

Item #1

**Sanitary District No. 5 of Marin County
Minutes of a Regular Board Meeting
at Sanitary District No. 5 of Marin County Meeting Room
2001 Paradise Drive, Tiburon, California
Tuesday, March 20, 2012, 7:00 p.m.**

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

ROLL CALL: Directors present:

Catharine Benediktsson, President
William Teiser, Vice President
Roy Fedotoff, Secretary
Richard Snyder
Michael Lasky

Staff present:

Samantha Miller, Office/Finance Manager
Tony Rubio, Wastewater Facilities Manager
Lynn Henriksen, Administrative Assistant

Consultants present:

Riley Hurd, District Legal Counsel
Doug Wing, Carollo Engineers
Terry Krieg, Independent Auditor

Others present:

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

Pres. Benediktsson moved Item No. 7, as described on the agenda, to this time.

MANAGEMENT REPORTS

7. Main Plant Rehabilitation Project Progress Report (Carollo Engineers)

Mr. Doug Wing, Carollo Engineers, updated the Board as to the Main Plant Rehabilitation (MPR) Project. He has received numerous telephone calls from potential contractors now that the bid period is nearing its end on April 4, 2012. Therefore, Carollo will send out a contract addendum on Friday to clarify areas in question by the contractors, along with dates and times when contractors may schedule tours of the main plant.

CLOSED SESSION at 7:08 p.m.

Consideration of Public Employee Appointment
Government Code 54957(b)(1)
Title: District Manager

OPEN SESSION at 8:06 p.m.

Pres. Benediktsson announced that no reportable action was taken during Closed Session.

PUBLIC OPEN TIME

No public comments were made.

DIRECTORS' COMMENTS AND/OR AGENDA REQUESTS

No comments or agenda requests were made by the Board.

CONSENT CALENDAR

1. Approval of February 21, 2012, Regular Board Meeting Minutes (Henriksen) (attached)
2. Approval of March 5, 2012, Special Board Meeting Minutes (Henriksen) (attached)
3. Approval of March 7, 2012, Special Board Meeting Minutes (Henriksen) (attached)
4. Approval of March 9, 2012, Special Board Meeting Minutes (Henriksen) (attached)
5. Approval of Warrants for February 2012, #5133 through 5198, in the amount of \$353,713.93 (Miller) (attached)
6. Receipt of Financial Reports for February 2012 (Miller) (attached)

Motion (Lasky/Snyder) to approve the Consent Calendar. Passed, all present.

MANAGEMENT REPORTS

8. Operations Report (Rubio) (attached)
 - a. Tiburon/Belvedere Compliance Report & Public Complaint Report January 2012

Mgr. Rubio reviewed the Operations Report for January 2012 with the Board. He reported the District met all NPDES permit requirements. During January, there were no sanitary sewer overflows (SSOs) or odor complaints, although there was one blending event during heavy rains, likely attributable to I&I (Inflow and Infiltration).

Mgr. Rubio summarized and discussed with the Board the District wastewater facility activities from collection system data, safety standards and training, to the disposition of pharmaceuticals and educational plant tours for calendar year 2011. Pres. Benediktsson suggested *The Ark Newspaper* would be appropriate placement for information about where to properly dispose of pharmaceuticals. She would also like to see children in the local

school system invited to visit the sewage treatment plant much like they do with the police and fire departments.

9. District Manager's Summary Report of February 2012 (Lynch) (attached)

Mgr. Rubio reviewed with the Board the District Manager's report in Mgr. Lynch's absence. Twenty potential contractors walked the site during the Main Plant Rehabilitation (MPR) Project pre-bid conference on March 6, 2012. As of March 14, nineteen contractors had picked up Plans & Specifications for the MPR Project, showing there is significant interest in the project, which should bode well for competitive bidding.

Pres. Benediktsson asked Mgr. Rubio if staff had re-inspected the grease traps in the restaurant at the Tiburon Lodge. He replied that the grease traps had been re-inspected and found to be functioning; some grease was found in the trap, but some is getting through, due to the trap's chemical softening agent, and then hardening in the lines later. He has scheduled staff to inspect this grease trap on a quarterly basis, and staff will be looking into how to deal with the problems associated with this chemical softening agent.

NEW BUSINESS

10. Acceptance of FY 2010-2011 District Audit and Management Letter – Presentation by Mr. Terry Krieg, CPA (Miller/Krieg) (attached)

Mr. Terry Krieg, CPA, reviewed the FY 2010-2011 District Audit and Management Letter with the Board. He summarized the financial statements and the Management's Discussion and Analysis (MD&A), as well as his Communication with Those Charged with Governance letter to the Board.

Mr. Krieg noted in the financial highlights that the rate increase brought in needed money to the District; operations revenues increased due to the rate increase; tax revenue decreased, along with interest revenue. He went on to discuss with the Board that using a rate setting theory to capture every dollar of depreciation expense in a capital replacement reserve account is worthy of consideration to fund future capital expenditures for the District. He also recommended that the Belvedere zone be allocated its share of depreciation expense for joint assets, beginning once the MPR Project is complete and the Belvedere zone "owns" its share of the main plant assets that it funds with the MPR Project bond.

Mr. Krieg commended the staff for their conscientious efforts over the past year, and, specifically, Mgr. Miller for her outstanding budgetary and accounting work, managing the District's finances with the utmost accuracy and professionalism. The Board agreed with Mr. Krieg's assessment of Mgr. Miller's meticulous and outstanding work. They thanked Mr. Krieg for his admirable work as the District's auditor. Mr. Krieg found no issues needing to be resolved when he completed the FY 2010-2011 audit. He was very pleased

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with the District's books and the audit process for the FY 2010-2011 audit, and appreciates the Board's continued confidence in his work.

The Board accepted the FY 2010-2011 District Audit and Management Letter by Mr. Terry Krieg, CPA.

11. Consideration of Authorization and Approval of Revised Written Procedures for Main Plant Rehabilitation Project Progress Payments and Fund Transfers (Miller) – Action (see attached Notes of Explanation)

Mgr. Miller provided the Board with the background on the District's procedures regarding progress payments and fund transfers for the Main Plant Rehabilitation (MPR) Project. She reviewed an important change in the procedure that she recommended implementing in order to facilitate the accounting process: a single transfer from LAIF may be made to cover MPR Project progress billings, other MPR Project costs, and other accounts payable for the District; Mgr. Miller will then record month-end journal entries to debit the Belvedere and Tiburon MPR Project Fund subaccounts for their share of the total MPR Project costs for each month. Mgr. Miller explained these proposed modifications will be more practical to implement, but they will not compromise the accuracy, thoroughness, or transparency of the process for handling MPR Project funds. The Board agreed the proposed modifications to the procedures were appropriate to make. Pres. Benediktsson directed Admin. Asst. Henriksen to create a permanent paper trail by scanning all transfer documents into the District's electronic document management system that will be retained for the 20-year term of the bond. The Finance Committee will discuss secure off-site backup of the scan server documents.

Motion (Teiser/Fedotoff) to authorize and approve Revised Written Procedures for Main Plant Rehabilitation Project Progress Payments and Fund Transfers. Passed, all present.

12. Consideration of Authorization and Approval to Engage Liebert Cassidy Whitmore for Legal Assistance with the Development of an Employer-Employee Relations Policy and Employee Handbook and with Updating the Memorandum of Understanding as Needed, for an Amount Not to Exceed \$15,000 (Miller) – Action (attached)

Motion (Teiser/Snyder) to authorize and approve engaging Liebert Cassidy Whitmore for legal assistance with the development of an Employer-Employee Relations Policy and Employee Handbook and with updating the Memorandum of Understanding as needed for an amount not to exceed \$15,000. Passed, all present.

UNFINISHED BUSINESS: None

COMMITTEE REPORTS

13. Capital Improvement Program Committee (Fedotoff/Lasky)
14. Governance Committee (Benediktsson/Snyder)
15. Main Plant Rehabilitation Oversight Committee (Teiser/Fedotoff) (attached)
16. Finance & Fiscal Oversight Committee (Benediktsson/Wiley) – Minutes of the March 12, 2012, Meeting (attached)
17. Communication Committee (Lasky/Snyder)
18. Personnel Committee (Snyder/Lasky)
19. Ad Hoc Search Committee (Benediktsson/Teiser)
20. Ad Hoc Point Tiburon Committee (Benediktsson/Snyder)

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

V. P. Teiser reviewed the updated open items on the Decision/Action Item Log of the Main Plain Rehabilitation Oversight Committee.

V.P. Teiser summarized the minutes of the March 12, 2012, Finance & Fiscal Oversight Committee meeting. Mgr. Miller reviewed the current reserve policy, after V.P. Teiser suggested an updated basis for realistic reserve requirements should be considered.

The Communication Committee and the Personnel Committee did not meet. The Ad Hoc Search Committee and the Ad Hoc Point Tiburon Committee did not formally meet. Pres. Benediktsson directed the Ad Hoc Search Committee be disbanded since it has served its purpose; the Board agreed.

OTHER BUSINESS: None

ENVIRONMENTAL: None

CORRESPONDENCE: None

INFORMATIONAL ITEMS: None

ADJOURNMENT

Motion (Fedotoff/Teiser) to adjourn at 9:24 p.m. to a Regular Board Meeting on April 17, 2012, at the Tiburon Fire Protection District Conference Room at 1679 Tiburon, Blvd., Tiburon, California. Passed, all present.

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Approved:

Attest:

Catharine Benediktsson
President, Board of Directors

Roy Fedotoff
Secretary, Board of Directors