

Corinne W. Wiley, President
Catharine Benediktsson, Vice President
Roy Fedotoff, Secretary

Claire McAuliffe, Director
William Teiser, 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 16, 2011, 7:00 p.m.**

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

ROLL CALL: Directors present:

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

Staff present:

Robert L. Lynch, District Manager
Samantha Miller, Office/Finance Manager
Tony Rubio, Wastewater Facilities Manager
Lynn Henriksen, Administrative Assistant

Consultants present:

John Farnkopf, HF&H Consultants

Others present:

Deirdre McCrohan, *The Ark Newspaper*

PUBLIC OPEN TIME:

No public comments were made.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Sec. Fedotoff recommended that the Board review the District policy for hiring consultants. There was consensus among the Board that the Governance Committee would be the logical place to review the District's current procedures and make recommendations to the Board regarding updating the policy for hiring consultants should the Committee identify any changes to consider or recommend necessary updates to the current documents.

V. P. Benediktsson reminded staff that the Board directed that the Main Plant Rehabilitation (MPR) Project updated schedule be included in every monthly Board meeting packet; there was no schedule in the packet this evening. Mgr. Lynch replied that the Carollo Engineers' Final Design kick-off meeting with District staff happened so recently that Carollo was unable to get the schedule

updated in time for it to be included in the August Board packet; however, the MPR Project Schedule will be in the September Board packet.

CONSENT CALENDAR:

1. Approval of July 19, 2011, Regular Board Meeting Minutes (Henriksen) (attached)
2. Approval of Warrants for July 2011, #4754 through 4762 in the amount \$119,553.08 (Miller) (attached)
3. Receipt of Financial Reports for July 2011 (Miller) (attached)

Dir. McAuliffe was impressed with the increasing quality of the minutes and thanked Admin. Asst. Henriksen for her diligence in preparing them. In addition, she commended staff for their outstanding work for the District.

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

MANAGEMENT REPORT:

4. Operations Report (Rubio) (attached)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report June 2011

Mgr. Rubio reviewed the Operations Report for June 2011 with the Board, reporting that the District met all NPDES permit requirements and that there were no odor complaints. The plant also passed the 96-hour, flow-through bioassay for June.

Regarding Fats, Oils, and Grease (FOG) inspections of food service establishments in the Tiburon and Belvedere service areas, Mgr. Rubio reported that District staff performs a yearly inspection, usually in late July/early August. The inspections were recently completed with all establishments in compliance with District policies, which will be reflected in Plant Performance Data next month in the Operations Report.

There was one Sewer System Overflow (SSO) in the collection system during June, at 1478 Vistazo West, Tiburon, caused by root intrusion. After the arrival of the new rodder truck last week, Mgr. Rubio dispatched the maintenance crew to return to 1478 Vistazo West to thoroughly clean out the sewer line. District records showed that this line had been cleaned one year ago; in view of the fact that roots had invaded the pipe to the point of an SSO within one year, Mgr. Rubio will place this sewer line on an every 6-month rodding schedule.

Mgr. Rubio will add a new category in his monthly Operations Report made up of a list of the sanitary sewer lines the maintenance crew has cleaned using the rodder during the preceding month.

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

NEW BUSINESS

6. Receive Evaluation of Alternative Rate Structures Report by HF&H Consultants, LLC (Miller) (attached)

V.P. Benediktsson stated that the Finance Committee has reviewed the Evaluation of Alternative Rate Structures Report by HF&H Consultants on three occasions. She felt that the entire Board would benefit from hearing directly from Mr. John Farnkopf rather than being informed by Finance Committee reports only, and inviting Mr. Farnkopf to address the Board would also give Board members ample opportunity to ask questions and request clarification on issues. Mgr. Miller recapped the recent history of public inquiries, beginning during the 2010 Prop 218 process, into why the District uses a flat residential rate structure and a flow based commercial rate structure. At the January 25, 2011, Board meeting a motion was passed to approve the District Manager to execute a Professional Services Agreement with HF&H Consultants, LLC for an Evaluation of Alternative Rate Structures for an amount not to exceed \$17,850.00, and what the Board is now discussing is Mr. Farnkopf's final evaluation report. Mr. Farnkopf reviewed and discussed with the Board that throughout the report the focus was largely on residential, which is mostly a question of how other agencies are charging their rates in regards to flow based or flat rates, with strength factors developed for commercial users based on state guidelines.

Dir. Teiser clarified that flow based rates are established by the incoming flow to properties from water district records of meter readings, typically using winter water usage from December through March. This brought up the fact that the District has fixed costs that do not vary seasonally, which must be covered regardless of the flow; therefore, a fixed charge in addition to flow based rates would need to be considered.

Mr. Farnkopf noted that for the District to move to flow based residential rates, another Prop 218 process would be required annually or perhaps on a multi-year interval (generally 3-5 years) with steep increases based on conservative, variable water use assumptions. The Board discussed that the cost of approximately \$50,000.00 for completing each Prop 218 process on a more frequent basis would have to be factored into the rates property owners pay. Mgr. Miller also noted the considerable cost to the District, which would be passed on to residential rate payers, to calculate the flow based rates each year in order to bill property owners accurately based on the prior year's flow. In addition, it would continue to be less equitable for residential tenants in complexes with multiple units (bear in mind there is often just one water meter); in these instances, the District would bill landlords for the overall flow, at which point the landlord would divide the bill by the number of units, regardless of each tenant's actual flow, in addition to rent, as the case may be. It must be evaluated as to how much more it would cost the District to implement flow based residential rates, while keeping the fee based revenue at the same, neutral level.

Pres. Wiley said that considering changing the District's sewer rate fees to a flow based system is complicated and deserves a great deal more study and deliberation. However, since the District has three years remaining on the Prop 218 five-year rate increase that was adopted in 2010, it may be unwise to spend more time and money at this point to seriously consider a more wide ranging study that may not be relevant by the time the District is in a position to move forward in a few years. The Board would like to reexamine flat rate residential sewer fees vs. flow based residential sewer fees closer to the time when the current Prop 218 five-year rate increase ends (in Fiscal Year 2014-2015). There was consensus among the Board that it may not be prudent for the District to be the first sewerage agency to contract for significantly more data, when there will undoubtedly be a great deal more data commonly available in the near future.

Mr. Farnkopf reported that he was satisfied with the District's current commercial rate structure and strongly recommended that the District continue its current practices. However, it might be important to review the strength factors and also add a couple of new strength factor classes after the current Prop 218 is up in Fiscal Year 2014-2015.

Mr. Farnkopf said that the reason rates have recently been increasing to such an extent throughout Marin is due to the fact the infrastructure of sewer systems is aging dramatically, at the same time as additional regulations are being pushed on the districts by oversight agencies.

The Board thanked Mr. Farnkopf for the valuable work he did in evaluating alternative residential and commercial rate structures on behalf of the District. Mr. Farnkopf expressed his appreciation to the Finance Committee for their comments and to Mgr. Miller for her input in producing the report.

MANAGEMENT REPORT:

5. District Manager's Summary Report of July 2011 (Lynch) (attached)

Mgr. Lynch reviewed the District Manager's Summary Report of July 2011 with the Board. The long awaited rodder truck is here, the subsequent safety and operator training of District staff has been completed, and in just three days of heavy use the rodder truck has saved the District roughly \$3,000. Mgr. Lynch calculated that the District will save approximately \$118,175.00 each year by having staff clean the sewer lines with the rodder rather than outsourcing the work as was previously necessary.

The District did not receive the draft of the Initial Study Report of the Main Plant Rehabilitation Project Environmental Review conducted by Mr. Scott Hochstrasser of IPA, Inc. in time to be included in the Board packet this evening. Board members, as well as the public, are welcome to review the office copy of the report at the District office at 2001 Paradise Drive, Tiburon. The public comment period for this report is anticipated to begin in a couple days, on August 18 or 19, 2011.

District staff is looking into the “Wastewater Internship” program with Santa Rosa Junior College. Mgr. Lynch likes the idea that Santa Rosa Junior College covers the cost of Worker’s Compensation for interns, and he will find out what course of action the District could take in the event an internship does not work out to the satisfaction of staff. Mgr. Lynch will put this item on the agenda to be discussed during the Governance Committee meeting on August 25, 2011.

Mgr. Lynch updated the Board regarding the Main Plant Rehabilitation Project kick-off meeting with Carollo Engineers on August 2, 2011, that not only covered the current schedule and progress reports, but also included planned activities for the coming month. V.P. Benediktsson congratulated Mgr. Lynch and Mgr. Rubio for their thoroughness and proactive approach during the staff kick-off meeting with Carollo Engineers.

Mgr. Lynch looks forward to attending technical sessions, specifically having to do with energy conservation aeration blowers and system wet weather issues, at the WEFTEC conference in October. Pres. Wiley said the District Manager’s attendance at the WEFTEC conference is valuable in order to stay on top of things in the industry, especially with the Main Plant Rehabilitation Project nearly underway. Mgr. Miller suggested the possibility of rescheduling the October Board meeting, since Mgr. Lynch will be away at the regularly scheduled time. Members of the Board agreed that changing the date from October 18 to October 25, 2011, would work for them and directed Mgr. Miller to put it on the September Board meeting agenda as an action item.

NEW BUSINESS

7. Consideration of Pre-Authorization to Refinance the Belvedere Westamerica Loan by including it with the Main Plant Rehabilitation Project Bond Issue (Miller) – Action

Pres. Wiley communicated to the Board the Finance Committee’s reluctance to recommend refinancing Belvedere’s \$643,000 Westamerica loan by including it in the with the Main Plant Rehabilitation (MPR) Project bond issue. The Finance Committee found a confluence of issues compelling their decision to advise against this inclusion, which Mgr. Miller reviewed with the Board. The Board discussed the spreadsheet requested from Mr. Mark Pressman of Wulff, Hansen & Co., which detailed the costs and savings for the Belvedere zone associated with including their loan in the MPR bond issue, which pointed to an estimated bottom line savings of just \$31,967.22 for the Belvedere zone over the next five years, which equates to approximately \$6.00 per EDU per year for Belvedere residents. Since there are only five years left until the Belvedere Westamerica loan is paid off in full, it does not seem practicable, especially in light of the fact that doing so would mean that there would be \$645,000 less to spend on the MPR Project, which could prove to have a detrimental impact on the entire plant rehabilitation should construction bids come in higher than projected; in addition, the District would lose the flexibility to include important construction alternatives. V.P. Benediktsson stated that all of the bond proceeds need to be reserved for the MPR Project.

Motion (Benediktsson/McAuliffe) to NOT give pre-authorization to refinance the Belvedere Westamerica loan by including it with the Main Plant Rehabilitation Project bond issue.
Passed, all present.

8. Receive Final Flow Monitoring Report by E2 Consulting Engineering (Lynch) (see attached Notes of Explanation)

Mgr. Lynch reviewed the Final Flow Monitoring Report by Mr. Jeff Blum of E2 Consulting Engineers in the revised and summarized format. Mr. Blum added several tables to the report indicating the Sub-Basin Acres, Total RDI Volumes, and Estimated Cost to Investigate Basins by Smoke Testing. Mgr. Lynch was pleased that Mr. Blum's indicated costs for smoke testing were below projections. Dir. Teiser directed staff to verify these smoke testing numbers with Mr. Blum. The point of tonight's discussion is for the Board to receive this Final Report prior to staff putting together a cost estimate on additional smoke testing as an agenda item for the September Capital Improvement Program Committee, date to be determined.

9. Consideration of Authorization and Approval for District Manager to Execute Contract with Roto Rooter, Inc. for the Annual Sanitary Sewer Cleaning Program for an Amount Not to Exceed \$41,311.57 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch reviewed the Request for Proposals (RFPs) and subsequent bids with the Board for this Annual Sanitary Sewer Cleaning Program. Roto Rooter returned the lowest bid to the District in the amount of \$41,311.57. This type of small machine work on the sewer easement lines throughout the District is completed once a year, and it is budgeted.

Motion (Benediktsson/Fedotoff) to authorize and approve the District Manager to execute a contract with Roto Rooter, Inc. for the Annual Sanitary Sewer Cleaning Program for an amount not to exceed \$41,311.57. Passed, all present.

10. Consideration of Authorization and Approval for District Manager to Execute Contract with Low Bidder for the 2011 Sewer Rehabilitation Project for an Amount Not to Exceed the Low Bid (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch reviewed with the Board Nute Engineering's estimate for the projected cost of the 2011 Sewer Rehabilitation Project (SRP) and the seven bids that the District received on August 12, 2011, at 1:00 p.m. from contractors competing for the job to rehabilitate several sewer lines, specifically San Rafael Avenue and Acacia Avenue in the Belvedere zone and Owlswood Lane in the Tiburon zone. Nute Engineering's estimate was \$314,565.25, and W. R. Forde Associates of Richmond, CA, came in with the lowest bid in the amount of \$338,467.00, which was approximately 10% over Nute Engineering's estimate. The 2011 SRP is a budgeted item, with \$90,420.00 of the final cost allocated to the Tiburon zone and \$248,047.00 to the Belvedere zone for their respective repair and replacement of sewer lines.

V. P. Benediktsson questioned as to whether the District has requested a positive certification verifying W. R. Forde's capacity to do the 2011 SRP. Mgr. Lynch replied that he, in conjunction with Nute Engineering, has thoroughly checked all of the contractor's bid documents and sub-contractor information. Subsequently, Nute Engineering has sent the District a letter verifying W. R. Forde's certification and requisite licensing.

Pres. Wiley asked about the percentage of sewer lines throughout the District that can be pipe burst rather than having to dig up the lines. Mgr. Lynch replied that most of the sewer lines in the District can be pipe burst; however, pipe bursting will not work for Owlswood Lane, San Rafael Avenue, and Acacia Avenue. Mgr. Lynch went on to say that the Notice to Proceed with the 2011 SRP will not go out until Mr. Bob Branz, Engineer for the City of Belvedere, determines the actual time the District can proceed with the contracted work due to ongoing work to complete the undergrounding of utilities in these areas of Belvedere. Sec. Fedotoff noted that the District paid Nute Engineering to do the bid evaluations; therefore, if the contract awarded to R. W. Forde Associates should be cancelled for any reason, then a new contract could be awarded to the next lowest bidder for the 2011 SRP without additional cost to the District.

Motion (Benediktsson/Fedotoff) to authorize and approve the District Manager to execute a contract with R. W. Forde Associates for the 2011 Sewer Rehabilitation Project for an amount not to exceed \$338,467.00. Passed, all present.

11. Consideration of Authorization and Approval for District Manager to Execute Professional Services Agreement with HF&H Consultants, LLC for an Evaluation of Flow-Based Customer Bill Impacts for an Amount Not to Exceed \$16,375.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch discussed with the Board that the Finance Committee had asked Mgr. Miller to get a proposal from Mr. John Farnkopf of HF&H Consultants, LLC regarding an evaluation of the impact on customers of alternative flow-based residential sewer fees and place it on the agenda for the Finance Committee meeting on August 9, 2011. The Finance Committee reviewed and fully discussed this item and referred it to the entire Board, which was discussed and recorded under Item No. 6 of this Board meeting, as it is closely tied to the Evaluation of Alternative Rate Structures Report that Mr. Farnkopf presented to the Board at that time. This current proposal would be for the next phase of this alternative rate structure study, which the Board agreed should be conducted closer to the end of the current Prop 218 five-year rate increase that was adopted in 2010.

Motion (Teiser/McAuliffe) to not authorize and approve the District Manager to execute a Professional Services Agreement with HF&H Consultants, LLC for an Evaluation of Flow-Based Customer Bill Impacts for an amount not to exceed \$16,375.00. Passed, all present.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS

12. Capital Improvement Program Committee (Fedotoff/Wiley)
13. Governance Committee (Wiley/Teiser)
14. Main Plant Rehabilitation Oversight Committee (McAuliffe/Teiser)
15. Finance & Fiscal Oversight Committee (Benediktsson/Wiley) – Minutes of the August 9, 2011, Meeting (attached)

The Capital Improvement Program Committee, Governance Committee, and Main Plant Rehabilitation Oversight Committee did not meet.

The Finance & Fiscal Oversight Committee reviewed the minutes of the August 9, 2011, meeting.

OTHER BUSINESS: None

ENVIRONMENTAL: None

CORRESPONDENCE: None

INFORMATIONAL ITEMS: None

ADJOURNMENT

Motion (McAuliffe/Benediktsson) to adjourn at 8:33 p.m. to a Regular Board Meeting on September 20, 2011, 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:

Corinne W. Wiley
President, Board of Directors

Roy Fedotoff
Secretary, Board of Directors