

**THE COMMISSIONERS OF THE  
CENTRAL MARIN SANITATION AGENCY  
HELD A REGULAR MEETING AT THE AGENCY OFFICE**

**Minutes of Tuesday, April 10, 2012  
7:00 P.M.**

**CALL MEETING TO ORDER**

Chair Dupar called the meeting to order at 7:01 p.m. A quorum was present.

## Members Present:

Boro, Dupar, Guasco, Hartzell, Phillips (for Heller), Sullivan (for Johnson)

## Members Absent:

Heller, Johnson

## Staff Present:

Mary J. Brown, Recording Secretary; Rob Cole, Environmental Services Manager; Chris Finton, Treatment Plant Manager; Hank Jen, Finance Manager; Ken Katen, Engineering Manager

## Public Present:

Mary Sylla

**OPEN PERIOD**

There were no comments made in public open time.

**CONSENT CALENDAR**

Alternate Commissioner Sullivan asked for clarification of Item 4.h. Revised Revenue Management Financial Policy..

## Action

M/s Phillips/Hartzell to approve Items a. – g. on the consent calendar:

- a. Minutes of March 13, 2012
- b. Treasurer's Report—Operating Account—March 2012
- c. Treasurer's Report—Revenue Bond— March 2012
- d. Schedule of Investments— March 2012
- e. Performance Metric Report—March 2012
- f. NPDES and Process Report—March 2012
- g. Third Quarter Budget Status Report for Fiscal Year 2011-12

## Action

The motion carried with the following vote:  
AYES: Boro, Dupar, Hartzell, Phillips, Sullivan  
NAYS: Guasco  
ABSTAIN: None

Item 4.h. Revised Revenue Management Financial Policy

Commissioner Sullivan stated that he was surprised to see this item in the consent calendar. He said this item was an amendment to the JPA and that including San Quentin Prison in it causes cost-shifting detrimental to the Ross Valley Sanitary District.

GM Dow clarified that Item 4.h. is a revision to a Board adopted Financial Policy, not an amendment to the JPA. He gave a brief summary of the actions taken at the last Board meeting that led to the revision.

Commissioner Sullivan reiterated his disagreement with the document, stating that this "will be another item added to our arbitration."

Commissioner Boro said that he thought there was only one item under consideration in arbitration, and said he didn't realize there was a list of items being made to bring to arbitration. He asked GM Dow to prepare an update on what is being arbitrated. GM Dow agreed.

Action

M/s Phillips/Hartzell to approve Item 4.h. Revised Revenue Management Financial Policy. The motion carried with the following vote:

AYES: Boro, Dupar, Hartzell, Phillips

NAYS: Guasco, Sullivan

ABSTAIN: None

#### **FINANCE COMMITTEE APPOINTMENT**

GM Dow referred to the staff report and explained that Commissioners Dupar and Hartzell sent a letter to the RVSD Board asking them to propose a possible alternate to fill the vacancy on the Finance Committee. He explained that the RVSD Board did not respond and so he followed up via email with Alternate Commissioners Sullivan and Pamela Meigs, and with RVSD Board Director Frank Egger, and he stated that Commissioner Sullivan and Frank Egger responded that they could not serve at this time, but that Pamela Meigs had expressed her interest in serving.

Action

M/s Hartzell/Phillips to nominate Alternate Commissioner Pamela Meigs to the Finance Committee. The motion carried with the following vote:

AYES: Boro, Dupar, Hartzell, Phillips, Sullivan

NAYS: Guasco

ABSTAIN: None

#### **REGIONAL CHARGE VOLUME/QUALITY ALLOCATION PROCEDURE**

GM Dow reviewed the staff report and explained the regional charge volume/quality allocation procedure, which uses BOD and TSS to determine quality. He described the general approach of the procedure, stating that the Finance Committee had reviewed it and made their comments, and recommended to the Board that they approve it for integration into the Agency's Revenue Management Financial Policy.

In response to Commissioner questions, GM Dow explained that actual data from the prior 12 months or the prior 36 months, and not estimated data, is used to allocate the regional charge. To further clarify the procedure, GM Dow reiterated that the debt service payment agreement is for determining and allocating the debt service while the JPA governs determining and allocating the Regional Charge (operating revenue).

Action

M/s Hartzell/Boro to approve the volume/quality Regional Charge allocation procedure as presented, and to direct staff to incorporate

the procedure into the Agency's Revenue Management Financial Policy. The vote carried with the following vote:  
AYES: Boro, Dupar, Hartzell, Phillips  
NAYS: Guasco, Sullivan  
ABSTAIN: None

**FY 12/13 REGIONAL CHARGE  
ALLOCATION METHOD**

GM Dow referred to the staff report and explained that the Agency's Finance Committee met with staff on April 4<sup>th</sup>, and recommends that the Agency allocate the FY13 Regional Charge to member agencies using the three-year flow method. He stated that the Agency only has one month of quality (strength) data, and because of that, the Committee recommends considering the flow/strength method for use in FY14.

GM Dow reviewed the FY12 budgeted EDU count (actuals) Regional Charge allocation for the satellite collection agencies, and also the allocation percentages using the FY13 actual numbers that JPA members have provided to staff, as well as the four other allocation methods.

Commissioner Sullivan expressed his concern that based on the 3-year flow allocation method, RVSD's rates would be going up. Commissioner Phillips pointed out that the figures seemed to indicate that SRSD has been overcharged. The Board discussed this item at length.

Action

M/s Phillips/Boro to select the three-year average flow Regional Charge allocation method for Fiscal Year 2012/2013. The motion failed with the following vote:  
AYES: Boro, Dupar, Phillips  
NAYS: Guasco, Hartzell, Sullivan  
ABSTAIN: None

Action

M/s Hartzell/Sullivan to use the current EDU count method for one more year. The motion failed with the following vote:  
AYES: Guasco, Hartzell, Sullivan  
NAYS: Boro, Dupar, Phillips  
ABSTAIN: None

GM Dow said without Board direction on which allocation method to use in FY13, the Agency will default to the EDU count method, as it has been past practice.

The Board continued to discuss this item. Commissioner Boro stated that this should be added to the items for arbitration, and Commissioner Sullivan agreed, and asked GM Dow to add it to the list of arbitration items.

**SELECTION OF INDEPENDENT  
AUDITOR FOR FY 2011-12  
THROUGH FY 2013-14**

GM Dow reviewed the staff report and explained the Request for Proposals process the Agency used in order to find a new auditor. He explained that nine firms submitted proposals and that after carefully evaluating them, staff selected Chavan & Associates. He said that staff presented their recommendation to the Finance

Committee and the Committee agreed this was a good choice. GM Dow stated that the proposed cost for the three year fiscal year engagement is \$48,000.

Action

M/s Phillips/Hartzell to approve the selection of Chavan & Associates, LLP, Certified Public Accountants, as the Agency's Independent Auditor for FY 2011-12 through FY 2013-14. The motion carried with unanimously.

**FISCAL YEAR 2011/2012 DEBT  
SERVICE COVERAGE RATIO**

GM Dow referred to the staff report and gave a brief overview of the history of this item. He explained that the projected FY12 revenue shortfall (about \$736,000) reduced CMSA's FY12 debt service coverage ratio, causing it to fall below the minimum required level of 1.25 as stipulated in the 2006 Revenue Bond Master Indenture's Rate Covenant. He stated that staff has met with Bond Counsel and our financial advisor to develop five actions that form an approach to our addressing the coverage ratio situation. GM Dow reviewed the five actions and explained the next steps as described in the staff report.

The Board had a brief discussion on this item, however, it was informational and no action was taken.

**INTERIM WASTEWATER  
SERVICE AGREEMENT WITH THE  
CALIFORNIA DEPARTMENT OF  
CORRECTIONS AND  
REHABILITATION**

GM Dow reviewed the staff report and gave a summary overview of this item. He explained that in February 2012, the California Department of Corrections requested, and the Board approved, that CMSA staff work with the Department of Corrections to prepare a one-year interim service agreement. GM Dow said that the final draft agreement has been prepared and approved as to form by Agency counsel.

GM Dow said that the agreement is detailed and comprehensive. He explained how the FY13 wastewater treatment costs for member the agencies will slightly decrease because of the revenues brought in by this agreement.

The Board had a lengthy discussion about the Agreement and potential liabilities that might be involved, particularly in the case of failure of equipment. GM Dow clarified that the equipment and infrastructure related to this agreement are owned by the State of California, and CMSA is authorized to respond to and address equipment failures.

Chair Dupar asked GM Dow to talk with the Department of Corrections about cataclysmic events and to clarify their responsibilities to fund emergency repairs to equipment and assets. The majority of the Board agreed, and asked GM Dow to add language to the Agreement stating that CMSA will be compensated for responding to emergency situations. GM Dow stated he would do so.

There was no formal action taken on this item.

**BREAK**

Chair Dupar called a 10 minute break.

**ROSS VALLEY SANITARY  
DISTRICT RESOLUTION  
ESTABLISHING A CMSA  
PAYMENT POLICY**

GM Dow referred to the staff report and explained that the RVSD Board approved a Resolution that establishes a payment policy for the CMSA Regional Charge and Debt service invoices, setting their payment of invoices at estimated EDUs, and limiting their payment to a not-to-exceed amount based on what their Proposition 218 increase rate is per the fiscal year. GM Dow explained how this policy conflicts with the JPA, in that the Regional Charge is determined by CMSA, and not by member agencies. GM Dow explained that staff reviewed the Resolution and identified numerous inaccuracies, and stated that Counsel Govi wrote a letter to the RVSD Board urging them to not pass this Resolution. Commissioner Hartzell sent the RVSD Board, via email, Counsel Govi's letter and staff's Resolution analysis a day before their meeting. He said that despite this, the RVSD Board passed the resolution on a 3-2 vote.

The Board discussed this item at length. Commissioner Boro noted that this item is affected by the FY12/13 Regional Charge Allocation Method item earlier on the agenda, and asked GM Dow to bring an item to the next Board meeting addressing the 3-3 votes precluding action tonight, and asked for an analysis of what the Board should consider next year. He asked GM Dow to show what the revenue needs are for FY13 and to show financial data for the various alternatives. The majority of the Board agreed. GM Dow affirmed that he would bring an item to the next meeting.

This item was informational and no action was taken.

**REVISED 10-YEAR CAPITAL  
IMPROVEMENT PROGRAM (CIP)  
FOR THE FY13 BUDGET**

Because of the time, Chair Dupar asked the Board if they would prefer to move the CIP presentation/report to next month's meeting. There was Board consensus to move this item to the May meeting.

**NORTH BAY WATERSHED  
ASSOCIATION (NBWA) REPORT**

Commissioner Hartzell stated that she plans to attend the NBWA Conference on Friday, April 13.

**VERBAL REPORT BY  
COMMISSIONERS**


GM Dow noted that he handed out his report and highlighted a few items in the handout.


**DATE OF NEXT MEETING**

The next commission meeting is scheduled for May 8, 2012 at 7:00 pm.

**ADJOURN**

The meeting was adjourned at 9:56 p.m.

  
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Recording Secretary

  
\_\_\_\_\_  
Secretary

Note: The minutes are an official record of the Board meeting. There is also an official audio record, available on the Agency's website at [www.cmsa.org](http://www.cmsa.org), and an official video record. Please contact CMSA at 415-459-1455 for information about receiving a copy of these records.