informed the Board that this cleaning program will take approximately one and a half months to complete, and approximately one-fourth or one-fifth of the lines in Belvedere will be cleaned this year in keeping with District practice and policy.

The Board discussed with Mgr. Lynch whether the District could produce a schedule for this cleaning program and similar projects throughout the year, so contractors and the public can plan accordingly. Dir. Fedotoff asked what could be done to encourage others to bid on these projects. Mgr. Lynch said the District has asked other companies to bid, but they are not interested, partly due to not having the right equipment.

Motion (Benediktsson/Brady) to authorize and approve the District Manager to execute the contract with Roy's Sewer Service for the annual sanitary sewer cleaning program for the Belvedere zone for an amount not to exceed \$57,123.00. Passed, all present.

10. Consideration of Authorization and Approval for District Manager to Issue Letter to Nute Engineering to Proceed with Advertising Invitation to Bid for 2009-2010 Sewer Rehabilitation CIPP Project (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch informed the Board that Nute Engineering has completed the Plans and Specifications for the FY 2009-2010 Sanitary Sewer Rehabilitation Program. The District needs these plans and specifications in order to go out to bid for this project, and the District uses Nute Engineering for these preparations because they have experience and are fairly inexpensive.

Dir. Fedotoff suggested that the District have a District boundary map to show the public at future meetings. Dir. Benediktsson noted the District needs to update its GIS maps, as well.

Motion (Benediktsson/Brady) to authorize and approve the District Manager to issue a letter to Nute Engineering to proceed with advertising the Invitation to Bid for the FY 2009-2010 Sewer Rehabilitation CIPP Project. Passed, all present.

11. Consideration of Authorization and Approval for District Manager to Purchase Portable Area Velocity Flow Meter for Inflow & Infiltration Study (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained that the District has been conducting smoke testing in the Belvedere zone over the past few months, but this has not been identifying the major sources of the heavy inflow and infiltration (I & I) that occurs during rainfall. Therefore, as Dir. Fedotoff suggested, Mgr. Lynch has looked into the costs associated with purchasing a portable flow meter for an I & I study, which should better identify the sources of this I & I. The cost of

the portable flow meter would be approximately \$5,000.00, which would be split between both zones. Mgr. Lynch finds this cost to be very reasonable.

Dir. Brady expressed his concern that purchasing only one portable flow meter would not accomplish the District's goal of quickly and efficiently identifying the major sources of this I & I. It could take five years to find all the problems if the District only purchases this one flow meter. Mgr. Lynch replied that the District could contract out this work to be done all at once, but that would be a lot more expensive. He indicated he was trying to save the District money by proposing the purchase of one flow meter.

The Board directed Mgr. Lynch to investigate the costs of other alternatives, such as contracting this work out for an intensive I & I study.

The Board did not take action on this item, pending further research from Mgr. Lynch.

12. Consideration of Authorization and Approval for District Manager to Execute Contract with Roto Rooter, Inc. for Pipe Bursting Sanitary Sewer Line on Woodwardia Lane and Sewer Line between Tamalpais Circle and Golden Gate Avenue in Belvedere for an Amount Not to Exceed \$28,650.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch noted the District received two bids for pipe bursting the sewer line on Lower Woodwardia Lane and the sewer line between Tamalpais Circle and Golden Gate Avenue in Belvedere. Team Ghilotti bid the two projects at a total amount of \$57,204.00, and Roto Rooter, Inc. bid the two projects at a total amount of \$28,650.00.

Dir. Benediktsson asked whether these two lines were previously televised. Mgr. Lynch said they were televised in 2004 for the Harris Report, and they were in good shape at the time. The ground must have moved since then because now both of the lines are very cracked. Dir. Benediktsson expressed her concern that the District is deviating from the priority schedule outlined by the Harris Report. Mgr. Lynch explained that the District is still on schedule with the 10 Year Sewer Rehabilitation CIPP Liner Project, which was set based on the Harris Report. However, now that the District has performed the smoke testing and identified these problems with the two lines on Lower Woodwardia Lane and Golden Gate Avenue, the District has to address the problems and replace these lines. Dir. Benediktsson requested that the Capital Improvement Program Committee take a look at the Harris Report and how much the District is deviating from the priorities it set.

Motion (Benediktsson/Fedotoff) to authorize and approve the District Manager to execute the contract with Roto Rooter, Inc. for pipe bursting the sanitary sewer line on Woodwardia Lane and the sewer line between Tamalpais Circle and Golden Gate Avenue in Belvedere for an amount not to exceed \$28,650.00. Passed, all present.

UNFINISHED BUSINESS:

13. Consideration of Authorization and Approval to Move Forward with Water Reuse Project at Paradise Cove Treatment Plant (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch reviewed the capital and O & M (operating and maintenance) costs of a secondary treated effluent water reuse project at the Paradise Cove treatment plant. He also reported that he spoke with legal counsel and was told there would not be any water rights issues to worry about with regards to this proposed project.

Sec. Brady noted this is the first time the Board has been presented with the O & M costs of this project. He expressed concern that the annual O & M costs of this project are estimated at \$21,780.00, and the District is only estimated to collect approximately \$6,400.00 per year in return. This is an approximate \$15,000.00 loss for the District each year, just to provide recycled water to one or two residents. He added that the District's budget is thin, and he is not sure the District can afford to absorb a loss like this, even though it would be an environmentally friendly project. He does not think the rest of the ratepayers would think this is a good use of District funds.

The Board agreed and directed Mgr. Lynch to continue investigating potential ways to bring in more revenue to the District from this project. The Board would like Mgr. Lynch to see if Mr. Norm Traeger would consider purchasing more recycled water from the District, or if there are other interested buyers.

The Board did not take action on this item, pending further research from Mgr. Lynch. The Board would like this item to go back to a committee first, before reaching the Board again, as it has not been vetted carefully enough.

COMMITTEE REPORTS:

14. Information Technology Committee (Brady/Benediktsson)
15. Capital Improvement Program Committee (Brady/Wiley)
16. Governance Committee (Kawamoto/Wiley)
17. Paradise Cove Committee (Wiley/Brady)
18. Personnel Committee (Wiley/McAuliffe)
19. Finance & Fiscal Oversight Committee (Benediktsson/McAuliffe) – Minutes of December 14, 2009 and January 14, 2010 (attached)

Dir. Benediktsson noted that the February 4, 2010 Special Board Meeting Workshop has been rescheduled from 10:00 a.m. to 6:30 p.m. due to Dir. Fedotoff's schedule. She added she does not think it is a good idea to have such an important meeting at night, and she is concerned that the Board will not be thinking as sharply through the evening meeting.

OTHER BUSINESS: None

ENVIRONMENTAL:

20. District Staff – Investigation of Reclaimed Water Use

Mgr. Lynch noted this item was already discussed during Item No. 13.

CORRESPONDENCE: None

INFORMATIONAL ITEMS: None

ADJOURNMENT:

Motion (Brady/Fedotoff) to adjourn at 7:21 p.m. to a Regular Board Meeting on February 9, 2010 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, February 9, 2010 6:30 p.m.
Closed Session 6:00 p.m.**

CALL TO ORDER by President McAuliffe at 6:04 p.m.

ROLL CALL: Directors present:

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary
Catharine Benediktsson
Roy Fedotoff

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager
Tony Rubio, Facilities Manager

Others present:

Dan LaTorre, District Maintenance Worker
Steve Driscoll, District Senior Operator
Deirdre McCrohan, *The Ark Newspaper*

CLOSED SESSION at 6:05 p.m.

GOVERNMENT Code, Section 54957 –
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: District Manager

OPEN SESSION at 6:30 p.m.

No reportable action was taken during the Closed Session.

PUBLIC OPEN TIME:

Mr. Steve Driscoll introduced himself to the Board. Mr. Driscoll is a Senior Operator who has worked for the District since 2005. Mr. Dan LaTorre introduced himself to the Board. Mr. LaTorre is a Maintenance/Collection System Worker who has also worked for the District since 2005.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS: None

CONSENT CALENDAR:

1. Approval of January 25, 2010 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for January 2010, #3539 through 3600, in the amount of \$135,961.15 (attached)
3. Receipt of Financial Reports for January 2010 (attached)

V.P. Wiley requested that two changes be made to the January 25, 2010 Regular Board Meeting Minutes. She would like the words "no action was taken during Closed Session" to be added on page 1 of the minutes, and she corrected the title of the article listed on page 2, "Public Employee Unions Are Sinking California."

Motion (Brady/Benediktsson) to approve Item No. 1 of the Consent Calendar, with the two previously mentioned corrections. Passed, all present.

Pres. McAuliffe reviewed the February 4, 2010 Finance & Fiscal Oversight Committee meeting minutes with the Board.

Motion (Benediktsson/Brady) to approve Item No. 2 of the Consent Calendar. Passed, all present.

Motion (Benediktsson/Wiley) to approve Item No. 3 of the Consent Calendar. Passed, all present.

MANAGEMENT REPORT:

4. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report December 2009 (attached)

Mgr. Rubio reviewed the Operations Report for December 2009 with the Board. He noted the District met all NPDES permit requirements, and there were no odor complaints or sewer system overflows (SSO's) in the month of December. Mgr. Rubio reviewed the new Collection System Data chart on page 10 of the Operations Report. The Board requested that this new chart be based on the fiscal year, rather than the calendar year (the SSO reporting, however, could continue on a calendar year basis).

Mgr. Rubio presented the 2008 Pollution Prevention Report to the Board; he is currently working on the 2009 Pollution Prevention Report. This report shows what the District's pollution prevention costs are going towards. Pres. McAuliffe asked if there is anything in

this report that should be of concern to the Board. Mgr. Rubio replied there is not, but the District is going to need to budget more money for pollution prevention outreach in the future.

Dir. Fedotoff requested that Mgr. Rubio include more information in his monthly Operations Report regarding the District's methane gas production versus PG&E gas usage each month; he is interested in comparing the variability from month to month. Dir. Fedotoff also asked why the District does not use slip-lining instead of CIPP lining. Mgr. Lynch explained the District has tried using slip-lining before, but it does not work very often for the District because there are too many roots and offset joints (laterals) in the District's sewer pipes. Dir. Fedotoff requested that the District try some experimentation on root removal (such as using a foaming agent), if it makes sense.

5. District Manager's Summary Report of January 2010 (Lynch) (attached)

Mgr. Lynch informed the Board that the District has officially taken over the Seafirth Estates pump stations. The fixed assets in the Tiburon zone will increase by approximately \$1.7 million due to the acceptance of the two Seafirth pump stations and collection system.

Mgr. Lynch passed out a Storm Flows handout for January 2010. He noted the District's inflow has not been too bad in these last rain storms, and the District has done well compared to other sanitary districts. He added he is working on a very cost effective way to reduce blending events, which he will present to the Board after he develops a cost estimate.

Mgr. Lynch informed the Board that the CIPP liner project will be advertised on February 17, 2010, with a bid opening date of March 17, 2010.

Mgr. Lynch gave a status report on the situation with the 6 Playa Verde homeowner's use of District land. He will be meeting with all parties involved on February 23, 2010, and he will give the Board an update after that meeting.

NEW BUSINESS:

6. Discussion of Consideration of Scenarios for Lowering Future Operations & Maintenance Costs (Lynch) (see attached Notes of Explanation)

Mgr. Lynch explained he was asked by the Board to look for ways to reduce the District's operating and maintenance costs in regards to salaries and benefits. Currently, 62% of the District's operating budget is spent on salaries and benefits, which is either around the same or lower than many other comparable agencies. Mgr. Lynch reviewed the comparison spreadsheet he prepared.

As the Board requested, Mgr. Lynch presented four scenarios that would involve reducing staff levels in order to reduce salaries and benefits costs for the District. He reviewed each

scenario, the predicted associated cost savings, and the consequences. The scenarios involved different combinations of offering an early exit incentive program, performing a reorganization to eliminate the Maintenance Supervisor position, implementing maintenance staff work furloughs, and laying off a maintenance staff worker. He noted that one of the consequences of reducing staff levels is that the District would no longer be able to do as much work in-house, and the District would have to spend more money hiring expensive contractors. Furthermore, if the District implements maintenance staff work furloughs, less work will get done at the District, and it could lead to spending more money on overtime for required work, especially during the winters. These scenarios for reducing staff levels would not only reduce direct salaries and benefits costs, but they would have other significant cost increases associated with them, as well.

Dir. Benediktsson said she does not like any of the presented alternatives except for the first one, which is adopting the Early Exit Incentive Policy. She explained the District is already not getting all the work done now that the District would like get done (such as with the line cleaning program and with reducing infiltration, for example), and reducing staff levels will only make this worse.

The Board discussed the rationale behind offering \$35,000 as an early exit incentive for designated employees. Sec. Brady said he would like to see the early exit incentive amount be sufficient to cover the amount of time it is realistically expected that an employee will not be earning any income as a result of resigning from the District. He also said he would like the designated employees to have more than 45 days to make their decisions about accepting the early exit incentive offer.

V.P. Wiley stated she agrees with Dir. Benediktsson; the only scenario she would consider is the first scenario, which is adopting the Early Exit Incentive Policy. Dir. Fedotoff said he thinks all four scenarios are excellent alternatives.

After much discussion and Mgr. Lynch's recommendation that \$35,000 is an appropriate figure, the Board agreed on \$35,000 as the early exit incentive amount, if the policy is adopted through Resolution No. 2010-01 (Item No. 7 on the agenda).

Mgr. Lynch also briefly explained the possibility of adopting a Trainee Program, which would be another alternative to reducing future salaries and benefits costs for the District. Dir. Benediktsson noted the Finance Committee was very excited about the Trainee Program.

7. Consideration of Adoption of Resolution No. 2010-01: A Resolution of the Board of Directors Adopting an Early Exit Incentive Policy for Designated Employees (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch discussed the Early Exit Incentive Policy in greater detail with the Board. The policy would apply to any operations and maintenance employees who have been working for the District for at least five years (the District currently has five such employees). If any

of these designated employees choose to resign from the District by April 1, 2010, they will be entitled to receive an early exit incentive of \$35,000. This policy is designed to reduce the District's salaries and benefits costs in the future.

Based on Mgr. Lynch's recommendations, Sec. Brady agreed with Pres. McAuliffe, V.P. Wiley, and Dir. Benediktsson that \$35,000 was an appropriate early exit incentive amount and 45 days was sufficient time for the designated employees to make their decisions.

Motion (Wiley/Benediktsson) to adopt Resolution No. 2010-01: A Resolution of the Board of Directors Adopting an Early Exit Incentive Policy for Designated Employees. Ayes: Pres. McAuliffe, V.P. Wiley, Sec. Brady, and Dir. Benediktsson. Noes: Dir. Fedotoff. Passed, four to one.

UNFINISHED BUSINESS:

8. Consideration of Not Moving Forward with Water Reuse Project at Paradise Cove Treatment Plant (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch presented the Board with the total capital and operating costs of a secondary treated effluent recycled water program at the Paradise Cove Treatment Plant. After reviewing the costs, the Board determined this project is not feasible for the District. It would involve a \$43,163.00 loss to the District the first year, followed by a \$15,363.00 loss each year thereafter, due to the ongoing annual operating and maintenance costs.

Motion (Fedotoff/Brady) to not move forward with the water reuse project at the Paradise Cove Treatment Plant. Passed, all present.

COMMITTEE REPORTS:

9. Information Technology Committee (Brady/Fedotoff)
10. Capital Improvement Program Committee (Wiley/Fedotoff)
11. Governance Committee (McAuliffe/Benediktsson)
12. Paradise Cove Committee (Benediktsson/Brady)
13. Personnel Committee (Benediktsson/McAuliffe)
14. Communications Committee (Brady/McAuliffe)
15. Finance & Fiscal Oversight Committee (Wiley/McAuliffe) – Minutes of February 4, 2010 (attached)

Sec. Brady summarized the January 29, 2010 Information Technology Committee meeting for the Board. Dir. Fedotoff is going to do more research about other CMMS (Computerized Maintenance Management System) options for the District. Pres. McAuliffe requested that the financial implications of the CMMS options be brought to the Finance Committee for review, pending Dir. Fedotoff's future research.

The Board agreed with the Information Technology Committee and the Finance Committee that the Office/Computer expense account needs to be broken down further in next year's budget. The Board decided Sec. Brady should renew the District's contract with Salesforce.com, but that the renewed contract should only be for two users, which will reduce the cost from \$300.00 per month to \$100.00 per month. This will allow Sec. Brady and a member of the District staff to continue to use the Salesforce.com application to create the performance and incident maps on the District's website.

Dir. Benediktsson said she would like the Paradise Cove Committee to consider having a Paradise Cove workshop regarding hookups to the District's Paradise Drive Sewer Line Extension. She would like this workshop to include bankers, engineers, the County of Marin, Marin LAFCO, and the Paradise Drive homeowners. All other committees will be having meetings shortly, as well.

The minutes of the February 4, 2010 Finance & Fiscal Oversight Committee meeting were already reviewed during Item No. 2 of the Consent Calendar.

OTHER BUSINESS: None

ENVIRONMENTAL:

16. District Staff – Investigation of Reclaimed Water Use

Mgr. Lynch noted this item was already discussed during Item No. 8.

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

Dir. Fedotoff informed the Board he will be giving a presentation about the District to the Rotary Club of Tiburon Sunset soon. Dir. Benediktsson discussed the protocol regarding who should speak on behalf of the District and whether this District representative should be the District Manager.

ADJOURNMENT:

Motion (Wiley/Brady) to adjourn at 8:04 p.m. to a Regular Board Meeting on March 9, 2010 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Special Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Monday, February 22, 2010 6:30 p.m.**

CALL TO ORDER by President McAuliffe at 6:41 p.m.

ROLL CALL: Directors present:

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary
Catharine Benediktsson
Roy Fedotoff

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager
Tony Rubio, Facilities Manager

Consultants present:

John Farnkopf, HF&H Consultants, LLC
Martin Rauch, Rauch Communication
Consultants, LLC

Others present:

Paul Garbarini

PUBLIC OPEN TIME: None

FINANCIAL OUTLOOK & SEWER SERVICE CHARGE WORKSHOP:

1. Presentation by John Farnkopf of HF&H Consultants, LLC and Martin Rauch of Rauch Communication Consultants, LLC

Mr. Martin Rauch reviewed with the Board the Proposition 218 process and timing, financial issues and assumptions, key outreach actions, and the preferred timeline for proceeding with a Proposition 218 sewer service rate increase. The District is facing a tight schedule for the Proposition 218 rate increase process. The final deadline for submitting the approved FY 2010-2011 sewer service charges to the County of Marin to go on the property tax rolls is August 10, 2010. However, the District's goal is to finish the 218 process by the end of June, if possible, to aid in the development and approval of the District's FY 2010-2011 budget.

Mr. John Farnkopf reviewed his financial models with the Board, presenting the two different approaches to raising rates that the Finance Committee had recommended. He discussed with the Board the proposed reserve accounts and target balances, the capital improvements program, the planning assumptions, and the escalation factors for the five-year financial models. Dir. Fedotoff expressed his opinion that he does not think it is financially prudent for the District to use a 3% general inflation factor in the models; he believes general inflation will be much higher in the coming years. However, the rest of the Board agreed to continue using the 3% general inflation factor in the models, as they felt that raising it would require the sewer service charges to increase too much. The Board made small adjustments to Mr. Farnkopf's recommended rate increases and decided to use the first model approach, which involves implementing a series of decreasing rate increases.

The Board would like Mgr. Lynch to make presentations to the Tiburon Town Council and the Belvedere City Council in March, informing them of the sewer service charge increases the District is considering for each zone. In the meantime, Mr. Rauch will move forward with the public outreach program, and he will work with the Communications Committee on a newsletter that will go out to the entire public right after Mgr. Lynch makes his presentations to the Town and City Councils.

ADJOURNMENT:

Motion (Wiley/Brady) to adjourn at 8:46 p.m. to a Regular Board Meeting on March 9, 2010 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, March 9, 2010 6:30 p.m.**

CALL TO ORDER by President McAuliffe at 6:44 p.m.

ROLL CALL: Directors present:

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary
Catharine Benediktsson
Roy Fedotoff

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager
Tony Rubio, Facilities Manager

Others present:

Deirdre McCrohan, *The Ark Newspaper*

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Sec. Brady requested that the Information Technology Committee be dissolved as a Standing Committee of the Board of Directors and reconstituted as an Ad Hoc Committee. Ms. Deirdre McCrohan of *The Ark Newspaper* recommended that District legal counsel be consulted regarding this matter. The Board agreed and took no action.

Dir. Fedotoff requested District staff to provide him with information about the procedure and dates for the budget development process for the next fiscal year.

Pres. McAuliffe recommended moving the Regular Board Meetings to a later time, such as 6:45 p.m. The Board agreed this would be a good idea. This item will be on the April 13, 2010 Regular Board Meeting agenda.

CONSENT CALENDAR:

1. Approval of February 9, 2010 Regular Board Meeting Minutes (attached)

Minutes

Regular Meeting of the Board of Directors

March 9, 2010

Page 2

2. Approval of February 22, 2010 Special Board Meeting Minutes (attached)
3. Approval of Warrants for February 2010, #3601 through 3669, in the amount of \$140,891.98 (attached)
4. Receipt of Financial Reports for February 2010 (attached)

Dir. Fedotoff requested that a change be made to Item No. 2 of the Consent Calendar: the February 22, 2010 Special Board Meeting Minutes. In the first paragraph of the second page, he would like it to read, "Dir. Fedotoff expressed his opinion that he does not think it is financially prudent for the District to use a 3% general inflation factor in the models," instead of, "Dir. Fedotoff opined he does not think it is financially prudent..." The Board approved this change.

Motion (Benediktsson/Wiley) to approve the Consent Calendar with the aforementioned change to Item No. 2. Passed, all present.

MANAGEMENT REPORT:

5. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report January 2010 (attached)

Mgr. Rubio reviewed the Operations Report for January 2010 with the Board. He noted the District met all NPDES permit requirements, and there were no odor complaints in the month of January. There were two sewer system overflows (SSO's) in the Belvedere zone; one occurred at 27 Acacia Avenue, and the other occurred at 332 Beach Road.

Mgr. Rubio noted there were four blending events in January due to the heavy rain events. January was a very wet month, with 11 inches of rain received. Dir. Benediktsson asked if a lot of overtime was worked due to the heavy rain storms. Mgr. Rubio confirmed this to be true; five days of 24/7 storm watch was necessary during these storms, which required many hours of overtime.

Mgr. Rubio pointed out that the District saved approximately \$2,521 in energy costs due to methane gas production in January.

Pres. McAuliffe thanked Mgr. Rubio for his wonderful report, which helps the Board get a more thorough understanding of how everything works at the District's treatment plants.

6. District Manager's Summary Report of February 2010 (Lynch) (attached)

Mgr. Lynch informed the Board that the 2009-2010 Sewer Rehabilitation CIPP Project has been advertised, with a bid opening date of March 17, 2010 at 1 p.m. The engineer's estimate for the project is \$175,000.00.

Minutes

Regular Meeting of the Board of Directors

March 9, 2010

Page 3

Mgr. Lynch gave a status report on the situation with the 6 Playa Verde homeowner's use of District land. He summarized the results of the meeting that was held on February 23, 2010 with all parties involved. The District will attempt to proceed with performing a lot line adjustment and return the unused portion of land back to Mr. and Mrs. Marks, since the reversion clause states that the land must return to them if the District stops using it for sewage disposal purposes. The associated costs to the District for a lot line adjustment are estimated to be approximately \$10,000.

Mgr. Lynch reviewed the monthly MASS meeting with the Board; at these meetings, the District Managers of all the wastewater treatment plants in Marin County meet to discuss issues every month. At this past meeting, the managers discussed the following priority topics for 2010: mutual aid agreement, blending, and biosolids long-term management options.

Mgr. Lynch added he is continuing to work on a very cost effective way for the District to reduce blending events. He is looking into doing a Wet Weather Blending Reduction Feasibility Study with Carollo Engineers, which would cost approximately \$9,000 and is within the District Manager's spending limit. Mgr. Lynch expects this plan could potentially reduce the District's blending events by 80%, which would be very useful since he expects the Regional Water Quality Control Board will require the District to have a demonstrated reduction in blending events for its next NPDES permit in 2013.

NEW BUSINESS:

7. First Reading of Ordinance No. 2010-01 Amending Ordinance No. 70-01, Article VI, Section 610: Sewer Lateral Inspection Videotape Report Requirements; and Set Date and Time of Public Hearing for April 13, 2010 at 6:30 p.m. (Lynch) (see attached Notes of Explanation)

Pres. McAuliffe read the title of Ordinance No. 2010-01 amending Ordinance No. 70-01, Article VI, Section 610: Sewer Lateral Inspection Videotape Report Requirements.

Mgr. Lynch explained that the District's settlement agreement with Northern California River Watch requires the District to amend Ordinance No. 70-01, Article VI, Section 610: Sewer Lateral Inspection Videotape Report Requirements, by deleting the following sentence: "The District Manager of SD No. 5, or his designee, may waive the requirement of a report under this section for any sewer lateral, or portion thereof, for which he determines that, because of its size or other condition, it would be technically unfeasible to obtain a videotaped report." Ordinance No. 2010-01 will make this required amendment to Ordinance No. 70-01. Mgr. Lynch noted he has no problem deleting this sentence; he has never been asked to waive this requirement in the past, and he does not anticipate any problems for the District as a result of deleting this sentence and making this amendment.

Minutes

Regular Meeting of the Board of Directors

March 9, 2010

Page 4

Motion (Wiley/Fedotoff) to set the date and time of the Public Hearing for the Adoption of Ordinance No. 2010-01 Amending Ordinance No. 70-01, Article VI, Section 610: Sewer Lateral Inspection Videotape Report Requirements for April 13, 2010 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

8. First Reading of Ordinance No. 2010-02: Adopting Mercury Reduction Program; and Set Date and Time of Public Hearing for April 13, 2010 at 6:30 p.m. (Lynch) (see attached Notes of Explanation)

Pres. McAuliffe read the title of Ordinance No. 2010-02: "Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Providing for the Minimization of the Discharge of Mercury to the Sanitary Sewer."

Mgr. Rubio explained that the District's Mercury Watershed Permit from the Regional Water Quality Control Board requires that the District have a plan in place by March 1, 2010 to reduce the quantity of mercury entering the agency's water pollution control system. The District is following this requirement to implement mercury control strategies by considering the adoption of Ordinance No. 2010-02. If adopted, Ordinance No. 2010-02 will require all dentists in the District (currently there are three) to install amalgam separators, which will significantly reduce the amount of mercury entering our sanitary sewer system. Dental amalgam (from amalgam fillings) is approximately 50% mercury, making it the largest controllable source of mercury to the District's service area. According to Ordinance No. 2010-02, once all the dentists install the required amalgam separators, the District will inspect them annually.

Mgr. Lynch noted that Mr. Riley Hurd, District legal counsel, has reviewed Ordinance No. 2010-02. He added that the District's permit requires us to adopt and enforce this ordinance. Pres. McAuliffe asked what enforcement mechanism the District has on this ordinance, and Mgr. Lynch replied it is up to the Board of Directors to enforce ordinances.

Motion (Brady/Fedotoff) to set the date and time of the Public Hearing for the Adoption of Ordinance No. 2010-02: "Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Providing for the Minimization of the Discharge of Mercury to the Sanitary Sewer" for April 13, 2010 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

9. Consideration of Adopting Maintenance Repair Worker Trainee Position and Program (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch reviewed the Maintenance Repair Worker Trainee Program with the Board. This would be a training program administered by the Wastewater Facilities Manager. The program was developed to provide the District with auxiliary personnel, while promoting an understanding of the collection and treatment of wastewater for individuals seeking a career as a wastewater maintenance worker or treatment plant operator. This program consists of

Minutes

Regular Meeting of the Board of Directors

March 9, 2010

Page 5

an 18-month, full-time training program for Maintenance Repair Worker Trainees, with a possible 18-month extension. The trainee position would be an at-will position. Mgr. Lynch reviewed the spreadsheet of the estimate of costs to the District; hiring one Maintenance Repair Worker Trainee instead of an entry level Maintenance Worker would save the District up to \$53,364 per year. Mgr. Lynch noted the District does not plan on hiring any trainees for awhile, but he would like to get this trainee program in place now. The Board was very pleased with the potential cost savings for the District and expressed support for implementing this trainee program.

Motion (Benediktsson/Wiley) to adopt the Maintenance Repair Worker Trainee Position and Program. Passed, all present.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS:

10. Information Technology Committee (Brady/Fedotoff)
12. Capital Improvement Program Committee (Wiley/Fedotoff)
13. Governance Committee (McAuliffe/Benediktsson)
14. Paradise Cove Committee (Benediktsson/Brady)
15. Personnel Committee (Benediktsson/McAuliffe)
16. Communications Committee (Brady/McAuliffe)
17. Finance & Fiscal Oversight Committee (Wiley/McAuliffe) – Minutes of March 3, 2010 (attached)

V.P. Wiley summarized the February 26, 2010 Capital Improvement Program Committee meeting for the Board. The CIP Committee recommends that the District purchase a rodder truck; it will allow District staff to clean all the sewer lines every year (some lines twice), and it will pay for itself in a year and a half. Doing this line cleaning work in-house will save the District a significant amount of money. Mgr. Lynch noted the percentage allocation to each zone of the cost of the rodder truck would be according to the lineal feet of pipe in each zone. No extra staff would be needed to run the rodder truck, and trainees would be able to work with it, as well. Dir. Fedotoff added that the CIP Committee also discussed the Carollo Engineers proposal for the Wet Weather Blending Reduction Feasibility Study. The CIP Committee recommends moving forward with the Carollo proposal, as well the purchase of the rodder truck.

Dir. Benediktsson asked Pres. McAuliffe for an update on the consultation with bankers regarding potential hookups to the District's Paradise Drive Sewer Line Extension. Pres. McAuliffe replied we are still in a holding pattern and should not have a Paradise Cove workshop regarding this matter yet. The idea was to hold a workshop to include bankers, engineers, the County of Marin, Marin LAFCO, and the Paradise Drive homeowners.

Sec. Brady noted the Information Technology Committee did not meet last month, and the Communications Committee has produced the Spring 2010 newsletter, which will be presented to the Board.

The Finance & Fiscal Oversight Committee reviewed the minutes of the March 3, 2010 Finance & Fiscal Oversight Committee meeting.

OTHER BUSINESS:

Pres. McAuliffe informed the Board she attended the Belvedere City Council Meeting on March 8, 2010 with Mgr. Lynch and Mgr. Miller. Mgr. Lynch gave a good presentation to the City Council regarding the District's proposed sewer service rate increases and answered the Council's questions well. Mgr. Lynch added that he invited the Council members to come to the District's next workshop in order to get a better understanding of the District's financial situation.

ENVIRONMENTAL: None

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

18. Timeline and Summary of Agreement between SD5 & River Watch (attached)

Mgr. Lynch presented the Timeline and Summary of Agreement between SD5 & River Watch to the Board for informational purposes.

ADJOURNMENT:

Motion (Wiley/Benediktsson) to adjourn at 7:52 p.m. to a Regular Board Meeting on April 13, 2010 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, April 13, 2010 6:30 p.m.**

CALL TO ORDER by President McAuliffe at 6:45 p.m.

ROLL CALL: Directors present:

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary
Catharine Benediktsson
Roy Fedotoff

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager
Tony Rubio, Facilities Manager

Others present:

Paul Garbarini
Bob McCaskill
Deirdre McCrohan, *The Ark Newspaper*

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Dir. Fedotoff handed out his request (attached) for three items from the Finance Committee: a Sanitary Sewer Flow Monitoring Plan, a budget schedule, and a WWTP brochure for visitors. Pres. McAuliffe said these items will go on the next Finance Committee meeting agenda. She suggested Mgr. Lynch provide a report to the Finance Committee on the District's existing flow monitoring plan and any plans he has for expanding the current plan or keeping it the way it is.

Pres. McAuliffe passed out the Schedule of Important Dates (attached) for the Prop 218 process and budget development process over the next few months. She noted this schedule is very helpful and thanked Mgr. Lynch and Mgr. Miller for preparing it.

Pres. McAuliffe proposed changing the appointments of committee members to the Paradise Cove Committee and requested that this item be on the next regular Board meeting agenda. She also requested that a discussion about whether to opt in or out of the Marin Energy Authority be on the next Finance Committee meeting agenda.

Minutes

Regular Meeting of the Board of Directors

April 13, 2010

Page 2

Pres. McAuliffe passed out the District's Spring 2010 Newsletters for Belvedere and Tiburon, which were scheduled to be mailed out to all property owners in the District on April 14, 2010. She thanked Mgr. Lynch and Mgr. Miller for working so hard with Mr. Martin Rauch to produce this newsletter.

Pres. McAuliffe thanked Mr. Paul Garbarini for finding and circulating a very useful handout about the Brown Act.

CONSENT CALENDAR:

1. Approval of March 9, 2010 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for March 2010, #3670 through 3736, in the amount of \$213,987.64 (attached)
3. Receipt of Financial Reports for March 2010 (attached)

Dir. Benediktsson requested that a change be made to Item No. 1 of the Consent Calendar: the March 9, 2010 Regular Board Meeting Minutes. She would like the last sentence on page five to be deleted: "The Paradise Cove Committee will continue to work on this matter." She would like this sentence deleted because Pres. McAuliffe has put the Paradise Cove Committee on hold in terms of having a workshop regarding hookups to the District's Paradise Drive Sewer Line Extension.

Motion (Benediktsson/Wiley) to approve the Consent Calendar with the aforementioned change to Item No. 1. Passed, all present.

Pres. McAuliffe moved Item No. 6, as described on the agenda, to this time.

NEW BUSINESS:

6. Consideration of Approval of FY 2008-2009 District Audit and Management Letter – Presentation by Mr. Terry Krieg, CPA – Action (see attached Notes of Explanation)

Mr. Terry Krieg, CPA reviewed his FY 2008-2009 District Audit and Management Letter with the Board. He summarized the financial statements and the Management's Discussion and Analysis (MD&A).

Dir. Fedotoff asked if there would be any benefit to using cash basis instead of accrual basis accounting. Mgr. Miller explained that the District's books are kept on a cash basis throughout the year, and she converts them to accrual basis at the end of each fiscal year for the audit. Dir. Benediktsson added that the District's audit legally has to be done on an accrual basis.

Mr. Krieg explained that, starting in FY 2008-2009, the District decided to bring all financial accounting work in-house and eliminated the use of Mr. Dave Bennett, CPA for the District's official bookkeeping. Mgr. Miller is now responsible for all of the in-house accounting work. Mr. Krieg reported that she has done an exceptional job, and the District's general ledger is now in the best shape he has seen. He noted he is particularly pleased with Mgr. Miller's design and implementation of the zone allocations within QuickBooks.

Mr. Krieg reviewed his Communication with Those Charged with Governance letter to the Board. His first recommendation was that the District set financial policy determining whether the Belvedere zone should be charged in cash for depreciation on joint capital assets (this is not currently done in practice).

Mr. Krieg also presented his finding that the reserve accounts listed in the District's current reserve policy are not in the District's general ledger. Furthermore, the reserve policy is missing clearly defined methods/sources of funding, and the policy is unrelated to what the District actually has in its investment holdings. Dir. Fedotoff asked whether there are rules of thumb for the amount of reserves a sanitary district should have. Mr. Krieg replied that every district has different philosophies that drive their reserve policies, resulting in very different reserve policies and reserve levels.

Dir. Benediktsson asked Mr. Krieg about the California State Revolving Loan Fund Program. Mr. Krieg explained this program makes loans to governments to modernize their plants. He knows some agencies that have 2% loans (fixed) through this program, but he does not know the priority issues with the State Water Resource Control Board. Pres. McAuliffe would like the Finance Committee to look into this.

Mr. Krieg presented his next finding regarding the District's current low separation of duties as a result of bringing all the financial accounting work in-house. He explained that his responsibility is to make sure the Board recognizes the additional risk factor assumed by bringing the internal general ledger accounting function in-house. However, Mr. Krieg noted there are mitigating factors, including a certain level of separation of duties in terms of making money transfers, as well as approving, writing, and signing checks. The fact that Mgr. Miller does not handle much cash lowers the risk, as well. Mr. Krieg suggested the District consider appointing an individual as District Treasurer to review the District's bank reconciliations; this could even be Mgr. Lynch.

Dir. Benediktsson noted that, since she has been on the Board, the District has lost the employee in Mgr. Miller's position twice, and each time it has been a disaster to keep the office and finances running while finding and training a replacement. For a long time, she has strongly felt that the District should consider having a part-time assistant in the office who can learn and perform some of Mgr. Miller's functions. Dir. Benediktsson asked whether it would be a good mitigating factor to have this assistant write the checks, for example. Mr. Krieg replied this would be a good mitigating factor to reduce the risk and increase the separation of duties.

Minutes

Regular Meeting of the Board of Directors

April 13, 2010

Page 4

Mr. Krieg reported that the District is very fortunate to have Mgr. Miller; he has been in this business for a long time, and he can quickly tell whether people in Mgr. Miller's position know what they are doing. He is very impressed with the accuracy and professionalism of Mgr. Miller's work.

Mr. Krieg commented on his final findings regarding the District's sewer service charges. First, he recommended that the District rewrite its policy on commercial sewer service charges to increase clarity regarding the calculations. Second, he recommended that the District adopt a policy requiring written approval from the District Manager for sewer service charge billing adjustments, with Finance Committee or Board approval required for adjustments over a certain dollar amount.

Mr. Krieg concluded by commending the District on its fine job of bringing the entire financial accounting function in-house. He was very pleased with the District's books and the audit process for the FY 2008-2009 audit.

The Board thanked Mr. Krieg very much for a great report and a thorough outcome from his FY 2008-2009 audit.

Motion (Benediktsson/Wiley) to approve the FY 2008-2009 District Audit and Management Letter from Mr. Terry Krieg, CPA. Passed, all present.

MANAGEMENT REPORT:

4. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report February 2010 (attached)

Mgr. Rubio reviewed his Operations Report for February 2010 with the Board. He noted the District met all NPDES permit requirements, and there were no odor complaints in the month of February. There were three sewer system overflows (SSO's) in the Belvedere zone and two SSO's in the Tiburon zone.

Mgr. Rubio informed the Board that the Pollution Prevention Public Education Group that the District participates in has won two prestigious awards for our efforts in educating the public and our rate payers on pollution prevention activities and efforts to protect the San Francisco Bay. These two awards are the CWEA Local Section (Redwood Empire) Public Education Program of the Year Award and the CWEA Statewide Public Education Program of the Year Award.

Dir. Benediktsson noted that Tiburon's peak daily influent was almost double its average daily influent for February, while Belvedere's peak daily influent was only about 50% higher than its average daily influent for February. She asked if this suggests that the

Tiburon zone has a bigger inflow and infiltration problem than the Belvedere zone. Mgr. Rubio replied this does suggest that. Mr. Garbarini added he has looked into this before, and it appears to be true.

5. District Manager's Summary Report of March 2010 (Lynch) (attached)

Mgr. Lynch informed the Board that the 2009-2010 Sewer Rehabilitation CIPP Project was advertised, with a bid opening date of March 17, 2010. The District received 22 requests for information/specs, but it only received one bid, which was from Pacific Liners. The engineer's estimate for the project was \$175,000.00, and the bid from Pacific Liners came in at \$96,550.60.

Mgr. Lynch gave a status report on the situation with the 6 Playa Verde homeowner's use of District land. He informed the Board that, with the assistance of Paul Smith, he has a signed agreement with Mr. and Mrs. Marks for returning the unused portion of land back to the Marks. The lot line adjustment will be paid for by the Marks, which is estimated to cost approximately \$10,000.00.

Mgr. Lynch added he is continuing to work on a very cost effective way for the District to reduce blending events. He has contacted Carollo Engineers for a Wet Weather Blending Reduction Feasibility Study. Mgr. Lynch expects this plan could potentially reduce the District's blending events by 75-80%.

Mgr. Lynch reported that Mr. Russell Shaw has contracted with six residents along Paradise Drive for connecting to the Paradise Cove Treatment Plant. Four of them will connect to the Paradise Drive Sewer Line Extension and the other two will connect to the Shaw Line. Mgr. Lynch said he spoke with Mr. Ed Lynch, as well, regarding his homes on Eden Lane. Mr. Ed Lynch indicated that, as soon as a road utility easement is recorded with the County, he plans on connecting his homes on Eden Lane to the sanitary sewer.

Mgr. Lynch also informed the Board that the District's Early Exit Incentive Program ended on March 26, 2010. Mr. Steve Balzan, an employee of the District for 26 years, accepted the early exit incentive and retired as of April 1, 2010. Mr. Balzan performed an outstanding job for the District. During the course of his employment with the District, he earned his Grade 1 operator license, and he became the Maintenance Supervisor during his last several years. The District does not intend to hire any new employees to replace him.

NEW BUSINESS:

7. Consideration of Appointment of Mr. Bob McCaskill to the Citizen's Advisory Group to the Finance & Fiscal Oversight Committee (McAuliffe) – Action

Pres. McAuliffe introduced Mr. Bob McCaskill; she would like to appoint him as a member of the Citizen's Advisory Group to the Finance & Fiscal Oversight Committee. Mr.

McCaskill has participated in this capacity for St. Stephen's Church in Belvedere, as well as many other groups.

Pres. McAuliffe explained that Mr. Bob Becker and Mr. Jim Horan have agreed to step down from the Advisory Group. Dir. Benediktsson requested that the acceptance of their resignations be an item on the next regular Board meeting agenda.

Motion (Benediktsson/Wiley) to appoint Mr. Bob McCaskill to the Citizen's Advisory Group to the Finance & Fiscal Oversight Committee. Passed, all present.

8. Consideration of Setting Date and Time for the Tiburon Community Forum Regarding Proposed Rate Increases for April 27, 2010 at 7:00 p.m. at the Tiburon Town Hall at 1505 Tiburon Blvd., Tiburon, California (Miller) – Action

Motion (Brady/Benediktsson) to set the date and time for the Tiburon Community Forum regarding proposed rate increases for April 27, 2010 at 7:00 p.m. at the Tiburon Town Hall Council Chambers at 1505 Tiburon Blvd., Tiburon, California. Passed, all present.

9. Consideration of Setting Date and Time for the Belvedere Community Forum Regarding Proposed Rate Increases for April 28, 2010 at 7:00 p.m. at the Belvedere City Hall at 450 San Rafael Ave., Belvedere, California (Miller) – Action

Motion (Benediktsson/Brady) to set the date and time for the Belvedere Community Forum regarding proposed rate increases for April 28, 2010 at 7:00 p.m. at the Belvedere City Hall Council Chambers at 450 San Rafael Ave., Belvedere, California. Passed, all present.

10. Consideration of Setting Date and Time for Regular Monthly Board Meetings for Second Tuesday of Every Month at 7 p.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California (Lynch) – Action

Motion (Wiley/Brady) to set the date and time for the regular monthly Board meetings for the second Tuesday of every month at 7 p.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

11. Consideration of Authorization and Approval for District Manager to Execute Contract with Pacific Liners, Inc. for the 2009-2010 Sewer Rehabilitation CIPP Project for an Amount Not to Exceed \$96,550.60 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch reviewed the contract price of \$96,550.60 from Pacific Liners for the 2009-2010 Sewer Rehabilitation CIPP Project. The District only received one bid for this project, which was from Pacific Liners. The contract cost this year is significantly less than it was last year. The District had budgeted \$75,000 for each zone for the 2009-2010 CIPP liner project, but the contract price is \$57,185.58 for the Tiburon zone and \$39,365.04 for the Belvedere zone.

Minutes

Regular Meeting of the Board of Directors

April 13, 2010

Page 7

Mr. Garbarini recommended that the District have a policy to require a minimum of three bids for projects like this. If the District is receiving less than three bids, the District should call around before the bid opening to get more bids. Mgr. Lynch explained that, historically, the District normally gets a small amount of bids, most likely due to the stringent public works requirements of the City of Belvedere and the Town of Tiburon. Pres. McAuliffe noted that the District's goal has always been to get as many bids as possible, and she directed District staff to look into why the District is not getting many bids.

Motion (Benediktsson/Wiley) to authorize and approve the District Manager to execute the contract with Pacific Liners, Inc. for the 2009-2010 Sewer Rehabilitation CIPP Project for an amount not to exceed \$96,550.60. Passed, all present.

UNFINISHED BUSINESS:

12. PUBLIC HEARING – ADOPTION OF ORDINANCE NO. 2010-01:
Second Reading and Consideration of Adoption of Ordinance No. 2010-01 Amending Ordinance No. 70-01, Article VI, Section 610: Sewer Lateral Inspection Videotape Report Requirements, by Deleting Sentence: “The District Manager of SD No. 5, or his designee, may waive the requirement of a report under this section for any sewer lateral, or portion thereof, for which he determines that, because of its size or other condition, it would be technically unfeasible to obtain a videotaped report” (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch gave a brief explanation of Ordinance No. 2010-01, which was introduced and first read by title only at the March 9, 2010 regular Board meeting.

Pres. McAuliffe opened the public hearing for public comment. No public comments were made. Pres. McAuliffe closed the public comment period.

Motion (Wiley/Benediktsson) to adopt Ordinance No. 2010-01 amending Ordinance No. 70-01, Article VI, Section 610: Sewer Lateral Inspection Videotape Report Requirements, by deleting the sentence: “The District Manager of SD No. 5, or his designee, may waive the requirement of a report under this section for any sewer lateral, or portion thereof, for which he determines that, because of its size or other condition, it would be technically unfeasible to obtain a videotaped report.” Passed, all present.

13. PUBLIC HEARING – ADOPTION OF ORDINANCE NO. 2010-02:
Consideration of Adoption of Ordinance No. 2010-02: “Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Providing for the Minimization of the Discharge of Mercury to the Sanitary Sewer” (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch gave a brief explanation of Ordinance No. 2010-02, which was introduced and first read by title only at the March 9, 2010 regular Board meeting.

Minutes

Regular Meeting of the Board of Directors

April 13, 2010

Page 8

Pres. McAuliffe opened the public hearing for public comment. No public comments were made. Pres. McAuliffe closed the public comment period.

Motion (Wiley/Benediktsson) to adopt Ordinance No. 2010-02: "Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Providing for the Minimization of the Discharge of Mercury to the Sanitary Sewer." Passed, all present.

COMMITTEE REPORTS:

14. Information Technology Committee (Brady/Fedotoff)
15. Capital Improvement Program Committee (Wiley/Fedotoff)
16. Governance Committee (McAuliffe/Benediktsson)
17. Paradise Cove Committee (Benediktsson/Brady)
18. Personnel Committee (Benediktsson/McAuliffe)
19. Communications Committee (Brady/McAuliffe)
20. Finance & Fiscal Oversight Committee (Wiley/McAuliffe) – Minutes of March 30, 2010 (attached)

V.P. Wiley summarized the March 26, 2010 Capital Improvement Program Committee meeting for the Board. The CIP Committee discussed the CIPP liner project and the purchase of the rodder truck, and the Committee recommends moving forward with both. The CIP Committee also discussed Woodwardia Lane; the pipe is made of steel, so the District cannot pipe burst it as planned. The Harris Report had said it was a clay pipe, but this turned out to be wrong. Mgr. Lynch explained there is money left in the budget for the CIPP lining, so he plans to apply this to Woodwardia Lane if Pacific Liners will add this change order to the CIPP lining project for a good price. V.P. Wiley added that the CIP Committee also reviewed the complete list of future capital project costs; the CIP Committee will prioritize these capital projects to prepare for the FY 2010-2011 Budget.

The Finance & Fiscal Oversight Committee reviewed the minutes of the March 30, 2010 Finance & Fiscal Oversight Committee meeting.

OTHER BUSINESS: None

ENVIRONMENTAL: None

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

21. Invitation to Marin County Special Districts Association Meeting on May 5, 2010 at 3 p.m. (attached)

Mgr. Lynch presented the invitation to the Board for the Marin County Special Districts Association meeting on May 5, 2010.

22. California Regional Water Quality Control Board – NPDES Permit and Facility Inspection Report (attached)

Mgr. Lynch presented the California Regional Water Quality Control Board – NPDES Permit and Facility Inspection Report to the Board. The Board was very pleased with the report, especially with the fact that the District did not receive any “U’s” (for unsatisfactory). This is a great accomplishment for the District.

ADJOURNMENT:

Motion (Brady/Fedotoff) to adjourn at 8:16 p.m. to a Regular Board Meeting on May 11, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Special Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, May 4, 2010 7:00 p.m.**

CALL TO ORDER by President McAuliffe at 7:01 p.m.

ROLL CALL: Directors present:	Claire McAuliffe, President V. William Brady, Secretary Catharine Benediktsson Roy Fedotoff
Directors absent:	Corinne W. Wiley, Vice President
Staff present:	Robert L. Lynch, District Manager Samantha Miller, Office/Finance Manager
Consultants present:	Riley Hurd, District Legal Counsel John Farnkopf, HF&H Consultants, LLC Martin Rauch, Rauch Communication Consultants, LLC
Others present:	Deirdre McCrohan, <i>The Ark Newspaper</i>

PUBLIC OPEN TIME: None

PUBLIC ITEMS:

FINANCIAL OUTLOOK & SEWER SERVICE CHARGE WORKSHOP

1. Review, discussion, and consideration of approval of District's financial model and rate analysis serving as the basis for proposed increase in sewer service charges – Action

Pres. McAuliffe stated for the record that she was very impressed with the comments from Mr. Bob Branz, the Belvedere City Engineer, at the Belvedere Community Forum regarding the proposed rate increase. Dir. Benediktsson asked District staff to look into the figures Mr. Branz referred to during the forum to determine their accuracy.

Pres. McAuliffe thanked Mr. John Farnkopf and Mr. Martin Rauch for a great job in this process and expressed her appreciation for their professionalism with their presentations and reports. The Board thanked Mgr. Miller and Mgr. Lynch for their immense amount of help with this rate increase process, working very hard with the consultants and doing a great job.

Dir. Fedotoff asked whether the Board will be allowed to adopt lower or higher rates in the next five years than what is approved during this Proposition 218 process. Pres. McAuliffe explained the Board will be allowed to adopt lower rates than those that are approved during this process, but the Board cannot adopt higher rates than approved without triggering another Proposition 218 process.

Dir. Benediktsson asked whether the amount of money in the District's reserves affects the District's ability to get a loan. Mgr. Lynch replied he does not think so, but he will need to confirm that.

Pres. McAuliffe opened for public comment. There was no public comment.

Motion (Benediktsson/Brady) to approve the District's financial model and rate analysis serving as the basis for the proposed increase in sewer service charges for the Belvedere zone. Passed, all present.

Motion (Brady/Benediktsson) to approve the District's financial model and rate analysis serving as the basis for the proposed increase in sewer service charges for the Tiburon zone. Passed, all present.

2. Consideration of approval of content, and authorization to issue, Proposition 218 legal notice to property owners of proposed increase in sewer service charges and rate hearing – Action (attached)

Mgr. Miller and Mr. Riley Hurd reviewed the draft Proposition 218 legal notices with the Board.

Pres. McAuliffe opened for public comment. There was no public comment.

Motion (Brady/Benediktsson) to approve the content of, and authorize to issue, the Proposition 218 legal notice to property owners of proposed increase in sewer service charges and rate hearing. Passed, all present.

3. Consideration of setting date and time for public hearing for proposed increase in sewer service charges and first reading of Ordinance No. 2010-03, increasing the sewer service charges for the Tiburon zone, and Ordinance No. 2010-04, increasing the sewer service charges for the Belvedere zone – for June 29, 2010 at 7 p.m. – Action

Dir. Fedotoff asked for clarification regarding the difference between the community forums that were held at the end of April and the public hearing that is proposed for June 29, 2010.

Mr. Hurd explained the process of the public hearing and the written protest period required by Proposition 218 in order to raise rates. Dir. Fedotoff requested that Mr. Rauch, Mr. Farnkopf, and Mgr. Lynch give a short presentation at the public hearing.

Pres. McAuliffe opened for public comment. Ms. Deirdre McCrohan asked whether the written protests submitted to the District have to be kept private or whether they are public records. Mr. Hurd replied he will have to investigate this.

Motion (Fedotoff/Brady) to set the date and time for the public hearing for the proposed increase in sewer service charges and the first reading of Ordinance No. 2010-03, increasing the sewer service charges for the Tiburon zone, and Ordinance No. 2010-04, increasing the sewer service charges for the Belvedere zone, for June 29, 2010 at 7 p.m. at the Tiburon Town Hall Council Chambers at 1505 Tiburon Blvd., Tiburon, California. Passed, all present.

Dir. Benediktsson asked whether the Board will be able to make any changes to the rates after the June 29, 2010 public hearing. Mr. Hurd replied that no substantive changes can be made to the ordinances between the first reading (at the June 29, 2010 public hearing) and the second reading/adoption of the ordinances (at the July 13, 2010 public hearing).

ADJOURNMENT:

Motion (Brady/Fedotoff) to adjourn at 7:39 p.m. to a Regular Board Meeting on May 11, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, May 11, 2010 7:00 p.m.**

CALL TO ORDER by President McAuliffe at 7:04 p.m.

ROLL CALL: Directors present:

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

Directors absent:

Roy Fedotoff

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager
Tony Rubio, Facilities Manager

Others present:

George Rodericks, Belvedere City Manager
Deirdre McCrohan, *The Ark Newspaper*

CLOSED SESSION at 7:05 p.m.

CONFERENCE WITH LABOR NEGOTIATORS – Government Code Section 54957.6
District designated representatives: Pres. McAuliffe and Dir. Benediktsson
Employee organization: District employees

OPEN SESSION at 7:50 p.m.

No reportable action was taken during the Closed Session.

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS: None

Minutes

Regular Meeting of the Board of Directors

May 11, 2010

Page 2

CONSENT CALENDAR:

1. Approval of April 13, 2010 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for April 2010, #3737 through 3799, in the amount of \$124,734.67 (attached)
3. Receipt of Financial Reports for April 2010 (attached)

Motion (Wiley/Brady) to approve the Consent Calendar. Passed, all present.

MANAGEMENT REPORT:

4. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report March 2010 (attached)

Mgr. Rubio reviewed his Operations Report for March 2010 with the Board. He noted the District met all NPDES permit requirements, and there were no odor complaints in the month of March. There was one sewer system overflow (SSO) at 19 Acacia Avenue in Belvedere, which was due to roots.

Mgr. Rubio informed the Board that the Pollution Prevention Public Education Group that the District participates in recently held a successful booth on Earth Day at College of Marin. The Pollution Prevention Group will also have a booth at the 34th Annual Marin Home Show at the Civic Center in San Rafael on May 22nd and 23rd, and again at the 5th Annual Salmon Kiss and Release event at Blackie's Pasture in Tiburon on May 29th.

The Board requested that Mgr. Rubio only print the Glossary of Terms for his Operations Report every other month, to save paper.

5. District Manager's Summary Report of April 2010 (Lynch) (attached)

Mgr. Lynch informed the Board that he has executed the contract for the 2009-2010 Sewer Rehabilitation CIPP Project with Pacific Liners for a not to exceed amount of \$96,550.60. He has been calling the contractors who had requested Contract Documents and Specifications to determine why they did not submit bids. The companies he spoke with indicated that they either had enough work at the present time or they would need to sub-contract the work out and do not perform CIPP liner work.

Mgr. Lynch explained that, due to the low turnout of bids received for the 2009-2010 CIPP Liner Project, he has spent many hours with engineering firms and contractors reviewing the other upcoming Requests for Proposals that were sent out this last month.

Mgr. Lynch noted that the lot line adjustment by the Paradise Cove Treatment Plant is moving along as planned and will be completed within the next several months.

Mgr. Lynch has reported he has been working with Mgr. Miller and Mgr. Rubio on the FY 2010-2011 Draft Budget.

Mgr. Lynch gave the Board an update on the Paradise Cove area connections. Pres. McAuliffe would like the Paradise Cove Committee to meet to discuss the Paradise Drive Sewer Line Extension and to develop a strategy to get more residents to hook up to the line.

NEW BUSINESS:

6. Consideration of Authorization and Approval for District Manager to Engage Mr. Terry Krieg, CPA for FY 2009-2010 Audit (Lynch) – Action (see attached Notes of Explanation)

Pres. McAuliffe said the Finance Committee has discussed the very satisfactory work of Mr. Terry Krieg this year for the FY 2008-2009 audit. Dir. Benediktsson added that Mr. Krieg decreased his fees by \$1,000 for the FY 2009-2010 audit.

Motion (Brady/Wiley) to authorize and approve the District Manager to engage Mr. Terry Krieg, CPA for the FY 2009-2010 Audit. Passed, all present.

7. Consideration of Changing Appointment of Committee Members for Paradise Cove Committee (McAuliffe) – Action

Pres. McAuliffe said she would like to appoint V.P. Wiley to replace Sec. Brady on the Paradise Cove Committee for the 2010 term. The Board would like the Paradise Cove Committee to discuss the budget for Paradise Cove for next year.

Motion (Brady/Wiley) to appoint V.P. Wiley to replace Sec. Brady on the Paradise Cove Standing Committee of the Board of Directors for the 2010 term. Passed, all present.

8. Consideration of Accepting Resignations from Mr. Bob Becker and Mr. Jim Horan for the Citizen's Advisory Group to the Finance & Fiscal Oversight Committee (McAuliffe) – Action

Pres. McAuliffe thanked Dir. Benediktsson for bringing Mr. Bob Becker and Mr. Jim Horan on board with the Citizen's Advisory Group to the Finance & Fiscal Oversight Committee. She noted the Finance Committee benefitted greatly from working with them this year, and she said they enjoyed working with us and will be happy to work with us again in the future if we would like. Pres. McAuliffe thinks it will help the District a lot to have Mr. Bob McCaskill, who is a CPA, on the Advisory Group now with Mr. Paul Garbarini.

Motion (Wiley/Brady) to accept resignations from Mr. Bob Becker and Mr. Jim Horan for the Citizen's Advisory Group to the Finance & Fiscal Oversight Committee. Ayes: Pres.

Minutes

Regular Meeting of the Board of Directors

May 11, 2010

Page 4

McAuliffe, V.P. Wiley, and Sec. Brady. Abstain: Dir. Benediktsson. Absent: Dir. Fedotoff.
Passed, three to two.

9. Consideration of Approval of Draft Sewer Rate Study by Mr. John Farnkopf of HF&H Consultants, LLC (Lynch) – Action (attached)

The Board reviewed Mr. John Farnkopf's Draft Sewer Rate Study for FY 2010-2011 through FY 2014-2015.

Motion (Brady/Benediktsson) to approve the Draft Sewer Rate Study by Mr. John Farnkopf of HF&H Consultants, LLC. Passed, all present.

10. Consideration of Approval of Sanitary District No. 5 of Marin County 2010 Sewer System Master Plan (Rubio) – Action (see attached Notes of Explanation)

Mgr. Rubio explained the State Water Resources Control Board (SWRCB) Statewide General Waste Discharge Requirements (WDR) for Sanitary Sewer Systems, which were adopted in 2006. The purpose of the WDR is to take a proactive approach to ensure system wide operation, maintenance, and management plans to reduce Sewer System Overflows (SSO's). It also allows the SWRCB to gather consistent data on the causes and sources of SSO's and to provide a better understanding of this issue. As part of the WDR, the District was required to complete its Sewer System Master Plan (SSMP) by May 1, 2010. Mgr. Rubio reviewed the summary of the District's SSMP with the Board. The complete SSMP is in binder form and can be reviewed at the District's office. Mgr. Rubio noted that the District already had all of the necessary elements of the SSMP from before, and he just had to compile them into the complete SSMP. Each element was already approved separately by the May 1, 2010 deadline, and the Board is now asked to approve the compiled SSMP at tonight's Board meeting.

The Board thanked Mgr. Rubio for a great report.

Motion (Wiley/Benediktsson) to approve the Sanitary District No. 5 of Marin County 2010 Sewer System Master Plan. Passed, all present.

11. Consideration of Authorization, Approval, and Execution of California Employer's Retiree Benefit Trust (CERBT) Program Agreement and Election of Sanitary District No. 5 to Prefund Other Post Employment Benefits through CalPERS (Miller) – Action

Mgr. Miller explained that, according to GASB 45, the District is required to either fully fund its Annual OPEB Costs (Other Post Employment Benefits: healthcare for retirees) starting in FY 2009-10, or else the District has to begin booking the unfunded OPEB Costs as a liability starting in FY 2009-10. The District is currently using the "pay-as-you-go" approach, meaning it only funds its current retirees' medical benefits and does not prefund any OPEB costs for future retirees. The District's Annual OPEB Costs will be substantially lower with the fully funding approach. If the District chooses to begin fully funding its

Annual OPEB Costs at the end of this fiscal year (2009-10), there will be significant long-term cost savings for the District. The Finance & Fiscal Oversight Committee, the Advisory Group, and Mgr. Miller recommend that the District begin fully prefunding its Annual OPEB Costs at the end of FY 2009-10, and continuing into the future. In order to fully prefund its OPEB liabilities, the District would participate in the California Employers' Retiree Benefit Trust Fund (CERBT), which requires the Board to authorize, approve, and execute the CERBT Program Agreement and Election to Prefund Other Post Employment Benefits through CalPERS (Item No. 12 on the agenda) and approve and adopt Resolution No. 2010-02: Delegation of Authority to Request Disbursements (Item No. 13 on the agenda).

Mgr. Lynch noted that, if the District fully funds its OPEB Costs and invests in the CERBT, the District will not be able to withdraw its money from the trust fund at any time. The Board was fine with this. Mgr. Lynch also explained that the reason the District was not able to fully prefund its OPEB Costs in the past was because the Belvedere zone did not have enough money to cover its share of this cost. Mgr. Miller noted that the costs to fully fund the District's Annual OPEB Costs have been included in the District's financial model used for the proposed sewer service charge increases for the next five years.

Dir. Benediktsson asked if the money the District invests in the CERBT will be reserved solely for the District (as a whole), and for no other agency. Mgr. Miller confirmed this to be true.

Motion (Wiley/Benediktsson) to authorize, approve, and execute the California Employer's Retiree Benefit Trust (CERBT) Program Agreement and Election of Sanitary District No. 5 to Prefund Other Post Employment Benefits through CalPERS. Passed, all present.

12. Consideration of Approval and Adoption of Resolution No. 2010-02: Delegation of Authority to Request Disbursements (from the CalPERS Other Post Employment Prefunding Plan) (Miller) – Action

Mgr. Miller reviewed Resolution No. 2010-02 with the Board. As explained previously, in order to fully prefund the District's OPEB liabilities and participate in the California Employers' Retiree Benefit Trust Fund (CERBT), the Board must approve and adopt Resolution No. 2010-02: Delegation of Authority to Request Disbursements.

Motion (Wiley/Benediktsson) to approve and adopt Resolution No. 2010-02: Delegation of Authority to Request Disbursements (from the CalPERS Other Post Employment Prefunding Plan). Passed, all present.

UNFINISHED BUSINESS: None

Minutes

Regular Meeting of the Board of Directors

May 11, 2010

Page 6

COMMITTEE REPORTS:

13. Information Technology Committee (Brady/Fedotoff)
14. Capital Improvement Program Committee (Wiley/Fedotoff)
15. Governance Committee (McAuliffe/Benediktsson)
16. Paradise Cove Committee (Benediktsson/Brady)
17. Personnel Committee (Benediktsson/McAuliffe)
18. Communications Committee (Brady/McAuliffe)
19. Finance & Fiscal Oversight Committee (Wiley/McAuliffe) – Minutes of April 29, 2010 (attached)

V.P. Wiley summarized the April 23, 2010 Capital Improvement Program Committee meeting for the Board. The CIP Committee reviewed the Requests for Proposals for the Mechanical, Electrical, and Control System Rehabilitation Study; the Inflow & Infiltration (I&I) Control Flow Monitoring Study; the Sanitary Sewer Line Investigation & Evaluation Project; and the Cleaning of the Grit Chamber. The CIP Committee also discussed the execution of the contract with Pacific Liners for the 2009-2010 Sewer Rehabilitation CIPP Liner Project, as well as Mgr. Lynch's plans to negotiate additional work for Woodwardia Lane. The CIP Committee reviewed the Draft Wet Weather Storage Feasibility Analysis, as well.

Mgr. Lynch noted that Dir. Fedotoff had requested that he downsize the RFP for the I&I Control Flow Monitoring Study, which he did. V.P. Wiley asked whether cutting this study back will still provide the District with sufficient information to locate the I&I problems. Mgr. Lynch said it will still give us a good idea of where the problems are located. Pres. McAuliffe explained that the Board's job is to rely on the District Manager to decide on the size and elements of the District's RFPs; the Board can give Mgr. Lynch advice and input, but the decisions are ultimately up to Mgr. Lynch and the Board relies on his expertise.

Pres. McAuliffe reported that the Board representatives on the Personnel Committee have met and conferred with the employee representatives regarding the Memorandum of Understanding, and they continue to meet until an agreement is reached between the two parties.

Pres. McAuliffe informed the Board that the Finance Committee had referred Dir. Fedotoff's request to produce a WWTP visitors' brochure to the Communications Committee. The Communications Committee agreed it is not a good idea to produce such a brochure right now. It would be most beneficial to upload more information to the District's website, rather than expend the money and resources to produce brochures that will sit at the District, largely unused. The District currently has a lot of brochures that sit at the District, unused.

The Board would like the Communications Committee to plan the District's participation in the Belvedere-Tiburon Labor Day Parade this year.

The Finance & Fiscal Oversight Committee reviewed the minutes of the April 29, 2010 Finance & Fiscal Oversight Committee meeting. The Committee noted Mgr. Miller did a fabulous job on the minutes.

OTHER BUSINESS: None

ENVIRONMENTAL: None

CORRESPONDENCE: None

INFORMATIONAL ITEMS: None

ADJOURNMENT:

Motion (Wiley/Brady) to adjourn at 8:39 p.m. to a Regular Board Meeting on June 8, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Special Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, May 18, 2010 7:00 p.m.**

CALL TO ORDER by President McAuliffe at 7:06 p.m.

ROLL CALL: Directors present:

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary
Catharine Benediktsson
Roy Fedotoff

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager
Tony Rubio, Facilities Manager
Dan LaTorre, District Maintenance Worker

CLOSED SESSION at 7:07 p.m.

CONFERENCE WITH LABOR NEGOTIATORS – Government Code Section 54957.6
District designated representatives: Pres. McAuliffe and Dir. Benediktsson
Employee organization: District employees

OPEN SESSION at 8:32 p.m.

No reportable action was taken during the Closed Session.

PUBLIC OPEN TIME: None

NEW BUSINESS:

1. Consideration of Adoption of Resolution No. 2010-03: A Resolution of the Board of Directors of Sanitary District No. 5 of Marin County Authorizing Its Representatives to Enter into an Amended Memorandum of Understanding between Sanitary District No. 5 of Marin County and Employees of Sanitary District No. 5 of Marin County – Action

The Board discussed Resolution No. 2010-03 and agreed one change would be made to Section 8.5: State Disability Insurance (“SDI”) of Resolution No. 2010-03 and the attached Agreement Amending the Memorandum of Understanding between Sanitary District No. 5 of Marin County and the Employees of Sanitary District No. 5 of Marin County. In regards to providing each employee with SDI, the following sentence will be removed: “The District shall contribute the sum necessary per month to cover the entire cost of this insurance.” That sentence will be replaced with the following: “The District shall contribute the sum necessary per month to cover the entire cost of this insurance for each employee in FY 2010-2011. The coverage cost for the initial year of SDI for each employee shall be the fixed cost paid by the District for that employee in all subsequent years. Any additional increase in the cost of SDI after the initial year of coverage shall be paid by each employee.” The employee representatives agreed to this change.

Motion (Brady/Benediktsson) to adopt Resolution No. 2010-03: A Resolution of the Board of Directors of Sanitary District No. 5 of Marin County Authorizing Its Representatives to Enter into an Amended Memorandum of Understanding between Sanitary District No. 5 of Marin County and Employees of Sanitary District No. 5 of Marin County, with the aforementioned change to the language in Section 8.5 of the Resolution and the attached Agreement Amending the Memorandum of Understanding between Sanitary District No. 5 of Marin County and the Employees of Sanitary District No. 5 of Marin County. Passed, all present.

ADJOURNMENT:

Motion (Brady/Wiley) to adjourn at 8:39 p.m. to a Regular Board Meeting on June 8, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, June 8, 2010 7:00 p.m.**

CALL TO ORDER by President McAuliffe at 7:11 p.m.

ROLL CALL: Directors present:

Claire McAuliffe, President
Corinne W. Wiley, Vice President
Catharine Benediktsson
Roy Fedotoff

Directors absent:

V. William Brady, Secretary

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager
Tony Rubio, Facilities Manager

Others present:

None

PUBLIC OPEN TIME: No public comments were made.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Dir. Benediktsson presented a newspaper article to the Board showing that Las Gallinas Valley Sanitary District is raising rates by 18% for FY 2010-2011.

The Board thanked Mgr. Rubio for his great pollution prevention public education work at the Salmon Release event at Blackie's Pasture on May 29, 2010.

Pres. McAuliffe explained that the Finance Committee had asked the Advisory Group to look into whether it would be best for the District to opt in or out of Marin Energy Authority (MEA). She reported that Mr. Bob McCaskill of the Advisory Group recommends that the District not opt out of MEA yet, pending what the District's PG&E bills show in the future. Due to Mr. McCaskill's recommendation and the low cost of opting out of MEA in the future, Pres. McAuliffe recommends the District not opt out yet.

Dir. Fedotoff said he is very wary of opting in with MEA, as it is a brand new political entity that has not proven itself yet. Dir. Benediktsson said she would like to look into the operational concerns of MEA, as well; this is more than just a financial decision.

Pres. McAuliffe would like the Board to wait a couple of months before discussing this matter again, and she requested District staff to give a report to the Board regarding the status of the District's PG&E bills at the September Board meeting.

CONSENT CALENDAR:

1. Approval of May 4, 2010 Special Board Meeting Minutes (attached)
2. Approval of May 11, 2010 Regular Board Meeting Minutes (attached)
3. Approval of May 18, 2010 Special Board Meeting Minutes (attached)
4. Approval of Warrants for May 2010, #3800 through 3872, in the amount of \$327,186.23 (attached)
5. Receipt of Financial Reports for May 2010 (attached)

The Board reviewed and discussed the Warrants and Financial Reports for May 2010.

Motion (Wiley/Fedotoff) to approve the Consent Calendar. Passed, all present.

MANAGEMENT REPORT:

6. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report April 2010 (attached)

Mgr. Rubio reviewed his Operations Report for April 2010 with the Board. He reported the District met all NPDES permit requirements, and there were no odor complaints in the month of April. There was one sewer system overflow (SSO) at 82 Sugarloaf Drive in Tiburon, which was due to roots.

Mgr. Rubio noted that, to save paper, he will no longer be printing the glossary of terms and definitions in his Operations Report, as the Board had requested. He also consolidated the Summary of Plant Performance information on page four of his report. The number of work orders for April is missing in this report, since Mgr. Rubio is currently working on implementing a new maintenance coordinator program, and he still needs to get this information entered.

Mgr. Rubio informed the Board that Roy's Sewer Service recently finished the semi-annual sewer line cleaning for the Tiburon zone. The May 2010 Operations Report will have updated collection system data showing the lines cleaned.

Mgr. Rubio reported that Tiburon's percentage of influent to the main plant for the month of April was 63.7%, and Belvedere's percentage was 36.3%. Pres. McAuliffe asked about the drain back influent to the main plant, listed on page one of the Operations Report. Mgr. Rubio explained that this is the amount of flow that gets recycled and drained back to the headworks, which means it gets counted twice in the total main plant flow calculations. In order to calculate accurate totals and percentages for the Tiburon and Belvedere flows, this recycled/drain back flow must be subtracted from the total main plant influent number.

Pres. McAuliffe asked what the definitions are for Category 1 and Category 2 SSO's. Mgr. Rubio explained that Category 1 SSO's are any overflows over 1,000 gallons or with anything reaching receiving water. Category 2 SSO's are overflows that are under 1,000 gallons and do not reach receiving water.

Dir. Fedotoff requested that Mgr. Rubio label the amount of rainfall per peak (rain event) on the Operations Report graphs.

7. District Manager's Summary Report of May 2010 (Lynch) (attached)

Mgr. Lynch reported that he has executed the contract with Pacific Liners for the 2009-2010 CIPP Liner Project for a not to exceed amount of \$96,550.60. However, Pacific Liners has not been able to start work yet because there are too many roads closed in Belvedere due to undergrounding, etc., so the City of Belvedere and the Tiburon Fire Protection District will not allow anymore road closures at this time. Therefore, Pacific Liners will have to start work in the Tiburon zone first.

Mgr. Lynch reviewed the bids received for the following Requests for Proposals (RFPs) he sent out: Professional Engineering Services for Mechanical, Electrical, Structural, and Control System Rehabilitation Study (RFPs were sent to seven firms; two bids were received); 2010 Grit Chamber Cleaning (RFPs were sent to three firms; three bids were received); and Sanitary Sewer Investigation & GIS Project (RFPs were sent to three firms; three bids were received). Due to the low turnout of bids received for the 2009-2010 CIPP Liner Project (one bid was received), Mgr. Lynch spent many hours with engineering firms and contractors reviewing these other RFPs. Mgr. Lynch held a number of pre-bid meetings to review the projects with the contractors, and he gave them many tours of the facilities. Despite the initial interest and the repeated visits from numerous engineering firms and contractors, the District still received a limited number of bids for these projects. When Mgr. Lynch asked companies why they did not submit bids, they responded saying they were either too busy or would have to subcontract the work out and it would be too expensive. One bid was also disqualified due to arriving after the bid opening deadline (it turns out this bid would not have been the lowest bid, anyway). Mgr. Lynch will be bringing the information from these RFPs to the Board Budget Workshop, and the winning bids have been incorporated into the FY 2010-2011 Draft Budget.

The Board thanked Mgr. Lynch for his outstanding work with the RFPs for all of these projects.

Minutes

Regular Meeting of the Board of Directors

June 8, 2010

Page 4

Mgr. Lynch reviewed the history of the main plant with the Board, dating back to 1948. He explained that the main treatment facility needs major rebuilding every 20+ years, due the extremely corrosive nature of the wastewater and the associated chemicals used in treating the wastewater. The current main treatment plant was built in the early 1980s.

Mgr. Lynch reported he has been working a lot with Mgr. Miller on the FY 2010-2011 Draft Budget, working to reduce costs as much as possible.

NEW BUSINESS:

8. Consideration of Setting Date, Time, and Location of Board Workshop for FY 2010-2011 Budget for June 18, 2010 at 9 a.m. at the San Francisco Yacht Club Commodore Room at 98 Beach Road, Belvedere, California (Miller) – Action

Motion (Benediktsson/Wiley) to set the date, time, and location of the Board Workshop for the FY 2010-2011 Budget for June 18, 2010 at 9 a.m. at the San Francisco Yacht Club Commodore Room at 98 Beach Road, Belvedere, California. Passed, all present.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS:

9. Information Technology Committee (Brady/Fedotoff)
10. Capital Improvement Program Committee (Wiley/Fedotoff)
11. Governance Committee (McAuliffe/Benediktsson)
12. Paradise Cove Committee (Benediktsson/Brady)
13. Personnel Committee (Benediktsson/McAuliffe)
14. Communications Committee (Brady/McAuliffe)
15. Finance & Fiscal Oversight Committee (Wiley/McAuliffe) – Minutes of June 1, 2010 (attached)

Dir. Benediktsson asked Pres. McAuliffe whether she would like the Paradise Cove Committee to have a meeting yet. Pres. McAuliffe said she would first like Mgr. Lynch to prepare a comprehensive report for the Board on the status of the Paradise Cove situation, giving the Board an overall picture, and including research about the Board's legal and financing questions (including bond issuance options).

V.P. Wiley summarized the June 4, 2010 Capital Improvement Program Committee meeting for the Board.

The Finance & Fiscal Oversight Committee reviewed the minutes of the June 1, 2010 Finance & Fiscal Oversight Committee meeting.

OTHER BUSINESS: None

ENVIRONMENTAL: None

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

16. Marin Local Agency Formation Commission FY 2010-11 Final Budget

Mgr. Lynch presented the Marin LAFCO FY 2010-11 Final Budget to the Board for informational purposes.

ADJOURNMENT:

Motion (Wiley/Benediktsson) to adjourn at 8:02 p.m. to a Regular Board Meeting on July 13, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Special Board Meeting
at San Francisco Yacht Club Commodore Room
98 Beach Road, Belvedere, California
Friday, June 18, 2010 9:00 a.m.**

CALL TO ORDER by President McAuliffe at 9:05 a.m.

ROLL CALL: Directors present:

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary
Catharine Benediktsson
Roy Fedotoff

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager

Others present:

None

PUBLIC OPEN TIME: No public comments were made.

BUDGET WORKSHOP

1. Review Fiscal Year 2010-2011 Draft Budget
 - a. Operating Budget Fiscal Year 2010-2011

The Board reviewed each line item of the FY 2010-2011 Draft Operating Budget, with brief explanations of each item given by Mgr. Lynch and Mgr. Miller. The Board appreciated the hard work from Mgr. Lynch and Mgr. Miller in preparing the FY 2010-2011 Budget, and they were impressed with the reduction in operating costs for FY 2010-2011. According to the Draft Budget, the budgeted operating expenses for FY 2010-2011 are 10% lower than the estimated operating expenses for FY 2009-2010.

The Board requested that the portion of the Data/Alarms/IT Support & Licensing expense that used to be listed under the Paradise Cove Telephones and Pumps & Lines Telephones accounts (for the alarms) be moved back to those original accounts. The Board did not make any other changes to the FY 2010-2011 Draft Operating Budget.

b. Capital Budget Fiscal Year 2010-2011

The Board reviewed each line item of the FY 2010-2011 Draft Capital Budget, with brief explanations of each item given by Mgr. Lynch and Mgr. Miller. Mgr. Lynch reported that the District will be deferring a number of capital projects that were originally planned for FY 2010-2011 in the financial model built by Mr. John Farnkopf for the District's proposed rate increases. This is because the District would like to begin building some additional reserves instead of spending all the revenue the District brings in with the rate increases in FY 2010-2011. Mgr. Lynch has used his expert judgment to determine which capital projects can be safely deferred at least one year. The Board did not make any changes to the FY 2010-2011 Draft Capital Budget.

Mgr. Miller reviewed the Five Year Comparison budgets and charts with the Board, noting important operating, capital, and zone trends. The Board thanked Mgr. Miller for preparing these useful comparisons for the budget.

c. Capital Improvement Program 2010/2011 - 2014/2015

Mgr. Lynch reviewed the FY 2010/2011 - 2014/2015 Capital Improvement Program with the Board. The Board did not make any changes to the FY 2010/2011 - 2014/2015 Capital Improvement Program.

ADJOURNMENT:

Motion (Brady/Wiley) to adjourn at 1:10 p.m. to a Regular Board Meeting on July 13, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Special Board Meeting
at Town of Tiburon Council Chambers
1505 Tiburon Blvd., Tiburon, California
Tuesday, June 29, 2010 7:00 p.m.**

CALL TO ORDER by President McAuliffe at 7:01 p.m.

ROLL CALL: Directors present:

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary
Catharine Benediktsson
Roy Fedotoff

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager

Consultants present:

Riley Hurd, District Legal Counsel
John Farnkopf, HF&H Consultants, LLC
Martin Rauch, Rauch Communication
Consultants, LLC

Others present:

Deirdre McCrohan, *The Ark Newspaper*
12 other members of the public

PUBLIC OPEN TIME: No comments were made by any members of the public.

NEW BUSINESS

1. **PUBLIC HEARING:** Consideration of Proposed Increase in Sewer Service Charges for the Tiburon Zone

Mr. Martin Rauch, Mr. John Farnkopf, and Mgr. Lynch gave a presentation to the public on the proposed increases in sewer service charges for the entire District.

- a. Public Comment

Mr. Stephen Wanat, of 1811 Mar West Street in Tiburon, expressed protest against the proposed increase in sewer service charges for the Tiburon zone.

Ms. Therese Hennessy, of 7 Marsh Road in Tiburon, expressed protest against the proposed increase in sewer service charges for the Tiburon zone.

Ms. Lynn Fox, of 128 Sugarloaf Drive in Tiburon, expressed protest against the proposed increase in sewer service charges for the Tiburon zone.

b. Tabulation of Any Proposition 218 Written Protest Letters

Pres. McAuliffe tabulated the Proposition 218 written protest letters from property owners in the Tiburon zone. The District received 13 written protest letters from the Tiburon zone prior to the close of the public comment portion of the public hearing, which did not meet the majority requirement set forth by Proposition 218. It was stated that the Tiburon zone has 1,486 parcels, which means that, according to Proposition 218, at least 744 written protests from property owners in the Tiburon zone were legally required to prevent the Board from introducing and reading Ordinance No. 2010-03, increasing the sewer service charges for the Tiburon zone.

c. Consideration of Introduction and First Reading of Ordinance No. 2010-03: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Tiburon Zone – Action

The Board discussed the proposed increase in sewer service charges for the Tiburon zone and addressed the public comments, questions, and concerns expressed during the public comment portion of the public hearing.

Motion (Brady/Fedotoff) to introduce and read by title only Ordinance No. 2010-03: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Tiburon Zone. Passed, all present.

Pres. McAuliffe introduced and read by title only Ordinance No. 2010-03: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Tiburon Zone.

2. PUBLIC HEARING: Consideration of Proposed Increase in Sewer Service Charges for the Belvedere Zone

a. Public Comment

Mr. John Carapiet, of 4 Lagoon Road in Belvedere, expressed protest against the proposed increase in sewer service charges for the Belvedere zone.

Mr. Riley Hurd, District legal counsel, explained and clarified the Proposition 218 legal requirements, in response to Mr. Carapiet's comments.

Ms. Helene Denebeim, of 206 San Rafael Avenue in Belvedere, expressed protest against the proposed increase in sewer service charges for the Belvedere zone.

Ms. Carolyn Friedman, of 108 Lyford Drive in Tiburon, expressed protest against the proposed increase in sewer service charges for the Tiburon zone.

Mr. Hurd reviewed the Proposition 218 legal requirements, as outlined in the California Government Code, in response to Ms. Friedman's comments.

b. Tabulation of Any Proposition 218 Written Protest Letters

Pres. McAuliffe tabulated the Proposition 218 written protest letters from property owners in the Belvedere zone. The District received 13 written protest letters from the Belvedere zone prior to the close of the public comment portion of the public hearing, which did not meet the majority requirement set forth by Proposition 218. It was stated that the Belvedere zone has 884 parcels, which means that, according to Proposition 218, at least 443 written protests from property owners in the Belvedere zone were legally required to prevent the Board from introducing and reading Ordinance No. 2010-04, increasing the sewer service charges for the Belvedere zone.

c. Consideration of Introduction and First Reading of Ordinance No. 2010-04: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Belvedere Zone – Action

The Board discussed the proposed increase in sewer service charges for the Belvedere zone and addressed the public comments, questions, and concerns expressed during the public comment portion of the public hearing.

Motion (Brady/Fedotoff) to introduce and read by title only Ordinance No. 2010-04: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Belvedere Zone. Passed, all present.

Pres. McAuliffe introduced and read by title only Ordinance No. 2010-04: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Belvedere Zone.

3. Consideration of Adoption of FY 2010-2011 Preliminary Budget – Action

The Board thanked Mgr. Lynch and Mgr. Miller for all the great work they put into producing the FY 2010-2011 Preliminary Budget.

Public comment was invited but none was received.

Motion (Benediktsson/Wiley) to adopt FY 2010-2011 Preliminary Budget. Passed, all present.

ADJOURNMENT:

Motion (Wiley/Benediktsson) to adjourn at 8:15 p.m. to a Regular Board Meeting on July 13, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, July 13, 2010 7:00 p.m.**

CALL TO ORDER by President McAuliffe at 7:01 p.m.

ROLL CALL: Directors present:	Claire McAuliffe, President Corinne W. Wiley, Vice President Catharine Benediktsson Roy Fedotoff
Directors absent:	V. William Brady, Secretary
Staff present:	Robert L. Lynch, District Manager Samantha Miller, Office/Finance Manager
Consultants present:	Riley Hurd, District Legal Counsel
Others present:	Deirdre McCrohan, <i>The Ark Newspaper</i>

CLOSED SESSION at 7:02 p.m.

PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE – Government Code 54957

OPEN SESSION at 7:25 p.m.

No reportable action was taken during the Closed Session.

PUBLIC OPEN TIME: No public comments were made.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Dir. Benediktsson presented a newspaper article to the Board regarding Central Marin Sanitary District's \$51 million wet weather upgrade and outfall pipe project. She also presented an article about PG&E offering discounts for big users. She directed District staff to look into whether the District can get these discounts from PG&E.

Dir. Fedotoff commended Mgr. Lynch for reducing District staff by two people; this was not an easy job to do.

CONSENT CALENDAR:

1. Approval of June 8, 2010 Regular Board Meeting Minutes (attached)
2. Approval of June 18, 2010 Special Board Meeting Minutes (attached)
3. Approval of June 29, 2010 Special Board Meeting Minutes (attached)
4. Approval of Warrants for June 2010, #3873 through 3937, in the amount of \$215,328.61 (attached)
5. Receipt of Preliminary Financial Reports for June 2010 (attached)

Motion (Benediktsson/Wiley) to approve the Consent Calendar. Passed, all present.

MANAGEMENT REPORT:

6. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report May 2010 (attached)

Mgr. Lynch reviewed the Operations Report for May 2010 with the Board. He reported the District met all NPDES permit requirements, and there were no odor complaints or sewer system overflows (SSOs) in the month of May. District staff performed 11 Fats, Oil, and Grease (FOG) inspections. In addition, three employees recently passed California Water Environment Association (CWEA) certification exams: Steve Driscoll (CWEA Plant Maintenance Technologist, Grade I), Dan LaTorre (CWEA Collection System Maintenance, Grade I), and Allen Brunetta (CWEA Collection System Maintenance, Grade I).

Dir. Benediktsson asked why the information for preventative and corrective work orders was missing again in this report. Mgr. Lynch explained that Mgr. Rubio is still working on the data entry into the new computerized maintenance management system (MP2).

7. District Manager's Summary Report of June 2010 (Lynch) (attached)

Mgr. Lynch reported that a lateral tap to the main line along Centro West will need to be replaced before Pacific Liners will be able to CIPP line that main line. In addition, another manhole will need to be installed between MH 68 and MH 69 on Centro West before it can be CIPP lined.

Mgr. Lynch added that Pacific Liners has also reviewed the sewer line along Woodwardia Lane. They are unable to insert a liner on this segment of pipe due to the bends that the

Minutes

Regular Meeting of the Board of Directors

July 13, 2010

Page 3

pipe makes. Therefore, the sewer line would need to be dug up and replaced (which would involve replacing the stairs there), or a new sewer line would need to be built next to the existing one, all laterals would have to be picked up and connected to the new line, and the old pipe would have to be abandoned.

Mgr. Lynch noted that the lot line adjustment by the Paradise Cove Treatment Plant is moving along as planned and will be completed within the next several months. He did not have time to prepare a comprehensive report for the Board regarding the Paradise Cove area. He will bring the information to the Paradise Cove Committee first, before reporting back to the Board.

UNFINISHED BUSINESS:

8. PUBLIC HEARING: Consideration of Proposed Increase in Sewer Service Charges for the Tiburon Zone

a. Public Comment

No comments were made by any members of the public.

b. Consideration of Second Reading and Adoption of Ordinance No. 2010-03: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Tiburon Zone (attached) – Action

There was no further discussion from the Board.

Motion (Benediktsson/Wiley) to read by title only Ordinance No. 2010-03: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Tiburon Zone. Passed, all present.

Pres. McAuliffe read by title only Ordinance No. 2010-03: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Tiburon Zone.

Motion (Benediktsson/Wiley) to adopt Ordinance No. 2010-03: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Tiburon Zone. Passed, all present.

9. PUBLIC HEARING: Consideration of Proposed Increase in Sewer Service Charges for the Belvedere Zone

a. Public Comment

No comments were made by any members of the public.

Minutes

Regular Meeting of the Board of Directors

July 13, 2010

Page 4

- b. Consideration of Second Reading and Adoption of Ordinance No. 2010-04: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Belvedere Zone (attached) – Action

There was no further discussion from the Board.

Motion (Benediktsson/Fedotoff) to read by title only Ordinance No. 2010-04: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Belvedere Zone. Passed, all present.

Pres. McAuliffe read by title only Ordinance No. 2010-04: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Belvedere Zone.

Motion (Benediktsson/Fedotoff) to adopt Ordinance No. 2010-04: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Belvedere Zone. Passed, all present.

Pres. McAuliffe thanked the entire Board and District staff for their hard work on the very difficult matter of setting the sewer service rates for the residents of Tiburon and Belvedere.

NEW BUSINESS:

10. Consideration of Adoption of Resolution No. 2010-04: A Resolution Providing for the Collection by the County of Marin of a Sewer Service Charge in the Amount of \$598.00 for Each EDU plus a \$2.00 Collection Fee for the Tiburon Zone of Sanitary District No. 5 of Marin County for the Fiscal Year 2010-2011 (Miller) – Action (see attached Notes of Explanation)

Pres. McAuliffe opened for public comment. No comments were made by any members of the public. Pres. McAuliffe closed the public comment period. There was no discussion from the Board.

Motion (Benediktsson/Wiley) to adopt Resolution No. 2010-04: A Resolution Providing for the Collection by the County of Marin of a Sewer Service Charge in the Amount of \$598.00 for Each EDU plus a \$2.00 Collection Fee for the Tiburon Zone of Sanitary District No. 5 of Marin County for the Fiscal Year 2010-2011. Passed, all present.

11. Consideration of Adoption of Resolution No. 2010-05: A Resolution Providing for the Collection by the County of Marin of a Sewer Service Charge in the Amount of \$1,457.00 for Each EDU plus a \$2.00 Collection Fee for the Belvedere Zone of Sanitary District No.

5 of Marin County for the Fiscal Year 2010-2011 (Miller) – Action (see attached Notes of Explanation)

Pres. McAuliffe opened for public comment. No comments were made by any members of the public. Pres. McAuliffe closed the public comment period. There was no discussion from the Board.

Motion (Benediktsson/Fedotoff) to adopt Resolution No. 2010-05: A Resolution Providing for the Collection by the County of Marin of a Sewer Service Charge in the Amount of \$1,457.00 for Each EDU plus a \$2.00 Collection Fee for the Belvedere Zone of Sanitary District No. 5 of Marin County for the Fiscal Year 2010-2011. Passed, all present.

12. PUBLIC HEARING: Fiscal Year 2010-2011 Final Budget

a. Public Comment

No comments were made by any members of the public.

b. Consideration of Adoption of FY 2010-2011 Final Budget by Resolution No. 2010-06: A Resolution Approving and Adopting the Fiscal Year 2010-2011 Final Budget and Fixing the District's Tax Allocation for the Fiscal Year 2010-2011 (Miller) – Action (see attached Notes of Explanation)

Pres. McAuliffe thanked District staff for their very hard work putting together this budget in a very challenging economic time.

Motion (Benediktsson/Fedotoff) to adopt the FY 2010-2011 Final Budget by adopting Resolution No. 2010-06: A Resolution Approving and Adopting the Fiscal Year 2010-2011 Final Budget and Fixing the District's Tax Allocation for the Fiscal Year 2010-2011. Passed, all present.

13. Consideration of Adoption of Resolution No. 2010-07: Determination of Appropriations Limit for Fiscal Year 2010-2011 (Miller) – Action (see attached Notes of Explanation)

Pres. McAuliffe opened for public comment. No comments were made by any members of the public. Pres. McAuliffe closed the public comment period. There was no discussion from the Board.

Motion (Benediktsson/Wiley) to adopt Resolution No. 2010-07: Determination of Appropriations Limit for Fiscal Year 2010-2011. Passed, all present.

14. Consideration of Authorization and Approval for District Manager to Terminate Agreement for Legal Services between Sanitary District No. 5 of Marin County and County Counsel of Marin County (Lynch) – Action (see attached Notes of Explanation)

Minutes

Regular Meeting of the Board of Directors

July 13, 2010

Page 6

Mgr. Lynch explained that the District entered into an Agreement for Legal Services with the County Counsel of Marin County in January 2005. However, over the past year, the District has no longer been using County Counsel and has entered into an Agreement for Legal Services with Mr. Riley Hurd of Raghianti/Freitas LLP. The District also has an agreement with Liebert Cassidy Whitmore for legal matters related to human resources. Mgr. Lynch recommended that the Board authorize him to terminate the Agreement for Legal Services with the County Counsel of Marin County in order to get things cleaned up, since the District now uses Mr. Hurd as District legal counsel.

Pres. McAuliffe asked if the District is hindered in any way by having agreements with attorneys, and whether the District is bound in any way to exclusively use the attorneys it has agreements with. Mgr. Lynch replied no to both of these questions.

Motion (Wiley/Benediktsson) to authorize and approve the District Manager to terminate the Agreement for Legal Services between Sanitary District No. 5 of Marin County and County Counsel of Marin County. Passed, all present.

COMMITTEE REPORTS:

15. Information Technology Committee (Brady/Fedotoff)
16. Capital Improvement Program Committee (Wiley/Fedotoff)
17. Governance Committee (McAuliffe/Benediktsson)
18. Paradise Cove Committee (Benediktsson/Brady)
19. Personnel Committee (Benediktsson/McAuliffe)
20. Communications Committee (Brady/McAuliffe)
21. Finance & Fiscal Oversight Committee (Wiley/McAuliffe) – Minutes of June 9, 2010 and July 6, 2010 Meetings (attached)

Dir. Fedotoff reported that the Information Technology Committee did not meet for lack of subject matter. Mgr. Rubio has been moving ahead with implementing the MP2 (the new computerized maintenance management system).

Dir. Benediktsson informed the Board that the Paradise Cove Committee is proceeding with researching the various State, County, and SD5 regulations that require homes within 400 feet of the sewer main to connect, which would apply to the Paradise Drive Sewer Line Extension that the District acquired in December 2008. The Paradise Cove Committee is looking into ways to help facilitate the property owners to hook up, so it is less onerous for the property owners.

The Communications Committee reported that Dir. Fedotoff will take over the planning for the District's participation in the 2010 Belvedere-Tiburon Labor Day Parade.

The Finance & Fiscal Oversight Committee reviewed the minutes of the June 9, 2010 and July 6, 2010 Finance & Fiscal Oversight Committee meetings.

OTHER BUSINESS:

Dir. Fedotoff asked about the Board meeting schedule for the rest of 2010. Mgr. Miller reviewed all regular Board meeting dates for the rest of 2010. The October Board meeting is the only one that has changed; the October regular Board meeting will be held on October 19, 2010, instead of October 12, 2010.

Dir. Fedotoff recommended that the District commission a study looking into different ways to calculate residential sewer service charges. Mgr. Lynch replied that the District has been planning to do this next year and has budgeted for a consultant to study this in the FY 2010-2011 Budget.

ENVIRONMENTAL: None

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

22. Summary of Mgr. Miller's Master of Public Administration Class Notes Regarding Guest Presentation from Office of the Governor on: State Budget Crisis, Governor's Proposed Solutions, and Pension Reform (Miller)

Mgr. Miller summarized to the Board some of the notes she took during one of her recent Master of Public Administration classes. The guest speaker in her Intersectoral Leadership class was Lisa Kalustian, Chief Deputy Director of the Los Angeles Office of the Governor, who spoke about the State's fiscal crisis and Governor Schwarzenegger's plans for resolving the FY 2010-2011 State Budget crisis, including his pension reform plans. Mgr. Miller reviewed the key points from this presentation for the Board.

23. 2009-2010 Marin County Civil Grand Jury Report: The Cost of Governance: Local Control Comes at a Price – June 15, 2010 (Miller) (attached)

Pres. McAuliffe reviewed the Grand Jury Report with the Board.

Dir. Fedotoff said that, geographically, it would be difficult to consolidate the sanitary districts in southern Marin, and because SD5 is on a peninsula, it does not make sense for SD5 to consolidate with the other sanitary districts.

Dir. Benediktsson noted that the 2005 Grand Jury Report agreed with this and only recommended that Belvedere annex to SD5, but not that SD5 consolidate with the rest of the southern Marin sanitary districts.

24. Carollo Engineers Staffing Evaluation Report Dated July 6, 2010 (Lynch) (see attached Notes of Explanation)

Mgr. Lynch reviewed the Carollo Engineers Staffing Evaluation Report with the Board and discussed his responses to the report recommendations. He noted that all administration and office staff were disregarded in this report. Mgr. Lynch's conclusion after responding to the report recommendations was that he feels the District is currently fully staffed, especially once the District Manager and Wastewater Facilities Manager positions are considered and utilized, as well (these positions were not considered in this staffing evaluation report).

Dir. Benediktsson said she would like the District to begin hiring summer help again next year, using local youth from the community. The Board discussed the use of the trainee program in the future, as well.

ADJOURNMENT:

Motion (Benediktsson/Wiley) to adjourn at 8:24 p.m. to a Regular Board Meeting on August 10, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, August 10, 2010 7:00 p.m.**

CALL TO ORDER by President McAuliffe at 7:00 p.m.

ROLL CALL: Directors present: Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary
Catharine Benediktsson
Roy Fedotoff

Staff present: Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager
Tony Rubio, Facilities Manager

Consultants present: Riley Hurd, District Legal Counsel

Others present: Deirdre McCrohan, *The Ark Newspaper*
Janis MacKenzie, MacKenzie
Communications, Inc.

CLOSED SESSION at 7:01 p.m.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to subdivision (b) of Government Code Section 54956.9: One case

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: District Manager

OPEN SESSION at 7:51 p.m.

Pres. McAuliffe announced that, during Closed Session, the Board directed staff to begin enforcement of the District's ordinance that requires mandatory connection to sewer lines that become available, and to set up a community meeting about this topic.

Pres. McAuliffe announced that, during Closed Session, the Board also awarded a one step salary increase to the District Manager as a result of his performance evaluation, and the Board will be

in continual communication with the District Manager regarding issues brought up during this evaluation. Pres. McAuliffe thanked Mgr. Lynch for his outstanding work.

PUBLIC OPEN TIME: No public comments were made.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Dir. Benediktsson presented a newspaper article to the Board regarding the Veolia Water North America company taking over the Novato Sanitary District sewage plant. She also presented an article about the Marin County Civil Grand Jury Final Report for Fiscal Year 2009-2010, as well as an article regarding comprehensive strategic planning for special districts during these current economic times (all attached).

Pres. McAuliffe moved Item No. 15, as described on the agenda, to this time.

COMMITTEE REPORTS:

15. Paradise Cove Committee (Benediktsson/Wiley)

Dir. Benediktsson summarized the July 28, 2010 Paradise Cove Committee meeting for the Board. She reviewed that the District accepted the Paradise Drive Sewer Line Extension in late 2008 and sent a letter out in April 2009 reporting that the line was available for homeowners to hook up to. The District wanted to proceed carefully with what it should do regarding hook-ups to the line. After researching the District, state, and county laws, it became clear that they all require homes near the line to hook up to the line. The Board has looked at the costs for homes to hook up to the line, and the Board recognizes that it is a tough economic time. Therefore, the Board would like to have a meeting with the residents of the Paradise Cove area to mutually discuss options and how the District can help facilitate the homeowners hooking up to the line.

Pres. McAuliffe reported there are 48 homes that are within 400 feet of the sewer lines where the District's ordinance requiring mandatory hook-ups is legal and applicable. Pres. McAuliffe added that the District will hold a workshop for Paradise Cove residents in early October 2010, and a letter will be mailed to the residents ahead of time informing them of the legalities. After the first letter that was mailed in April 2009, virtually no homes have hooked up to the Paradise Drive Sewer Line Extension besides Seafirth Estates and a couple others.

Minutes

Regular Meeting of the Board of Directors

August 10, 2010

Page 3

CONSENT CALENDAR:

1. Approval of July 13, 2010 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for July 2010, #3983 through 4010, in the amount of \$94,483.57 (attached)
3. Receipt of Financial Reports for July 2010 (attached)

Motion (Brady/Wiley) to approve the Consent Calendar. Passed, all present.

MANAGEMENT REPORT:

4. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report June 2010 (attached)

Mgr. Rubio reviewed the Operations Report for June 2010 with the Board. He reported the District met all NPDES permit requirements, and there were no odor complaints or sewer system overflows (SSOs) in the month of June. The information for preventative and corrective work orders is still missing in this report; Mgr. Rubio has been working hard to populate these lists in the new computerized maintenance management system (MP2) and hopes this information will be available for the July 2010 Operations Report. Mgr. Rubio reported he recently produced 70 work orders in the first day of printing work orders using the new MP2 system.

5. District Manager's Summary Report of July 2010 (Lynch) (attached)

Mgr. Lynch reported that the lot line adjustment by the Paradise Cove Treatment Plant is moving along; the District has responded to the County of Marin Department of Public Works' request for additional information regarding plant access.

Mgr. Lynch informed the Board that the CIPP Liner project will be starting shortly; the lateral connection has been reinstated and the additional manhole has been installed along Centro West.

Mgr. Lynch explained that he has been meeting with Carollo Engineers, Roy's Sewer Service, and E2 Engineering Consultants in anticipation of the Board's approval of this year's capital projects with these contractors. For the Inflow and Infiltration Study, E2 Engineering will be installing five flow monitors in each zone, plus two rain gauges.

Mgr. Lynch added that he will be attending the California Special District Association (CSDA) Conference from September 20 through September 24, and he reviewed the useful workshops and seminars he plans to attend.

Minutes

Regular Meeting of the Board of Directors

August 10, 2010

Page 4

NEW BUSINESS:

6. Consideration of Authorization and Approval for District Manager to Execute Professional Services Agreement with Oakley Water Strategies for the Paradise Cove Wastewater Treatment Plant NPDES Permit Renewal for an Amount Not to Exceed \$49,655.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch handed out a corrected Exhibit “A” to the Professional Services Agreement. He explained that the District received two proposals for assistance with the Paradise Cove Wastewater Treatment Plant NPDES Permit Renewal Process; Larry Walker & Associates submitted a proposal for \$70,730.00, and Oakley Water Strategies submitted a proposal for \$49,655.00.

Dir. Fedotoff asked what the District pays in annual permit costs. Mgr. Lynch estimated that the District has to pay approximately \$23,000 per year for all Main Plant permits and \$3,000 per year for Paradise Cove permits. In addition, every five years the District has to pay professional engineering services costs for assistance with the NPDES permit renewal process for both treatment plants. This year, this will cost close to \$50,000 for the Paradise Cove Treatment Plant NPDES Permit Renewal.

Pres. McAuliffe asked whether there is any risk to the District by using Oakley Water Strategies for the Paradise Cove Treatment Plant NPDES Permit Renewal this year. Mgr. Lynch replied there is not a risk using this consultant.

Motion (Fedotoff/Brady) to authorize and approve the District Manager to execute the Professional Services Agreement with Oakley Water Strategies for the Paradise Cove Wastewater Treatment Plant NPDES Permit Renewal for an amount not to exceed \$49,655.00. Passed, all present.

7. Consideration of Authorization and Approval for District Manager to Execute Contract with Roy’s Sewer Service, Inc. for Sanitary Sewer Investigation and GIS Project for an Amount Not to Exceed \$101,379.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch reviewed the three proposals the District received for the Sanitary Sewer Investigation and GIS Project. Roy’s Sewer Service, Inc. submitted the lowest bid at \$101,379.00. According to the District’s Settlement Agreement with Northern California River Watch, the District has three years to complete the video inspection of the lines that were previously not televised due to difficult access and prior budgetary constraints. The District is currently in compliance with and on schedule with all aspects of the Settlement Agreement with River Watch. Pres. McAuliffe was very pleased with this information.

The Board thanked Dir. Fedotoff for helping to develop a list of companies for the District to send Requests for Proposals (RFPs) to for projects like these.

Minutes

Regular Meeting of the Board of Directors

August 10, 2010

Page 5

Motion (Benediktsson/Fedotoff) to authorize and approve the District Manager to execute the contract with Roy's Sewer Service, Inc. for the Sanitary Sewer Investigation and GIS Project for an amount not to exceed \$101,379.00. Passed, all present.

8. Consideration of Authorization and Approval for District Manager to Execute Professional Services Agreement with E2 Engineering Consultants, Inc. for Inflow & Infiltration Control Flow Monitoring Study for an Amount Not to Exceed \$50,000.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained that the District received three proposals for the Inflow & Infiltration Control Flow Monitoring Study, and E2 Engineering Consultants Inc. submitted the lowest bid. Mgr. Lynch has determined that the flow monitoring devices will be installed in five areas in each zone, there will be two rain gauges in each zone, and the study will be conducted for 45 days. The District will determine when to start the study, according to historical trends in rain data.

The Board discussed the proposed contract and what would happen if the study needs to be continued due to lack of rain during the chosen 45 day period. Sec. Brady suggested getting a not to exceed amount for overage costs from the engineer. Mgr. Lynch explained that if something goes wrong and the work needs to be extended, he has a \$25,000 spending limit, and he would consult the President of the Board regarding the matter. The Board agreed this would be the appropriate path to take if need be.

Dir. Fedotoff informed the Board that he is very pleased with the experience and knowledge of Jeff Blum of E2 Engineering Consultants.

Motion (Benediktsson/Fedotoff) to authorize and approve the District Manager to execute the Professional Services Agreement with E2 Engineering Consultants, Inc. for the Inflow & Infiltration Control Flow Monitoring Study for an amount not to exceed \$50,000.00. Passed, all present.

9. Consideration of Authorization and Approval for District Manager to Execute Professional Services Agreement with Carollo Engineers for Mechanical, Electrical, Structural, and Control System Rehabilitation Study for an Amount Not to Exceed \$63,520.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained that the District received two proposals for the Mechanical, Electrical, Structural, and Control System Rehabilitation Study, after sending RFPs to seven engineering firms. Carollo Engineers submitted the lowest bid at \$63,520.00.

Dir. Fedotoff informed the Board that it is normal for these types of studies to exceed the initial estimated cost, and the Board should be prepared that this study will likely exceed this cost of \$63,520.00, as it is just an estimate. Sec. Brady asked whether this is a good cost for a condition assessment study. Dir. Fedotoff replied it is a fantastic price; he expected it to be closer to \$150,000.00.

Minutes

Regular Meeting of the Board of Directors

August 10, 2010

Page 6

Sec. Brady requested that any data collected regarding the condition assessment of the District's assets be entered into the District's new MP2 system (computerized maintenance management system). The Board directed staff to request that Carollo Engineers collect and provide data in a way that can be easily transferred to the District's MP2 system, so that the condition today of each asset will be recorded in the MP2 system.

Motion (Benediktsson/Wiley) to authorize and approve the District Manager to execute the Professional Services Agreement with Carollo Engineers for the Mechanical, Electrical, Structural, and Control System Rehabilitation Study for an amount not to exceed \$63,520.00. Passed, all present.

10. Consideration of Authorization and Approval for District Manager to Purchase a Push Lateral Camera for an Amount Not to Exceed \$11,512.50 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch reviewed with the Board the current camera that the District has, which is very out of date. He presented information about the new push lateral camera he would like to purchase for the District, which is a budgeted item in the FY 2010-2011 Budget.

Motion (Benediktsson/Brady) to authorize and approve the District Manager to purchase a push lateral camera for an amount not to exceed \$11,512.50. Passed, all present.

11. Consideration of Setting Date and Time of Regular Monthly Board Meetings for Third Tuesday of Every Month at 7 p.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California (McAuliffe) – Action

Pres. McAuliffe requested that the Board change the Regular Monthly Board Meetings to the third Tuesday of every month at 7 p.m.

Motion (Benediktsson/Brady) to set the date and time of the Regular Monthly Board Meetings for the third Tuesday of every month at 7 p.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS:

12. Information Technology Committee (Brady/Fedotoff)
13. Capital Improvement Program Committee (Wiley/Fedotoff)
14. Governance Committee (McAuliffe/Benediktsson)
16. Personnel Committee (Benediktsson/McAuliffe)
17. Communications Committee (Brady/McAuliffe)

Minutes

Regular Meeting of the Board of Directors

August 10, 2010

Page 7

18. Finance & Fiscal Oversight Committee (Wiley/McAuliffe) – Minutes of August 5, 2010 Meeting (attached)

The Finance & Fiscal Oversight Committee reviewed the minutes of the August 5, 2010 Finance & Fiscal Oversight Committee meeting.

Dir. Benediktsson asked whether the Board still has an Information Technology Committee. Pres. McAuliffe said it does. Dir. Benediktsson asked whether this committee meets. Pres. McAuliffe said no.

OTHER BUSINESS: None

ENVIRONMENTAL: None

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

19. Summary of Agreement between SD5 & River Watch (Lynch) (attached)

Mgr. Lynch reviewed with the Board the Summary of Agreement between SD5 & River Watch, for informational purposes.

20. Recap of July 15, 2010 Meeting with Marin Association of Realtors (Lynch) (attached)

Mgr. Lynch reviewed with the Board the July 15, 2010 meeting with the Marin Association of Realtors (MAR), for informational purposes. MAR was looking at the requirements in the county for the televising of sewer laterals at the point of sale for properties and during the permit process for remodels. Mgr. Lynch explained that the District's current ordinances require the televising of laterals as part of the remodel permit process and at the point of sale for properties in the Belvedere zone, but in the Tiburon zone it is required only during the remodel permit process.

ADJOURNMENT:

Motion (Wiley/Benediktsson) to adjourn at 8:48 p.m. to a Regular Board Meeting on September 14, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Minutes
Regular Meeting of the Board of Directors
August 10, 2010
Page 8

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, September 14, 2010 7:00 p.m.**

CALL TO ORDER by V.P. Wiley at 7:11 p.m.

ROLL CALL: Directors present:	Corinne W. Wiley, Vice President Catharine Benediktsson Roy Fedotoff
Directors absent:	Claire McAuliffe, President V. William Brady, Secretary
Staff present:	Robert L. Lynch, District Manager Samantha Miller, Office/Finance Manager Tony Rubio, Facilities Manager
Others present:	Dan LaTorre, District Maintenance Worker Deirdre McCrohan, <i>The Ark Newspaper</i>

PUBLIC OPEN TIME: No public comments were made.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

No comments or agenda requests were made by the Board.

CONSENT CALENDAR:

1. Approval of August 10, 2010 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for August 2010, #4011 through 4072, in the amount of \$152,285.60 (attached)
3. Receipt of Financial Reports for August 2010 (attached)

Motion (Benediktsson/Fedotoff) to approve the Consent Calendar. Passed, all present.

Minutes

Regular Meeting of the Board of Directors

September 14, 2010

Page 2

MANAGEMENT REPORT:

4. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report July 2010 (attached)

Mgr. Lynch reviewed the Operations Report for July 2010 with the Board. He reported the District met all NPDES permit requirements, and there were no odor complaints or sewer system overflows (SSOs) in the month of July.

5. District Manager's Summary Report of August 2010 (Lynch) (attached)

Mgr. Lynch gave an update to the Board on the CIPP Liner Project with Pacific Liners. V.P. Wiley discussed Pacific Liners' equipment failures with Mr. Dan LaTorre, one of the District maintenance workers who had been working with Pacific Liners throughout that day and night.

Mgr. Lynch reviewed the energy audit that District staff has been working on with Edward Myers of Lescure Engineers. The energy audit is still in progress.

Mgr. Lynch informed the Board that District staff has continued to meet with Carollo Engineers to review and assist with the Main Plant Asset Condition Assessment Study. Dir. Fedotoff asked what will occur at the Board Workshop that is being planned with Carollo Engineers. Mgr. Lynch explained that Carollo Engineers will be presenting their cost estimate for the main plant rehab work, as well as a PowerPoint presentation on the work Carollo Engineers has identified that needs to be done at the main plant. District staff is meeting with Carollo Engineers again soon to ask additional questions, and Carollo Engineers is still working on the draft report.

Mgr. Lynch explained that Roy's Sewer Service has started on the CCTV project, and, based on the initial 1,000 feet of data that has been submitted for review, it looks like all the data is consistent with the information that the prior contractor delivered.

Mgr. Lynch summarized the work the District has completed thus far in accordance with the River Watch settlement agreement, noting that the District is currently on schedule with all the requirements of this agreement.

Mgr. Lynch informed the Board that the electronic document management system is well under way at the District office, and the work is progressing nicely.

Dir. Benediktsson asked Mgr. Rubio how the work orders are going for the new MP2 maintenance management system. Mgr. Rubio replied it is going well, but it is still a work in progress. He said it will probably be another two to three months until all of the data has been inputted.

Minutes

Regular Meeting of the Board of Directors

September 14, 2010

Page 3

Mgr. Lynch reported that one of the District's Senior Operators will be off work for approximately two weeks starting September 28, 2010, with an altered work schedule for the first three to four months after he returns. Accordingly, Mgr. Lynch has reorganized the operator work schedule to account for this.

Mgr. Lynch reviewed the status of the Paradise Cove NPDES Permit Renewal process. The State Water Resources Control Board has requested that the District's Paradise Cove NPDES Permit Renewal be ready for the March 2011 Board Meeting.

Mgr. Lynch explained that, after reviewing five years of historical rainfall data from the OPS 32 Operational Computer System, the District is tentatively planning to set up the Inflow & Infiltration Study for December 27, 2010 through February 10, 2011.

Mgr. Lynch reviewed the upcoming events at the District for September through November. Dir. Benediktsson discussed with Mgr. Lynch what she believes Pres. McAuliffe would like to see in the "Upcoming Events and Project Scheduling" section of his District Manager's Report. Dir. Benediktsson clarified that this section should be a look ahead at the major maintenance and capital projects or special events planned at the main plant for the next month.

NEW BUSINESS:

6. Consideration of Setting Date, Time, and Location of Board Workshop for Paradise Cove Residents for October 5, 2010 at 7 p.m. at the Town of Tiburon Council Chambers at 1505 Tiburon Blvd., Tiburon, California (Lynch) – Action

Mgr. Lynch explained that the Board of Directors, District staff, and District legal counsel will be present at this Board Workshop for Paradise Cove residents. It will be an open public hearing for the Board and the public to discuss the District's requirements regarding Paradise Cove sewer connections, and to answer any questions the public has.

V.P. Wiley opened for public comment. No comments were made by any members of the public. V.P. Wiley closed the public comment period. There was no discussion from the Board.

Motion (Fedotoff/Benediktsson) to set the date, time, and location of the Board Workshop for Paradise Cove Residents for October 5, 2010 at 7 p.m. at the Town of Tiburon Council Chambers at 1505 Tiburon Blvd., Tiburon, California. Passed, all present.

7. Consideration of Setting Date, Time, and Location of Board Workshop/Presentation with Carollo Engineers for October 22, 2010 at 10 a.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California (Lynch) – Action

Minutes

Regular Meeting of the Board of Directors

September 14, 2010

Page 4

No comments were made by any members of the public, and there was no discussion from the Board.

Motion (Benediktsson/Fedotoff) to set the date, time, and location of the Board Workshop/Presentation with Carollo Engineers for October 22, 2010 at 10 a.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

8. Consideration of Authorizing and Approving District Manager to Advertise for Truck-Mounted Continuous Rodder (Lynch) – Action (see attached Notes of Explanation)

Dir. Fedotoff asked about the projected savings to the District as a result of purchasing a truck-mounted continuous rodder. Mgr. Lynch reviewed the estimated costs and savings that he has discussed with the Board over the past few months. To summarize, the District will break even within the first year and a half of purchasing the truck-mounted continuous rodder, with a projected annual savings of approximately \$70,000 to \$80,000 thereafter.

Motion (Benediktsson/Fedotoff) to authorize and approve the District Manager to advertise for a truck-mounted continuous rodder. Passed, all present.

9. Consideration of Adoption of Resolution No. 2010-09: A Resolution of the Board of Directors of Sanitary District No. 5 of Marin County Approving the Form of and Authorizing the Execution of a Memorandum of Understanding and Authorizing Participation in the Special District Risk Management Authority's Health Benefits Ancillary Coverages (Miller) – Action

Mgr. Miller explained that the Board already agreed to provide the employees with life insurance and vision insurance coverage through the Special District Risk Management Authority (SDRMA) during the Memorandum of Understanding negotiations with the employees in May 2010 (the District had previously provided the employees with life insurance coverage through a different carrier). This was authorized and approved on May 18, 2010, through the adoption of Resolution No. 2010-03: A Resolution of the Board of Directors of Sanitary District No. 5 of Marin County Authorizing Its Representatives to Enter into an Amended Memorandum of Understanding between Sanitary District No. 5 of Marin County and Employees of Sanitary District No. 5 of Marin County. However, SDRMA requires that, in order to enroll in the SDRMA life and vision insurance plans, this Resolution No. 2010-09 (with specified language) must also be adopted by the Board.

Motion (Fedotoff/Benediktsson) to adopt Resolution No. 2010-09: A Resolution of the Board of Directors of Sanitary District No. 5 of Marin County Approving the Form of and Authorizing the Execution of a Memorandum of Understanding and Authorizing Participation in the Special District Risk Management Authority's Health Benefits Ancillary Coverages. Passed, all present.

Minutes

Regular Meeting of the Board of Directors

September 14, 2010

Page 5

10. Consideration of Adoption of Resolution No. 2010-10: A Resolution of the Board of Directors of Sanitary District No. 5 of Marin County Approving the Filing with the California Employment Development Department of an Application for Elective Coverage under Section 710.5 of the Unemployment Insurance Code (Miller) – Action

Mgr. Miller explained that the Board already agreed that the employees could obtain State Disability Insurance (SDI) coverage during the Memorandum of Understanding negotiations with the employees in May 2010. This was authorized and approved on May 18, 2010, through the adoption of Resolution No. 2010-03: A Resolution of the Board of Directors of Sanitary District No. 5 of Marin County Authorizing Its Representatives to Enter into an Amended Memorandum of Understanding between Sanitary District No. 5 of Marin County and Employees of Sanitary District No. 5 of Marin County. However, the California Employment Development Department requires that, in order to apply for SDI coverage, this Resolution No. 2010-10 (with specified language) must also be adopted by the Board.

Motion (Benediktsson/Fedotoff) to adopt Resolution No. 2010-10: A Resolution of the Board of Directors of Sanitary District No. 5 of Marin County Approving the Filing with the California Employment Development Department of an Application for Elective Coverage under Section 710.5 of the Unemployment Insurance Code. Passed, all present.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS:

11. Information Technology Committee (Brady/Fedotoff)
12. Capital Improvement Program Committee (Wiley/Fedotoff)
13. Governance Committee (McAuliffe/Benediktsson)
14. Paradise Cove Committee (Benediktsson/Wiley)
15. Personnel Committee (Benediktsson/McAuliffe)
16. Communications Committee (Brady/McAuliffe)
17. Finance & Fiscal Oversight Committee (Wiley/McAuliffe) – Minutes of September 9, 2010 Meeting (attached)

The Finance & Fiscal Oversight Committee reviewed the minutes of the September 9, 2010 Finance & Fiscal Oversight Committee meeting.

OTHER BUSINESS: None

ENVIRONMENTAL: None

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

18. News Release from Marin Association of Realtors Dated August 31, 2010: “Marin Realtors Call for 10-Year Action Plan to Address Local Sewer Lateral Problems” (attached)

Mgr. Lynch presented the News Release from the Marin Association of Realtors to the Board, for informational purposes.

ADJOURNMENT:

Motion (Fedotoff/Benediktsson) to adjourn at 7:47 p.m. to a Regular Board Meeting on October 19, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Special Board Meeting
at Town of Tiburon Council Chambers
1505 Tiburon Blvd., Tiburon, California
Tuesday, October 5, 2010 7:00 p.m.**

CALL TO ORDER by President McAuliffe at 7:05 p.m.

ROLL CALL: Directors present: Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary
Catharine Benediktsson

Directors absent: Roy Fedotoff

Staff present: Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager

Consultants present: Riley Hurd, District Legal Counsel

Others present: Deirdre McCrohan, *The Ark Newspaper*
16 other members of the public

PUBLIC OPEN TIME: No comments were made by any members of the public.

PARADISE COVE SEWER LINE CONNECTION WORKSHOP

1. Discussion of Paradise Cove Sewer Line Connections
 - a. Presentation by District Staff and Board of Directors

Pres. McAuliffe introduced the subject of the workshop and presented some historical background about the Paradise Cove sewer line connection situation.

Mr. Riley Hurd, District legal counsel, gave a staff report summarizing additional historical facts, along with the legal requirements to connect to the sewer lines that are now available and owned by the District. Mr. Hurd explained that, in accordance with the California State Health and Safety Code, District Ordinance No. 70-1 requires homeowners to connect to the District's sewer lines when sewer service becomes available. He added that the County of Marin also has an ordinance requiring any house

within 400 feet of a sewer line to connect to that line. Unfortunately, he explained, the self-compliance rate with these laws has been less than optimal. Mr. Hurd reviewed the legal framework and how enforcement will work.

b. Public Comment

Mr. John Ohmer, of 18 Acacia Drive in Tiburon, asked how property owners such as himself could be compelled to connect to the District's sewer line if another property is in the way.

Mr. Hurd explained that this is a civil matter between two parties, and the District will not force people to engage in civil litigation in order to comply with its ordinance. In this particular case, if another property is blocking the connection of the 18 Acacia Drive property to the District's sewer line, connection to the District's sewer line would be considered "unavailable."

Mr. Jerry Allsman, of 4060 Paradise Drive in Tiburon, asked how the 400 foot distance is calculated to determine if a property will be forced to connect to the District's sewer line. He also asked what the permitting process will be, and what the timeframe will be for the mandatory connections to the sewer line.

Mr. Hurd explained that the 400 foot rule is part of the County of Marin's ordinance, not the District's. The County of Marin's ordinance relies on an overview method to determine if the nearest property line is within 400 feet of the sewer line.

Mgr. Lynch said he will be working to speed up the permitting process and has provided information at the back of the room regarding pumps that will work and the estimated associated costs to connect to the District sewer line.

Mr. Hurd reported that the time frame for the mandatory connections has not yet been voted on by the Board. At this point, the staff recommendation is for the grace period to end and enforcement to begin on September 30, 2011. The Board will discuss this matter at a Board meeting, and it requires Board action to set the deadline.

Ms. Barbara Kautz, of 4130 Paradise Drive in Tiburon, asked questions about the permitting process and expressed protest against the District's enforcement of its ordinance requiring homeowners to connect to the District sewer lines along Paradise Drive, especially during a recession when many homeowners cannot afford to connect to the sewer lines. Ms. Kautz also accused the Board of committing a Brown Act violation by making a policy decision during the closed session at the August 10, 2010 Board meeting, and she said she will be submitting a letter to the Board regarding this.

Mr. Hurd explained that the District plans to have a hardship application and waiver process for those who cannot afford to connect to the sewer line at this time.

Mr. Hurd further explained that it was not a policy decision made during closed session to enforce the District's current laws; it is the District's job to always enforce its laws. He added that the Board and District staff will be happy to read any letter submitted to them, and the Board was appropriately legally counseled regarding that August 10, 2010 closed session.

Ms. Becky Pringle, of 3880 and 3900 Paradise Drive in Tiburon, said she really wants to be a supportive person of the District, but she expressed protest against the District's forceful attempt to require connection to its sewer lines. She said she does not know why everyone has not hooked up yet, but she believes it will happen in time. Ms. Pringle urged the District to approach the homeowners along Paradise Drive to discuss this on a friendly basis before requiring mandatory connections, and she said she does not believe that the District went through the appropriate public relations campaign to try to get the homeowners along Paradise Drive to hook up.

Ms. Ramelle Sholl, of 13 Acacia Drive in Tiburon, expressed that everyone wants to work together on this, but there could not be a worse time to require mandatory connections within one year. She suggested extending the deadline to two or three more years. Ms. Sholl explained that there is a lot of confusion regarding who has to hook up and how, and that everyone would feel better if there could be a meeting where all of their questions could be answered. Ms. Sholl also asked how she is supposed to deal with her neighboring property owner who stands in the way of her access to the District's sewer line.

Mr. Hurd reviewed that if a homeowner does not have any way to connect to the District's sewer line (such as in this particular landlocked situation, blocked by an unwilling participant), then sewer service is not considered to be "available" to that homeowner and, therefore, is not mandatory.

Mr. Hurd explained that the District first sent out a letter in April 2009 urging homeowners along Paradise Drive to hook up to the District's newly acquired Paradise Drive Sewer Line Extension. The letter that was then sent in September 2010 sounded more mandatory and strong because the District was trying to inform the public about what its law requires. The purpose of this very meeting is to answer questions and discuss this matter with the affected homeowners along Paradise Drive before enforcement begins, and before the Board takes any formal action.

Ms. Sholl thanked the Board and District staff for having this meeting, saying that it has been very useful in clarifying the confusion regarding this matter.

Mr. Jim Kautz, of 4130 Paradise Drive in Tiburon, argued that the District's comment that the Paradise Cove treatment plant was enlarged due to public interest is incorrect; he asserted that plans to upgrade that plant were underway before the Jansheski initiative began. Mr. Kautz also said he is not aware of any evidence from the Water Quality Control Board that a "nuisance" exists as a result of any of the homes along Paradise

Drive operating septic systems. He urged the District to properly adopt a policy requiring mandatory connection to the District's sewer lines when a property is remodeled or sold, or when there is a problem with its septic system; otherwise, connection should occur on a voluntary basis.

Mgr. Lynch explained that the size of the Paradise Cove treatment plant was originally going to be only 20,000 gallons, and the District decided to put a second 20,000 gallon package treatment plant in at Paradise Cove for the sole purpose of serving those homeowners who said they would connect to the Paradise Drive Sewer Line Extension. The District spent approximately \$1.9 million on the Paradise Cove sewer service upgrade and expansion, approximately \$700,000 of which was spent to support those who indicated in advance that they would connect to the Paradise Drive Sewer Line Extension. Mgr. Lynch said that the Board and District staff have reviewed the many letters sent to the District from the homeowners along Paradise Drive saying that they wanted to connect to the District's sewer lines and complaining of problems with septic tank systems, including Ms. Kautz' complaints of methane smells.

Ms. Kautz said she does not smell methane anymore, and that the Water Quality Control Board is not citing any of the homeowners along Paradise Drive.

At Sec. Brady's request, Mr. Hurd clarified the special definition of "nuisance." According to District Ordinance No. 70-1, any violation of this ordinance is declared a "public nuisance," which is a standard element of municipal law.

Mr. Hurd added that the District's consideration of filing litigation was an acceptable reason for the Board to go into closed session at the August 10, 2010 Board meeting. Simply enforcing the District's current laws does not require the Board to make a policy decision to be publicly noticed. The Board has not yet taken action to determine the specific enforcement requirements for this situation, and this current Board meeting/workshop was set up for the purpose of answering questions and discussing the matter with the affected homeowners.

V.P. Wiley asked if any of the homeowners along Paradise Drive would be interested in setting up an assessment district or mello roos district in order to do a bond issuance for this sewer line connection work. Ms. Pringle and Ms. Kautz agreed they do not think any of the neighbors would be interested in joining together for a bond issuance.

Dir. Benediktsson asked Ms. Kautz whether she was aware that it would be legally required to connect to the Paradise Drive Sewer Line Extension once it became available. Dir. Benediktsson reported that she did a thorough search of the District's files before moving forward with this, and she believes she found something Ms. Kautz wrote confirming the understanding that the homeowners would be required to hook up to the District's sewer line; Dir. Benediktsson thought everyone was on the same page regarding this matter. Ms. Kautz said she does not remember writing that, and she thought connection to the District's sewer line would be voluntary.

Sec. Brady said that the current Board members were not on the Board at that time, but it would not have made sense for the District to have spent so much extra money to build all of the extra capacity for the Paradise Cove residents (expanding the size of the Paradise Cove treatment facility and acquiring the Paradise Drive Sewer Line Extension) if connection would just be voluntary and no one was actually going to connect.

Pres. McAuliffe expressed that the Board is very grateful that these residents along Paradise Drive came out to talk to the Board during this workshop; it is very important for the Board to hear from the homeowners and answer their questions, and for the homeowners to hear from the Board to get a good overview of the Board's legal obligations.

Mr. Hal Weiss, of 4092 Paradise Drive in Tiburon, asked why the District's laws requiring connection to its sewer lines were not presented to the homeowners along Paradise Drive when they were solicited by Mr. Jansheski to annex to the District and support the Paradise Drive Sewer Line Extension. Mr. Weiss also explained that it would be a financial hardship for him to connect to the sewer at this time, and his septic system is working perfectly right now. However, he explained that there are neighbors who have failing septic systems, it smells, and there is sewage going into the bay; those in that situation should have to connect to the sewer now, and the Paradise Drive Sewer Line Extension did need to be made available for these homeowners.

Ms. Pringle asked what the penalty will be if homeowners do not comply with the mandatory connection requirements, and whether there will be a public hearing in that case.

Mr. Hurd explained that, if it is determined that sewer service is not reasonably available to a home, the homeowner will not be forced to connect, and there will therefore be no penalty in that case. He further explained that there is no code enforcement occurring yet, and there will be a public hearing if the District proceeds with code enforcement for anyone.

Dir. Benediktsson asked Mr. Hurd to clarify whether County law supersedes District law in this case, or vice versa. Mr. Hurd explained that, when it comes to matters of local sanitary disposal, the District is in charge, and the District gets its direct line of power from the State. The District is only enforcing the District ordinance, not the County's, and the District ordinance finds its basis in State law (California Health and Safety Code).

Pres. McAuliffe thanked the public for attending, adding that the purpose of this meeting/workshop has been to have a public discussion about this matter, hear from the homeowners along Paradise Drive, answer questions, and explain things in greater detail. The Board will meet again regarding this matter, and all members of the public are very welcome to attend all Board and committee meetings. She invited members of

the public to come down to the District office at 2001 Paradise Drive, Tiburon, CA, to meet and talk with Mgr. Lynch and the Board members; the door is open. Pres. McAuliffe thanked the public very much for their input at this Board meeting/workshop.

ADJOURNMENT:

Motion (Wiley/Benediktsson) to adjourn at 8:30 p.m. to a Regular Board Meeting on October 19, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary

Catharine Benediktsson, Director
Roy Fedotoff, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, October 19, 2010 7:00 p.m.**

CALL TO ORDER by Pres. McAuliffe at 7:00 p.m.

ROLL CALL: Directors present:

Claire McAuliffe, President
Corinne W. Wiley, Vice President
V. William Brady, Secretary
Catharine Benediktsson
Roy Fedotoff

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager
Tony Rubio, Facilities Manager

Others present:

Deirdre McCrohan, *The Ark Newspaper*

PUBLIC OPEN TIME: No public comments were made.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Dir. Fedotoff requested that District staff provide the Board with a schedule of important dates at the District for the rest of the calendar year.

CONSENT CALENDAR:

1. Approval of September 14, 2010 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for September 2010, #4073 through 4111, in the amount of \$101,700.37 (attached)
3. Receipt of Financial Reports for September 2010 (attached)

Dir. Benediktsson asked if District staff has looked into whether the District qualifies for the "big user" rate reduction through PG&E. Mgr. Lynch replied that an energy audit is currently being completed for the District, and the District will be having the contractor negotiate with PG&E on the District's behalf.

Motion (Benediktsson/Brady) to approve the Consent Calendar. Passed, all present.

MANAGEMENT REPORT:

4. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report August 2010 (attached)

Mgr. Rubio reviewed the Operations Report for August 2010 with the Board. He reported the District met all NPDES permit requirements, and there were no odor complaints in the month of August. There was one sewer system overflow (SSO) that occurred at 146 Bella Vista in Belvedere, due to roots. Mgr. Rubio noted that the Collection System Data on page five of the Operations Report was updated with data through the end of July 2010. He also presented the Work Order Statistics from the new MP2 computerized maintenance management system, showing 128 work orders from May 13, 2010 through October 13, 2010, 69 of which have been completed.

Mgr. Rubio informed the Board that the Pollution Prevention Public Education Group that the District is a member of received the 2010 Dr. Teng-chung Wu Pollution Prevention Award. This is a very big honor for the District's public education group; in the past, only very large agencies have won this award. Receiving this award shows that the District's pollution prevention outreach program is really making a difference. The Board was very pleased to hear this news.

5. District Manager's Summary Report of September 2010 (Lynch) (attached)

Mgr. Lynch gave an update to the Board on the CIPP Liner Project with Pacific Liners, reviewing the events that led up to his termination of the contract with Pacific Liners. The Board discussed the District's communication strategy and contingency plan for notifying residents in the event of a contractor failure, such as this one with Pacific Liners.

Mgr. Lynch reviewed the status of the energy audit that District staff has been working on with Edward Myers of Lescure Engineers; the energy audit is still in progress.

Mgr. Lynch informed the Board that District staff has continued to meet with Carollo Engineers to review and assist with the Main Plant Asset Condition Assessment Study.

Mgr. Lynch explained that Roy's Sewer Service has started on the CCTV project, and, based on the initial 1,000 feet of data that has been submitted for review, it looks like all the data is consistent with the information that the prior contractor delivered. This project will be completed within the next several months.

Minutes

Regular Meeting of the Board of Directors

October 19, 2010

Page 3

Mgr. Lynch summarized the force main inspection and televising work the District has completed thus far in accordance with the River Watch settlement agreement, noting that the District is currently on schedule with all the requirements of this agreement.

Mgr. Lynch reported that the District's Senior Operator who was off work for approximately two weeks returned to work on October 12, 2010, and he will require an altered work schedule for the next three to four months. Accordingly, Mgr. Lynch has reorganized the operator work schedule to account for this.

Mgr. Lynch reviewed the status of the Paradise Cove NPDES Permit Renewal process. The State Water Resources Control Board has requested that the District's Paradise Cove NPDES Permit Renewal be ready for the March 2011 Board Meeting, but the permit does not expire until September 2011. Mgr. Lynch estimated that about 90% of the work for the Paradise Cove NPDES permit renewal process has been completed at this point.

Mgr. Lynch highlighted what he learned at the California Special District Association (CSDA) Conference in September 2010. He said it was clear that Sanitary District No. 5 is far ahead of most other districts in many regards, especially concerning our strategic plan, CIP program, and financial model, which many other districts do not have in place.

Mgr. Lynch reviewed the upcoming schedule of events at the District for October through December.

Pres. McAuliffe said she really appreciated the depth of this District Manager's Summary Report; it is very factual and informative.

NEW BUSINESS:

6. Consideration of Setting Date, Time, and Location of Special Board Meeting Regarding Paradise Cove Connections for November 4, 2010 at 7 p.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California (Lynch) – Action

Ms. Barbara Kautz, of 4130 Paradise Drive in Tiburon, passed out a letter from herself addressed to the Board of Directors, dated October 19, 2010 (attached). Ms. Kautz said her hope is for the Board to set up a committee to meet with the residents along Paradise Drive to discuss these issues regarding connections.

Pres. McAuliffe thanked Ms. Kautz for her letter and comments.

Pres. McAuliffe explained that there have been some scheduling conflicts, and she asked for a motion for this Special Board Meeting to be set for November 3, 2010 at 7 p.m. at the Tiburon Town Hall Community Room at 1505 Tiburon Blvd., Tiburon, California.

Minutes

Regular Meeting of the Board of Directors

October 19, 2010

Page 4

Motion (Brady/Wiley) to set the date, time, and location of a Special Board Meeting regarding Paradise Cove connections for November 3, 2010 at 7 p.m. at the Tiburon Town Hall Community Room at 1505 Tiburon Blvd., Tiburon, California. Passed, all present.

7. Consideration of Changing Date of Board Workshop with Carollo Engineers Regarding Main Plant Asset Condition Assessment from October 22, 2010 to November 5, 2010 at 10 a.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California (Lynch) – Action

Pres. McAuliffe explained that there have been some scheduling conflicts, and she asked for a motion to change this Board Workshop to November 19, 2010 at 10 a.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California

Motion (Brady/Benediktsson) to set the date, time, and location of the Board Workshop with Carollo Engineers regarding the Main Plant Asset Condition Assessment from October 22, 2010 to November 19, 2010 at 10 a.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

8. Consideration of Authorization and Approval to Move \$21,000.00 in Previously Approved and Unspent Capital Expenditures in the Tiburon Sewer Line Rehab Account and \$14,000.00 in Previously Approved and Unspent Capital Expenditures in the Belvedere Sewer Line Rehab Account from FY 2009-2010 Final Budget to FY 2010-2011 Final Budget (Miller) – Action (see attached Notes of Explanation)

Mgr. Miller explained that, in the FY 2009-2010 Final Budget, the Board authorized and approved the capital expenditures of \$75,000.00 in the Tiburon Sewer Line Rehab account and \$50,000.00 in the Belvedere Sewer Line Rehab account, of which \$69,629.99 remains unspent in the Tiburon account and \$42,288.73 remains unspent in the Belvedere account at the end of FY 2009-2010. These budgeted expenditures were intended to be spent on the FY 2009-2010 CIPP Liner Program in the Tiburon and Belvedere zones. While the contract was signed in May 2010 (FY 2009-2010) with Pacific Liners to perform this work, Pacific Liners did not begin this work until September 2010 (FY 2010-2011). Therefore, Sanitary District No. 5 must pay Pacific Liners in FY 2010-2011 for the work they have now performed, and these budgeted expenditures from the FY 2009-2010 Final Budget should be rolled over to the FY 2010-2011 Final Budget. This amounts to \$21,000.00 to be rolled over in the Tiburon Sewer Line Rehab account and \$14,000.00 to be rolled over in the Belvedere Sewer Line Rehab account, in accordance with the CIPP Liner Program work that has actually been performed by Pacific Liners.

Mgr. Miller continued to explain that the contract with Pacific Liners has now been terminated (effective September 17, 2010), and the remainder of the FY 2009-2010 CIPP Liner Program work will not be performed at this time. Mgr. Lynch recommends that the remainder of the work be deferred until FY 2011-2012. This means that only \$21,000.00 for the Tiburon zone and \$14,000.00 for the Belvedere zone should be moved from the

Minutes

Regular Meeting of the Board of Directors

October 19, 2010

Page 5

FY 2009-2010 Final Budget to the FY 2010-2011 Final Budget. The remaining authorized and approved expenditures in the Tiburon and Belvedere Sewer Line Rehab accounts from the FY 2009-2010 Final Budget will remain unspent and will not be moved to the FY 2010-2011 Final Budget.

Mgr. Miller noted that, by taking the action proposed in this agenda item, the Board would not be authorizing any additional expenditures; the Board would only be moving a portion of the previously authorized and unspent capital expenditures from the FY 2009-2010 Final Budget to the FY 2010-2011 Final Budget for the CIPP Liner Program. Mgr. Miller and Mgr. Lynch recommended that the Board take this action.

Mgr. Miller explained that the alternative would be to pay Pacific Liners out of the Undesignated Capital Projects – Pumps & Lines account in the FY 2010-2011 Final Budget (which has \$100,000.00 in it), but she thought it would be best to account for these expenditures in the proper Tiburon and Belvedere Sewer Line Rehab accounts, instead, which would provide more transparency. This will be particularly useful when comparing the annual expenditures in the Tiburon and Belvedere Sewer Line Rehab accounts across the years, especially for the Five Year Comparisons in our annual budget. The Board agreed it would be best to account for these CIPP Liner Program expenditures in the Tiburon and Belvedere Sewer Line Rehab accounts, and that these approved expenditures should be moved to the FY 2010-2011 Final Budget.

Motion (Fedotoff/Wiley) to authorize and approve moving \$21,000.00 in previously approved and unspent capital expenditures in the Tiburon Sewer Line Rehab Account and \$14,000.00 in previously approved and unspent capital expenditures in the Belvedere Sewer Line Rehab Account from the FY 2009-2010 Final Budget to the FY 2010-2011 Final Budget. Passed, all present.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS:

9. Information Technology Committee (Brady/Fedotoff)
10. Capital Improvement Program Committee (Wiley/Fedotoff)
11. Governance Committee (McAuliffe/Benediktsson)
12. Paradise Cove Committee (Benediktsson/Wiley)
13. Personnel Committee (Benediktsson/McAuliffe)
14. Communications Committee (Brady/McAuliffe)
15. Finance & Fiscal Oversight Committee (Wiley/McAuliffe) – Minutes of October 13, 2010 Meeting (attached)

The Information Technology Committee reported it did not meet, the Governance Committee said it will be meeting soon, and the Capital Improvement Program

Minutes

Regular Meeting of the Board of Directors

October 19, 2010

Page 6

Committee noted it will be having a meeting on October 22, 2010 at 10 a.m. Mgr. Lynch added that most budgeted capital project items for this fiscal year are pending until the Board decides if and how it would like to move forward with the Main Plant rehab project.

The Paradise Cove Committee reported it did not meet this past month. Sec. Brady noted that, as a Board member, he was not invited to or participatory in any "extensive [Board] policy discussions regarding whether or not to move aggressively to force homeowners to connect to the Paradise Drive line," as was asserted in Ms. Kautz' letter to the Board dated October 19, 2010. Sec. Brady asked whether any extensive Board policy discussions occurred without his knowledge. Pres. McAuliffe replied that the Board did not have extensive Board policy discussions regarding this matter, and that the Board has abided by the Brown Act requirements regarding Board discussions and decisions.

The Personnel Committee reported it is currently working on creating an improved performance evaluation system for the District Manager, and they will be meeting with the District Manager soon.

The Communications Committee said it did not meet. Pres. McAuliffe requested that a winter newsletter be created and posted to the District's website, with the tentative goal being a December 15, 2010 completion date.

The Finance & Fiscal Oversight Committee reviewed the minutes of the October 13, 2010 Finance & Fiscal Oversight Committee meeting.

OTHER BUSINESS: None

ENVIRONMENTAL: None

CORRESPONDENCE:

16. Letter to Board of Directors from Bee Kilgore Dated October 6, 2010 (attached)

The letter to the Board of Directors from Bee Kilgore dated October 6, 2010 was presented for informational purposes.

17. Letter to Board of Directors from Barbara and James Kautz Dated October 6, 2010 (attached)

The letter to the Board of Directors from Barbara and James Kautz dated October 6, 2010 was presented for informational purposes.

18. Response Letter to Barbara and James Kautz from Board of Directors Dated October 13, 2010 (attached)

The response letter to Barbara and James Kautz from the Board of Directors dated October 13, 2010 was presented for informational purposes.

INFORMATIONAL ITEMS:

19. Call for Nominations – LAFCO Alternate Special District Member (attached)

Mgr. Lynch presented the Call for Nominations for the Local Agency Formation Commission Alternate Special District Member, for informational purposes.

20. LAO Policy Brief: Major Features of California’s 2010-11 Budget (attached)

Mgr. Miller presented the Legislative Analyst’s Office Policy Brief: Major Features of California’s 2010-11 Budget, for informational purposes. Pres. McAuliffe thanked Mgr. Miller for including this information for the Board.

ADJOURNMENT:

Motion (Brady/Fedotoff) to adjourn at 7:49 p.m. to a Regular Board Meeting on November 16, 2010 at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

Claire McAuliffe
President, Board of Directors

V. William Brady
Secretary, Board of Directors