

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, June 21, 2011, 7:00 p.m.**

CALL TO ORDER by Pres. Wiley at 7:01 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:

Riley Hurd, District Legal Counsel
Mark Pressman, Wulff, Hansen & Co.

Others present:

Deirdre McCrohan, *The Ark Newspaper*

PUBLIC OPEN TIME:

No public comments were made.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

No comments or agenda requests were made by the Directors.

CONSENT CALENDAR:

1. Approval of May 17, 2011, Special Board Meeting Minutes (Henriksen) (attached)
2. Approval of May 17, 2011, Regular Board Meeting Minutes (Henriksen) (attached)
3. Approval of May 20, 2001, Special Board Meeting Minutes (Henriksen) (attached)
4. Approval of June 03, 2001, Special Board Meeting Minutes (Henriksen) (attached)

5. Approval of Warrants for May 2011, #4559 through 4640, in the amount of \$221,650.33 (Miller) (attached)
6. Receipt of Financial Reports for May 2011 (Miller) (attached)

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

Pres. Wiley moved Item No. 16, as described on the agenda, to this time.

NEW BUSINESS

16. Consideration of Adoption of Resolution No. 2011-11: A Resolution of the Board of Directors of Sanitary District No. 5 of Marin County Authorizing Staff's Application to Join the California Municipal Finance Authority, Authorizing the Execution of a Joint Exercise of Powers Agreement to Join the California Municipal Finance Authority, and Authorizing the Execution of a Joint Exercise of Powers Agreement with the California Municipal Finance Authority for the Purpose of Establishing the Tiburon / Belvedere Wastewater Financing Authority (Miller) – Action

Mr. Riley Hurd, District legal counsel, reviewed Resolution No. 2011-11 with the Board regarding authorizing staff to apply to join California Municipal Finance Authority (CMFA), which is a Joint Powers Authority (JPA) to use as a financing vehicle, and to enter into an agreement to create a new JPA between CMFA and SD5, which would not be project specific at this time. If the District elects to do capital improvement projects in the future that require financing, the District could use this new JPA as the financing vehicle. Mr. Hurd recognizes this as a readiness step toward bond issuance in the event the Board elects to move forward with the Main Plant Rehabilitation (MPR) project in the future. Mr. Hurd further discussed with the Board the California Environmental Quality Act (CEQA) review that must be completed and will help inform the Board's decision regarding moving forward with the MPR project. The CEQA review will take approximately three months to complete.

The Board discussed using Mr. Scott Ferguson of the Jones Hall firm as bond counsel to the District. Mgr. Miller noted that Resolution No. 2011-07 retaining Jones Hall as the District's bond counsel was adopted on May 20, 2011. Sec. Fedotoff noted he would like additional Board deliberation regarding the consultant selection process in the future. Dir. Benediktsson noted, for the record, that membership in CMFA does not entail any liability or expense to the District.

Motion (McAuliffe/Teiser) to adopt Resolution No. 2011-11: A Resolution of the Board of Directors of Sanitary District No. 5 of Marin County Authorizing Staff's Application to Join the California Municipal Finance Authority, Authorizing the Execution of a Joint Exercise of Powers Agreement to Join the California Municipal Finance Authority, and Authorizing the Execution of a Joint Exercise of Powers Agreement with the California Municipal

Finance Authority for the Purpose of Establishing the Tiburon / Belvedere Wastewater Financing Authority. Passed, all present.

MANAGEMENT REPORT:

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

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

Regarding the collection system, three sewer system overflows (SSOs) occurred due to roots in the lines: two in Tiburon; one in Belvedere. The Board discussed the relationship of the frequency of cleaning the lines to SSO events. The District is now on a two-year schedule for sewer line cleaning; however, Mgr. Lynch said with the acquisition of the new rodder truck all lines will be cleaned on a yearly basis, with particular lines cleaned every six months as needed. Pump station generators were repaired, and all fire extinguishers were serviced and tested this reporting period.

The Board congratulated Mgr. Rubio for passing the Grade V State Water Resources Control Board Test (the highest certification in California for wastewater treatment operators).

8. District Manager's Summary Report of May 2011 (Lynch) (attached)

Mgr. Lynch reviewed the District Manager's Summary Report of May 2011 with the Board. Late-July is the target date for completion of the staff summary report on the data that the Marin County Environmental Health Services Division (MCEHSD) provided regarding the septic systems within the District's boundaries. Mgr. Lynch also reported that the CCTV Project to clean and televise sewer lines in both the Tiburon zone and the Belvedere zone has been completed by Roy's Sewer Service.

The District has not received any phone calls or responses regarding the letter that was sent to the residents of Paradise Cove on May, 31, 2011, reminding property owners to voluntarily bring their properties into compliance with District Ordinance 70-1, and including a copy of Resolution No. 2011-01 (which states that the grace period for voluntary connection ends December 1, 2013). The Board would like another reminder letter be sent to the residents of Paradise Cove this fall.

Mgr. Lynch noted that when the District comes into possession of the rodder truck the week of July 11, 2011, a two day training period will be conducted. The Board discussed the considerable savings for the District once the rodder truck is in full service, since all sewer lines will be cleaned every year, with some of them twice a year as determined by staff.

The Board directed staff not to pay the E2 Engineering invoice until the District receives the Final Report on the Inflow and Infiltration Study. Mgr. Lynch said he reviewed the preliminary report with Sec. Fedotoff; they determined that a more comprehensive summary is required. The Board was pleased that the Playa Verde lot line adjustment has been completed, including final reimbursement to the District and subsequent recording by the County of Marin. The District is waiting for the Tiburon Fire Protection District (TFPD) to comment on the License and Indemnity Agreement for the warning siren to be placed at the Paradise Cove treatment facility. Mgr. Lynch reiterated that TFPD will be fully responsible for the installation and maintenance, as well as all matters pertaining to this siren.

NEW BUSINESS

9. Consideration of Authorization and Approval to Amend the Fiscal Year 2010-2011 Final Budget to Add a Line Item for Main Plant Rehabilitation Project Preliminary Design in the Amount of \$118,550.00 (Lynch) – Action

Mgr. Lynch explained that, in anticipation of the proposed Main Plant Rehabilitation (MPR) project, staff deferred a number of capital projects that were budgeted for in the FY 2010-2011 Final Budget. In place of these projects, on February 15, 2011, the Board authorized Carollo Engineers to create a Preliminary Design Report for the MPR project for an amount not to exceed \$118,550.00. Amending the FY 2010-2011 Final Budget to create a specific line item for this previously approved expenditure will mean it will not need to be recorded under “Undesignated Capital – Plant,” which will be more beneficial for project tracking and accounting purposes.

Motion (Benediktsson/McAuliffe) to authorize and approve the amendment of the Fiscal Year 2010-2011 Final Budget to add a line item for “Main Plant Rehabilitation Project Preliminary Design” in the amount of \$118,550.00. Passed, all present.

10. Consideration of Adoption of Resolution No. 2011-08: A Resolution Providing for the Collection by the County of Marin of a Sewer Service Charge in the Amount of \$717.00 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 2011-2012 (Miller) – Action

V.P. Benediktsson asked the Board to consider voting on Agenda Items No. 10 and 11 at the same time. Pres. Wiley directed the Board to proceed first with a vote on Item No. 10, the sewer service charge increase for the Tiburon zone, followed by a Board vote on Item No. 11, the sewer service charge increase for the Belvedere zone. The Board inquired as to whether \$717.00 was the amount approved during the Prop 218 process of 2010 as the allowable increase in the sewer service charge for the Tiburon zone for FY 2011-2012. Mgr. Miller answered that \$717.00 per EDU (Equivalent Dwelling Unit) is the maximum sewer service charge allowed, making reference to Ordinance No. 2010-03 adopted on July, 13, 2010, whereby the maximum annual charges were approved for the Tiburon zone for the subsequent five years. Mgr. Lynch noted that the adopted resolutions having to do with

changes in sewer service charges will be sent to the County of Marin so the property tax roll will properly reflect the current adopted charges. There were no public comments.

Motion (McAuliffe/Teiser) to adopt Resolution No. 2011-08: A Resolution Providing for the Collection by the County of Marin of a Sewer Service Charge in the Amount of \$717.00 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 2011-2012. Ayes: Pres. Wiley, Sec. Fedotoff, Dir. McAuliffe, and Dir. Teiser. Noes: V.P. Benediktsson. Passed, 4-1-0.

11. Consideration of Adoption of Resolution No. 2011-09: A Resolution Providing for the Collection by the County of Marin of a Sewer Service Charge in the Amount of \$1,748.00 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 2011-2012 (Miller) – Action

The Board inquired as to whether \$1,748.00 was the amount approved during the Prop 218 process of 2010 as the allowable increase in the sewer service charge for the Belvedere zone for FY 2011-2012. Mgr. Miller answered that \$1,748.00 per EDU is the maximum sewer service charge allowed, making reference to Ordinance No. 2010-04 adopted on July, 13, 2010, whereby the maximum annual charges were approved for the Belvedere zone for the subsequent five years. Mgr. Lynch noted that the adopted resolutions having to do with changes in sewer service charges will be sent to the County of Marin so the property tax roll will properly reflect the current adopted charges. There were no public comments.

Motion (McAuliffe/Teiser) to adopt Resolution No. 2011-09: A Resolution Providing for the Collection by the County of Marin of a Sewer Service Charge in the Amount of \$1,748.00 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 2011-2012. Ayes: Pres. Wiley, Sec. Fedotoff, Dir. McAuliffe, and Dir. Teiser. Noes: V.P. Benediktsson. Passed, 4-1-0.

12. Consideration of Adoption of FY 2011-2012 Preliminary Budget (Miller) – Action

Pres. Wiley reiterated that at the June 3, 2011, Board Budget Workshop the Board carefully reviewed each line item of the Preliminary Budget, directing staff to make certain adjustments. Mgr. Miller incorporated the requested changes as directed. There were no public comments.

Motion (Teiser/Fedotoff) to adopt the FY 2011-2012 Preliminary Budget. Passed, all present.

13. Consideration of Adoption of Resolution No. 2011-10: Determination of Appropriations Limit for Fiscal Year 2011-2012 (Miller) – Action

Mgr. Miller explained that Resolution No. 2011-10 is a standard resolution that must be adopted annually by the Board of Directors. The absence of an appropriations limit calculation for the Belvedere zone is due to the fact that Sanitary District No. 5 does not

receive property tax money from the property owners in Belvedere, as it does from the Tiburon zone.

Motion (McAuliffe/Benediktsson) to adopt Resolution No. 2011-10: Determination of Appropriations Limit for Fiscal Year 2011-2012. Passed, all present.

14. Consideration of Authorization and Approval for District Manager to Engage Mr. Terry Krieg, CPA for FY 2010-2011 Audit (Lynch) – Action

Pres. Wiley commented on how pleased the Board is by the professionalism shown by Mr. Terry Krieg and the high quality work he produces. She noted that seldom does a CPA compliment staff during an annual audit; however, Mr. Krieg has praised Mgr. Miller's thorough financial management for the District each of the past two years.

Motion (Benediktsson/Fedotoff) to authorize and approve the District Manager to engage Mr. Terry Krieg, CPA for the FY 2010-2011 Audit. Passed, all present.

15. Consideration of Authorization and Approval for District Manager to Execute Professional Services Agreement with IPA, Inc. for Conducting an Environmental Review for the Main Plant Rehabilitation Project for an Amount Not to Exceed \$66,660.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch discussed with the Board that the environmental review is the next step required prior to the consideration of moving forward with the Main Plan Rehabilitation (MPR) project. Mr. Scott Hochstrasser of IPA, Inc. has good references and is currently working with several companies and districts throughout Marin County. He has also worked with Mr. Riley Hurd, District legal counsel. V. P. Benediktsson and Sec. Fedotoff both feel that \$66,660.00 is too high for this environmental review but realize this is the going rate in our area. Mgr. Lynch noted that item # 4 on Mr. Hochstrasser's revised scope of work cost estimate is based on the actual cost of consultant's time spent, with a not-to-exceed amount. Sec. Fedotoff appreciates the hourly billing with a cost ceiling. In discussing the schedule for the environmental review, Dir. Teiser said he would like to see a schedule breakdown, since, in order to stay in line with Carollo Engineers' project schedule, the environmental review needs to be completed within 75 days. Mgr. Lynch feels confident, after speaking with Mr. Hochstrasser, that IPA, Inc. can and will comply with this schedule barring unforeseen obstacles. Sec. Fedotoff suggested that a progress report submitted with each contractual milestone billing event would be helpful to the District so that Mgr. Lynch could include this in his monthly report to the Board. V.P. Benediktsson reiterated that it is Mgr. Lynch's and staff's responsibility to manage the contract and approve target points according to the work that has been completed, as is done with all other contracts.

Motion (Benediktsson/McAuliffe) to authorize and approve the District Manager to execute a Professional Services Agreement with IPA, Inc. for conducting an Environmental Review for the Main Plant Rehabilitation Project for an amount not to exceed \$66,660.00. Passed, all present.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS

17. Capital Improvement Program Committee (Fedotoff/Wiley)
18. Governance Committee (Wiley/Teiser)
19. Main Plant Rehabilitation Oversight Committee (McAuliffe/Teiser)
20. Finance & Fiscal Oversight Committee (Benediktsson/McAuliffe) – Minutes of May 24 and June 14, 2011, Meetings (attached)

The Capital Improvement Program (CIP) Committee and the Governance Committee did not meet.

The Main Plant Rehabilitation Oversight (MPR) Committee reviewed the meeting of May 26, 2011. Dir. Teiser noted that they were satisfied with the technical portion of the draft of the Carollo MPR Pre-Design Report; although, they had many questions regarding the preliminary cost estimate and how it was developed. Therefore, the MPR Committee decided an expert, independent consultant was needed to conduct a detailed Estimate Review of the Carollo Pre-Design. Mgr. Lynch interviewed two consultants recommended by the MPR Committee and retained Mr. Bruce Hubal to participate in the Estimate Review, which was then scheduled for June 16, 2011, in the Carollo Engineers office. V.P. Benediktsson questioned whether Mr. Hubal has wastewater experience and expertise in construction cost estimating, and who recommended hiring him as an expert consultant. Dir. Teiser answered saying that Mr. Paul Garbarini and he knew Mr. Hubal very well through their association with him at Bechtel. Dir. McAuliffe agreed with the assessment that Mr. Hubal has expertise on cost estimating and reviewing in general, but not specifically in wastewater, which they did not deem necessary. V.P. Benediktsson vehemently objects to hiring people without wastewater experience for anything to do with the District's MPR project, echoing Sec. Fedotoff's sentiment expressed earlier regarding the consultant selection process, while noting that this is not to reflect poorly on Mgr. Lynch, but that a meeting of the Board should have been called to discuss the criteria for consultants recommended for the District Manager's approval.

The Committee discussed the meetings of June 14 and 16, 2011, and felt they were making good progress getting questions answered regarding the Carollo Pre-Design Report. Mr. Hubal will issue his Expert Estimate Review Report by July 1st, and Carollo Engineers will issue their Final Pre-Design Report for Board review prior to the July 19, 2011, regular Board meeting. Mgr. Lynch, Sec. Fedotoff, Dir. Teiser, and Mr. Paul Garbarini are meeting with Mr. Doug Wing and Mr. Rick Chan of Carollo Engineers in the District office on June 24, 2011, to review the proposed MPR Final Design Contract and Carollo's proposed Scope of Services for Final Design.

Pres. Wiley thanked Sec. Fedotoff and Dir. Teiser for their diligence and exclaimed how wonderful it was to have them on the Board to help with details of the MPR project.

The Finance & Fiscal Oversight Committee reviewed the minutes of the May 24 and June 14, 2011, meetings. Pres. Wiley and V. P. Benediktsson recommended to the Board that the District withhold payment to consultants until they produce a product. One caveat suggested by Sec. Fedotoff was to cover in-field work progress payments, other than analytic, so that laborers would receive their wages. Mgr. Lynch noted that he monitors contract progress and issues holds on the payment of invoices when satisfactory work has not been completed.

OTHER BUSINESS: None

ENVIRONMENTAL: None

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

21. FY 2011-12 Budget for Marin Local Agency Formation Commission Apportionment of Net Operating Expenses

This item was included for informational purposes.

ADJOURNMENT

Motion (McAuliffe/Benediktsson) to adjourn at 8:00 p.m. to a Regular Board Meeting on July 19, 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