

Corinne W. Wiley, President
Catharine Benediktsson, Vice President

V. William Brady, Secretary
Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, January 13, 2009 6:30 p.m.
Closed Session 5:30 p.m.**

CALL TO ORDER by President McAuliffe at 5:28 p.m.

ROLL CALL: Directors present:

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

Staff present:

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

Consultants present:

Gary Ragghianti, District Legal Counsel
Riley Hurd, District Legal Counsel

Others present (arrived 6:30 p.m.):

David Perotti, Perotti & Carrade CPAs
Deirdre McCrohan, *The Ark Newspaper*
Paul Garbarini

CLOSED SESSION at 5:29 p.m.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

California Government Code, Section 54956.9(b) – Significant exposure to litigation: One case.

OPEN SESSION at 6:35 p.m.

No reportable action was taken during the Closed Session.

1. Election of Officers of the Board

Pres. McAuliffe thanked the Board and Mgr. Lynch for a wonderful year, saying she very much enjoyed it, and we covered a lot of ground. Dir. Kawamoto thanked Pres. McAuliffe for all she has taken on this past year.

Motion (McAuliffe/Benediktsson) to nominate Corinne W. Wiley as the President of Sanitary District No. 5 of Marin County Board of Directors for the 2009 term. Passed, all.

Motion (Wiley/Kawamoto) to nominate Catharine Benediktsson as the Vice President of Sanitary District No. 5 of Marin County Board of Directors for the 2009 term. Passed, all.

Motion (Kawamoto/Wiley) to nominate V. William Brady as the Secretary of Sanitary District No. 5 of Marin County Board of Directors for the 2009 term. Passed, all.

Pres. Wiley presented a gift of flowers to Dir. McAuliffe on behalf of the Board and District staff, thanking her for all her dedication, hard work, and great leadership.

2. Appointment of Committee Members

Pres. Wiley will wait to appoint Directors to the Standing Committees of the Board of Directors for the 2009 term.

Pres. Wiley moved Item No. 14, as described on the agenda, to this time so Mr. David Perotti would not have to remain for the entire meeting.

UNFINISHED BUSINESS

14. David Perotti Report – Internal Audit of Fund Allocation for the Zone Breakout and the Calculations Being Used for the Different Zones (attached)

Mr. Perotti began his presentation to the Board by explaining that his report is in draft form because he feels there can be input from other sources and he would like other people to have an opportunity to comment on it before he puts it in final form.

He continued by saying that one of his objectives during the course of his audit is to make the District's accounting process as simple as possible. For Phase 1 of his audit, regarding fund allocation percentages for the zone breakout, he recommends the District begin using one methodology across the board to allocate costs – flowage. The result of this exercise is not actually substantially different from the percentage figures the District was using originally.

Mr. Perotti explained that the most substantial difference lies with the capital expenditure allocation percentage. For quite some time, 30.66% has been the figure used to allocate capital improvement expenditures to the Belvedere zone. Investigation as to its origin and the underlying rationale behind it has been unsuccessful. Since District staff has been unable to locate the document that is expected to explain the basis for the 30.66% figure, we have taken a very reasoned approach that yields a very reasonable conclusion.

Mr. Perotti said he believes capital improvement expenditures should prospectively be allocated based on sewage flow, as the expenses are. He said there appears to be little support,

other than historic precedent, for doing otherwise. Since operating costs are being charged on the basis of flowage, capital expenditures should use the same basis. It would only make sense that you pay the same percentage of a cost to *replace* something as you pay to *use* it.

Pres. Wiley asked Mr. Perotti about the percentages presented on the spreadsheet attached to his report. Mr. Perotti explained that, since commercial effluent is stronger than residential effluent (due to grease, etc.), it is customary to apply strength factors to the metered water usage data the District receives from Marin Municipal Water District (MMWD). That is the basis for the adjustment of inflows in Mr. Perotti's spreadsheet – he used the gallons of inflow for each commercial property, and weighted these figures by the same strength factors the District uses to calculate the commercial sewer service charges.

Mgr. Lynch added that these figures are based on 2007 water usage data from MMWD, since that is the most recent information MMWD can give us, but the percentages do not change very much from year to year. Dir. Kawamoto asked what is going to happen when more Paradise Drive residents hook up to the District. Mgr. Lynch replied that, currently, the average flow at the Paradise Cove Treatment Plant is 7,500 gallons per day. If, for example, the 30 homes at Seafirth Estates hook up, this flow will increase to approximately 11,000 gallons per day. However, this still will not make a large impact on the cost allocation percentages, since the average flow at the Main Plant is close to 700,000 gallons per day.

Mr. Perotti emphasized that the most accurate measure of cost allocation is the sewage flow that comes into the plant. It is simply not as accurate to use EDUs, which is what has historically been used to allocate costs to Paradise Cove. We have an accurate, objective measure of flow from MMWD, and using flowage as a basis of cost allocation for Paradise Cove would provide a uniform basis of allocation throughout all zones. The only somewhat “subjective” measure being used in Mr. Perotti's proposal is the strength factors to weight the commercial flow, but these figures come from the District's ordinance for calculating commercial sewer service charges.

Mr. Perotti stressed the most important question is what impact his proposition will have compared to what the District has historically been doing. He passed out his “Comparative Apportionment Statistics” handout for the Board to review (attached). He explained that the first option shows unadjusted percentages that reflect flowage without consideration of strength factors, the second option shows Mr. Perotti's proposed percentages which are all uniformly based on flowage and include an adjustment for strength factors, the third reflects the rates that have historically been used by the District, and the fourth is based on the idea that Paradise Cove's percentage should be arbitrarily increased by 50% because it is a small plant and, therefore, is perceived to be less efficient, which Mr. Paul Garbarini proposes. Mr. Perotti highlighted the fact that the difference between the percentage figures in each of these four scenarios is very small.

Mr. Garbarini informed the Board he agrees with Mr. Perotti's application of strength factors to weight the commercial flow. However, he believes Paradise Cove flowage should get weighed more heavily due to the plant's small size. He asked Mgr. Lynch if the District would need more labor if the District had 50 small, individual plants like Paradise Cove. Mgr. Lynch's

response was affirmative. Mr. Garbarini argued that, due to economies of scale, a complexity factor should be applied to the Paradise Cove flowage, since the Paradise Cove Plant is small. He believes the Paradise Cove flowage should be increased by at least 50%. V.P. Benediktsson replied that Mr. Garbarini has no real facts to substantiate the 50% increase for Paradise Cove.

Mr. Perotti also disagreed with Mr. Garbarini, stating he believes the Main Plant has more complexity than the Paradise Cove Plant. There are more things that can go wrong at the Main Plant, and both residential and commercial sewage must be treated there. Mr. Perotti added that, even if we were to increase Paradise Cove's flowage by 50%, as Mr. Garbarini proposed, it would still only have a minimal impact, increasing Paradise Cove's percentage from 1.38% to 2.06%, and only slightly decreasing Belvedere's percentage from 33.24% to 33.01%.

Mr. Garbarini pointed out his second disagreement with Mr. Perotti – the basis for the capital expenditure allocations. Mr. Garbarini claimed the original document that is thought to explain the basis for the 30.66% figure historically used for Belvedere's capital allocations has to be somewhere, either in the District's records or the City of Belvedere's records. He asserted the 30.66% figure had to have been based on something, and the District should continue using that number until the document is found. V.P. Benediktsson replied that we do not know if the document still exists, and it could be impossible to find. We also do not know if it will even explain how the 30.66% figure was determined, and, if it does, it could easily have been based on the flowage data from that time. Mr. Garbarini maintained that if we cannot find the document, we should continue using the same 30.66% figure that has always been used.

Pres. Wiley expressed concern that the District has not been able to locate the major document explaining the origins of the historical 30.66% figure. She said the District needs to do something about losing important documents.

Pres. Wiley asked what financial impact Mr. Perotti's proposed allocations will have on the different zones. Mgr. Lynch presented his very rough estimate, based on the 2008-2009 Budget, that the Tiburon zone's operating and capital expenditures would decrease by approximately \$34,000, Belvedere's would increase by approximately \$71,000, and Paradise Cove's would decrease by approximately \$37,000. There was a dispute about whether it should actually be the opposite (with Tiburon and Paradise Cove's costs increasing, and Belvedere's costs decreasing), and Mr. Perotti said he thought the latter would be the correct conclusion. Mgr. Lynch replied he would run his numbers again.

Pres. Wiley asked Mr. Perotti at what point he thinks the District should consider making Paradise Cove its own zone. Mr. Perotti replied he cannot advise on that. V.P. Benediktsson explained it would be a huge process to make Paradise Cove its own zone, and we would need a 51% approval from the Paradise Cove residents. At this point, the Tiburon zone will have to continue subsidizing Paradise Cove.

Pres. Wiley noted that Belvedere residents currently pay the highest sewer rate in Marin County. Mr. Perotti replied this is partly due to the fact that the Belvedere sewer rates have to cover Belvedere's debt (its outstanding loan that the District inherited during the annexation of

Belvedere). The Tiburon zone, on the other hand, has no debt to pay off, so their rates can be lower.

Dir. McAuliffe asked Mr. Perotti whether, in his experience working with other districts, he has seen the use of a flat fee for all residences, instead of charging separate fees for the different zones, or a flat fee for commercial properties, instead of basing them on the previous year's water usage data and varying strength factors.

Mgr. Lynch pointed out we cannot charge the same rates to both Tiburon and Belvedere property owners for a number of reasons. First, Belvedere rates need to cover the cost of Belvedere's loan, as mentioned previously. Second, the Tiburon zone receives property tax money from the County – the District receives approximately one half of one percent of the property tax money collected from Tiburon homeowners. Therefore, Tiburon homeowners' sewer rates do not have to be as high. With Belvedere, however, the City of Belvedere keeps all of the property tax money it receives through the County from Belvedere homeowners, and the District does not receive any of it. Pres. Wiley added that the City of Belvedere used to subsidize Belvedere's sewer fees by about \$380,000 per year. The City stopped doing that after the annexation, which is another reason why the Belvedere homeowners' sewer rates have gone up.

V.P. Benediktsson expressed support for Mr. Perotti's report, stating it has a strong rationale and it is applied fairly. An outsider would look at his proposal and think it is fair. She thanked Mr. Perotti for his work. V.P. Benediktsson added she would like Paradise Cove to start picking up its own weight. Tiburon heavily subsidizes Paradise Cove, and it is not fair to the Tiburon rate payers.

Mr. Perotti informed the Board he is ready to make his report final, and the Board should decide if they would like to accept and implement his recommendations, or if they would like to modify them.

V.P. Benediktsson pointed out that, since the District is technically only made up of two zones, Tiburon and Belvedere, it is not legal to take the Paradise Cove allocation percentage off the top, before splitting the costs between the Tiburon and Belvedere zones. The Paradise Cove allocation must come from within Tiburon's allocation, since it is part of the Tiburon zone. Mr. Perotti agreed, and said Mr. Garbarini had agreed with that, as well.

After further debate, the consensus of the Board was to agree with Mr. Perotti's recommendations (Option #2 on his "Comparative Apportionment Statistics" handout). Ms. Deirdre McCrohan asked the Board if any decisions made at this Board meeting would change the sewer rates for any members of the District. The Board replied that actions taken during this Board meeting would not change the sewer rates.

The Board accepted Mr. Perotti's report and recommendations. For shared operating expenses, costs will be allocated in the following manner: 65.38% for Tiburon, 1.38% for Paradise Cove, and 33.24% for Belvedere. For capital improvement expenditures and costs at the Main Plant that do not affect Paradise Cove, 66.29% will be allocated to Tiburon and 33.71% will be

allocated to Belvedere. The Board agreed that District staff should continue searching for the missing document that might explain the origins of the 30.66% figure historically used for Belvedere's capital allocations. The Board instructed Mgr. Miller and Mgr. Lynch to move forward and begin applying these new allocation percentages immediately, starting with July 1, 2008 transactions. The Board agreed the District would recalculate these allocation percentages in the same manner each year, based on Mr. Perotti's method of using flowage numbers from the prior year.

Mr. Perotti will meet with Mgr. Miller and Ms. Leslie LaTorre on January 21, 2009 to begin working on Phase 2, his audit of the District's accounting system and financial reports. These recommendations, if accepted, should be implemented at the beginning of the 2009-2010 fiscal year.

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Sec. Brady said he would like to update the minutes on the District's website. He requested that Mgr. Miller send him the minutes from September 2008 through the present for him to upload to the website. Then, in the future, Mgr. Miller will upload the minutes from April 2008 through August 2008, as well as all current minutes.

Sec. Brady discussed with the Board the option of sending a District staff member to the Asset Management Seminar in San Diego on February 10-11, 2009. He thinks whoever will be using the new asset management software he would like to implement at the District should go to this seminar. Sec. Brady will be attending the seminar, as well, but he will pay for his own costs. The Board agreed to send Mgr. Lynch to the seminar with Sec. Brady.

CONSENT CALENDAR:

3. Approval of December 8, 2008 Regular Board Meeting Minutes (attached)
4. Approval of December 11, 2008 Special Board Meeting Minutes (attached)
5. Approval of December 22, 2008 Special Board Meeting Minutes (attached)
6. Approval of Warrants for December 2008, #2598 through 2680, in the amount of \$241,705.56 (attached)
7. Receipt of Financial Reports for December 2008 (attached)

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

Dir. Kawamoto asked Mgr. Lynch what happened with Team Ghilotti's request for compensation due to permit delay, which was unfinished business from the December 8, 2008 Board meeting. Mgr. Lynch informed the Board that he asked Team Ghilotti to furnish more information demonstrating

their additional costs, but Team Ghilotti never provided this information to Mgr. Lynch. Mgr. Lynch believes the matter is closed at this point.

MANAGEMENT REPORT:

8. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report November 2008 (attached)

V.P. Benediktsson asked Mgr. Lynch if the District has stopped doing FOG inspections (inspections of food service establishments), since there were not any done in October or November 2008. Mgr. Lynch replied that John Rosser, who is in charge of permits and inspections for the District, is still doing FOG inspections, but there did not happen to be any in October or November 2008.

9. District Manager's Summary Report of December 2008 (Lynch) (attached)

Mgr. Lynch updated the Board on the status of the Paradise Cove Treatment Facility. Mgr. Lynch spent the week of January 5, 2009 at the Paradise Cove Plant, assisting Ashbrook Simon-Hartley representatives on the start up of the plant, and it is now up and running. However, Mgr. Lynch was very displeased with the two Ashbrook representatives. He said they were incompetent and unfamiliar with things, and Mgr. Lynch and Mgr. Rubio had to get the plant running without them. The Board agreed with Mgr. Lynch that he should write a letter to Ashbrook expressing his dissatisfaction with their work, and that the question of whether to pay Ashbrook for their work needs to be considered.

Mgr. Lynch recommended to the Board that the District not accept the digester cover coating on the outside of the cover. It has already bubbled up with air pockets twice, and the independent coating specialist says the external coating is not good. Mgr. Lynch recommended that the District require NCCI, Inc. to strip it and paint the outside of the cover all over again. According to the coating specialist, the coating on the inside of the cover is fine. Mgr. Lynch thinks the prep work for painting the outside of the cover must have been done incorrectly. The Board agreed with Mgr. Lynch that it was well worth the cost to hire the independent coating specialist.

NEW BUSINESS:

10. Consideration of Moving Regular Board Meeting to Second Tuesday of Every Month

Motion (Benediktsson/McAuliffe) to move the Regular Board Meeting to the second Tuesday of every month. The next Regular Board Meeting will be held on Tuesday, February 10, 2009 at 6:30 p.m. Passed, all.

11. 65 Rolling Hills Road – Sewer Main Possibly out of Easement (see attached Notes of Explanation)

Mgr. Lynch explained that Mr. James Tarantino, the owner of 65 Rolling Hills Road, drilled a hole in the District's sewer main while remodeling his house. Mr. Tarantino claims the District's sewer main is outside of the recorded easement by two feet. District staff has hired a professional locating company to locate the sewer main, but the District must now hire a professional surveyor to survey the location of the line. If it turns out that the line is, indeed, out of easement, the District will have to move the line. The 160 foot long line would have to be dug up by hand, which would cost approximately \$100 per foot.

The Board agreed that Mgr. Lynch should proceed with hiring a professional surveyor. Mgr. Lynch expects this to cost approximately \$1,000.00 to \$1,500.00, which lies within the District Manager's expenditure limit.

UNFINISHED BUSINESS:

12. Authorization and Approval for District Manager to Amend the Commercial Sewer Service Charges and Send Amendment to the County of Marin for an Amended Property Tax Bill

Motion (Benediktsson/McAuliffe) to table this item. Passed, all.

13. Acceptance of Final Report of GASB 45 Valuation of Retiree Health Benefits Prepared by: Nick Franceschine, F.S.A. of North Bay Pensions (see attached Notes of Explanation)

Mgr. Lynch noted the Board reviewed this report with Mr. Nick Franceschine at the Special Board Meeting on November 17, 2008. Mgr. Lynch recommended to the Board that the District choose the "pay as you go" approach to paying for the District's OPEB (other postemployment benefits) liabilities, for at least the next year. The District needs to finish updating its accounting system first, so we can figure out exactly where we stand financially. Furthermore, the economy is currently in a bad state, and Mgr. Lynch does not think it would be prudent to prefund the District's OPEB liabilities at this point.

Motion (Benediktsson/Brady) to accept the Final Report of GASB 45 Valuation of Retiree Health Benefits prepared by Nick Franceschine, F.S.A. of North Bay Pensions. Passed, all.

COMMITTEE REPORTS:

15. Capital Improvement Program Committee
16. Governance Committee
17. Paradise Cove Committee
18. Finance & Fiscal Oversight Committee

There were no committee meetings held in December.

OTHER BUSINESS: None

ENVIRONMENTAL:

19. District Staff – Ongoing Investigation of Reclaimed Water Use

Mgr. Lynch informed the Board he has not had time to do any further investigation of reclaimed water use. This item will be on the February 10, 2009 Board meeting agenda.

20. District Staff Looking into Possible Solar Panel System

Mgr. Lynch explained he is investigating the option of putting solar panels on the roof of the tool shed at the Main Plant. This would help reduce the District's energy costs to some extent. Since the District does not own the hillside next to the Main Plant, we do not have the authority to put solar panels there. The Board agreed Mgr. Lynch should continue looking into this idea of installing solar panels at the Main Plant.

CORRESPONDENCE: None

INFORMATIONAL ITEMS: None

ADJOURNMENT:

Motion (Benediktsson/Brady) to adjourn at 8:18 p.m. to a Regular Board Meeting on February 10, 2009 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all.

Approved:

Attest:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Corinne W. Wiley, President
Catharine Benediktsson, Vice President

V. William Brady, Secretary
Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Special Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Friday, January 23, 2009 11:00 a.m.**

CALL TO ORDER by President Wiley at 11:02 a.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

Consultants present: Riley Hurd, District Legal Counsel

CLOSED SESSION at 11:03 a.m.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
California Government Code, Section 54956.9(b) – Significant exposure to litigation: One case.

OPEN SESSION at 12:03 p.m.

No reportable action was taken during the Closed Session.

ADJOURNMENT:

Motion (Brady/Kawamoto) to adjourn at 12:04 p.m. to a Regular Board Meeting on February 3, 2009 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all.

Approved:

Attest:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Corinne W. Wiley, President
Catharine Benediktsson, Vice President

V. William Brady, Secretary
Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, February 3, 2009 6:30 p.m.
Closed Session 5:30 p.m.**

CALL TO ORDER by President Wiley at 5:31 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
Tony Rubio, Facilities Manager

Consultants present:

Riley F. Hurd III, District Legal Counsel
Denise Conners, Larry Walker Associates

Others present (arrived 6:30 p.m.):

Deirdre McCrohan, *The Ark Newspaper*
Greg Swart, Seafirth Estates Company
Paul Garbarini
Becky Pringle
Jack Mavis, Point Tiburon Homeowners Assoc.
Pamela Rice
Roy Fedotoff

CLOSED SESSION at 5:32 p.m.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

California Government Code, Section 54956.9(b) - Significant exposure to litigation: One case.

OPEN SESSION at 6:36 p.m.

No reportable action was taken during the Closed Session.

1. Appointment of Committee Members (attached)

Pres. Wiley announced the following appointments of Directors to the Standing Committees of the Board of Directors for the 2009 term:

Finance & Fiscal Oversight Committee:	Catharine Benediktsson (Chair) Claire McAuliffe Corinne W. Wiley (Alternate)
Paradise Cove Committee:	Corinne W. Wiley (Chair) V. William Brady Casey Kawamoto (Alternate)
Capital Improvement Program Committee:	V. William Brady (Chair) Corinne W. Wiley Casey Kawamoto (Alternate)
Governance Committee:	Casey Kawamoto (Chair) Corinne W. Wiley V. William Brady (Alternate)
Information Technology Committee:	V. William Brady (Chair) Catharine Benediktsson Claire McAuliffe (Alternate)

PUBLIC OPEN TIME:

Mr. Greg Swart of Seafirth Estates Company noted that Seafirth Estates Co. sent a letter to the Board last week. Seafirth Estates Co. is very pleased the District has resolved the issue with Mr. Mark Jansheski. At this point, before they break ground, Seafirth Estates Co. would like clarification from the District about the reimbursement agreement and how they can connect to the Paradise Drive Sewer Line Extension.

Pres. Wiley announced this will all be resolved at the March 10, 2009 Regular Board Meeting. Starting March 11, 2009, Paradise residents will be able to apply to connect to the Paradise Drive Sewer Line Extension. Mr. Swart asked whether the reimbursement agreement will follow the previous agreement. Mr. Riley Hurd, District legal counsel, replied that Mr. Swart's concerns are valid, and they will be addressed at the March 10, 2009 Regular Board Meeting. The terms of the repayment agreement will be discussed at that meeting, and the new reality and factors the District is dealing with will have to be included in the new agreement. Mr. Hurd added that the District will write a letter in response to the most recent letter received from Seafirth Estate Co.'s attorney.

Ms. Becky Pringle said Paradise Drive neighbors have asked her if they can hook up to the Paradise Drive Sewer Line Extension right away. Mgr. Lynch replied that residents will not be able to hook up until the reimbursement agreement is in place, which will be considered at the March 10, 2009 Regular Board Meeting. Ms. Pringle asked more specific questions about the reimbursement agreement, at

which point Mr. Hurd noted the reimbursement agreement is not on the agenda for tonight's Board Meeting, so the Board cannot discuss it at this time. Residents cannot connect to the Paradise Drive Sewer Line Extension yet because the sewer line construction fee has not yet been set. The resolution from the September 29, 2008 Special Board Meeting that set the fee at \$10,000.00 was contingent on Mr. Jansheski signing the agreement, which did not occur. Therefore, a new resolution to set the sewer line construction fee must be passed, which will be up for consideration at the March 10, 2009 Regular Board Meeting, along with the repayment agreement.

Ms. Pringle requested that the proposed resolution be included with the March 10, 2009 Regular Board Meeting Agenda. Mr. Hurd replied the resolution that the Board will be considering at the March 10, 2009 Regular Board Meeting will be publicly available before the meeting.

Ms. Pringle presented Mgr. Lynch with a written California Public Records Act Request for copies of all correspondence to and from SD5 in the last 120 days relating to the Paradise Drive Sewer Line Extension project.

Mr. Jack Mavis of Point Tiburon Homeowners Association (HOA) informed the Board that the Point Tiburon residents are very much in support of the District's reclaimed water efforts, and they would appreciate it if the Board could take action on this as soon as possible. They would like to work hard with the District to make this happen.

Mr. Paul Garbarini distributed the letter he wrote to the Board on February 3, 2009 requesting the Board to reconsider the accounting decision made at the January 13, 2009 Regular Board Meeting. He explained he disagrees with the Belvedere zone's capital expenditure allocation changing from 30.66% to 33.71%. He believes it was a de facto increase in the Belvedere rate, and it was not adequately noticed on the agenda. Furthermore, since he does not think there was any love lost between the City of Belvedere and the District, and he thinks Belvedere's flow has always been higher than 30.66%, he believes there must have been an agreement between the City of Belvedere and the District to fix Belvedere's capital allocation rate at 30.66%. Therefore, Mr. Garbarini argued, the District should continue to use the 30.66% figure until the original documentation that set the 30.66% figure is found.

Pres. Wiley thanked Mr. Garbarini for his comments and notified him that the Board cannot discuss the item or take any action at this time, as it is not on the agenda. The Finance Committee will discuss the matter with Mr. David Perotti at the next Finance Committee meeting.

Motion (Benediktsson/McAuliffe) to move Item No. 16, as described on the agenda, to this time so certain members of the public would not have to remain for the entire meeting. Passed, all.

ENVIRONMENTAL:

16. District Staff – Ongoing Investigation of Reclaimed Water Use
Proposal from Larry Walker & Associates for Recycled Water Program Permit
Proposal from Veolia Water – Hydrotech Drumfilter

Mgr. Lynch informed the Board he has been moving forward on this issue. He has been working on cost estimates, and he has spoken with Denise Conners from Larry Walker Associates about getting the permitting for a recycled water program. Mgr. Lynch presented two different options for filters, with only a \$10,000.00 difference between the two. He estimated the cost to be approximately \$86,500.00 for a 50,000 gallon per day capacity filter, plus engineering, permitting, and labor costs, for an estimated total cost of \$140,000.00. Mgr. Lynch would like to do more research and work on his estimate so this item can possibly be included in the 2009-2010 fiscal year budget. There is no money for this reclaimed water project in the current 2008-2009 budget. V.P. Benediktsson suggested that this could be a great grant proposal. Mgr. Lynch replied he will start looking into grants.

Mr. Roy Fedotoff, a private consultant, noted that the proposal from Larry Walker Associates for approximately \$13,000.00 looks very reasonable to him.

Pres. Wiley asked if the Point Tiburon HOA would be willing to invest any money into this reclaimed water project. Mr. Mavis said he will ask his Board. Ms. Pamela Rice, who does landscaping for Point Tiburon, expressed strong support for the reclaimed water project. She said Point Tiburon homeowners are very eager to move forward with this, she believes it would be great public relations for the District, and she thinks the District could get grant money for this pilot project. Dir. McAuliffe said she would like to know the water usage for the Point Tiburon residences.

Pres. Wiley explained to the public that the District does not have any money for this project now, and she urged the Point Tiburon HOA to write a letter that could be presented to our Board.

Mr. Mavis asked the Board how much money the District would like the Point Tiburon HOA to contribute towards this project. He would like to know the total estimated costs for the project, how much money the District thinks it will be able to get through grants, and what the expected timeline would be. The Board replied that further investigation needs to occur before the District can provide this information to the Point Tiburon HOA. Sec. Brady noted that this project is not part of the District's capital expenditure plan.

Dir. Kawamoto asked Mgr. Lynch which size filter he recommends for the Main Plant. Mgr. Lynch replied he cannot make any recommendations yet as to the type of equipment the District should use; he needs to do more research. Mgr. Lynch will continue to research types of equipment, costs, grant possibilities, and whether Marin Municipal Water District will provide the District with any assistance or rebates, to determine the feasibility of this proposed project. The Board is very anxious to expedite this matter.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Pres. Wiley requested that the District put an ad in *The Ark Newspaper* for filing help in the office.

CONSENT CALENDAR:

2. Approval of January 13, 2009 Regular Board Meeting Minutes (attached)
3. Approval of January 23, 2009 Special Board Meeting Minutes (attached)
4. Approval of Warrants for January 2009, #2681 through 2782, in the amount of \$594,135.84 (attached)
5. Receipt of Financial Reports for January 2009 (attached)

Pres. Wiley requested that changes to Items No. 2 and 4 of the Consent Calendar be made before approval. Motion (McAuliffe/Benediktsson) to approve Items No. 3 and 5 of the Consent Calendar. Passed, all.

Mr. Garbarini requested that an addition be made to Item No. 14 in the January 13, 2009 Regular Board Meeting Minutes. He said he had asked Mgr. Lynch that, if the District had 50 small, individual plants like Paradise Cove, would the District need more labor. Mgr. Lynch's response was affirmative. Mr. Garbarini would like this question and Mgr. Lynch's response to be recorded in the minutes. The Board agreed to make this revision.

Pres. Wiley also requested that an additional statement of hers be included under Item No. 14 in the January 13, 2009 Regular Board Meeting Minutes. She said she had expressed concern that the District could not locate a major document explaining the origins of the 30.66% figure historically used for the capital expenditure allocation to the Belvedere Zone, and that the District needs to do something about losing important documents. Pres. Wiley would like these statements to be recorded in the minutes. The Board agreed to make this revision.

V.P. Benediktsson asked about Warrants #2696 and 2767 to San Rafael Chevrolet for truck repairs. Mgr. Rubio explained that two different trucks needed repair work in January. The water pump went out in one truck, and the fuel pump went out in another truck.

The Board asked Mgr. Lynch about Warrants #2697 and 2770 to Team Ghilotti, Inc. for "Paradise Cove Project Extra Work" and asked whether the District is over budget for the Paradise Cove Project. Mgr. Lynch confirmed that Team Ghilotti had to do some extra work on the Paradise Cove Project, adding that we are still not over budget for the Paradise Cove Project this fiscal year. V.P. Benediktsson would like the Finance & Fiscal Oversight Committee to review this more.

V.P. Benediktsson questioned whether Warrants #2722 and 2726 were both, indeed, for Tiburon pump station #3. Mgr. Rubio informed the Board that Warrant #2722 to Electrix was recorded correctly as the electrical wiring for the generator replacement at Tiburon pump station #3, while Warrant #2726 to Calcon Systems, Inc. should have been recorded as the flow meter calibrations at Tiburon pump station #5. Mgr. Miller will correct Warrant #2726 to refer to Tiburon pump station #5.

Motion (McAuliffe/Benediktsson) to approve Items No. 2 and 4 of the Consent Calendar, with the preceding corrections. Passed, all.

MANAGEMENT REPORT:

6. Operations Report (Rubio)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report December 2008 (attached)

Mgr. Rubio reviewed his Operations Report with the Board. V.P. Benediktsson asked about the three sewer system overflows (S.S.O.'s) in the month of December. She wanted to know where and when they occurred, how much volume was involved, and if they went to receiving water. Mgr. Rubio replied he will have to pull the information out of the lab and put it on his next report. The Board requested that, in the future, Mgr. Rubio include this additional information about S.S.O.'s in his Operations Report every month.

7. District Manager's Summary Report of January 2009 (Lynch) (attached)

Mgr. Lynch updated the Board on the status of the Paradise Cove Treatment Facility. At the beginning of January, District staff worked on the start up of the plant. It has now been up and running for four weeks and it is working well. Mgr. Lynch will present pictures of the old plant and the new plant at the next Board meeting. Dir. McAuliffe recommended to the other Board members that they go out to Paradise and take a look at the new plant, like she has done previously with Dir. Kawamoto.

Mgr. Lynch informed the Board that Redwood Painting observed the new coating tests done by the independent coating specialist, and the coating passed the tests. Mgr. Lynch is still waiting to receive the written report from the coating specialist before we start using the new digester cover. Dir. McAuliffe asked Mgr. Lynch whether it would make sense to get another opinion about the quality of the coating, and whether we could get a ten year warranty on the paint coat, instead of a five year warranty. Mgr. Lynch will have to ask if it would be possible to get a ten year warranty. Mr. Garbarini asked whether the third party consultant was present to observe the painting job, while it was being done. Mgr. Lynch replied that he was not present during the painting; he only tested the coating after it was done. Mr. Garbarini recommended that, if this is done again in the future, the coating specialist be present during the painting, as well as test the coating afterwards.

NEW BUSINESS:

8. Consideration of Refunding Fixture Fee Payment to Resident at 79 Bellevue Avenue (Lynch) (see attached Notes of Explanation)

Mgr. Lynch explained that Sara Griffith of 79 Bellevue Avenue was issued a new connection permit on September 18, 2008 for adding a bathroom to her home, which she is no longer going to do. She requested a refund of the fixture fee payment she made to the District in the amount of \$1,963.00.

Motion (Brady/McAuliffe) to authorize and approve the District Manager to refund the fixture fee payment to Sara Griffith of 79 Bellevue Avenue for an amount of \$1,963.00. Passed, all.

Sec. Brady suggested that the District establish a policy that fees such as these are nonrefundable. Mr. Hurd noted that would involve a 218 process. The Board did not agree on whether they would like to establish such a policy. V.P. Benediktsson commented that, if someone requests a refund of their fixture fee payments after later deciding not to add any fixture units, the District should keep some of the money since District staff still had to spend time reviewing the permit application. Mgr. Lynch suggested that, in these cases, the District could possibly refund the treatment and collections components of the fees, but keep the \$60.00 inspection fee to cover the time it took District staff to work on that permit application.

9. Consideration of Authorization and Approval for District Manager to Execute Agreement for Utility Bill Auditing Services (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch informed the Board that California Special District Association (CSDA) has recommended Utility Cost Management LLC (UCM) to help special districts reduce their energy costs. If the District enters into an agreement with UCM to analyze and identify errors in the District's PG&E utility bills, UCM will then be entitled to 42% of the refunds or credits the District would receive from PG&E, as well as 42% of any future savings the District may have from PG&E in the next three years.

V.P. Benediktsson asked whether the District has already done this in the past. Mgr. Lynch replied the District has not done this type of billing auditing before; the District previously engaged in a different energy reducing plan with California Public Utilities Commission. V.P. Benediktsson warned that the District should be careful entering into a contract with UCM; she expressed concern that the contract could allow UCM to start controlling and managing our utility usage and billing.

Motion (McAuliffe/Benediktsson) to authorize and approve the District Manager to execute an agreement with Utility Cost Management LLC for a utility bill auditing service, contingent on Mr. Hurd reviewing the agreement with UCM. Passed, all.

10. Consideration of Authorization and Approval for District Manager to Execute Contract with Team Ghilotti for Replacing Sanitary Sewer Main Located at 32 Eucalyptus Avenue for an Amount Not to Exceed \$19,850.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained that, over the past six months, the District has encountered numerous sanitary sewer overflows on the sewer main located at 32 Eucalyptus Avenue. The sewer main up there is a mess, and there is a lot of root penetration, as well as cracked pipe. Mgr. Lynch recommended replacing the entire line to prevent the ongoing future maintenance and repairs that will be required otherwise. The District has received four proposals to replace the sewer line: Maggiora Ghilotti for \$30,015.00, Linscott Engineering for \$22,295.00, Roto Rooter for \$20,200.00, and Team Ghilotti, with the lowest bid price, for \$19,850.00. Mgr. Lynch noted that, although this was not a budgeted item, there is \$15,092.00 left over from the CIPP

replacement program that can be used towards this expense, along with extra money not yet spent for spot repairs.

Mr. Garbarini asked whether the District has had good experience with Team Ghilotti. Mgr. Lynch replied the District has. Sec. Brady asked what sort of notification the District will give to the residents along Eucalyptus Avenue. Mgr. Lynch informed the Board that the District will notify the residents that we will be working up there for about a week to replace the sewer main, which will prevent us from having to do ongoing repair work up there in the future.

Motion (McAuliffe/Brady) to authorize and approve the District Manager to execute a contract with Team Ghilotti for the replacement of the sanitary sewer main located at 32 Eucalyptus Avenue for an amount not to exceed \$19,850.00. Passed, all.

Pres. Wiley asked when this replacement project will begin. Mgr. Lynch said he will have to ask Team Ghilotti tomorrow when they can start.

UNFINISHED BUSINESS:

11. Consideration of Authorization and Approval for District Manager to Execute Contract with Pacific Liners, Inc. for 2008 Sewer Line Rehabilitation Project (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained that when he brought this item to the Board at the October 6, 2008 Regular Board Meeting, Pacific Liners wanted to wait to start the work until mid-March, when the rainy season would be over. However, since it has been such a mild winter with little rain, Pacific Liners would like to start the project now. V.P. Benediktsson asked whether this item has been discussed by the Capital Improvement Program Committee. Dir. McAuliffe and Dir. Kawamoto confirmed this to be true.

Motion (Brady/Kawamoto) to authorize and approve the District Manager to execute the contract with Pacific Liner, Inc. for the 2008 Sewer Rehabilitation CIPP Project for an amount not to exceed \$104,767.00. Passed, all.

COMMITTEE REPORTS:

12. Capital Improvement Program Committee
13. Governance Committee
14. Paradise Cove Committee
15. Finance & Fiscal Oversight Committee – Minutes of January 12, 2009 (attached)

There was no discussion of the Minutes of the January 12, 2009 Finance & Fiscal Oversight Committee meeting. No other committee meetings were held in the month of January.

OTHER BUSINESS: None

ENVIRONMENTAL:

17. District Staff – Ongoing Investigation of Possible Solar Panel System

Mgr. Lynch informed the Board there is currently no new business to report on this issue. The Board noted this could be another grant item.

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

18. Letter Dated January 16, 2009 from the District Manager to Mr. Lee Sanna of NCCI, Inc.

Mgr. Lynch noted this letter was the backup for his District Manager's Summary Report for January 2009, which was already discussed under Item No. 7.

Pres. Wiley informed the Board that the gentleman who is donating a new rear gate for the Main Plant is already working with the architect on the design.

Mgr. Miller announced she has updated the District's website. All the Board and Committee meeting agendas and minutes from September 2008 through today have now been uploaded for the public to view, and Mgr. Miller will continue to keep this information up-to-date on the website. The Board thanked Mgr. Miller.

ADJOURNMENT:

Motion (Brady/McAuliffe) to adjourn at 8:04 p.m. to a Regular Board Meeting on March 10, 2009 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all.

Approved:

Attest:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Corinne W. Wiley, President
Catharine Benediktsson, Vice President

V. William Brady, Secretary
Casey Kawamoto, Director
Claire McAuliffe, Director

CANCELLATION NOTICE OF MEETING

**Sanitary District No. 5 of Marin County
Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, February 10, 2009 6:30 p.m.**

**The Board of Directors cancelled the February 10, 2009 Regular Board Meeting due to
schedule conflicts**

**The February 10th meeting is rescheduled to Tuesday, February 3, 2009 at 6:30 p.m.
to take place at 2001 Paradise Drive, Tiburon**

Corinne W. Wiley, President
Catharine Benediktsson, Vice President

V. William Brady, Secretary
Casey Kawamoto, Director
Claire McAuliffe, Director

NOTICE OF MEETING LOCATION CHANGE

Sanitary District No. 5 of Marin County
Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, March 10, 2009 6:30 p.m.

The Board of Directors changed the March 10, 2009 Regular Board Meeting to the following new location:

**Sanitary District No. 5 of Marin County
Regular Board Meeting
at Town of Tiburon Council Chambers
1505 Tiburon Blvd., Tiburon, California
Tuesday, March 10, 2009 6:30 p.m.**

Corinne W. Wiley, President
Catharine Benediktsson, Vice President

V. William Brady, Secretary
Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Town of Tiburon Council Chambers
1505 Tiburon Blvd., Tiburon, California
Tuesday, March 10, 2009 6:30 p.m.
Closed Session 5:30 p.m.**

CALL TO ORDER by President Wiley at 5:40 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
Tony Rubio, Facilities Manager

Consultants present:

Riley F. Hurd III, District Legal Counsel
Denise Conners, Larry Walker Associates

Others present (arrived 6:30 p.m.):

Deirdre McCrohan, *The Ark Newspaper*
Greg Swart, Seafirth Estates Company
Brent Thomson
Barbara Kautz
Becky Pringle
Igor C. Canby
Sandra Swanson
Larry Gelb
Fred Hannahs

CLOSED SESSION at 5:32 p.m.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

California Government Code, Section 54956.9(b) – Significant exposure to litigation: One case.

OPEN SESSION at 6:43 p.m.

No reportable action was taken during the Closed Session.

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS: None

CONSENT CALENDAR:

1. Approval of February 3, 2009 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for February 2009, #2783 through 2845, in the amount of \$227,160.38 (attached)
3. Receipt of Financial Reports for February 2009 (attached)

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

MANAGEMENT REPORT:

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

Mgr. Rubio reviewed his Operations Report for January 2009 with the Board. He noted January was a dry month, with only 18.662 million gallons of wastewater influent treated in the main plant, compared to the 26.49 million gallon average for the past two Januaries. Mgr. Rubio pointed out that our bio-solids production is slowing down (it had a decrease of 16.69 wet tons since the previous month) because we are finally able to transfer back to the digester, now that the digester cover has been replaced.

There were no sewer system overflows (S.S.O.'s) in the month of January. Mgr. Rubio showed the Board that, on page nine of his Operations Report, he listed additional information about the three S.S.O.'s that had occurred in December 2008, as the Board requested. For each S.S.O., he included the date, location, estimated gallons of overflow, and cause. V.P. Benediktsson asked what the explanation "roots" refers to. Mgr. Rubio explained it means the S.S.O. was caused by root intrusion in the sewer main. Mgr. Rubio will continue to include this additional information about S.S.O.'s in his monthly Operations Reports.

5. District Manager's Summary Report of February 2009 (Lynch) (attached)

Mgr. Lynch updated the Board on the District's investigation of reclaimed water use. He explained there are 14 steps to implement a recycled water system (see attached list), and the first six steps must be completed before the District could begin the application process for a grant from the Small Communities Wastewater Grant Program, which offers federal stimulus money for California water and wastewater projects. Pres. Wiley asked how long it would take to complete these initial six steps. Mgr. Lynch replied the District would have to expend approximately \$30,000.00 to \$40,000.00 before being able to start applying for a grant.

V.P. Benediktsson asked if Mgr. Lynch had looked into doing a “pilot program.” She added Marin Municipal Water District received some assistance for its desalinization pilot program. Mgr. Lynch replied he has not yet looked into pilot programs; the Board requested that he do so. This recycled water system topic will be discussed in further detail at the Capital Improvement Program Committee meeting on Friday, March 13, 2009 at 10 a.m.

The Board agreed the update from Sec. Brady and Mgr. Lynch on the Advanced Asset Management Workshop should be postponed to a later meeting.

NEW BUSINESS:

6. Consideration of Adoption of Resolution 2009-01, a Resolution Providing for the Collection of a Paradise Sewer Line Extension Construction Fee (attached)

Sec. Brady noted the Board did not see this new draft of Resolution No. 2009-01 until the morning of the Board meeting, March 10, 2009. He requested that Mr. Riley Hurd, District’s legal counsel, explain the recent developments.

Mr. Hurd explained there is a new draft of Resolution No. 2009-01, which no longer includes a repayment formula. He proceeded to provide background information as to why the repayment formula was taken out. The District has stepped into a complex and convoluted situation in regards to legal matters. An agreement was entered into by the District and Paradise Drive Sewer Extension LLC (“PDSE”) on May 7, 2007, based on a future agreement. However, that future agreement was never executed, despite attempts by the District, and the May 7, 2007 agreement was nullified. The District then faced litigation threats from PDSE, and the District entered into a settlement agreement with PDSE and its principal, Mark Jansheski, to finally resolve the matter without resort to litigation. Now that the Paradise Drive Sewer Line Extension (“the Line”) is in possession of the District and the threatened litigation has been handled, the District needs a reimbursement agreement in order to get reimbursed for the construction costs and maintenance of the Line. However, according to state law, the District cannot ever collect any more money than it has spent on the Line.

Sec. Brady asked for clarification about whether the District is entitled to recoup more money than the cost of the Line, alone. Mr. Hurd confirmed this to be true; the District has the right to recoup the costs of anything the District has spent that was required in order to provide the Line. He proceeded to explain that, even if the District did collect more money than the District had spent on the Line, however, the District could never refund any money back to the original payers; the District would be required to use the extra money collected to reduce future costs for the same service. The District had wanted to be able to reimburse the residents who originally paid the \$10,000.00 fee, but, unfortunately, due to the way the laws are written, the District cannot legally do that. Therefore, the draft of Resolution No. 2009-01 had to be changed; Mr. Hurd could not allow anything illegal to be included in the resolution.

Mr. Hurd continued to explain that the cost to connect to the Line is calculated by taking the District's total expenditures directly attributable to the Line divided by the number of homes (revenue sources) anticipated to connect to the Line.

V.P. Benediktsson asked Mr. Hurd to confirm that, if Mr. Jansheski had signed the September 29, 2008 agreement, the District could have had a repayment agreement. Mr. Hurd confirmed this to be true. Pres. Wiley added we are at this point now with these new problems because of Mr. Jansheski.

Sec. Brady informed the public that the Board is not planning to vote at this meeting to pass Resolution No. 2009-01 because the District was not able to meet the noticing requirements with this new draft of the resolution. The Board would like the next draft of this resolution to reflect a revised evaluation of the District's costs related to this Line, including the costs of upsizing the Paradise Cove package treatment plant to accommodate this Line; the District intends to recoup all its costs related to this Line. The next draft of this resolution also needs to reflect a revised estimate of the number of homes anticipated to connect to the Line in the future, using a time frame longer than 10 years, thus allowing the fee to remain at \$10,000.00. Dir. McAuliffe added that, by including these two revisions to the resolution, the Board hopes to eliminate any incentive for homeowners to wait more than 10 years to connect so they can connect for free. Sec. Brady continued by saying the District cannot legitimately ask every tax payer in this District to subsidize the homeowners connecting to this Line.

Mr. Hurd said he will draft a new resolution that includes the revisions the Board has requested.

Ms. Becky Pringle addressed the Board with four issues. First, she asked whether reimbursement agreements by sewer districts in the entire state are now null based on what Mr. Hurd has explained. Second, she explained this is completely new for the District to suggest including the cost of the Paradise Cove Plant in the "cost of the Line." She asserted the cost of the Paradise Cove Plant was completely separate, and the District was going to build it, anyway. Third, Ms. Pringle emphasized the distinction between the terms "cost of construction" and "cost of acquisition." She argued that the District did not "construct" the Line; rather, it "acquired" the Line. Therefore, she asked the Board to have Mr. Hurd consider these two terms very carefully and replace the term "cost of construction" with "cost of acquisition" in the resolution. Fourth, Ms. Pringle argued that the fourth "whereas" on page two of the resolution (about Mr. Jansheski's assertion that his construction costs were well above \$550,000.00) was false and incorrect. She said she had a letter from Mr. Jansheski saying his total construction costs were \$521,000.00, not over \$550,000.00. She added that the District never did an audit of Mr. Jansheski's costs. Ms. Pringle asked the Board to consider taking that entire paragraph out of the resolution, since she does not want to see this document contain false historical references.

Sec. Brady replied the Board will talk with Mr. Hurd about it, and if there is not a good reason for that paragraph to exist in the resolution, they would consider taking it out.

Mr. Hurd responded to Ms. Pringle's first point by clarifying that reimbursement agreements are still legal and contemplated, but one party cannot create one by itself. In this case, the other

party in the September 29, 2008 bilateral contract (PDSE) refused to execute it, so the repayment agreement was nullified. And, unfortunately, it is illegal for the District to create a subsequent repayment agreement on its own, after the fact. If PDSE had executed the September 29, 2008 repayment agreement, it would have been legal.

Mr. Greg Swart, the Treasurer of Seafirth Estates Company, asserted that Seafirth Estates Co. is fine with paying the \$10,000.00 fee per home, but it would be grossly fair if homeowners in the future were able to connect for free, or for a lesser fee. He explained that Seafirth Estates Co. does not want to pay less than anyone else, but they do not want to pay more than anyone else, either. The Board replied they share the same feelings.

Mrs. Barbara Kautz suggested that, once the District collects enough money to recoup its costs, a fair solution would be for the District to reduce the sewer service fees for those who paid in earlier. She added that the District needs to look at all the properties that are benefitting from the new Paradise Cove package plant.

V.P. Benediktsson clarified that the Board is only talking about including the cost of the second Paradise Cove package plant that will service the homeowners connecting to the new Line, not the cost of the first Paradise Cove package plant. Mgr. Lynch added that, originally, the District would only have had to put one 20,000 gallon package plant in to replace the existing plant and serve the existing customers, but it had to put the second 20,000 gallon package plant in solely to cover this new Line.

Mrs. Kautz asked whether the District typically charges the rate payers in certain areas extra fees according to capital improvements done in those areas. Mgr. Lynch confirmed this, stating that different rates are charged for different zones, according to the costs for each zone.

Mr. Swart asked whether the fixture fee costs cover the cost of the Paradise Cove package plant. Mgr. Lynch replied they do not even come close to covering the costs. It has cost the District \$1.2 million to put the new treatment plant in, along with an additional \$225,000 to acquire the Line from PDSE. Mgr. Lynch added that, for the past 20 years, the whole Paradise Cove area has been completely subsidized by the other Tiburon rate payers in the District.

Mrs. Kautz asked the Board to take another look at who is going to connect to the Line in the future, including the future lots to be developed. She added she would also like to see an estimate of the District's costs in the new resolution.

Ms. Sandra Swanson of Seafirth Estates Co. informed the Board that some of her neighbors who are over 65 years old with fixed incomes have asked her whether there is some sort of exemption they could get from the District, similar to the parcel tax exemptions they are entitled to receive from the County of Marin. Pres. Wiley replied she does not think the District can start making exceptions like that, because then everyone will start asking for exceptions. The District is very low on money now. She added that, when certain people could not afford to pay for the undergrounding in Belvedere, other neighbors helped pick up the cost for them. Mr. Hurd said he will research the matter and see if there are grounds for exceptions or if there are legal barriers.

Mr. Fred Hannahs expressed his puzzlement to the Board that things have not gone in the direction as planned. He added he is shocked at how much this has cost the District, and how much this is costing everyone else in the District to cover the costs for Paradise Cove. V.P. Benediktsson agreed with Mr. Hannahs.

Mr. Larry Gelb asserted it would be a good idea to have lower costs for homeowners who pay the fee to connect to the Line now, and higher costs for people who pay the fee in the future. Therefore, there would be no incentive to wait in order to pay less in the future. Sec. Brady explained the Board has considered that and would like to do it, but it is his understanding that the District cannot legally do that. Pres. Wiley added she believes the Board's goal is to find a solution that will allow the District to keep the fee at \$10,000.00 for everyone, both now and in the future. The Board is very anxious to develop a solution and get this matter resolved, hopefully within a month.

Pres. Wiley asked the public how much money they were originally expecting to get back if the District were able to have a repayment agreement. Members of the public said they were not expecting to get back very much money, if anything at all.

V.P. Benediktsson asked whether any member of the public had an estimate of how many people would like to connect to the Line now. Mrs. Kautz explained that, at one point, they had gathered 17 homeowners together who were willing to connect right away. However, now that the economy is bad, she does not know what the financial situation is for those 17 homeowners now. She thinks the connections will be slow for the first five or six years, and then there will be a boost in connections. She added there are only 27 lots out there at the present time. The Board thanked Mrs. Kautz for the clarification.

Sec. Brady added the District needs to anticipate that, ultimately, more than 27 homes will connect to the Line, and the District needs to look more than 10 years into the future and include future developments.

V.P. Benediktsson noted it is extremely unfortunate that one individual can cause so much trouble for so many others.

Mr. Hurd summarized the direction he was hearing from the Board. The Board was giving direction to Mgr. Lynch to prepare an analysis to include all the District's costs associated with bringing this Line into the District, not just limited to the acquisition cost. The Board was also giving direction to Mr. Hurd to extend the time frame used to estimate future connections to the Line, and thereby increasing the number of parcels expected to connect to the Line. With these two modifications, the goal is to arrive at setting a \$10,000.00 fee for each homeowner, over a much longer time period, so there will be no incentive to wait to connect. The Board confirmed Mr. Hurd's summary of direction to be accurate.

Ms. Pringle noted the District went out of its way to purchase the 1993 Rabin Line in order to provide a hookup for the new PDSE Line. This was an additional \$100,000.00 cost attributed

to this Line. She also warned it is easy for history to get distorted a little bit, and we need to be very careful how we record historical facts in official documents and resolutions.

Mr. Gelb asked whether fixture fees are set by statute or if that is something the District has flexibility with. Mgr. Lynch replied they are set by ordinance.

Mrs. Kautz suggested the District increase the \$10,000.00 fee every year using the Consumer Price Index or Construction Cost Index.

Sec. Brady noted that we, as District rate payers, are “stealing” from our children right now, as no one today is paying the cost of what it really takes to replace our plant. Our plant was built on grant money 25 years ago, and there are no more grants that are going to pay to rebuild our plant today. Right now, the District is not bringing in enough money to replace what we need to at our plant; the District needs to recoup costs where it can.

Motion (Benediktsson/Brady) to continue the consideration of adoption of Resolution No. 2009-01, pending staff work on the resolution. Passed, all.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS:

7. Capital Improvement Program Committee
8. Governance Committee
9. Paradise Cove Committee
10. Finance & Fiscal Oversight Committee – Minutes of February 18, 2009 (attached)
Minutes of February 26, 2009 (attached)

There were two Finance & Fiscal Oversight Committee meetings in the month of February; no other committee meetings were held. The Board thanked Mgr. Miller for the excellent minutes for the Committee meetings.

OTHER BUSINESS: None

ENVIRONMENTAL:

11. District Staff – Investigation of Reclaimed Water Use

As noted during the District Manager’s Summary Report, this item will be discussed in further detail at the Capital Improvement Program Committee meeting on Friday, March 13, 2009 at 10:00 a.m. Interested members of the public plan to attend the meeting.

Minutes
Regular Meeting of the Board of Directors
March 10, 2009
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CORRESPONDENCE: None

INFORMATIONAL ITEMS: None

ADJOURNMENT:

Motion (McAuliffe/Benediktsson) to adjourn at 8:09 p.m. to a Regular Board Meeting on April 14, 2009 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all.

Approved:

Attest:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

Corinne W. Wiley, President
Catharine Benediktsson, Vice President

V. William Brady, Secretary
Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, April 14, 2009 6:30 p.m.
Closed Session 5:30 p.m.**

CALL TO ORDER by President Wiley at 5:36 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
Tony Rubio, Facilities Manager

Consultants present:

Riley F. Hurd III, District Legal Counsel

Others present (arrived 6:30 p.m.): Norman Traeger

Becky Pringle
Larry Gelb, Seafirth Estates Company

CLOSED SESSION at 5:37 p.m.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

California Government Code, Section 54956.9(b) – Significant exposure to litigation: One case.

OPEN SESSION at 6:32 p.m.

No reportable action was taken during the Closed Session.

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Motion (Benediktsson/McAuliffe) to move Items No. 9 and No. 16, as described on the agenda, to this time so certain members of the public would not have to remain for the entire meeting. Passed, all.

UNFINISHED BUSINESS:

9. Consideration of Adoption of Resolution No. 2009-01, a Resolution Providing for the Collection of a Paradise Sewer Line Extension Fee (see attached Notes of Explanation)

Mr. Riley Hurd, District legal counsel, gave a brief report of the changes that were made to Resolution No. 2009-01 since the last Board meeting. In accordance with government code, the District determined the total hard costs associated with both acquiring and integrating the Paradise Sewer Line Extension into the District's system and the number of homes expected to connect to the line in order to come up with a fee to connect to the line. This fee is set at \$10,000.00, and it will increase annually in accordance with the annual cost of living increase.

Ms. Becky Pringle asked whether she could see a list of the costs. Mgr. Lynch provided Ms. Pringle with the list, which had been available at the District for public viewing during the preceding 10 days. Mgr. Lynch reviewed the list of costs, totaling \$651,525.25.

Mr. Larry Gelb, representing Seafirth Estates Company, asserted this new draft of Resolution No. 2009-01 was a good faith, reasonable attempt to address all the issues raised at the last Board meeting. He said this is the best we all could hope for, and he thanked the Board for all their hard work. The Board thanked Mr. Gelb.

Mr. Norman Traeger informed the Board that he owns 23 acres on Paradise Drive and, at some point in the future, his family will most likely want to add four hookups to the line. He asked whether they need to be on the list of homes expected to connect to the line. Mgr. Lynch explained they will still be able to hook up, even though they are not on this list. The Board thanked Mr. Traeger for the information.

Ms. Pringle informed the Board she approves of this draft of Resolution No. 2009-01, but she had a few points she would like to make about some wording. First, she asked whether the annexation referred to in the first "whereas" happened in May or August 2007. Second, she noted that Mr. Mark Jansheski *organized* the annexation to the District of the parcels along Paradise Drive, and she would like that fact reflected in the first "whereas" of the resolution.

Sec. Brady asked Mr. Hurd whether the purpose of these documents is to record historical fact for future reference, and, more specifically, whether the District really needed to include *why* the annexation occurred. Mr. Hurd replied the purpose of the "whereas" statements in a resolution are to set the reader up for the "now, therefore be it resolved" portion at the end. The facts listed in the "whereas" statements are not meant to be a full and complete recount of what has occurred. It is up to the Board if they would like Mr. Hurd to change the wording.

Ms. Pringle continued, pointing out her dissatisfaction with the third "whereas" on page two of the resolution. She said she requested that this "whereas" be taken out of the resolution at the last Board meeting, so she was surprised it was still in this draft of the resolution. She argued, once again, that this "whereas" listed false information and should be deleted. She said Mr. Jansheski has a document showing he covered all his construction costs at \$521,000, and she

reminded the Board that the District did not do an audit of his costs, adding that she is not requesting the District to do one at this point, either.

Mr. Hurd pointed out this “whereas” does not state what Mr. Jansheski’s true construction costs were; it simply states that he “claimed” his costs were well in excess of \$550,000.00. Dir. McAuliffe asked Mr. Hurd whether, as the District’s lawyer, he viewed the word “claimed” and the use of the words “hard rock” as important to include in the resolution. Mr. Hurd explained it is not 100 percent necessary to include this “whereas” in the resolution, but the main question the Board has to ask is whether Mr. Jansheski did indeed make this claim. The Board agreed Mr. Jansheski did make the claim.

Dir. McAuliffe said she was very happy to hear the comments and support from the public, and to hear that the public approves of this resolution and is happy with the work the District has done. She expressed her appreciation of the work of the public and the District’s lawyer, in particular, in getting us this far.

Sec. Brady indicated he would like to have a motion to pass this resolution, as this has now been delayed at least a quarter and people have not been allowed to hook up to the line.

Motion (Benediktsson/Brady) to amend the first “whereas” on page one of Resolution No. 2009-01 to include the word “organized” when referring to the annexation, reading as follows: “Whereas, certain parcels located on or along Paradise Drive in Tiburon, Marin County, California, were organized to annex to Sanitary District No. 5 (“SD5”) in August 2007 and are not presently served by a sanitary sewer system.” Passed, all.

Dir. Kawamoto asked whether the Board should consider granting Ms. Pringle’s request to delete the third “whereas” on page two of the resolution, regarding Mr. Jansheski’s claim of costs and discovery of hard rock. The Board agreed this “whereas” is clear the way it is currently worded and should not be changed; it clearly states that Mr. Jansheski “claimed” his costs were over \$550,000.00.

Motion (Brady/Kawamoto) to adopt Resolution No. 2009-01, a Resolution Providing for the Collection of a Paradise Sewer Line Extension Fee, with the previously approved amendment. Passed, all.

The Board thanked Ms. Pringle for all her hard work and patience. Mrs. Barbara Kautz arrived to the meeting at 6:53 p.m. The Board announced they just passed Resolution No. 2009-01. Mrs. Kautz replied that was fine, and she did not have any comments on it. Mrs. Kautz left the meeting at 6:54 p.m.

CORRESPONDENCE:

16. Letter Dated February 9, 2009 from Norman and Carol Traeger (attached)

Mgr. Lynch discussed Norman and Carol Traeger's interest in participating in a recycled water program at the Paradise Cove treatment plant. Their property is located at 3700 Paradise Drive (next to the Paradise Cove plant) and includes 16 undivided acres, which use 712,000 gallons of water per year, 93% of which is used for irrigation. Mr. Traeger explained it is a shame for his property to use over 700,000 gallons of drinking water from MMWD on irrigation every year, while the Sanitary District disposes of so much effluent water into the bay. He proposed working together with the District to implement a water recycling program at the Paradise Cove treatment plant. He said he and his wife would be very willing to put forth a contribution towards this project if it happens.

V.P. Benediktsson suggested that producing recycled water for irrigation on private land might be cheaper than producing Title 22 recycled water needed for use on public lawns, for example. Mgr. Lynch said he believes that is correct; the County Health Department has a permit for irrigation water on private land that could be much cheaper than having to do Title 22 water.

Mgr. Lynch noted Mr. Traeger was great to work with and very understanding during the District's Paradise Cove rehab project, especially since it ended up being extended. Mr. Traeger said Mgr. Lynch was terrific to work with, along with the District's maintenance staff. The project is complete now, and it looks great. The Board thanked Mr. Traeger very much for being a wonderful neighbor, and for his interest in contributing towards a water recycling program at the Paradise Cove plant. The Board is very interested in this proposal.

CONSENT CALENDAR:

1. Approval of March 10, 2009 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for March 2009, #2846 through 2914, in the amount of \$261,895.16 (attached)
3. Receipt of Financial Reports for March 2009 (attached)

Dir. Kawamoto asked whether the Finance Committee had already approved the warrants for the month of March. Dir. McAuliffe confirmed that the Finance Committee looked at the warrants for March in great detail at the Finance Committee meeting.

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

MANAGEMENT REPORT:

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

Mgr. Rubio reviewed his Operations Report for February 2009 with the Board. He noted February was a pretty rainy month, with 29.858 million gallons of wastewater influent treated in the main plant, compared to the 24.429 million gallon average for the past two Februaries.

V.P. Benediktsson asked whether the percentage increase in influent is higher in Belvedere or Tiburon during a wet weather event. Mgr. Rubio replied it is higher in Belvedere. Mgr. Lynch informed the Board that District staff did a test recently that found that inflow to the main plant increased significantly within only one hour of rain-pour starting; this means the main plant is getting water infiltration. Pres. Wiley asked Mgr. Lynch to test the parking lot located at Beach Road and Teal Road in Belvedere to see if the water that goes down those storm drains is going straight into our sewer lines. Mgr. Lynch replied the District will try out the smoke testing there.

Dir. McAuliffe asked how often the District does FOG (fats, oil, and grease) inspections of food service establishments. Mgr. Rubio said typically about once per year. V.P. Benediktsson asked how big the backlog is for preventative maintenance. Mgr. Rubio replied the maintenance staff usually completes the work right away and, at most, two or three items could be waiting about five days.

Mr. Hurd left the meeting at 7:11 p.m.

There were no sewer system overflows (S.S.O.'s) in the month of February. Mgr. Rubio explained there were two blending events in February. District staff was on storm watch at the time, all protocols were followed, all sampling and testing was done, and everything fell well within the limits. He noted the District is allowed to have blending events with its permits. V.P. Benediktsson asked how the decision is made to blend. Mgr. Rubio explained once the flow meters reach 2.3 million gallons per day, anything above that automatically goes to the wet weather tanks. If we did not do that, we would wash out our activated sludge process (micro-organisms), leading to violations of our permits. The Board thanked Mgr. Rubio for an excellent Operations Report.

5. District Manager's Summary Report of March 2009 (Lynch) (attached)

Mgr. Lynch explained he and Mgr. Miller met with the Finance Committee to review Mgr. Miller's findings with regards to the updated financial reports for July 2008 – March 2009. Mgr. Lynch is working on getting proposals from Mr. John Farnkopf and another firm for building a new financial model for the District and for outreach to the community. If the District does a 218 process next fiscal year, the process will be done slowly and both the Belvedere and Tiburon zones will be considered.

Mgr. Lynch informed the Board he has discovered that the solar panel and wind turbine energy programs that the District has been investigating are infeasible due to the expensive engineering costs and lack of space.

Mgr. Lynch updated the Board on District staff's progress with the 2009-2010 Budget formulation. He explained District staff is trying to cut costs where possible, but it is very difficult, especially when the District is considering expensive projects like water recycling. If the Board would like to cut costs, these projects will have to be put on hold for now. The Board agreed they understand the situation, but they would still like Mr. Bob Smith of Larry Walker Associates to give a presentation to the Board on the water recycling project. Dir.

McAuliffe added the District needs to look at model forecasting to see when the District would be able to recoup its costs for a project like this. Mgr. Lynch noted a water recycling project would have very high initial costs with little initial payback.

NEW BUSINESS:

6. Review of Updated Financial Reports for July 2008 – February 2009 (Miller) (attached)

V.P. Benediktsson noted the updated Financial Reports and the Summary of the Cash Balances by Zone are well put together and straightforward. For both zones, she said, it is a hair-raising experience to wait for the money to come in. Belvedere's cash balances decrease by approximately \$100,000 each month. By the end of November (the end of the dry period, when there is no annual sewer service charge income), Belvedere only had \$122,160 left in its reserve/operating account; in only one more month, Belvedere would have been out of money. Or, if there had been another unexpected repair or emergency work needed, Belvedere could have run out of money. V.P. Benediktsson continued to say that, when she joined the Board of Directors eight years ago, Tiburon had \$4 million in reserves; she is shocked that Tiburon reserves are now as low as they are (\$1.1 million), due to the large expenditures the District has had to incur.

Dir. McAuliffe asked whether the Tiburon "operating" account is equivalent to the Belvedere "reserve" account on the financial reports. Mgr. Miller confirmed this to be true. Dir. McAuliffe said it was her understanding that, when Belvedere annexed to the District, Belvedere started with \$750,000. \$250,000 was used to pay down the principal on Belvedere's loan, leaving Belvedere with \$500,000 in its operating account. She asked whether there was never actually a separate capital reserve for Belvedere. Mgr. Lynch confirmed this to be true. V.P. Benediktsson explained that the District never formally set money aside separately for Belvedere capital reserves.

Dir. McAuliffe asked whether the reserve policy that the Board passed in 2007 was ever implemented. Mgr. Lynch replied that Belvedere has not had enough money to set aside for capital reserves. Sec. Benediktsson added that the District has, therefore, had to use the account labeled "Belvedere Reserve" on the financial reports in two different ways, for both operating and capital. Dir. McAuliffe asked why the Board passed the reserve policy and then did not implement it. V.P. Benediktsson said we have not had enough money to fund Belvedere's capital reserves, which are supposed to be \$2.29 million, according to the reserve policy. She added she specifically remembers asking the Board why they were passing a reserve policy they knew they were not going to be able to fund, and that is why she did not vote for it.

The Board discussed the reserve policies for other sanitary districts in Marin County; each reserve policy varies greatly. The Finance Committee agreed the District's reserve situation is not sustainable, and it is important that the entire Board is aware of this. In August, the Board will vote on the 4% increase in Belvedere's annual sewer service charge rate.

Mgr. Lynch noted that Mr. Farnkopf's previous financial models for the District have proven to be very accurate. Mr. Farnkopf predicted that, if Tiburon had three 17% raises in their rates, Tiburon would break even at the end, without building additional reserves; he was exactly right. The Board agreed they would like Mr. Farnkopf to provide the District with new financial models as they explore options to mitigate this situation and start building more reserves for both zones.

7. Consideration of Reinstating Personnel Committee and Appointing Two Board Members to the Committee – Action (see attached Notes of Explanation)

Mgr. Lynch informed the Board that the District employees have requested to meet and confer with the Board about the Memorandum of Understanding (regarding employer-employee relations), which is now up for negotiations. The Board reinstated the Personnel Committee and appointed Pres. Wiley and Dir. McAuliffe to serve on the Committee.

8. Consideration of Authorization and Approval for District Manager to Execute Contract with PG&E for Electric Distribution and Service Extension – Action (see attached Notes of Explanation)

Mgr. Lynch explained that the control panel and electrical services for Tiburon pump station No. 1 located at 2514 Mar East is attached to the power pole near it. PG&E needs to replace the power pole, so the District has to enter into a contract with PG&E in order to remove the old control panel from the pole and move it to another location closer to the pump station. This was not a budgeted item, and it will cost \$7,737.08. V.P. Benediktsson asked whether this pole is located in the undergrounding district, and Mgr. Lynch replied he does not believe so. The District will have to pay to remove its control panel from the pole; there is no other choice.

Motion (Benediktsson/McAuliffe) to authorize and approve the District Manager to execute the contract with PG&E for electric distribution and service extension for an amount not to exceed \$7,737.08. Passed, all.

COMMITTEE REPORTS:

10. Information Technology Committee – Minutes of March 11, 2009 (attached)
11. Capital Improvement Program Committee – Minutes of March 13, 2009 (attached)
12. Governance Committee
13. Paradise Cove Committee
14. Finance & Fiscal Oversight Committee – Minutes of April 2, 2009 (attached)

There were no Governance Committee or Paradise Cove Committee meetings held in the month of March. The Board thanked Mgr. Miller for the excellent minutes for the Committee meetings.

OTHER BUSINESS: None

ENVIRONMENTAL:

15. District Staff – Investigation of Reclaimed Water Use

The Board tabled this item. This item will be discussed either at a Committee meeting or the next Regular Board Meeting, when Mr. Bob Smith of Larry Walker Associates will be available to give a presentation on this topic.

INFORMATIONAL ITEMS:

17. Easton Point Project – Master Plan/Precise Development Plan/Tentative Map (Documents available upon request)

Mgr. Lynch gave the Easton Point Project documents to Dir. Kawamoto to take home and review. When Dir. Kawamoto is finished with these documents, he will give them to V.P. Benediktsson to review.

ADJOURNMENT:

Motion (McAuliffe/Benediktsson) to adjourn at 7:53 p.m. to a Regular Board Meeting on May 12, 2009 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all.

Approved:

Attest:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

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

Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, May 12, 2009 6:30 p.m.**

CALL TO ORDER by President Wiley at 6:31 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
Tony Rubio, Facilities Manager

Others present:

Paul Garbarini
John Parsons
Frank Levinson
David Carrel
Roy Fedotoff, Pt. Tiburon Lagoon HOA

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

V.P. Benediktsson requested that the District's server integrity and security be discussed at the next Information Technology Committee meeting and that electronic banking be discussed at the next Finance & Fiscal Oversight Committee meeting.

Pres. Wiley moved Item No. 14, as described on the agenda, to this time.

ENVIRONMENTAL:

14. Solar Power Presentation by Frank Levinson, a Neighbor of the District

Mr. Frank Levinson and Mr. John Parsons gave a presentation to the Board on their

Minutes

Regular Meeting of the Board of Directors

May 12, 2009

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proposed solar power project that would involve the District. Mr. Levinson owns the hillside directly behind the main plant, which is zoned "open space." He proposed the idea of using part of his land behind the main plant to generate solar energy, which they would then sell to the District for less than the PG&E rate; this cheaper rate would be guaranteed over a long period of time. He said the Town of Tiburon probably would not approve of them building something large enough to supply 100% of the District's energy needs, but he estimated they would be able to meet approximately 10-20% of its energy needs. The project would involve both building solar panel arrays behind the main plant, as well as planting more oak trees. This would serve the two purposes of generating solar power (which would result in a cost savings to the District) and making the hillside look better. The goal would be to supply only the District with the solar power. All of this, of course, would have to go through the Town of Tiburon's design review process.

Mr. Levinson explained this proposal is extremely preliminary, and their intention at this point was to get feedback from the Board and determine if the District would be interested in this project. The Board expressed great interest in the proposed project. Mr. Levinson asked the Board if they could get a feel for whether the Town of Tiburon has an appetite for this idea. He explained that this proposition would cost a minimum of \$750,000, and they would not try to proceed if the Town of Tiburon is not interested; the project will not be economically viable if it takes \$200,000 to get approved. Pres. Wiley agreed to try to set up a meeting with the Town Manager, the Mayor, and the Head of the Planning Commission to discuss these preliminary ideas and see how this plan might be met by the Town of Tiburon.

Mr. Levinson added that they would try to get their plans approved in two phases. The first would allow them to supply the District with approximately 5-10% of its energy needs, at the beginning. They would also like to be approved to later increase their supply to 20% of the District's energy needs, in the second phase. Mr. Levinson also noted they were hoping the District might be able to supply them with water for a few years for the new oak trees they would plant behind the main plant.

V.P. Benediktsson asked Mr. Levinson if he would be the proponent and owner of this solar power project. Mr. Levinson affirmed this, adding that they would enter into a power purchase agreement with the District, and the District's savings would be compounded every year. Mr. Levinson also requested access to the District's PG&E bills. Mgr. Lynch said he would provide them with that access.

Pres. Wiley asked Mgr. Lynch to find out who owns the other side of the hillside behind the main plant, next to Mr. Levinson's property; she would like Mgr. Lynch to find out if the owner would be interested in allowing solar panels to be built on their property, as well.

The Board asked what the visual impact would be of this proposed solar power project. Mr. Parsons estimated that the solar panel arrays would not be seen at all from the properties above, they would be seen a little bit from downtown Tiburon, and they would be seen more from Belvedere. Mr. Levinson added that the solar panel arrays would be black and non-reflective.

The Board thanked Mr. Levinson and Mr. Parsons very much for their fascinating presentation and expressed great interest in their proposed solar power project. Mr. Levinson informed the Board that the District has been a great neighbor to have; he has no complaints at all, and he never smells anything.

CONSENT CALENDAR:

1. Approval of April 14, 2009 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for April 2009, #2915 through 2995, in the amount of \$247,695.41 (attached)
3. Receipt of Financial Reports for April 2009 (attached)

Pres. Wiley pulled Items No. 1 and 2 of the Consent Calendar for discussion.

Motion (Brady/Kawamoto) to approve Item No. 1 of the Consent Calendar. Passed, all.

The Board discussed Items No. 1 and 2 of the Consent Calendar. Sec. Brady asked whether anything was left on the contract with Pacific Liner. Mgr. Lynch replied that the sewer line rehab program is finished for the year. Pres. Wiley asked why account #227.6 Belvedere Sewer Line Rehab Program was over budget by approximately \$20,000. Mgr. Lynch explained it was because we had to replace the entire Eucalyptus Road sewer line in Belvedere, which was unbudgeted; this cost was approximately \$20,000. The Board briefly discussed the process for budget amendments and agreed this item should be discussed at the next Finance & Fiscal Oversight Committee meeting.

Pres. Wiley asked why account #821 County Fees was approximately \$7,000 over budget and account #847 Office/Computer was approximately \$10,800 over budget. V.P. Benediktsson explained that both of these accounts were inappropriately budgeted this year and should have been budgeted higher. Dir. McAuliffe asked why Belvedere's "Net Income" for April totaled 44% of the District's total "Net Income" on the Zone Report. V.P. Benediktsson explained there are certain income and expense accounts that are charged specifically to one zone only and do not follow the normal zone allocation percentages. For example, the Beach Road lining and the Eucalyptus Road sewer line replacement expenses were charged only to the Belvedere zone since they are located in Belvedere. Likewise, the annual sewer service charge revenue collected from Belvedere properties only go to the Belvedere zone.

Dir. Kawamoto asked the Finance & Fiscal Oversight Committee if there was anything else alarming that should be noted or discussed. V.P. Benediktsson noted that Belvedere's reserves are very low, and Paradise Cove has been depleting a lot of Tiburon's reserves.

Motion (McAuliffe/Benediktsson) to approve Items No. 2 and 3 of the Consent Calendar. Passed, all.

MANAGEMENT REPORT:

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

Mgr. Rubio reviewed his Operations Report for March 2009 with the Board. He noted March was a pretty rainy month, with 26.066 million gallons of wastewater influent treated in the main plant, compared to the 20.03 million gallon average for the past two Marches. In April, there should be an increase in sludge and gas production because we now have both digesters up and running.

There were no sewer system overflows (S.S.O.'s) in the month of March. Mgr. Rubio explained there was one blending event at the main plant on March 5th due to the large rains March 3rd-5th. All protocols were followed, all required sampling and testing was done, and everything fell well within the limits. V.P. Benediktsson asked how many gallons were involved in the blending event. Mgr. Rubio said that information is in the report to the Regional Board and he would have to look it up.

Pres. Wiley asked whether the flow has changed for the Belvedere zone now that we have installed the liners on Beach Road. Mgr. Lynch said he would have to investigate that. Pres. Wiley asked Mgr. Lynch whether he thinks we have a lot of salt water intrusion. Mgr. Lynch replied there is not much anymore. Pres. Wiley reminded Mgr. Lynch that she would like the storm drains to be smoke tested at the parking lot at Beach Road and Teal Road. Mgr. Lynch replied he will look into it and see how much it will cost.

5. District Manager's Summary Report of April 2009 (Lynch) (attached)

Mgr. Lynch updated the Board on the progress of the Seafirth Estates upgrades. He said Mr. Riley Hurd, District's legal counsel, informed him that the agreement the Seafirth Estates attorney has drafted is not sufficient; they will need to add a lot to it.

Mgr. Lynch reviewed with the Board what he learned at the California Water Environment Association Annual Conference April 28th through May 1st. He said that, compared to a lot of other districts, Sanitary District No. 5 is doing very well. V.P. Benediktsson added that we have always had outstanding service at this District. Mgr. Lynch said he went to a water reuse workshop at the conference and learned that one agency had very expensive problems with their water reuse program due to samples failing, etc. The Board discussed talking to Mr. Levinson about the option of doing a water reuse program with him on his land behind the main plant.

The Board requested that Mgr. Lynch look into refinancing the Belvedere Westamerica Loan.

NEW BUSINESS:

6. Set Date, Time, and Place for Board Workshop for 2009-2010 Budget (see attached Notes of Explanation)

The Board set the Board Budget Workshop for Fiscal Year 2009-2010 for May 21, 2009 at 9:00 a.m. at the San Francisco Yacht Club Commodores' Room.

7. Consideration of Agreement between Sanitary/Sanitation Districts in Marin County for the Cooperative Use of a Safety and Training Director (Lynch) (see attached Notes of Explanation)

Mgr. Lynch explained that, if the District rejoins the cooperative safety group program for Marin County sanitary districts, he expects the District's safety costs to decrease. Currently, the District pays Ms. Elayne Haller directly for providing safety services and education. If the District rejoins the cooperative safety group program, it will be splitting the costs of Ms. Haller with the other sanitary districts in Marin County, and Ms. Haller will be under contract with Central Marin Sanitation Agency. The Board asked how much the contract is for, and Mgr. Lynch said he did not have that information with him at that time. The Board approved the District rejoining the cooperative safety group program, as long as it would be a cost savings to the District.

UNFINISHED BUSINESS:

8. Team Ghilotti Request for Compensation Due to Permitting Delays (see attached Notes of Explanation)

Mgr. Lynch informed the Board that Team Ghilotti has approached the District again for compensation due to permitting delays on the Paradise Cove Treatment Plant Improvement Project. Sec. Brady asked how long the project was delayed. Mgr. Lynch estimated approximately five weeks. The Board agreed their position remains the same: Team Ghilotti needs to show demonstrable costs to the Board, in writing, in order for the Board to consider this request. As of now, the Board said they would only consider paying the \$513.00 for Team Ghilotti's increased bond carry.

COMMITTEE REPORTS:

9. Information Technology Committee
10. Capital Improvement Program Committee
11. Governance Committee
12. Paradise Cove Committee
13. Finance & Fiscal Oversight Committee

The minutes of the May 7, 2009 Finance & Fiscal Oversight Committee meeting will be included in the June 9, 2009 Board packet since this committee meeting was held on the day the May 12, 2009 Board packets were delivered. There were no other committee meetings held in the month of April.

OTHER BUSINESS: None

ENVIRONMENTAL:

15. District Staff – Investigation of Reclaimed Water Use (see attached Memorandum)

Mgr. Lynch recommended that the Board discuss this item further after the Board Budget Workshop on May 21, 2009. The Board agreed. Pres. Wiley said she felt that if the Pt. Tiburon Homeowners Association would like the initial study for this reclaimed water program to be done, they would have to fund the entire cost (\$40,000) on their own. Sec. Brady added there are no grants available to the District for a reclaimed water program since the mean household income in this District is too high; only loans would be available to the District. Mr. Paul Garbarini suggested it might be possible that the customers (Pt. Tiburon HOA) might be eligible for a grant that the District is not eligible for. The Board thought that was an interesting idea to explore, adding the District cannot afford to put any money into this project at this point.

CORRESPONDENCE:

16. Letter Dated April 23, 2009 from Town of Tiburon – Rejection of Claim (attached)

The Board discussed the letter from the Town of Tiburon; the Board was displeased with the Town's rejection of the District's claim for damages.

17. Memorandum from Robert Cole, Central Marin Sanitation Agency: Regarding Mercury Source Control Program Requirements and Options (attached)

Mgr. Lynch informed the Board that the San Francisco Bay Mercury Watershed Permit will soon require the District to implement a mercury reduction program with the dental offices in the District. He said this should be fairly easy to do since there are only two dentists in our District. District staff will talk with these two dentists and inform them that they will need to install amalgam separators in their dental offices.

18. Letter Dated April 9, 2009 from California Regional Water Quality Control Board – Rescinding Cease & Desist Order R2-2008-0059 for Selenium (attached)

Mgr. Lynch explained that the California Regional Water Quality Control Board has

rescinded its Cease & Desist Order R2-2008-0059 for Selenium. He added the District should have never had this Cease & Desist Order in the first place.

19. Letter Dated May 5, 2009 from Jim Allen of Belvedere Land Company Regarding Commercial Sewer Rate Calculations (attached)

The Board announced the Finance & Fiscal Oversight Committee will address this item at the next Finance & Fiscal Oversight Committee meeting. The Board added that the District's commercial sewer service charge calculations are set by ordinance and the formula cannot be changed without a 218 process. If the Board decides to do a 218 process next year to raise the sewer service rates, that would be the appropriate time to investigate any possible changes to the commercial sewer service charge calculations. Sec. Brady added he would like the District to revisit the residential sewer service charge calculations at that time, as well.

INFORMATIONAL ITEMS:

20. Letter Dated April 28, 2009 from Wallace Rowe & Associates – A Certified Public Accounting Firm Interested in Performing Auditing or Consulting Services (attached)

The Board agreed the District should look into Wallace Rowe & Associates and possibly consider them for future auditing or consulting services.

21. News from the Capitol – Governor's Administrative Warns: State may **Borrow \$2 Billion** from Local Governments if May 19th Ballot Measures Fail (attached)

Mgr. Miller explained the State of California will most likely take 8% of the District's property tax revenue in FY 2009-2010, but this percentage might be higher if the May 19th ballot measures fail, which is likely. For budgeting purposes for FY 2009-2010, District staff is estimating the State will take 25% of the District's property tax revenue, which they feel is a conservative estimate.

The Board discussed the idea of eliminating the different zones within the District and making the District one zone, with one sewer service rate. The Board also discussed the problems with this idea. V.P. Benediktsson questioned what would happen to Tiburon's reserves in this case. Dir. McAuliffe suggested that the Tiburon reserves would become the entire District's reserves for the entire District (including Belvedere) to spend – there would only be "one pot." V.P. Benediktsson replied that the District cannot spend Tiburon rate payers' money (Tiburon's reserves) in Belvedere. Mr. Garbarini agreed this was true. V.P. Benediktsson and Mr. Garbarini agreed this would be a very complicated process if the District decided to pursue this; it would not be as easy as it may appear. The Board also discussed the idea of no longer collecting property tax revenue for the Tiburon zone. If the District decided to give up this revenue, it would be perpetual and the District would never again be able to receive property tax revenue. V.P. Benediktsson estimated this would mean

a 52% rate increase for the Tiburon zone since the Tiburon zone would be giving up over \$650,000 in property tax revenue, forever.

ADJOURNMENT:

Motion (Benediktsson/Brady) to adjourn at 8:15 p.m. to a Special Board Meeting on May 21, 2009 at 9:00 a.m. at the San Francisco Yacht Club Commodores' Room at 98 Beach Road, Belvedere, California. Passed, all.

Approved:

Attest:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

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

Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Special Board Meeting
at San Francisco Yacht Club Commodores' Room
98 Beach Road, Belvedere, California
Thursday, May 21, 2009 9:00 a.m.**

CALL TO ORDER by President Wiley at 9:10 a.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:

Deirdre McCrohan, *The Ark Newspaper*

PUBLIC OPEN TIME: None

BUDGET WORKSHOP:

1. Review Fiscal Year 2009-2010 Draft Budget

a. Operating Budget Fiscal Year 2009-2010

The Board reviewed each line item of the FY 2009-2010 Draft Operating Budget, with brief explanations of each item by Mgr. Lynch and Mgr. Miller. The Board made the following changes to be implemented in the FY 2009-2010 Preliminary Operating Budget:

	<u>Draft</u>	<u>Preliminary</u>
Continuing Education:	\$15,000	\$9,000
Grounds Maintenance:	\$2,000	\$2,700
Paradise Cove Monitoring:	\$6,000	\$5,000
Truck Maintenance:	\$5,000	\$4,000
Salaries & Benefits: Part-Time:	\$8,000	\$5,000

b. Capital Budget Fiscal Year 2009-2010

The Board reviewed each line item of the FY 2009-2010 Draft Capital Budget, with brief explanations of each item by Mgr. Lynch and Mgr. Miller. With the recommendation of Mgr. Lynch, the Board made the following changes to be implemented in the FY 2009-2010 Preliminary Capital Budget:

	<u>Draft</u>	<u>Preliminary</u>
Chlorine / Sodium Bisulfite Mixer	\$5,000	Delete – Rescheduled
Influent Grinder	\$26,000	Delete – Rescheduled
SCADA Upgrade & Replacement	\$13,100	Delete – Rescheduled
Moyno Pump Replacement	\$15,000	Delete – Rescheduled
Laptop Computers	\$4,000	Delete – Rescheduled
Tiburon Sewer Line Rehab	\$122,000	\$75,000
Belvedere Sewer Line Rehab	\$62,000	\$50,000
Pump Station Replacement	\$20,000	Delete – Rescheduled

The “Rescheduled” items will be reevaluated next fiscal year.

The Board suggested raising the District’s connection fees and would like to discuss this item at the next Board meeting. The Board also requested that Mgr. Lynch investigate the option of refinancing the Belvedere Westamerica Loan.

c. Capital Improvement Program 2009/2010-2016/2017

Mgr. Lynch reviewed the 2009/2010 – 2016/2017 Capital Improvement Program with the Board. The changes made to the 2009-2010 Capital Budget (listed above) will be reflected here, as well.

ADJOURNMENT:

Motion (Kawamoto/Brady) to adjourn at 12:15 p.m. to a Regular Board Meeting on June 9, 2009 at 6:30 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all.

Approved:

Attest:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

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

Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, June 9, 2009 6:30 p.m.
Closed Session 5:00 p.m.**

CALL TO ORDER by President Wiley at 5:00 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
Tony Rubio, Facilities Manager

Consultants present:

Riley F. Hurd III, District Legal Counsel

Others present:

None

CLOSED SESSION at 5:01 p.m.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

California Government Code, Section 54956.9(b) - Significant exposure to litigation: Two cases

CONFERENCE WITH LABOR NEGOTIATORS

California Government Code, Section 54957.6

Agency designated representatives: Pres. Wiley and Dir. McAuliffe

OPEN SESSION at 6:30 p.m.

No reportable action was taken during the Closed Session.

PUBLIC OPEN TIME:

Mgr. Lynch explained that Roy's Sewer Service, Linscott Engineering Contractors, and a contractor in Napa all got broken into recently, which has prompted him to consider implementing additional

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security measures at our plant. He would like to contact Bay Alarm to see how much it would cost to get alarms for the doors at the main plant. The Board agreed this would be a good idea. Sec. Brady asked Mgr. Lynch to look into off-site storage for the District's server and data backups, as well.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

V.P. Benediktsson presented two newspaper articles from the *Marin Independent Journal* to the Board. The first article discussed Las Gallinas Valley Sanitary District raising its sewer service rates to pay for sewer upgrades. She explained this article is misleading and the public is getting wrong information on the true costs. For example, the article said it cost \$3,950 to do the 218 process to raise rates, while the true cost for a 218 process was over \$100,000. The second article discussed a group who opposes Novato Sanitary District privatizing its new treatment plant. V.P. Benediktsson said she was glad to see this group is against the privatization.

CONSENT CALENDAR:

1. Approval of May 12, 2009 Regular Board Meeting Minutes (attached)
2. Approval of May 21, 2009 Special Board Meeting Minutes (attached)
3. Approval of Warrants for May 2009, #2996 through 3072, in the amount of \$141,688.99 (attached)
4. Receipt of Financial Reports for May 2009 (attached)

V.P. Benediktsson requested that an addition be made to Item No. 2 of the Consent Calendar, the May 21, 2009 Special Board Meeting Minutes. She requested that it be included under Item No. 1.b of the minutes that the capital budget changes were made at the recommendation of the District Manager, and they will be reevaluated next fiscal year. The Board agreed this should be included in the minutes.

Motion (McAuliffe/Brady) to approve the Consent Calendar with the aforementioned addition to Item No. 2. Passed, all present.

MANAGEMENT REPORT:

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

Mgr. Rubio reviewed his Operations Report for April 2009 with the Board. He noted April was a drier month, with 17.678 million gallons of wastewater influent treated in the main plant, compared to the 18.93 million gallon average for the past two Aprils.

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Mgr. Rubio noted he moved the sewer system overflows (SSO's) from the bottom of page 3 to page 10, where he added a new chart on Collection System Data, as the Board had requested. There were two minimal SSO's in the month of April, both due to root intrusion. One was located at 280 Round Hill in Tiburon, and the other was located at 337 Belvedere Avenue in Belvedere. This new chart also shows the percentage of lines cleaned for each month, as well as for the fiscal year. As of April 2009, 44.8% of the lines in the total service area had been cleaned, with 41.8% of Tiburon's lines cleaned and 60.4% of Belvedere's lines cleaned. The Board thanked Mgr. Rubio for a great report, especially the new Collection System Data chart.

6. District Manager's Summary Report of May 2009 (Lynch) (attached)

Mgr. Lynch updated the Board on the progress of the Seafirth Estates upgrades. He said things are moving very slowly at Seafirth; the equipment still has not arrived, and they expect the pumps to arrive the third week of June.

Mgr. Lynch informed the Board he met with Mr. Bill Teiser and Mr. Jack Mavis from the Point Tiburon Homeowners Association regarding the potential water reuse program, and they requested a more specific estimate of costs. Mgr. Lynch forwarded this request to Mr. Bob Smith of Larry Walker Associates, and Mr. Smith replied with an estimate of the capital cost to be \$683,900 and the annual operations and maintenance cost to be \$79,500. Mgr. Lynch forwarded this new estimate to Mr. Teiser and Mr. Mavis.

The Board had previously requested that Mgr. Lynch look into refinancing the Belvedere Westamerica Loan. Mgr. Lynch reported that the loan has a fixed interest rate of 4.58%, which is a pretty low rate. The Board agreed the District should not try to refinance the loan.

NEW BUSINESS:

Pres. Wiley moved Item No. 9, as described on the agenda, to this time.

9. Consideration of Authorization and Approval of 4 Percent Rate Increase for the Belvedere Zone 2009-2010 Annual Sewer Service Charge Pursuant to Ordinance No. 2007-01 – Action (see attached Notes of Explanation)

Mgr. Lynch explained that on August 6, 2007 the Board passed Ordinance No. 2007-01: An Ordinance of the Board of Directors of Sanitary District No. 5 of Marin County Increasing the Sewer Service Charges for the Belvedere Zone. This ordinance allowed the Board to increase the annual sewer service charges for the Belvedere zone for three consecutive years. For Fiscal Year 2007-2008, the Board voted unanimously to approve the 28% increase, but the Board voted against the 9% increase for Fiscal Year 2008-2009. Pres. Wiley added that she and Dir. McAuliffe were the ones who did not want the 9% increase

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last year. According to Ordinance No. 2007-01, the Board has the authority to approve up to a 4% increase in the rate for Fiscal Year 2009-2010.

The Board amended Ordinance No. 2007-01 to reflect the fact that the Board voted not to increase the rate for Fiscal Year 2008-2009. The Board amended Item No. A.1.b on page two of the ordinance to keep the rate at $\$1,139 + \$2 = \$1,141$ for Fiscal Year 2008-2009, and the Board amended Item No. A.1.c to set the rate for Fiscal Year 2009-2010 at $\$1,185 + \$2 = \$1,187$, reflecting a 4% increase.

Motion (Brady/Kawamoto) to authorize and approve a four (4) percent rate increase for the Belvedere zone FY 2009-2010 annual sewer service charge pursuant to Ordinance No. 2007-01, including the previously described amendment to Ordinance No. 2007-01. Passed, all present.

7. Consideration of Adoption of FY 2009-2010 Preliminary Budget – Action (see attached Notes of Explanation)

Motion (McAuliffe/Brady) to adopt FY 2009-2010 Preliminary Budget. Passed, all present.

8. Set Public Hearing for Consideration of Adoption of FY 2009-2010 Final Budget for July 14, 2009 at 6:30 p.m. – Action

Motion (McAuliffe/Benediktsson) to set a Public Hearing for consideration of adoption of FY 2009-2010 Final Budget for July 14, 2009 at 6:30 p.m. Passed, all present.

Sec. Brady noted some other districts put their budgets on their website. The Board agreed this was a good idea.

10. Consideration of Adoption of Resolution No. 2009-02: Amendment to Memorandum of Understanding between Sanitary District No. 5 of Marin County and Employees of Sanitary District No. 5 of Marin County – Action (attached)

Pres. Wiley announced this item will be continued. The Personnel Committee needs to have another meeting with the Employee Representatives because the Board would like additional changes to be made.

UNFINISHED BUSINESS:

11. Review and Discussion of Commercial Sewer Service Charge Calculations – Action

Pres. Wiley announced the Board will continue to use the current method of calculating the annual commercial sewer service charges, as specified in Ordinance No. 2005-01 and 2007-01. In order to make any changes to the current formulas in Ordinance No. 2005-01 and 2007-01, the District would have to go through a 218 process, which is very complicated

and expensive. The Board will consider investigating and reevaluating this current method during the District's 218 process next year.

Motion (Benediktsson/McAuliffe) to keep the existing ordinances as written, with clarification given to the denominator of the formula: "Annual Residential Flow;" the denominator will be based on the average residential flow figure provided by the Marin Municipal Water District, which is published publicly. Passed, all present.

12. Agreement between Sanitary/Sanitation Districts in Marin County for the Cooperative Use of a Safety and Training Director (see attached Notes of Explanation)

Mgr. Lynch noted that at the May 12, 2009 Regular Board Meeting, the Board gave him authorization to sign an agreement to participate in the cooperative use of a safety and training director. However, Mgr. Lynch has now decided it would be in the District's best interests not to enter into this agreement. Mgr. Lynch has opted not to join the safety group since it would involve paying extra money for oversight. Instead, the District will retain Elayne Haller for safety training in-house, on its own; this will save the District a lot of money. V.P. Benediktsson noted for the record that this will in no way reduce the safety in our plant.

COMMITTEE REPORTS:

13. Information Technology Committee – No meeting
14. Capital Improvement Program Committee – No meeting
15. Governance Committee – No meeting
16. Paradise Cove Committee – No meeting
17. Personnel Committee – Minutes of May 13, 2009 (attached)
 - Minutes of May 19, 2009 (attached)
 - Minutes of May 22, 2009 (attached)
18. Finance & Fiscal Oversight Committee – Minutes of May 22, 2009 (attached)
 - Minutes of June 3, 2009 (attached)

Mgr. Lynch noted the District will not be holding Paradise Cove Committee meetings for awhile since there is not much going on there. He added there is not much to talk about in the Capital Improvement Program Committee, either, as it is the end of the fiscal year. Sec. Brady informed the Board that he and Mgr. Lynch met last week to kick off the asset management program. They have made a good start and they will meet again shortly to continue working on it.

OTHER BUSINESS: None

ENVIRONMENTAL:

19. District Staff – Investigation of Reclaimed Water Use

Mgr. Lynch noted this matter was already discussed during Item No. 6, the District Manager's Summary Report of May 2009.

CORRESPONDENCE: None

INFORMATIONAL ITEMS: None

ADJOURNMENT:

Motion (McAuliffe/Brady) to adjourn at 7:11 p.m. to a Regular Board Meeting on July 14, 2009 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:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

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

Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Special Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Monday, June 29, 2009 10:30 a.m.
Closed Session 10:00 a.m.**

CALL TO ORDER by President Wiley at 10:00 a.m.

ROLL CALL: Directors present:	Corinne W. Wiley, President Catharine Benediktsson, Vice President Casey Kawamoto Claire McAuliffe
Directors absent:	V. William Brady, Secretary
Staff present:	Robert L. Lynch, District Manager Samantha Miller, Office/Finance Manager
Consultants present:	Riley F. Hurd III, District Legal Counsel
Others present:	None

CLOSED SESSION at 10:01 a.m.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
California Government Code, Section 54956.9(b) - Significant exposure to litigation: One case

OPEN SESSION at 10:30 a.m.

No reportable action was taken during the Closed Session.

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS: None

NEW BUSINESS:

1. Consideration of Adoption of Resolution No. 2009-02: Resolution of the Governing Body of Sanitary District No. 5 of Marin County Proposing an Election Be Held in its Jurisdiction, Requesting the Board of Supervisors to Consolidate with Any Other Election Conducted on Said Date, and Requesting Election Services by the Registrar of Voters – Action

Motion (McAuliffe/Benediktsson) to adopt Resolution No. 2009-02: Resolution of the Governing Body of Sanitary District No. 5 of Marin County Proposing an Election Be Held in its Jurisdiction, Requesting the Board of Supervisors to Consolidate with Any Other Election Conducted on Said Date, and Requesting Election Services by the Registrar of Voters. Passed, all present.

ADJOURNMENT:

Motion (McAuliffe/Kawamoto) to adjourn at 10:33 a.m. to a Regular Board Meeting on July 14, 2009 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:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

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

Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, July 14, 2009 6:30 p.m.**

CALL TO ORDER by President Wiley at 6:31 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:

Paul Garbarini
Roy Fedotoff, Pt. Tiburon Lagoon HOA
Bob Becker
Deirdre McCrohan, *The Ark Newspaper*

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

V.P. Benediktsson introduced Mr. Bob Becker and Mr. Paul Garbarini to the Board, explaining that Mr. Jim Huran was unfortunately unable to attend this Board Meeting. The Board will consider appointing Mr. Becker, Mr. Garbarini, and Mr. Huran to a Citizen's Advisory Group to the Finance & Fiscal Oversight Committee under Item No. 11 of the agenda.

Dir. McAuliffe asked that District staff schedule committee meetings more regularly.

CONSENT CALENDAR:

1. Approval of June 9, 2009 Regular Board Meeting Minutes (attached)
2. Approval of June 29, 2009 Special Board Meeting Minutes (attached)
3. Approval of Warrants for June 2009, #3073 through 3170, in the amount of \$285,264.15 (attached)

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4. Receipt of Financial Reports for June 2009 (attached)

V.P. Benediktsson requested that an addition be made to Item No. 1 of the Consent Calendar, the June 9, 2009 Regular Board Meeting Minutes. She requested that it be included under the "Directors' Comments and/or Agenda Requests" section of the minutes that the first *Marin Independent Journal* newspaper article said it cost Las Gallinas Valley Sanitary District \$3,950 to do the 218 process to raise sewer service rates, while the true cost for a 218 process was over \$100,000.

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

MANAGEMENT REPORT:

5. Operations Report (Rubio)

a. Tiburon/Belvedere Compliance Report & Public Complaint Report May 2009 (attached)

Mgr. Lynch reviewed Mgr. Rubio's Operations Report for May 2009 with the Board, as Mgr. Rubio was unable to attend the Board Meeting due to an injury.

Dir. McAuliffe commented on the fact that the District conducts FOG (fats, oil, and grease) inspections of food service establishments on a quarterly basis and asked whether that is often enough. Mgr. Lynch replied there is no need to have FOG inspections more often than quarterly.

Sec. Brady asked how often the District videos its sewer lines. Mgr. Lynch replied the District videos the entire system approximately every 10 years, adding that if we have problems with a certain line, we do additional small videos of that line. Sec. Brady would like Mgr. Rubio to make an addition to his new Collection System Data chart on page 10 of his Operations Report; he would like Mgr. Rubio to indicate the percentage of lines cleaned per cleaning cycle, instead of only per month and per fiscal year.

Mgr. Lynch noted that the Beach line in Belvedere is one of the District's lowest lines. He suggested that the District put a clamp-on flow meter on the discharge of pump station #15 in Belvedere to see if extra water is entering that Beach line. If the District uses a clamp-on flow meter, District staff could then move it around to find out where extra water is coming from in other locations in Belvedere and Tiburon, as well. The Board liked this idea.

Pres. Wiley asked Mgr. Lynch how the smoke testing in Belvedere is coming along. Mgr. Lynch replied the District will begin smoke testing after the FY 2009-2010 Final Budget is passed. The District did not have any money left in the lines maintenance expense account for FY 2008-2009, so we had to wait until FY 2009-2010 to begin the smoke testing. He added it will be done before the rain starts in FY 2009-2010.

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6. District Manager's Summary Report of June 2009 (Lynch) (attached)

Mgr. Lynch informed the Board that he contacted Carollo Engineers about the potential water reuse program. Carollo Engineers submitted a proposal for a not to exceed amount of \$12,000 for the feasibility study, as compared to the \$40,000 proposal submitted by Larry Walker Associates for the feasibility study. Mgr. Lynch explained that Carollo Engineers is less expensive than Larry Walker Associates because Carollo Engineers already knows the plant very well. Mgr. Lynch forwarded the Carollo Engineers proposal to the Point Tiburon Homeowners Association. The District has already spent approximately \$3,500 in fees to Larry Walker Associates for looking into the potential water reuse program. The Board has directed Mgr. Lynch not to spend any more money related to this potential water reuse program, and Mgr. Lynch informed the Point Tiburon Homeowners Association that they will have to work with and pay Larry Walker Associates directly if they would like any additional information from them.

Mgr. Lynch gave the Board an update on the Capital Improvement Project Secondary Clarifier Scum Trough Replacement. District staff estimated the trough will be removed and replaced within three weeks.

Mgr. Lynch updated the Board on the progress of the Seafirth Estates upgrades. He said things are moving along, and he has told Mr. Don Miller of Seafirth Estates that the District needs to receive all connection fees before the homes can hook up. This should be happening in the next 30 to 40 days for 26 of the homes at Seafirth Estates. The connection fees are estimated to be approximately \$12,000 per home, depending on the exact number of fixture units in each home.

Pres. Wiley asked how many requests the District has received so far for connections to the Paradise Sewer Line Extension. Mgr. Lynch replied there have been no requests for connections and no homes are currently connected to the line (besides Mr. Mark Jansheski's home).

Mgr. Lynch informed the Board he has contacted Bay Alarm about installing a security alarm system in the main office and the upstairs office at the main plant. The estimated cost for installing the alarm system is \$1,400 and the service fee will be \$19 per month. This alarm system will be installed by August 1, 2009.

NEW BUSINESS:

7. Consideration of Adoption of Resolution No. 2009-03: A Resolution Providing for the Collection of Sewer Service Charge for Each EDU of \$478.00 Plus \$2.00 Collection Fee for Tiburon Zone for the Fiscal Year 2009-2010 – Action (see attached Notes of Explanation)

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Motion (Brady/McAuliffe) to adopt Resolution No. 2009-03: A Resolution Providing for the Collection of Sewer Service Charge for Each EDU of \$478.00 Plus \$2.00 Collection Fee for Tiburon Zone for the Fiscal Year 2009-2010. Passed, all present.

8. Consideration of Adoption of Resolution No. 2009-04: A Resolution by the Board of Directors of Sanitary District No. 5 of Marin County, California Providing for the Collection of the Sewer Service Charges for the Belvedere Zone for Fiscal Year 2009-2010 on the Tax Roll of the County of Marin – Action (see attached Notes of Explanation)

Motion (Kawamoto/McAuliffe) to adopt Resolution No. 2009-04: A Resolution by the Board of Directors of Sanitary District No. 5 of Marin County, California Providing for the Collection of the Sewer Service Charges for the Belvedere Zone for Fiscal Year 2009-2010 on the Tax Roll of the County of Marin. Passed, all present.

9. PUBLIC HEARING – FISCAL YEAR 2009-2010 FINAL BUDGET
 - a. Public Hearing
 - b. Consideration of Adoption of FY 2009-2010 Final Budget by Resolution No. 2009-05: A Resolution Approving and Adopting Final Budget and Fixing Tax Allocation for the Fiscal Year 2009-2010 – Action (see attached Notes of Explanation)

There was no public participation in the open public hearing.

Motion (Brady/Kawamoto) to adopt FY 2009-2010 Final Budget by Resolution No. 2009-05: A Resolution Approving and Adopting Final Budget and Fixing Tax Allocation for the Fiscal Year 2009-2010. Passed, all present.

10. Consideration of Adoption of Resolution No. 2009-06: Determination of Appropriations Limit for Fiscal Year 2009-2010 – Action (see attached Notes of Explanation)

Sec. Brady asked why the District needs to adopt this resolution. Mgr. Miller explained it is required by the California State Constitution; as a Special District, we have to calculate our District's maximum limit for the appropriation of tax proceeds for each fiscal year. The resulting resolution needs to be adopted and submitted to the County of Marin (along with the previous three resolutions, which all must be adopted each year during the Budget Process). The appropriations limit increases each year based on Tiburon's population change and the State's per capita income change over the prior year. She added the District will never get close to reaching its appropriations limit; the limit is much higher than the actual amount of property tax revenue the District receives from the County of Marin.

Motion (McAuliffe/Kawamoto) to adopt Resolution No. 2009-06: Determination of Appropriations Limit for Fiscal Year 2009-2010. Passed, all present.

11. Consideration of Forming a Citizen's Advisory Group to the Finance & Fiscal Oversight Committee and Appointing Mr. Bob Becker, Mr. Jim Horan, and Mr. Paul Garbarini to the Advisory Group – Action (see attached Notes of Explanation)

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July 14, 2009

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Mgr. Lynch explained the Board of Directors has been considering forming a Citizen's Advisory Group to advise the District's Finance & Fiscal Oversight Committee on financial matters. Mr. Bob Becker, Mr. Paul Garbarini, and Mr. Jim Horan have volunteered to be members of this proposed Advisory Group. They are local residents of the District who have a financial background and are willing to volunteer their time and services to assist the Finance & Fiscal Oversight Committee with making recommendations to the Board of Directors. The members of the Advisory Group will not have a vote on any matter pertaining to District policies or business; only the elected officials of the District will be entitled to vote on District matters. The Advisory Group will work through the Chair of the Finance & Fiscal Oversight Committee in regards to obtaining information and/or requesting information from District staff. The Finance & Fiscal Oversight Committee will make the ultimate decision on all recommendations to the Board of Directors. This Standing Committee shall conform to all open meeting laws (e.g. "Brown Act") that pertain to regular meetings of the Board of Directors.

Pres. Wiley said she would like the Advisory Group to meet with the Finance Committee to discuss the annual budget and financial audit each fiscal year. V.P. Benediktsson reported that the Finance Committee discussed how often the Advisory Group should meet. The Finance Committee agrees with Mgr. Lynch that the Advisory Group should ultimately meet on a quarterly basis, but it should start off meeting more frequently, such as monthly, so the members can get up to speed on the District's financial matters.

Dir. Kawamoto said the District's operations are getting more and more complex and he believes it is a great idea to get outside input on our financial matters. Pres. Wiley noted the City of Belvedere has had a Finance Advisory Committee since 1957. Sec. Brady thanked Mr. Becker, Mr. Garbarini, and Mr. Horan for their willingness to serve on an Advisory Group to the District's Finance & Fiscal Oversight Committee.

Mr. Roy Fedotoff of the Point Tiburon Lagoon Homeowners Association commented on Item No. 5 of the agenda, Mgr. Rubio's Operations Report. Mr. Fedotoff offered his advice to the Board and District staff about the District's maintenance of its sewer lines, and he gave Mgr. Lynch suggestions about how to improve the District's Monthly Operations Report in regards to sewer line maintenance.

Motion (McAuliffe/Kawamoto) to form a Citizen's Advisory Group to the Finance & Fiscal Oversight Committee, and to appoint Mr. Bob Becker, Mr. Jim Horan, and Mr. Paul Garbarini to the Advisory Group. Passed, all present.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS:

12. Information Technology Committee – No meeting

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13. Capital Improvement Program Committee – No meeting
14. Governance Committee – No meeting
15. Paradise Cove Committee – No meeting
16. Personnel Committee – No meeting
17. Finance & Fiscal Oversight Committee – Minutes of July 6, 2009 (attached)

V.P. Benediktsson discussed the Finance & Fiscal Oversight Committee meeting of July 6, 2009. She noted that a tremendous amount of the costs in the District's budget are fixed, and the concept of loans was brought up at the Finance Committee meeting. The Finance Committee and District staff have to explore this idea a lot more, as it is still very preliminary. All options will be considered, including the possibility of a line of credit for the District.

Pres. Wiley noted she recently heard Chief Pearce of the Tiburon Fire Protection District speak about the management of its finances; she expressed particular interest in the fact that the Tiburon Fire Protection District is pre-funding its PERS OPEB (other postemployment benefits) liabilities. V.P. Benediktsson and Mgr. Miller reminded the Board that in Fall 2008 Sanitary District No. 5 looked into options to prefund its OBEP liabilities, as well, but SD5 cannot currently afford to do that, as it is much more expensive now than the "pay as you go" approach. (Note: For more information, see the Minutes of the November 17, 2008 Special Board Meeting with Presentation by Nick Franceschine of North Bay Pensions on the Report of GASB 45 Valuation of Retiree Health Benefits.)

OTHER BUSINESS: None

ENVIRONMENTAL:

18. District Staff – Investigation of Reclaimed Water Use

Mgr. Lynch noted this matter was already discussed during Item No. 6, the District Manager's Summary Report of June 2009.

19. Carollo Engineers Recycled Water Proposal – July 2, 2009

Mgr. Lynch noted this matter was already discussed during Item No. 6, the District Manager's Summary Report of June 2009.

20. Letter Dated May 6, 2009 to SMCS D
Response Letter Dated June 4, 2009 from SMCS D

Mgr. Lynch noted this item was included for informational purposes for the Board. A homeowner at 69 West Shore Road in Belvedere, on the shore facing Sausalito, directed a complaint to Sausalito Marin City Sanitary District (SMCS D) about bay water quality

problems in recent years. Mgr. Lynch included SMCSO's response letter. V.P. Benediktsson noted there is frequently foam in the bay water in front of her house, as well, and it is hard to tell where it is coming from with all the different tides, etc.

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

21. 2008/2009 Marin County Civil Grand Jury Report: Southern Marin Sewer's Cracks in the System – May 5, 2009
22. Jared Huffman Legislative Report Assembly Bill 1232
23. 2008/2009 Marin County Civil Grand Jury Report: Central Marin Sanitation Agency: Bickering Board Breeds Discontent – June 23, 2009

Mgr. Lynch said he included these three items for informational purposes for the Board. The Board agreed it was very interesting to read these three reports and thanked Mgr. Lynch for providing them.

V.P. Benediktsson noted for the record that the previous Grand Jury Report in 2004 was the first recommendation in writing that Belvedere and Tiburon should combine, and that was as far as the combining should go. The combining of Belvedere and Tiburon was then accomplished with Belvedere's annexation to the District. This new 2008/2009 Grand Jury Report now recommends further consolidation, which does not include Sanitary District No. 5.

ADJOURNMENT:

Motion (McAuliffe/Brady) to adjourn at 7:20 p.m. to a Regular Board Meeting on August 11, 2009 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:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

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

Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, August 11, 2009 6:30 p.m.
Closed Session 5:30 p.m.**

CALL TO ORDER by President Wiley at 5:34 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
Tony Rubio, Facilities Manager

Consultants present:

Riley F. Hurd III, District Legal Counsel

Others present:

Paul Garbarini
Cynthia Batt
Roy Fedotoff
Deirdre McCrohan, *The Ark Newspaper*

CLOSED SESSION at 5:35 p.m.

Government Code, Section 54957
Public Employee Performance Evaluation
Title: District Manager

OPEN SESSION at 6:36 p.m.

No reportable action was taken during the Closed Session.

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Pres. Wiley noted the Belvedere-Tiburon Labor Day Parade is coming up on September 6, 2009, and she would like the Board and District staff to start thinking about participating in it.

CONSENT CALENDAR:

1. Approval of July 14, 2009 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for July 2009, #3171 through 3210, in the amount of \$142,684.71 (attached)
3. Receipt of Financial Reports for July 2009 (attached)

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

MANAGEMENT REPORT:

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

Mgr. Rubio reviewed his Operations Report for June 2009 with the Board. He noted June was a very dry month, with no rain. The District did not conduct FOG (fats, oil, and grease) inspections of food service establishments in June; it will begin doing so in the next month or two. There was one odor complaint in June by a woman who called in on a Saturday night around midnight. We could not confirm whether the odor came from our plant, as there was a skunk smell in the area. Mgr. Rubio also noted he has not yet made any changes to the new Collection System Data chart on page 10 of his report; he will attend the next Capital Improvement Program Committee meeting to discuss in more detail the changes the Board might like made to the chart.

Mgr. Rubio informed the Board there were two sewer system overflows (SSO's) in the month of June at Tara Hill and Round Hill in Tiburon. One was minor and was cleaned up immediately. The second SSO was classified as a category 1, due to the fact that over 1,000 gallons overflowed and the overflow reached storm drains. District staff collected all the required samples and notified all required agencies; everything fell within the legal limits and no further action was necessary by the District. Mgr. Rubio explained the SSO was due to the accumulation of roots and rags. V.P. Benediktsson noted it would be good to include this in the District's newsletter; when painters and construction workers put rags down the sewer system, it costs the District a lot of money.

The Board thanked Mgr. Rubio for a great report.

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5. District Manager's Summary Report of July 2009 (Lynch) (attached)

Mgr. Lynch gave the Board an update on the Capital Improvement Project Secondary Clarifier Scum Trough Replacement currently taking place at the main plant.

Mgr. Lynch also updated the Board on the progress of the Seafirth Estates upgrades. He said things are moving along, and the District has received a little over \$100,000 in connection fees from Seafirth homeowners. He expects to receive another \$250,000 in the next month, for a total of approximately \$350,000 in connection fees from Seafirth.

Mgr. Lynch explained that Bay Alarm completed the installation of a security alarm system for the District's main office, the upstairs offices, and the lab. There are motion detectors, along with alarms on the doors. The cost for installing the alarm system was approximately \$1,400.00 and the monthly service charge is \$19.00.

Mgr. Lynch reported on the incident at 1 Spring Lane in Tiburon that resulted in a sewer back up onto the lower floor of a house. This was the result of a stoppage in the sewer main farther up the hill. Mgr. Lynch immediately went to the scene and got the cleaning and restoration crew out there right away. The District's insurance company has taken care of everything else; it is now out of the District's hands. The residents of the house should be able to move back into their house in about one and a half months. Pres. Wiley thanked Mgr. Lynch for having a great plan of action to deal with these types of incidents so quickly.

Mgr. Lynch noted the house did not have a contra costa valve, which is otherwise known as a "backflow preventer." If the house had had a contra costa valve, the overflow into the house would not have been as bad, or might not have occurred at all. V.P. Benediktsson asked whether there are any legal requirements for homeowners to have a contra costa valve. Mgr. Lynch replied that Ordinance No. 70-01 does require this backflow preventer. He also noted that this house was built in 1965, and it has been remodeled several times, the last time being in 2003. However, the District has not received any permits from the homeowners.

NEW BUSINESS:

6. Consideration of Approval of FY 2007-2008 District Audit and Management Letter – Presentation by Mr. Terry Krieg, CPA – Action (see attached Notes of Explanation)

Mr. Terry Krieg, CPA reviewed his FY 2007-2008 District Audit and Management Letter with the Board. He noted that he added the Combining Schedule of Revenues, Expenses, and Changes in Net Assets by Zone (page 22 of the audit), as the Board had requested. Mr. Krieg summarized that the District ended with about the same amount of money on June 30, 2008 as it did on June 30, 2007. There was a \$1.1 million increase in the construction in progress account and there was a \$407,000 increase in accounts payable at year-end, mainly due to the Paradise Cove package plant. In addition, approximately \$300,000 was added to

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Regular Meeting of the Board of Directors

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pipelines, the District increased sewer service rates, and there was a \$596,000 operating loss. The net change in cash balances from June 30, 2007 to June 30, 2008 was only \$910, demonstrating that the District's cash position remained relatively stable from FY 2006-2007 to FY 2007-2008. The change in net assets for Tiburon was \$468,701 and the change in net assets for Belvedere was \$236,479. Investment income declined by approximately 15%, and Mr. Krieg expects this to be a much larger decrease in FY 2008-2009. He said this decline in investment returns has been significantly hurting local government agencies. V.P. Benediktsson noted the District's insurance costs increased by close to 50% in FY 2007-2008.

Dir. McAuliffe asked Mr. Krieg whether the District can record as accounts receivable the property tax money the State will borrow from the District in FY 2009-2010. Mr. Krieg replied that one would assume you could, but it is not a current receivable since it is expected to be repaid in three years. He noted there is also a question as to whether the State will actually end up repaying this money and whether legislature will change the law again in the future. In short, everyone is still trying to determine how to deal with this since everything is not finalized with the State yet; there are a lot of unknowns. Dir. McAuliffe asked Mr. Krieg to let the District know if he finds out that other districts are accounting for this borrowed money as accounts receivable on their financial statements.

Sec. Brady asked what Mr. Krieg referred to as "written off" for \$230,000 in the FY 2007-2008 audit. Mgr. Lynch explained the depreciation schedule had not been brought to him the prior year, so in FY 2007-2008 they had to write things off that were no longer here at the plant. Sec. Brady added he would like to see more visibility and granularity in the financial statements; for example, he would like to see the "other operating" expenses broken out into more line items. Mr. Krieg said he could do this in future audits for the District.

V.P. Benediktsson noted that on page two of Mr. Krieg's Management Letter, he said he did not perform an audit of the District's appropriations limit. She asked what the District would gain if they asked him to do that in the FY 2008-2009 audit. Mr. Krieg replied the District would not gain anything; it is not necessary and it would just cost more money.

The Board thanked Mr. Krieg for his presentation.

Mr. Roy Fedotoff asked whether the PERS contribution rates are dictated by CalPERS, or if the District has any control over them. Mr. Krieg replied the employer contribution rates are determined by CalPERS, and he estimates they will increase next year.

Motion (Benediktsson/McAuliffe) to approve the FY 2007-2008 District Audit and Management Letter from Mr. Terry Krieg, CPA. Passed, all present.

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7. Consideration of Authorization and Approval for District Manager to Engage Mr. Terry Krieg, CPA for FY 2008-2009 Audit – Action (see attached Notes of Explanation)

V.P. Benediktsson informed the Board that the Finance Committee already discussed this. Since the District had to change many formulas in FY 2008-2009, along with a number of other accounting changes, the Finance Committee recommends using the same auditor, Mr. Krieg, for the FY 2008-2009 audit, to get to a stable point. The Board agreed this was a good idea and looks forward to getting a fresh perspective with the audit for FY 2009-2010.

Motion (Benediktsson/Brady) to authorize and approve the District Manager to engage Mr. Terry Krieg, CPA for the FY 2008-2009 audit. Passed, all present.

8. Consideration of Approval of Settlement Agreement between Sanitary District No. 5 and Northern California River Watch – Action (see attached Notes of Explanation)

Mgr. Lynch explained that, on January 27, 2009, the District received a Notice of Violations and Intent to File Suit under the Clean Water Act from Northern California River Watch. River Watch made many allegations against the District, many of which the District did not agree with. The District has been in negotiations with River Watch, and River Watch has ultimately removed some of the allegations they originally made, which were false. The final settlement agreement with River Watch is for \$17,000.00 with a term of seven years. This is a much longer time frame than the other districts have gotten from River Watch, and much less money. Most other districts have had to pay \$45,000 to \$55,000 with their settlement agreements. Mgr. Lynch said he feels the District did very well compared to others. He added the District was already planning to do most of the work that River Watch has asked the District to do in the settlement agreement.

Mr. Riley Hurd, District legal counsel, noted that if the Regional Water Quality Control Board had enforced on the District's violations to begin with, River Watch could not have taken action against the District like this. In fact, the Regional Water Quality Control Board denied the District's request to enforce on our violations because they were too busy. The Board said they consider River Watch's actions to be a form of legalized extortion, and they discussed the idea of filing a class action lawsuit with other sanitary districts against River Watch for frivolous lawsuits.

Pres. Wiley asked Mr. Hurd who else River Watch has gone after. Mr. Hurd replied River Watch has gone after the sanitary districts in all of Sonoma and most of Marin, and they are now going after municipalities. Dir. McAuliffe asked Mr. Hurd to please keep the Board apprised if other sanitary districts are doing anything together to activate a change so that when the Regional Water Quality Control Board has a delay in enforcing on violations, other entities like River Watch cannot file suit in the meantime.

Dir. McAuliffe noted she is very proud of the record the District has, the excellent legal work Mr. Hurd has done regarding the River Watch allegations and settlement, and Mgr. Lynch's work ahead of time, putting the District in a good position in terms of being

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prepared with televising, etc. She expressed satisfaction with the River Watch settlement agreement. Sec. Brady added that the District would have to pay a lot more money in legal fees if it does not settle with River Watch now.

Motion (Benediktsson/Brady) to approve the Settlement Agreement between Sanitary District No. 5 and Northern California River Watch. Passed, all present.

9. Consideration of Setting Date and Time for Special Board Workshop on the Financial Future of Sanitary District No. 5 for August 18, 2009 at 10:00 a.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California – Action

Mgr. Lynch explained this Special Board Workshop would be an opportunity to have professional consultants talk with the Board about the District's financial outlook. These professional consultants would be Mr. John Farnkopf of HF&H Consultants, LLC and Mr. Martin Rauch of Rauch Communication Consultants, LLC, both of which have been consultants to the District in the past.

Motion (Brady/McAuliffe) to set the Special Board Workshop on the Financial Future of Sanitary District No. 5 for August 18, 2009 at 10:00 a.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

10. Consideration of Setting Date and Time for the Next Regular Board Meeting for September 8 or 15, 2009 at 6:30 p.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California – Action

Motion (McAuliffe/Benediktsson) to set the next Regular Board Meeting for September 8, 2009 at 6:30 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 Agreement between Seafirth Estates and Sanitary District No. 5 for Conveying Sewer System upon Completion of Exhibit "A" and Deeds of Easements of Sewer Lines – Action (see attached Notes of Explanation)

Mgr. Lynch explained he is asking the Board to give him authorization to sign this agreement with Seafirth Estate Company after the deeds of easements of the sewer lines are put in the District's name. He noted that Mr. Hurd has had to work a lot to change the original agreement Seafirth gave to the District. V.P. Benediktsson asked whether there will be a transition period before acceptance, to make sure everything works before accepting it. Mgr. Lynch replied there will not be a transition period, but District staff has been present during the testing.

Motion (Brady/Benediktsson) to authorize and approve the District Manager to execute the Agreement between Seafirth Estate Company and Sanitary District No. 5 for Conveying

Sewer System, upon completion of Exhibit "A" and deeds of easements of sewer lines.
Passed, all present.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS:

12. Information Technology Committee (Brady/Benediktsson) – July 30 & August 5, 2009

Sec. Brady discussed the Information Technology Committee meetings of July 30 and August 5, 2009. He informed the Board that the Committee finalized the approval for the District to purchase a scanner and met with Mr. Todd Lando to discuss the District's website security. Mr. Lando said that since the District is using SharePoint, our website is more secure than the average website, although the cost is \$75. The Committee and District staff agreed the District should continue using SharePoint to keep its website secure. Mr. Lando also discussed with the Committee what type of additions they would like to see on the website, such as a map of the District's boundaries.

13. Capital Improvement Program Committee (Brady/Wiley) – July 31, 2009

Sec. Brady discussed the Capital Improvement Program Committee meeting of July 31, 2009. He explained the Committee reviewed the 2009-2010 capital improvement plans and discussed the difficulties of doing all the capital improvement work in the small window of time after the District receives its property tax and sewer service fee revenue in December, and when the weather is cooperating. The District currently has very low funds to work with during the "dry period," which lasts until mid-December, when the revenue arrives. The Committee discussed the notion of pursuing a line of credit for the District.

Sec. Brady said the Committee also discussed the Paradise Drive residents' lack of interest in hooking up to the new Paradise Sewer Line Extension. The Board discussed the County of Marin ordinance that requires all homeowners within 400 feet of the sewer main to connect to it. The Board would like the District to work with the County on enforcing this ordinance, and to get District legal counsel involved if need be.

14. Governance Committee (Kawamoto/Wiley) – July 31, 2009

Dir. Kawamoto discussed the Governance Committee meeting of July 31, 2009. He informed the Board that the Committee discussed the Memorandum of Understanding (MOU) between the District and the Employees, as well as the Board of Directors Handbook. Since both of these contain out of date information, District staff will work on updating them this year, with final review from District legal counsel.

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15. Paradise Cove Committee (Wiley/Brady) – July 30, 2009

Pres. Wiley discussed the Paradise Cove Committee meeting of July 30, 2009. She explained the Committee met to discuss the status of the Seafirth Estate pump stations project, as well as the possibility of producing secondary treated effluent water at the Paradise Cove plant for Mr. Norman Traeger's property.

16. Personnel Committee (Wiley/McAuliffe) – August 5, 2009

Pres. Wiley discussed the Personnel Committee meeting of August 5, 2009. She informed the Board that the Committee decided to postpone its MOU negotiations with the employee representatives until January 2010.

17. Finance & Fiscal Oversight Committee (Benediktsson/McAuliffe) – Minutes of July 30, 2009 (attached)

V.P. Benediktsson reviewed the minutes of the Finance & Fiscal Oversight Committee meeting of July 30, 2009. She noted the Committee would like a banker from Bank of America to come to a Finance Committee meeting to discuss electronic banking security issues. The Committee also discussed the idea of District staff keeping a daily bank log, but no action was taken regarding this suggestion. The Finance Committee and District staff were pleased with the new financial reports provided by Mr. David Perotti, CPA.

The Board thanked Mgr. Miller for the great Finance & Fiscal Oversight Committee meeting minutes.

OTHER BUSINESS: None

ENVIRONMENTAL:

18. District Staff – Investigation of Reclaimed Water Use

Mgr. Lynch noted there is no news regarding the District's investigation of reclaimed water. As the Board directed, the District is no longer spending any more money on water reuse.

Mr. Fedotoff informed the Board that Mr. Bill Teiser, the President of the Point Tiburon Homeowners Association, likes the idea of hiring Carollo Engineers to do the reclaimed water feasibility study for the estimated \$12,000. He said Mr. Teiser will probably ask the District to be the "middle man," so the agreement would be between Carollo Engineers and the District, but Point Tiburon HOA would be paying for the study.

CORRESPONDENCE: None

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Regular Meeting of the Board of Directors
August 11, 2009
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INFORMATIONAL ITEMS: None

ADJOURNMENT:

Motion (Benediktsson/Brady) to adjourn at 8:11 p.m. to a Regular Board Meeting on September 8, 2009 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:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

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

Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Special Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, August 18, 2009 10:00 a.m.**

CALL TO ORDER by President Wiley at 10:02 a.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
Tony Rubio, Facilities Manager

Consultants present:

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

Others present:

Jim Horan
Deirdre McCrohan, *The Ark Newspaper*
Cynthia Batt
Paul Garbarini

PUBLIC OPEN TIME: None

FINANCIAL OUTLOOK WORKSHOP:

1. Financial Future of Sanitary District No. 5
 - a. Presentation by John Farnkopf of HF&H Consultants, LLC

Mr. John Farnkopf began his presentation to the Board by reviewing the financial model he created for the District in 2005, as well as the update he made to his financial model in 2007. He reviewed the work that both he and Mr. Martin Rauch did most recently for the three years of rate increases for the Belvedere and Tiburon zones. He summarized why the Belvedere rates had to increase significantly. In 2006, Mgr. Lynch realized the Belvedere

revenue was not enough to cover the Belvedere expenditures, and rates had to initially increase by 28%. Before the annexation of Belvedere to the District, the City of Belvedere used to subsidize their sewer fees with money from Belvedere's general fund. However, after the annexation, the District did not receive any subsidy from the City of Belvedere, so sewer rates for Belvedere had to increase. Mr. Farnkopf had recommended that the District raise rates in Belvedere by 28% in 2007-2008, 9% in 2008-2009, and 4% in 2009-2010, but the Board chose not to do the 9% increase in 2008-2009. Mr. Farnkopf showed a graph of what Belvedere's cash balances would have looked like with the recommended 9% increase, and what it actually looks like without it. V.P. Benediktsson noted Mr. Farnkopf had also recommended that the District raise Tiburon's rates by 25% three years in a row, but the Board chose to raise them by 17% three years in a row, instead. At the time, the Board was being conservative and did not want to raise the rates too much.

Mr. Farnkopf reviewed the reserve fund balance graphs he prepared for the District, showing the projected, actual, and target balances. He pointed out the actual balances are well below the projected and target balances; for Tiburon, this is largely due to the Paradise Cove treatment plant expansion. Mr. Farnkopf also explained that, after the annexation, the Belvedere zone started with \$750,000 in operating reserves. However, this money had to be used immediately for operations to get through the "dry period" of July through mid-December, when the District would receive the first portion of Belvedere's sewer service fee revenue for the year. He said the Belvedere zone also started with basically negative capital reserves, since there was no money in its capital reserve and the District inherited Belvedere's CIP loan.

Mr. Paul Garbarini added that, although Belvedere started with a positive cash fund balance after the annexation, in a sense the District absorbed a net negative reserve of -\$250,000, since it inherited a \$1 million CIP loan and \$750,000 in reserves for Belvedere.

Next, Mr. Farnkopf presented a chart that Mgr. Lynch prepared, which gives a rough projection of the cash fund balances for both zones for July 2009 through the end of the dry period in December 2009. Mr. Farnkopf discussed how difficult it is to cram a whole year's worth of capital improvement work into four months, after the December revenue comes in, since there is not enough money to do it in the first half of the fiscal year. Mgr. Lynch's chart shows that both the Belvedere and Tiburon zones will almost be out of operating funds by December. He noted that this projection was based on very light monthly operating expenses – about \$80,000 per month for Belvedere and about \$165,000 per month for Tiburon, both of which are very conservative numbers.

Mr. Farnkopf ended his portion of the presentation by reviewing an example of Sausalito Marin City Sanitary District's reserve fund policies to show a sample approach the District could take when re-examining its own reserve policies and looking at its short term and long term objectives.

b. Presentation by Martin Rauch of Rauch Communication Consultants, LLC

Mr. Rauch presented the public outreach process the District could use if we decide to pursue a Proposition 218 process for a rate increase. He reviewed the Rauch approach to the outreach program; he said they use it frequently and it works very well. The framework stays the same, and the details change from district to district. Mr. Rauch explained the legal requirements of the Proposition 218 process, adding that he likes to spend time with an outreach program before the 218 process begins. He believes just adhering to the minimum legal requirements of Proposition 218 is highly inadequate.

V.P. Benediktsson noted this framework did not work very well last time the District hired Mr. Rauch. Mr. Rauch explained that was because the District had a very short period of time to complete the 218 process and public outreach program last time; it was insufficient time for an effective outreach program. Mr. Rauch continued to discuss ways to improve the outreach program in the future, including press releases, e-newsletters, and getting support ahead of time from the Town and City Councils.

Ms. Cynthia Batt asked what the costs would be for Mr. Rauch's public outreach program. Mr. Rauch replied that, in the past, the outreach costs were approximately \$20,000, but that was only for one zone. V.P. Benediktsson reminded the Board that it recently cost Las Gallinas Sanitary District \$100,000 to raise its sewer rates.

Sec. Brady asked about other ways for the District to calculate its sewer service fees, and whether other districts our size are using other methods. Mr. Farnkopf said the most common way is to use water use; in Northern California, most sanitary districts that calculate individual flow-based charges use average winter water use. The Board discussed with Mr. Farnkopf and Mr. Rauch the fact that it would cost the District a lot more money to calculate individual flow-based charges, although that might be a more equitable way to calculate sewer fees. Mr. Rauch added that the fixed costs of running a district like ours are about 70% of the total operating costs, and only about 30% of the operating costs actually depend on flow. He said it would be very costly to calculate individual residential charges based on flow, as we do with commercial sewer service charges.

Pres. Wiley asked about the idea of the District giving up the Tiburon zone's property tax revenue. Mgr. Lynch explained that if we did that, we would have to increase Tiburon's rates by \$403 per house to break even, which is an 85% increase. This 85% increase would only recoup the lost property tax revenue for the District, and it would not improve the Tiburon zone's current financial situation. Tiburon residents would still have to pay the same amount in property taxes, but the District would no longer be receiving its portion (which is one half of one percent of the property taxes, or about \$850,000 per year). This means Tiburon ratepayers would be paying twice as much – the same amount in property taxes, plus higher sewer fees.

V.P. Benediktsson would like the Finance Committee and the Capital Improvement Program Committee to discuss the District's reserve policies at their next meetings. The District

needs to decide what our reserve policies should look like by November in order to give some direction and guidelines to Mr. Farnkopf as he updates his financial model for the District.

Ms. Batt asked if Mr. Rauch could provide references from other districts for his public outreach work. Mr. Rauch replied he could certainly provide references.

Mr. Rauch ended his presentation by discussing the timeline for his public outreach program and the 218 process. He believes if the District starts the program soon, we will have a good amount of time to complete it effectively.

The Board thanked Mr. Farnkopf and Mr. Rauch for wonderful presentations.

ADJOURNMENT:

Motion (McAuliffe/Brady) to adjourn at 11:53 a.m. to a Regular Board Meeting on September 8, 2009 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:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

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

Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, September 8, 2009 6:30 p.m.**

CALL TO ORDER by President Wiley at 6:34 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:

Cynthia Batt
Roy Fedotoff
Deirdre McCrohan, *The Ark Newspaper*

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS:

Dir. McAuliffe suggested that Mgr. Lynch give tours of the main plant during Pollution Prevention Week, the week of September 21, 2009. The Board liked this idea and Mgr. Lynch agreed to give two days of plant tours.

V.P. Benediktsson discussed the State's gray water regulation allowing households to use their non-toilet water for irrigation.

CONSENT CALENDAR:

1. Approval of August 11, 2009 Regular Board Meeting Minutes (attached)
2. Approval of August 18, 2009 Special Board Meeting Minutes (attached)
3. Approval of Warrants for August 2009, #3211 through 3278, in the amount of \$114,942.81 (attached)
4. Receipt of Financial Reports for August 2009 (attached)

Motion (McAuliffe/Benediktsson) to approve Items No. 1, 2, and 4 of the Consent Calendar. Passed, all present.

Pres. Wiley asked about warrant #3224 to Linscott Engineering for spot repair on Eucalyptus Road in Belvedere. Mgr. Lynch explained this spot repair was performed on a part of the Eucalyptus line that was not replaced last year.

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

MANAGEMENT REPORT:

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

Mgr. Lynch reviewed the Operations Report for July 2009 with the Board. He noted there were two odor complaints in the month of July from neighbors of the main plant; they normally notify the District when there is an odor. Dir. McAuliffe asked what the normal average is for odor complaints. Mgr. Lynch replied the District only had three odor complaints last year, but this year there have been more, especially after River Watch made its allegations against the District.

Mgr. Lynch informed the Board there were four sewer system overflows (SSO's) in the month of July due to root intrusion. The Board discussed the problem the District has been having with overflows due to tampons, wipes, diapers, rags, etc. The public needs to be reminded not to put wipes, diapers, rags, etc. down the toilet; the Board would like this reminder included in the District's next newsletter.

The Board discussed the fact that almost all of the District's pipes are terra cotta pipes and will eventually need to be replaced. This is included in the District's 10 year capital improvement plan.

6. District Manager's Summary Report of August 2009 (Lynch) (attached)

Mgr. Lynch gave the Board an update on the Secondary Clarifier Scum Trough Replacement currently taking place at the main plant; it is nearly complete. Mgr. Lynch estimated the District would only spend 20-25% of the \$40,000 budgeted for this capital expenditure item due to the employees' hard work doing this project in-house. The Board was very pleased. V.P. Benediktsson donated \$100 for an appreciation lunch for the employees to thank them for working hard to save the District so much money.

Mgr. Lynch updated the Board on the progress of the Seafirth Estates upgrades. He said things are moving along, and the District has received approximately \$233,000 in

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connection fees from Seafirth homeowners. Seafirth Estates is eager for the District to start checking and operating their pump station, but Mgr. Lynch will not allow this until the alarm system is connected to the District's SCADA system and operating properly.

Mgr. Lynch noted Mr. Shaw told him there are four residents who would like to connect to the Paradise Drive Sewer Line Extension. In addition, after the overflow into the house occurred at 1 Spring Lane in Tiburon, a number of residents have been asking the District to help them determine if they have backflow prevention devices at their homes. The District will check this if requested; the Board would like this to be noted in the District's newsletter.

NEW BUSINESS:

7. Consideration of Authorization and Approval for District Manager to Execute Contract with HF&H Consultants, LLC for Professional Services for Sewer Rate Update (Lynch) – Action (see attached Notes of Explanation)

V.P. Benediktsson informed the Board that the Finance Committee reviewed Mr. Farnkopf's proposal during their meeting and recommended approval. The Board discussed the proposal.

Motion (Benediktsson/Brady) to authorize and approve District Manager to execute contract with HF&H Consultants, LLC for professional services for sewer rate update. Passed, all present.

8. Consideration of Authorization and Approval for District Manager to Execute Contract with Rauch Communication Consultants, LLC for Public Outreach Program to Support Financial Rate Studies and Changes (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained the Finance Committee had asked him to see if Mr. Rauch could significantly reduce the costs he had originally proposed (\$50,000) for his public outreach program. The Finance Committee said they would consider using other consultants for this work, but Mr. Rauch is very experienced and their preference is to hire him, as long as he can cut his costs. After speaking with Mgr. Lynch, Mr. Rauch said he would be willing to reduce his costs, but that would mean not all the work in his original proposal would be covered. The Board discussed Mr. Rauch's proposal and requested that Mgr. Lynch get proposals from other consultants, as well, for this public outreach program.

Mr. Roy Fedotoff commented on the importance of the public outreach program. Ms. Cynthia Batt commented it is important to show the citizens that the District has gotten competitive bids for this outreach program.

The Board agreed to put Mr. Rauch's proposal on hold until the next Board meeting, once Mgr. Lynch asks for additional bids for the public outreach program.

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9. Consideration of Authorization and Approval for District Manager to Execute Contract with Whitley Burchett & Associates for Plant Odor Study in an Amount Not to Exceed \$25,000.00 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained that, in an effort to comply with the settlement agreement with River Watch, he had asked Whitley Burchett & Associates to present the District with a proposal to help the District identify and reduce odors escaping from the treatment facility. The District has already taken some actions to mitigate odors.

The Board discussed this proposal from Whitley Burchett & Associates for a plant odor study. The Board agreed they did not want to get into contract with Whitley Burchett & Associates at this time. The Board did not take action on this item.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS:

10. Information Technology Committee (Brady/Benediktsson)
11. Capital Improvement Program Committee (Brady/Wiley)
12. Governance Committee (Kawamoto/Wiley)
13. Paradise Cove Committee (Wiley/Brady)
14. Personnel Committee (Wiley/McAuliffe)
15. Finance & Fiscal Oversight Committee (Benediktsson/McAuliffe) – Minutes of September 3, 2009 (attached)

V.P. Benediktsson reviewed the minutes of the Finance & Fiscal Oversight Committee meeting of September 3, 2009. The other committees did not meet this month. Sec. Brady thanked Mgr. Miller for the great Finance Committee minutes. Pres. Wiley said the Finance Committee and Mgr. Miller have been doing a wonderful job. The Finance Committee noted that Mgr. Miller spent a lot of time correcting and adjusting the books for FY 2008-2009; this was very hard work and they thanked her. Sec. Brady would like the Finance Committee's help with the financial outlook portion of the District's newsletter. The Finance Committee agreed to help.

OTHER BUSINESS: None

ENVIRONMENTAL:

16. District Staff – Investigation of Reclaimed Water Use

Mgr. Lynch noted there is no news regarding the District's investigation of reclaimed water.

Mr. Fedotoff, who has been consulting with the Point Tiburon Homeowners Association, informed the Board that Point Tiburon Bayside is considering a new process with secondary treated effluent that is not Title 22. The Board thanked Mr. Fedotoff for the update.

CORRESPONDENCE:

17. Letter Dated August 24, 2009 to Seafirth Estate Co. for Checking of Pump Station during Transition Period (attached)

Mgr. Lynch noted this matter was already discussed during Item No. 6, the District Manager's Summary Report of August 2009. The District is not checking and responding to Pump Station No. 1 at Seafirth Estates since the alarm system is not yet connected to the District's SCADA system.

18. Letter Dated August 12, 2009 to Elizabeth Doyle (attached)

Mgr. Lynch informed the Board that Ms. Elizabeth Doyle had requested a refund of the sewer fees she had paid to the District on the grounds that she is a low income senior citizen. She had referenced some laws in her request, but Mgr. Lynch looked into it and the District does not have any legal obligation to refund the fees. Mgr. Lynch wrote a letter in response to Ms. Doyle explaining that, unfortunately, the District operates on a tight budget and would not have the ability to offer its high level of service if fees were waived for particular citizens.

INFORMATIONAL ITEMS: None

ADJOURNMENT:

Motion (McAuliffe/Brady) to adjourn at 7:51 p.m. to a Regular Board Meeting on October 13, 2009 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:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

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

Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, October 13, 2009 6:30 p.m.**

CALL TO ORDER by President Wiley at 6:35 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

Consultants present:

Riley F. Hurd III, District Legal Counsel

Others present:

Cynthia Batt
Roy Fedotoff
Fred Hannahs
Deirdre McCrohan, *The Ark Newspaper*

PUBLIC OPEN TIME:

Mr. Fred Hannahs expressed his gratitude and thanks to Dir. Kawamoto for his 33 years of service on the Sanitary District No. 5 Board of Directors.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS: None

CONSENT CALENDAR:

1. Approval of September 8, 2009 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for September 2009, #3279 through 3344, in the amount of \$160,325.34 (attached)
3. Receipt of Financial Reports for September 2009 (attached)

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

MANAGEMENT REPORT:

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

Mgr. Lynch reviewed the Operations Report for August 2009 with the Board. He noted that preventative maintenance work orders had significantly increased now that the secondary clarifier project at the main plant was complete.

Mgr. Lynch informed the Board there were two sewer system overflows (SSO's) in the month of August due to root intrusion. One was a private lateral overflow at 100 Neds Way (the Hilarita Apartments); we responded, mitigated the problem, cleaned the line, and then billed the owner (since it is a private line). The second SSO was at 1 Reserva Lane due to a small root problem. Mr. Paul Garbarini asked whether the District has to report private SSO's. Mgr. Lynch replied the District is not required to, but it does report private SSO's and makes sure to report them as "private."

Mgr. Lynch informed the Board that District employees were currently on 24 hour storm watch shifts due to the large storm that day, October 13, 2009. By the time of the Board meeting, the main plant had already received 3.25 inches of rain from the storm, and we were blending at the main plant.

5. District Manager's Summary Report of September 2009 (Lynch) (attached)

Mgr. Lynch noted that the Secondary Clarifier Scum Trough Replacement Project at the main plant is complete. He commended District staff for their outstanding job, bringing the project in at 50% of the \$40,000 budgeted for this capital expenditure item.

Mgr. Lynch informed the Board that the Seafirth Estates pump station renovation project is complete, with the exception of an alarm control panel for Station No. 2. The District has received approximately \$276,250 in connection fees from Seafirth homeowners. Seafirth Estates is eager for the District to start checking and operating their pump station, but Mgr. Lynch will not allow this until the alarm system is connected to the District's SCADA system and operating properly.

Mgr. Lynch explained the District's upcoming FY 2009-2010 CIPP sewer line rehabilitation project has been delayed slightly due to the District's settlement agreement with River Watch. Part of the settlement agreement pertains to a volunteer sewer lateral replacement program. Mgr. Lynch explained his suggested approach for a voluntary program to televise private laterals while the District does its CIPP sewer line rehabilitation project each year.

Mgr. Lynch noted the Audit & Accounting account will be going over budget this fiscal year due to the District's use of Mr. David Perotti, CPA and its decision to purchase the new

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ProSystems report writing software recommended by Mr. Perotti. Mgr. Lynch estimates this will bring the Audit & Accounting account approximately \$7,500 over budget.

Mgr. Lynch gave an update to the Board on the potential line of credit he has been investigating, as recommended by the Advisory Group. Mr. Bob Becker of the Advisory Group put Mgr. Lynch in touch with New Resource Bank in San Francisco. Mgr. Lynch reported that, in order to have a line of credit with this bank, the bank would require the District to deposit 30% of the value of the line of credit (either \$500,000 or \$1,000,000) in an account at that bank. However, this would mean the District would not be able to earn interest on this money (it can only earn interest on the money it has invested in LAIF). Furthermore, the County of Marin is already obligated to loan money to the District at the lowest possible interest rate, if the need arises. Therefore, the Finance Committee decided not to pursue the investigation of this line of credit any further.

Mgr. Lynch informed the Board that midges were found in the chlorine contact tank at the main plant. This has never happened before; the District ordered a professional midge control chemical called STRIKE to kill the bugs.

Mgr. Lynch summarized the results of the smoke testing done on September 28, 2009 on various streets in Belvedere, including Beach Rd. & San Rafael Ave., San Rafael Ave. & Teal Lane, Leeward Rd., Peninsula Rd., Edgewater, and Windward. Not much was found; only a few small indicators were found. The District will move on to smoke test higher streets in Belvedere next month, including upper Beach Rd., Belvedere Ave., and Golden Gate Ave.

Mgr. Lynch presented his preliminary research to the Board about the possible purchase of a truck mounted rodding machine in FY 2010-2011. This would be a way for the District to save money on the routine cleaning of its gravity sanitary sewer lines. Currently, the District contracts out all of this cleaning work, but Mgr. Lynch suggested the idea of the District purchasing its own truck mounted rodding machine and performing the main liner rodding work in-house. This would mean that the District could continuously work on the cleaning program, cleaning all the main lines each year, instead of cleaning approximately one third of the lines each year. Mgr. Lynch hopes this would eliminate some SSO's, and it would allow the District to clear stoppages faster and more efficiently. His preliminary research shows this machine would cost approximately \$100,000 (used) or \$160,000 (new), but the District would save approximately \$92,000 each time it cleaned the entire system of main lines using this machine in-house, instead of contracting the work out. The District would still contract out all small machine sewer line cleaning, since the District does not have the staff for this and this work is more dangerous. The Board would like Mgr. Lynch to continue researching this idea.

The Board discussed whether the District should send a letter to the residents within 400 feet of the Paradise Drive Sewer Line Extension informing them that there is a District ordinance requiring them to connect to the line. Mgr. Lynch noted that the Board had not given him direction to send this type of letter out yet. So far, Mgr. Lynch has only sent one letter to all

the residents informing them that the line is ready for connections, but no one besides Seafirth Estates and Mr. Mark Jansheski have connected to the line. Mr. Riley Hurd, District legal counsel, suggested this item be placed on the next Board meeting agenda if the Board would like to further discuss this matter of enforcing connections. The Board agreed this matter should go to the Finance Committee first.

Mgr. Lynch reviewed the District's Capital Improvement Program with the Board. He noted that many capital expenditures originally planned for FY 2009-2010 had to be postponed due to lack of funds.

NEW BUSINESS:

6. Consideration of Authorization and Approval for District Manager to Execute Contract with Roto Rooter, Inc. for the Annual Cleaning Program for the Tiburon Zone with an Amount of \$43,679.35 (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch explained he sent out a Request for Proposals (RFP) on August 27, 2009 for the Tiburon Zone Annual Sewer Line Cleaning. The District received two proposals on September 21, 2009. Roto-Rooter had the lowest bid price of \$43,679.35; the bid price from Roy's Sewer Service was \$45,817.50.

Motion (McAuliffe/Benediktsson) to authorize and approve the District Manager to execute contract with Roto Rooter, Inc. for the annual cleaning program for the Tiburon zone for an amount of \$43,679.35. Passed, all present.

7. Consideration of Authorization and Approval of Resolution No. 2009-07 Approving the Form of and Authorizing the Execution and Delivery of a Purchase and Sale Agreement and Related Documents with Respect to the Sale of the Seller's Proposition 1A Receivable from the State; and Directing and Authorizing Certain Other Actions in Connection Therewith (Miller) – Action (see attached Notes of Explanation)

Mgr. Miller explained the Proposition 1A Securitization Program with California Communities to the Board. The State of California will be borrowing 8% of each local agency's property tax revenue in FY 2009-2010, which is supposed to be repaid in three years with 2% interest. However, if the District decides to participate in this securitization program, the District will be able to receive this money in full this year (this amounts to \$44,856 for Sanitary District No. 5). In order to participate in this program, the District would need to authorize and approve Resolution No. 2009-07 and execute a Purchase and Sale Agreement with California Communities. This means the District would be selling its Proposition 1A receivables to California Communities, who will issue bonds and then provide the District with the cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010 (to coincide with the dates that the State will be shifting property tax revenue from local agencies). California Communities is a joint powers authority sponsored by the California State Association of Counties and the League of California Cities.

Mgr. Miller explained the state legislature is currently reviewing a clean-up bill, SB 67, which would provide for this securitization program to proceed as planned. SB 67 is expected to get approved by the state legislature and the governor shortly. Participating in this program will have no effect on the District's credit rating. Also, there will be no recourse for the District if the State cannot pay the bondholders in three years. (This relates to the general shared concern that the State may not actually be able to pay the borrowed money back to the local agencies or the bondholders in three years.) As of October 7, 2009, 893 local agencies had enrolled in the securitization program, including the City of Belvedere, Town of Tiburon, Tiburon Fire Protection District, and County of Marin.

Mr. Hurd has reviewed and approved all documents pertaining to this securitization program. Mr. Hurd noted the contract is "take-it-or-leave-it" and cannot be changed since there are too many participating agencies to make individual changes to contracts. He added he could see changes to make, but the risk of not getting paid back by the State outweighs the risk of the grey areas of this contract.

The Board discussed this securitization program and asked questions. Dir. McAuliffe asked if other districts are choosing not to participate in this program and why. Mr. Hurd and Mgr. Miller replied they do not know of any districts choosing not to participate in this program. Mr. Garbarini and Ms. Cynthia Batt also asked questions about the program.

Motion (McAuliffe/Kawamoto) to authorize and approve Resolution No. 2009-07 Approving the Form of and Authorizing the Execution and Delivery of a Purchase and Sale Agreement and Related Documents with Respect to the Sale of the Seller's Proposition 1A Receivable from the State; and Directing and Authorizing Certain Other Actions in Connection Therewith. Passed, all present.

UNFINISHED BUSINESS:

8. Consideration of Authorization and Approval for District Manager to Execute Contract with Rauch Communication Consultants, LLC for Public Outreach Program to Support Financial Rate Studies, on a Time and Materials Basis (Lynch) – Action (see attached Notes of Explanation)

Mgr. Lynch informed the Board that Mr. Rauch has agreed to try to keep the costs down as much as possible (well below his original proposal for \$50,000) if the Board chooses to use him for public outreach for the proposition 218 process. He has agreed to work on a time and materials (T&M) basis, doing only the work the District asks him to do. There are a number of items from his proposal that the District could do in-house and then have Mr. Rauch review.

Mgr. Lynch noted he asked all the other sanitary district managers in Marin County if they recommend or know of anyone else to work with on this proposition 218 public outreach

program, but he got no referrals for anyone else. Mr. Rauch has assisted Sanitary District No. 5 with two successful rate increase programs within the past several years, and he has just completed several 218 rate increase programs for Novato SD, Sausalito SD, Las Gallinas SD, Ross Valley SD, San Rafael SD, and many more. Sec. Brady noted he feels the District has done its due diligence with Mgr. Lynch's research. The Finance Committee recommends hiring Mr. Rauch for the District's 218 process on a T&M basis.

Mr. Roy Fedotoff recommended the District work with Mr. Rauch to order tasks in priority and limit changes to a certain number. The Board agreed that, if the District hires Mr. Rauch, it will be important to put everything in writing with him throughout the project.

Motion (Brady/Benediktsson) to authorize and approve the District Manager to execute contract with Rauch Communication Consultants, LLC for public outreach program to support financial rate studies, on a time and materials (T&M) basis and with written tasks. Passed, all present.

COMMITTEE REPORTS:

9. Information Technology Committee (Brady/Benediktsson)
10. Capital Improvement Program Committee (Brady/Wiley) – October 5, 2009

Sec. Brady discussed the Capital Improvement Program Committee meeting of October 5, 2009. He explained the Committee reviewed the District's CIPP liner project (and Mgr. Lynch's proposed voluntary program to televise laterals), the headworks project proposal, and the smoke testing results from September 28, 2009. Mgr. Lynch added that District staff popped various manholes during the storm that day (October 13, 2009) and found a significant amount of excess water coming off Round Hill and Lyford Drive in Tiburon; the District will be smoke testing there, as well, once the ground dries.

Sec. Brady said the Committee also discussed the recycled water program proposal for the Paradise Cove plant. Both Mr. Norman Traeger and the residents of the home directly above the Paradise Cove plant are interested in using recycled water from the plant; Mr. Traeger estimates he would use 5,000 gallons per day and the other neighbor estimates 2,000 gallons per day (this totals approximately half of our current production at the Paradise Cove plant). This recycled water would not have to meet Title 22 standards since it would only be used on private land, with no public access; therefore, the recycled water could be secondary effluent. This makes it a much less involved and much less expensive process.

Mgr. Lynch has received a preliminary proposal from Carollo engineers for the Paradise Cove recycled water program permitting, which is estimated at approximately \$19,300, plus an estimated \$4,000 in capital costs to the District. Mr. Traeger has offered to donate \$5,000 to offset these costs to the District, and the other interested neighbor has offered \$2,000. This would result in an initial cost to the District of approximately \$16,300. It is possible

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that others will be interested in this recycled water program at the Paradise Cove plant, as well. What remains to be negotiated would be the rate at which to charge for the recycled water.

Dir. McAuliffe expressed her support for this water recycling program at the Paradise Cove plant. Sec. Brady is in support of this proposed program, as well.

11. Governance Committee (Kawamoto/Wiley)
12. Paradise Cove Committee (Wiley/Brady)
13. Personnel Committee (Wiley/McAuliffe)
14. Finance & Fiscal Oversight Committee (Benediktsson/McAuliffe) – Minutes of October 6, 2009 (attached)

V.P. Benediktsson reviewed the minutes of the Finance & Fiscal Oversight Committee meeting of October 6, 2009. Most of the items had already been discussed earlier in the Board meeting. V.P. Benediktsson added that the District will be producing an annual report, which will be at no cost to the District. Pres. Wiley thanked the Finance Committee for their great work.

Dir. Kawamoto asked whether the District has enough man power to operate the truck mounted rodding machine, as Mgr. Lynch proposed. Mgr. Lynch confirmed the District does have enough man power, and it would take 45 days per year to perform the work he has outlined (cleaning all the main sewer lines each year).

OTHER BUSINESS: None

ENVIRONMENTAL:

15. District Staff – Investigation of Reclaimed Water Use

Mgr. Lynch noted this matter was already discussed during Item No. 10, the Capital Improvement Program Committee Report.

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

16. Gray Water Systems

Mr. Lynch noted this item was included for informational purposes.

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ADJOURNMENT:

Motion (McAuliffe/Kawamoto) to adjourn at 7:38 p.m. to a Regular Board Meeting on November 10, 2009 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:

Corinne W. Wiley
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.

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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.

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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

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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

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

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

Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, November 10, 2009 6:30 p.m.**

CALL TO ORDER by President Wiley at 6:30 p.m.

ROLL CALL: Directors present:

Corinne W. Wiley, President
Catharine Benediktsson, Vice President
Casey Kawamoto
Claire McAuliffe

Directors absent:

V. William Brady, Secretary

Staff present:

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

Others present:

Paul Garbarini
Roy Fedotoff

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS: None

CONSENT CALENDAR:

1. Approval of October 13, 2009 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for October 2009, #3345 through 3407, in the amount of \$131,335.42 (attached)
3. Receipt of Financial Reports for October 2009 (attached)

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

MANAGEMENT REPORT:

4. Operations Report (Rubio)

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- a. Tiburon/Belvedere Compliance Report & Public Complaint Report September 2009 (attached)

Mgr. Lynch reviewed the Operations Report for September 2009 with the Board. He noted the District met all NPDES permit requirements. Mgr. Lynch informed the Board there were no sewer system overflows (SSO's) or odor complaints in the month of September. He added the District is currently looking into using a less expensive chemical for odor control.

Dir. McAuliffe asked how many other homes could potentially hook up to the Paradise Drive Sewer Line Extension at this time. Mgr. Lynch replied there are approximately 30 other homes that could currently connect; this is a conservative estimate.

5. District Manager's Summary Report of October 2009 (Lynch) (attached)

Mgr. Lynch informed the Board that the Seafirth Estates pump station renovation project is complete, and the alarm panel at Seafirth Pump Station No. 2 has been installed. The District is still waiting for the easements of the sewer line to be recorded at the County of Marin, and Seafirth still needs to turn over to the District one PG&E gas account and two PG&E electrical accounts. Some of the Office/Computer expenses the District has incurred due to Seafirth (such as TESCO Controls) will be charged back to Seafirth. Seafirth will need to reimburse the District for these costs before the District officially takes over their pump station.

Mgr. Lynch explained that Mr. Dan Cortinovis recently came to the main plant to give the employees a half day wastewater training class. It is less expensive and more effective to have Mr. Cortinovis come to the District to give a personalized class on our particular facility, rather than sending all the employees to an outside class.

Mgr. Lynch gave the Board an update on the main plant water recycling idea with the Point Tiburon Homeowners Association and the Town of Tiburon. The salinity levels at the main plant are too high to proceed with a water reuse program. Mgr. Lynch added that the Bellevue sewer line along the beach in Belvedere and the sewer line along Main Street in Tiburon have particularly high salt levels. For the Bellevue line in Belvedere, Mgr. Lynch believes most of the salt water intrusion is coming from the laterals; the District might need to smoke test this line. For the Main Street line in Tiburon, Mgr. Lynch believes most of the salt water intrusion is coming from something loose in the trunk line.

V.P. Benediktsson asked whether the salinity level at the main plant might go down enough to proceed with a recycled water program if the District fixes the problems with these lines. Mgr. Lynch replied that would still not bring the salinity levels low enough; the salt levels at the main plant are too high even during low tide.

Mgr. Lynch noted the salinity levels at the Paradise Cove plant, on the other hand, are very low in comparison to the main plant. The proposal for water recycling at the Paradise Cove plant with Mr. Norman Traeger will be discussed during Item No. 7.

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Mgr. Lynch informed the Board that he has requested two actuarial valuations from California Public Employees Retirement System (CalPERS) for the following retirement plans for future employees: 2% @ 55 and 2% @ 60. CalPERS has indicated it will take about 90 days to complete the actuarial valuations due to the high volume of requests. PERS law requires the District to provide medical coverage through PERS for all employees and retirees; the District is obligated to pay a minimum of \$105 per month to cover these costs. If the Board chooses to proceed with adopting a different retirement plan for future employees, PERS will require the District to enter into a new, second contract for future employees. Mgr. Lynch added that, if the District adopts a new, less favorable retirement plan for future employees and other sanitary districts in Marin County do not, Sanitary District No. 5 would become a training ground where employees would not stay for long. The Board will further discuss these alternative retirement plans for future employees once the District receives the two actuarial valuations from CalPERS. The current employees will have to review these actuarial valuations, as well.

Mr. Roy Fedotoff asked whether the District could use a private 401k retirement plan for future employees instead of enrolling them in a PERS retirement plan. Mgr. Lynch and Mgr. Miller replied this would not be possible; PERS law requires that any employee of the District who works over 1,000 hours per year (approximately half time) must be enrolled in PERS.

NEW BUSINESS:

6. Consideration of Setting Date and Time for Appreciation Luncheon for Dir. Casey Kawamoto (Lynch) – Action

Motion (McAuliffe/Benediktsson) to set Appreciation Luncheon for Dir. Casey Kawamoto for Thursday, December 10, 2009 at 12 p.m., location to be determined. Passed, all present.

7. Consideration of Authorization and Approval for District Manager to Execute Contract with Carollo Engineers for a Not to Exceed Amount of \$19,300.00 for Professional Services in Regard to Paradise Cove Recycled Water Program Permitting (Lynch) – Action (see attached Notes of Explanation)

Pres. Wiley said there was not enough information and tabled this item. She would like this item to go to the Finance Committee before coming back to the entire Board.

V.P. Benediktsson said it was her understanding that the District's fence line at the Paradise Cove plant lies on the property line, and she would like Mgr. Lynch to do more research and verify this before meeting with the Finance Committee. She would also like Mgr. Lynch to do more research regarding 6 Playa Verde.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS:

8. Information Technology Committee (Brady/Benediktsson)
9. Capital Improvement Program Committee (Brady/Wiley)
10. Governance Committee (Kawamoto/Wiley)
11. Paradise Cove Committee (Wiley/Brady)
12. Personnel Committee (Wiley/McAuliffe)
13. Finance & Fiscal Oversight Committee (Benediktsson/McAuliffe) – Minutes of October 22, 2009 and November 3, 2009 (attached)

V.P. Benediktsson reviewed the minutes of the Finance & Fiscal Oversight Committee meetings of October 22, 2009 and November 3, 2009. V.P. Benediktsson added that the District has only collected approximately 15% of the costs expended on Paradise Cove, and the issue of encouraging connections to the Paradise Drive Sewer Line Extension needs to be on the next Finance Committee meeting agenda.

OTHER BUSINESS: None

ENVIRONMENTAL:

14. District Staff – Investigation of Reclaimed Water Use

Mgr. Lynch noted this item was already discussed during Items No. 5 and 7.

CORRESPONDENCE: None

INFORMATIONAL ITEMS:

15. Letter Dated October 9, 2009 from Utility Cost Management: Utility Bill Review – No Savings Identified

Mr. Lynch noted this item was included for informational purposes.

16. Letter from PG&E: Electricity Costs Down – Credit on Upcoming Bill

Mr. Lynch noted this item was included for informational purposes.

ADJOURNMENT:

Motion (McAuliffe/Kawamoto) to adjourn at 7:01 p.m. to a Regular Board Meeting on December 8, 2009 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:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors

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

Casey Kawamoto, Director
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Monday, December 7, 2009 6:30 p.m.**

CALL TO ORDER by President Wiley at 6:30 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

PUBLIC OPEN TIME: None

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS: None

CONSENT CALENDAR:

1. Approval of November 10, 2009 Regular Board Meeting Minutes (attached)
2. Approval of Warrants for November 2009, #3408 through 3480, in the amount of \$174,014.00 (attached)
3. Receipt of Financial Reports for November 2009 (attached)

Sec. Brady asked how much more money the District expects to pay to Liebert Cassidy Whitmore for legal advice. Mgr. Lynch replied that Liebert Cassidy Whitmore has been aiding the District in redoing its Memorandum of Understanding and making sure all aspects are up-to-date and meet all legal requirements.

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

MANAGEMENT REPORT:

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

Mgr. Lynch reviewed the Operations Report for October 2009 with the Board. He noted the District met all NPDES permit requirements. Mgr. Lynch informed the Board there was one blending event on October 13, 2009 due to a rain storm. District staff completed all required sampling, testing, and reporting for the blending event, and all results were within the District's discharge limits. Mgr. Lynch noted that, during the October 13th and 14th rain storm, Belvedere influent increased 500,000 gallons more than normal for the day, which is almost three times more than the Belvedere average daily influent for October. This indicates there is a lot of extra water entering the sewer pipes in Belvedere. Sec. Brady asked whether this spike in the influent due to rain storms is going to be a problem if we have sustained levels of rain. Mgr. Lynch replied there should not be any problems dealing with sustained levels of rain; District staff stays on duty 24/7 during significant rain storms.

V.P. Benediktsson noted that two percent of the sewer lines in Belvedere and Tiburon were never televised or included in the 2004 Harris Report, and Mgr. Lynch added that the District is required to televise these remaining lines in the next two years, due to River Watch. Mr. Roy Fedotoff introduced the idea of possibly using more scientific approaches to identify and evaluate inflow and infiltration (I & I) in the sewer lines, rather than simply televising the lines.

Mgr. Lynch reported that there were two FOG (fats, oil, and grease) inspections performed and no odor complaints in the month of October. There was one sewer system overflow (SSO) at 82 Eastview Avenue, due to a kitchen towel plugging the line. Sec. Brady indicated he would like the volume of the SSO's included in the Operations Report.

5. District Manager's Summary Report of November 2009 (Lynch) (attached)

Mgr. Lynch informed the Board that the Seafirth Estates pump station renovation project is complete. The District is still waiting for the easements of the sewer line to be recorded at the County of Marin, and the SCADA alarm system is currently being tested by the District for proper functioning. The District plans to officially take over the Seafirth pump stations after January 1, 2010. V.P. Benediktsson requested that Mgr. Lynch get a copy of Seafirth's past utility bills.

Mgr. Lynch said he sent a Request for Proposals (RFP) out for the Belvedere Zone Cleaning Program; he will open the bids and award the contract in January. Nute Engineering has nearly completed the contract documents and specifications for the 2009-2010 Sewer Rehabilitation CIPP Liner Project. The District will advertise for bids in early January. Mgr. Lynch reviewed the CCTV inspection reports from the 2004 Harris Report for the lines

that will be rehabilitated in the Belvedere and Tiburon zones. The Board discussed the inspection reports.

V.P. Benediktsson requested that a separate page be added to Mgr. Rubio's Operations Report that shows all of the lines the District has rehabilitated in total (starting with FY 2005-2006), how much has been done each current fiscal year, and the remaining lines that need to be televised (the two percent that were missing in the 2004 Harris Report). Mgr. Lynch said this information would be added to the Operations Report.

Mgr. Lynch noted the District will be smoke testing in Belvedere on December 14th and 15th.

NEW BUSINESS:

6. Consideration of Setting Date and Time for Next Regular Board Meeting for January 11, 2010 at 6:30 p.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California (Lynch) – Action

Motion (McAuliffe/Benediktsson) to set the next Regular Board Meeting for January 25, 2010 at 6:30 p.m. at the Sanitary District No. 5 Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

UNFINISHED BUSINESS:

7. Discussion of Water Reuse for Paradise Cove Treatment Plant (Lynch)

Mgr. Lynch explained that the Finance Committee had requested him to look into Title 22 water as another option for water reuse at the Paradise Cove Treatment Plant. V.P. Benediktsson added that the Finance Committee was concerned about the issues of water rights and the fairness of providing recycled water to only one or two users. The Finance Committee wanted to look at the bigger picture and investigate the feasibility of Title 22 water reuse at the Paradise Cove Plant (as an alternative to secondary treated effluent water reuse), since the District would only be able to provide recycled water to other users if it is Title 22 water.

Mgr. Lynch reviewed the capital costs and payback periods for both scenarios: Title 22 water reuse and secondary treated effluent water reuse. Under Mgr. Lynch's Title 22 scenario, the payback period could be as long as 47 years (with a capital cost of \$243,494), while the payback period could be up to 5.4 years in Mgr. Lynch's secondary treated effluent scenario (with a capital cost of \$27,800). These numbers were all based on the District not accepting any donations towards the costs. The Board agreed they do not want the District to accept donations from users, and the users would therefore not receive any free recycled water at the beginning. The Board and Mgr. Lynch agreed that the Title 22

water reuse scenario is not an option for the District; it is too expensive and the payback period is too long.

After discussion, the Board agreed they were all in favor of moving forward with plans for implementing a water reuse program using secondary treated effluent at the Paradise Cove Treatment Plant in FY 2010-2011. Mr. Fedotoff also expressed support for this program. However, the Board expressed concern for getting the payback period lower than 5.4 years. The Board discussed the idea of tiered rates, using different rate structures to lower the payback period, and possible supply and demand problems in the future.

The Board directed Mgr. Lynch to survey other sanitary districts to see what sort of rate structures they use for recycled water. The Board would also like Mgr. Lynch to investigate the legal issues with regard to water rights and providing recycled water to members of the District, along with what type of legal contracts will be necessary. The Board directed Mgr. Lynch to report back to the Finance Committee and then continue to work on the rate structures and legal issues with the committee.

8. Discussion of January 2004 Land Survey of Paradise Cove Treatment Plant (Lynch)

Mgr. Lynch discussed the January 2004 Land Survey of the Paradise Cove Treatment Plant with the Board. V.P. Benediktsson thought that a fence had been installed around the surveyed land, but Mgr. Lynch recently discovered that had never been done, even though the Board had directed it to be done in 2004.

The Board discussed the land survey and the deed. The Board directed Mgr. Lynch to investigate whether it would be possible to subdivide this land, how much it would cost, and what exactly would need to be done. In addition, the Board would like to know what the District's responsibilities are with regard to this deed. Mgr. Lynch will consult a land use attorney regarding these concerns and report back to the Board.

The Board discussed creating a separate zone for Paradise Cove so that the other rate payers in Tiburon would not continue to subsidize Paradise Cove. The Board would like Mgr. Lynch to look into the legal requirements (including voter approval requirements) for creating a new zone for Paradise Cove.

COMMITTEE REPORTS:

9. Information Technology Committee (Brady/Benediktsson)
10. Capital Improvement Program Committee (Brady/Wiley)
11. Governance Committee (Kawamoto/Wiley)
12. Paradise Cove Committee (Wiley/Brady)
13. Personnel Committee (Wiley/McAuliffe)
14. Finance & Fiscal Oversight Committee (Benediktsson/McAuliffe) – Minutes of November 30, 2009 (attached)

Mgr. Lynch noted that the rest of the committees will be meeting again starting in February, after the new committee members are determined.

OTHER BUSINESS: None

ENVIRONMENTAL:

15. District Staff – Investigation of Reclaimed Water Use

Mgr. Lynch noted this item was already discussed during Items No. 5 and 7.

CORRESPONDENCE: None

INFORMATIONAL ITEMS: None

ADJOURNMENT:

Motion (McAuliffe/Brady) to adjourn at 7:58 p.m. to a Regular Board Meeting on January 25, 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:

Corinne W. Wiley
President, Board of Directors

V. William Brady
Secretary, Board of Directors