

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, February 15, 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
Lynn Henriksen, Administrative Assistant

Consultants present:

Rebecca Overacre, Carollo Engineering

Others present:

Deirdre McCrohan, *The Ark Newspaper*

PUBLIC OPEN TIME:

Ms. Deirdre McCrohan requested that the Board give a brief description of each item prior to discussion, since she does not have a Board packet.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

No comments or agenda requests were made by the Board.

CONSENT CALENDAR:

1. Approval of January 7, 2011, Special Board Meeting Minutes (Miller) (attached)
2. Approval of January 25, 2011, Regular Board Meeting Minutes (Miller) (attached)
3. Approval of February 4, 2011, Special Board Meeting Minutes (Miller) (attached)
4. Approval of Warrants for January 2011, #4307 through 4379, in the amount of \$223,337.66 (Miller) (attached)
5. Receipt of Financial Reports for January 2011 (Miller) (attached)

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

MANAGEMENT REPORT:

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

Mgr. Lynch reviewed the Operations Report for December 2010 with the Board. He reported the District met all NPDES permit requirements, and there were no odor complaints. There were two sewer system overflows (SSOs) in the month of December: one in Belvedere caused by roots and baby wipes, and one in Tiburon caused by roots. There were also two blending events at the main plant due to rain.

7. District Manager's Summary Report of January 2011 (Lynch) (attached)

Mgr. Lynch reviewed the District Manager's Summary Report of January 2011 with the Board. He reported he wrote a letter to the Marin County Environmental Health Services Division requesting the records for all septic systems within the District's boundaries, as the Board directed him to do at the January 25, 2011, Board meeting. He is still waiting for their response.

Mgr. Lynch informed the Board that the CIP Committee has reviewed the preliminary report for the Inflow and Infiltration (I & I) Study, and Mr. Jeff Blum will be presenting the final results to the entire Board as Sec. Fedotoff requested. V.P. Benediktsson asked if there is a quick answer regarding whether the preliminary results of the I & I Study were useful. Mgr. Lynch said we have not received enough rainfall to date to show significant results, but the flow monitors and rain gauges are still in place, so future rain may improve the results.

Mgr. Lynch reviewed the upcoming schedule of events at the District for February through April.

NEW BUSINESS

8. Appointment of Committee Members (Wiley)

Pres. Wiley announced the following appointments of Directors to the Standing Committees of the Board of Directors for the 2011 term:

Finance & Fiscal Oversight Committee:

Catharine Benediktsson (Chair)
Claire McAuliffe
Roy Fedotoff (Alternate)

Capital Improvement Program Committee:	Roy Fedotoff (Chair) Corinne W. Wiley William Teiser (Alternate)
Governance Committee:	Corinne W. Wiley (Chair) William Teiser Catharine Benediktsson (Alternate)
Main Plant Rehabilitation Oversight Committee:	Claire McAuliffe (Chair) William Teiser Catharine Benediktsson (Alternate)

Pres. Wiley noted that the Main Plant Rehabilitation Oversight Committee is a new standing committee. The Information Technology Committee, Paradise Cove Committee, Personnel Committee, and Communications Committee will no longer be standing committees that meet on a regular basis.

9. Consideration of Adoption of Resolution No. 2011-04: A Resolution Adopting Amended Conflict of Interest Code for Sanitary District No. 5 of Marin County (Lynch) – Action

Mgr. Lynch explained the County of Marin requires the District to review its Conflict of Interest Code every two years and revise it, as necessary. At this time, the List of Designated Employees and Disclosure Categories for the Conflict of Interest Code needs to be amended to include the Office/Finance Manager and Wastewater Facilities Manager positions. As the Office/Finance Manager, Mgr. Miller now performs all finance and accounting work in-house that the CPA consultant, Mr. David Bennett, previously performed for the District; as the Wastewater Facilities Manager, Mgr. Rubio is required to review bids and contracts.

Motion (McAuliffe/Benediktsson) to adopt Resolution No. 2011-04: A Resolution Adopting Amended Conflict of Interest Code for Sanitary District No. 5 of Marin County. Passed, all present.

10. Consideration of Authorization and Approval for District Manager to Purchase New District Truck for an Amount Not to Exceed \$25,000.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained that \$25,000.00 was budgeted this fiscal year for the District to purchase a new truck. His plan is to reduce the District's fleet by replacing two of its old trucks with one new one. Mgr. Lynch reviewed three estimates for the new truck, with the lowest bid being from Sonoma Chevrolet.

Motion (Teiser/Benediktsson) to authorize and approve the District Manager to purchase a new District truck for an amount not to exceed \$25,000.00. Passed, all present.

11. Consideration of Authorization and Approval for District Manager to Execute Professional Services Agreement with Nute Engineering for Sewer Rehabilitation Project for an Amount Not to Exceed \$9,898.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained that the undergrounding of utilities on San Rafael Avenue has only recently been approved by the City of Belvedere; therefore, when the District adopted this fiscal year's budget, it was unaware that Belvedere would like the District's 520 foot problematic gravity sewer line on San Rafael Avenue to be replaced after their undergrounding work and prior to their repaving the street, this fiscal year. Mgr. Lynch recommended paying for this sewer line replacement project from the Undesignated Capital Projects Pumps & Lines account; \$50,000.00 was budgeted this fiscal year for the Belvedere zone in this account, and approximately \$43,000.00 remains unspent to date. Mgr. Lynch would like to move forward with Nute Engineers to do the plans and specifications for the new sewer line and the addition of a new manhole.

V.P. Benediktsson asked what the State's rule is regarding sole source purchasing for construction and professional services. Mgr. Lynch explained that expenditures under \$15,000.00 do not require a competitive bid process. V.P. Benediktsson asked if there is a distinction between the rules for construction and professional services. Mgr. Lynch replied the District will go out to bid for the sewer line replacement construction contract, but this professional services agreement with Nute Engineers covers the project's plans and specifications only. V.P. Benediktsson would like the District to work closely with the City of Belvedere to impress upon them the importance of finishing their undergrounding project in time for the District to complete its sewer line replacement prior to the "Concerts in the Park" community program, which starts in June. Mgr. Lynch estimated that the District will need at least three weeks to do its sewer line replacement work on San Rafael Avenue.

Motion (Benediktsson/McAuliffe) to authorize and approve the District Manager to execute a Professional Services Agreement with Nute Engineering for the San Rafael Avenue Sewer Rehabilitation Project for an amount not to exceed \$9,898.00. Passed, all present.

12. Consideration of Authorization and Approval for District Manager to Execute Professional Services Agreement with Carollo Engineers for Main Plant Rehabilitation Project Preliminary Design Report for an Amount Not to Exceed \$118,550.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch said the District budgeted approximately \$400,000.00 for main plant capital improvements this fiscal year that will not be spent if the District moves forward with the main plant rehabilitation project. This unspent money will be sufficient to cover the \$118,550.00 needed for the Carollo Engineers Main Plant Rehabilitation Project Preliminary Design Report.

Sec. Fedotoff requested that Carollo Engineers spell out the number of man hours for each of the technical memoranda by modifying the scope of work in their report. Dir. Teiser

agreed and added that the specifications to be completed at each juncture need also be more clearly defined, and doing so will not cost the District additional money, since Carollo would be doing this anyway.

V.P. Benediktsson expressed concern that authorizing this \$118,550.00 expenditure might leave the Belvedere zone's reserves at a critical low by the end of this fiscal year. Mgr. Miller explained that, if approximately \$400,000.00 in budgeted main plant capital expenditures will not be spent this fiscal year, authorizing this \$118,550.00 expenditure will still leave the Belvedere zone (and the Tiburon zone) with increased reserve levels by the end of this fiscal year. Furthermore, if the Board ultimately decides to take the \$1,000,000.00 loan from Municipal Finance Corporation, described in Item No. 13 below, this would help protect the District's reserves, as well.

Motion (Fedotoff/McAuliffe) to authorize and approve the District Manager to execute a Professional Services Agreement with Carollo Engineers for the Main Plant Rehabilitation Project Preliminary Design Report for an amount not to exceed \$118,550.00, and to modify the existing scope of work to define the deliverables for each of the technical memoranda. Passed, all present.

13. Consideration of Authorization and Approval for District Staff to Obtain Pre-Approval for a \$1,000,000.00 Loan from Municipal Finance Corporation for Preliminary Design, Final Design, and Bid Documents for Main Plant Rehabilitation Project (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained that this item applies to the pre-approval only of a \$1,000,000.00 loan for the pre-design, final design, and bid documents for the main plant rehab project, in order to ensure the District will be eligible for this loan in the event it decides to use this debt financing. V.P. Benediktsson highlighted the fact that this is specifically a pre-approval, not an obligation to accept the loan.

Motion (Benediktsson/Fedotoff) to authorize and approve District staff to obtain pre-approval for a \$1,000,000.00 loan from Municipal Finance Corporation for preliminary design, final design, and bid documents for the main plant rehabilitation project. Passed, all present.

14. Consideration of Authorization and Approval for District Staff to Obtain Pre-Approval for a Loan from Municipal Finance Corporation for Main Plant Rehabilitation Project (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch said if the District decides to move forward with the main plant rehabilitation project, he would feel more comfortable knowing ahead of time that the District can borrow all the funds needed to cover the project by securing pre-approval for the primary loan. V.P. Benediktsson asked if the loan would be issued by zone. Mgr. Lynch answered that he believes the loan would be issued to the District as a whole, and Mgr. Miller noted that the debt obligations would be applied internally to each zone.

V.P. Benediktsson requested staff to demonstrate that it will be possible for each zone to pay for its own share of the loan before she supports the District assuming any loan. Mgr. Miller reminded the Board that each zone's ability to repay its proportionate share of the loan will depend upon the Board's action each year to set the sewer service charges for each zone accordingly; she added that this will be possible based on the five fiscal year (2010-2011 through 2014-2015) rate increases that the Board approved during last year's prop 218 process.

The Board discussed doing further research into applying for a State Revolving Fund (SRF) loan, which was presented as an option by Mr. John Farnkopf at the February 4, 2011, Board Workshop. Realizing it is a more cumbersome and lengthy process, it could be used to reimburse the project, with the Municipal Finance Corporation loan used as a bridge loan. Mgr. Lynch affirmed District staff will file an application with SRF, as directed by the Board.

Dir. Teiser recommended that the District add a 15% margin of error tolerance to the current approximately \$10,000,000.00 estimate for the main plant rehabilitation project, so the District has a more conservative safety cushion. This would mean the District would apply for pre-approval for an \$11,500,000.00 loan from the Municipal Finance Corporation, which need not be drawn down in its entirety should the District ultimately request funding of this pre-approved loan.

Motion (Benediktsson/McAuliffe) to authorize and approve District staff to obtain pre-approval for an \$11,500,000.00 loan from Municipal Finance Corporation for the main plant rehabilitation project. Passed, all present.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS:

15. Information Technology Committee (Fedotoff/Benediktsson)
16. Capital Improvement Program Committee (Wiley/Fedotoff)
17. Governance Committee (McAuliffe/Benediktsson)
18. Paradise Cove Committee (Benediktsson/Wiley)
19. Personnel Committee (Benediktsson/McAuliffe)
20. Communications Committee (McAuliffe/Wiley)
21. Finance & Fiscal Oversight Committee (Wiley/McAuliffe) – Minutes of February 9, 2011, Meeting (attached)

The Capital Improvement Program Committee reviewed their February 11, 2011, meeting.

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

The Information Technology Committee, Governance Committee, Paradise Cove Committee, Personnel Committee, and Communications Committee reported they did not meet this past month.

OTHER BUSINESS: None

ENVIRONMENTAL: None

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

22. Election Results for Local Agency Formation Commission Alternate Special District Member with Term Ending May 2011

Pres. Wiley reported Mr. Craig Murray, of Las Gallinas Valley Sanitary District, won the election to become the alternate special district member of the Marin Local Agency Formation Commission for the term ending May 2011.

ADJOURNMENT:

Motion (McAuliffe/Benediktsson) to adjourn at 7:58 p.m. to a Regular Board Meeting on March 15, 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