

**THE COMMISSIONERS
OF THE
CENTRAL MARIN SANITATION AGENCY
HELD A MEETING
AT THE AGENCY OFFICE
Tuesday, January 8, 2008
7:30 P.M.**

CALL MEETING TO ORDER: Commissioner Sinnott called the meeting to order at 7:35 p.m. with the Pledge of Allegiance. A quorum was present.

Members Present: Boro, Brown, Dupar, Johnson. Sinnott

Members Absent: Miller

Staff Present: Jason Dow, General Manager; Kathy Britton, Recording Secretary; Hank Jen, Finance Manager

Public Present: Eric Stassevitch and Vivian Housen, SD #1 staff; Vic Canby & Pat Guasco, SD #1 Alternates; Bruce Baum, San Anselmo; Michael Hooper, Campus Properties; Jack Govi, Marin County Counsel

OPEN PERIOD: Pat Guasco announced that he has resigned as a CMSA Commissioner due to increased time required at his job.

CONSENT CALENDAR: Bruce Baum, San Anselmo, asked that Item a. be removed from the consent calendar.

Commissioner Brown asked that Item f. be removed from the consent calendar.

Commissioner Johnson asked that Items g. and h. be removed from the consent calendar.

Action M/s Boro/Johnson to approve items b, c, d and e on the consent calendar:

- b. Treasurer's Report/Operating Account - December 2007
- c. Treasurer's Report/Revenue Bond Series - December 2007
- d. Schedule of Investments - December 2007
- e. December NPDES and Process Report

The motion carried unanimously.

Item 4.a - Minutes of December 11, 2007: The minutes will reflect the correction to "CMSA/RVSD Property Use Agreement Extension" item. The corrected language is to the fourth paragraph, "Commissioner Dupar stated he has a big problem with Ross Valley **paying for their share of CMSA's bond payment out of their General Fund.....**"

Action M/s Dupar/Boro to approve the Minutes of December 11, 2007. The motion carried unanimously.

Item 4.f - Resolution to Cancel Second Regular Monthly Board Meeting: Commissioner Brown requested clarification on the SRSD comment in the staff report regarding conditions for reinitiating regionalization. Staff and Commissioner Boro responded and referenced a letter from SRSD to RVSD on the matter (handout).

Commissioner Brown stated that Ross Valley will continue with their internal regionalization studies.

Bruce Baum, San Anselmo, spoke during open session.

Action M/s Dupar/Boro adopting Resolution No. 272 to cancel the second regular monthly Board meetings. The motion carried unanimously.

Item 4.g - Authorization to Engage Parker Diving to Extend Outfall Risers: Commissioner Johnson asked why only 10 risers were raised now and not all 37, and why the 10 were charged to an operating account and the 27 to a capital account (WWIP). She stated her belief that the funding should be from the operating account only. GM Dow reported that the annual survey, raising the 10 risers, and the materials were paid out of the FY 08 operating budget. He stated that 10 of the risers were considered critical and it was prudent to raise them when discovered.

GM Dow also reviewed the history of riser extensions and the Agency's annual appropriation of approximately \$25K to perform surveys and make minor repairs. This year's survey showed surprising results with 37 risers needing extension. Staff believes charging the remaining 27 riser extensions to a capital account is justified since the work is capital rehabilitation and critical to maintaining the wet weather capacity of the outfall.

Action M/s Johnson/Brown authorizing the General Manager to engage Parking Diving to raise 27 marine outfall diffuser risers, at a cost not-to-exceed \$60,480 and to pay for them from other than Wet Weather Improvement Project bond monies (operating account). The motion failed for lack of a majority with the following vote:

Ayes: Brown, Johnson
Noes: Boro, Dupar, Sinnott
Abstain: None

Commissioner Boro stated that it was justified for the funds to come out the bond program capital funds.

Action M/s Boro/Dupar authorizing the General Manager to engage Parking Diving to raise 27 marine outfall diffuser risers, at a cost not-to-exceed \$60,480, with the funds being charged to a bond program capital account. The motion passed with the following vote:

Ayes: Boro, Brown, Dupar, Sinnott
Noes: Johnson
Abstain: None

Item h. - Construction Management Services Contract - Amendment #2 - WWIP: GM Dow reviewed the staff report. He stated that the resignation of the Associate Engineer in December has left a gap in the inspection services need for the WWIP and other capital improvement projects and activities. Staff requested and received a proposal from Harris & Associates to provide an additional inspector for one year, with an option to extend an additional year.

Commissioner Johnson is concerned about financing staff over the bond term, and is also concerned about chiseling away at the WWIP surplus funds (\$7.5M).

Commissioner Boro asked if the amendment for the second inspector could be cancelled once we hired a new engineer and they were trained. GM Dow stated we could phase out the H&A inspector, and will report back to the Board in the future.

Vivian Housen, Interim Director for RVSD, stated that inspection was one of the most important parts of construction and it was a good idea to bring on another inspector.

Action M/s Boro/Dupar authorizing the General Manager to execute Amendment #2 to Harris & Associates' construction management services agreement, to provide a second construction inspector for the Wet Weather Improvement Project in 2008. The motion carried unanimously.

Commissioner Boro stated he didn't think this action is chiseling away at the WWIP funds and it makes sense to use these funds for an additional inspector.

**CMSA/RVSD PROPERTY
USE AGREEMENT -
PERMANENT FACILITY
OPTIONS:**

GM Dow reviewed the staff report. He stated that Counsel Govi reviewed the Agreement and his opinion is (1) RVSD must notify CMSA by January 15, 2008 if it desires to permanently locate to CMSA or not; and (2) the second paragraph in Section 7 is not in effect since regionalization discussions have ceased; and (3) CMSA does not have any legal obligation to allow RVSD to locate permanently at CMSA.

Commissioner Brown stated that at the January 7th RVSD Board meeting, a subcommittee was authorized to prepare a letter regarding RVSD's desire to stay permanently at CMSA, which will be submitted by January 15th.

Commissioner Boro stated that at the November meeting all talks of Regionalization were stopped and put on hold indefinitely. He said that the agreement with Ross Valley was for one year and that there was no obligation on the part of CMSA to allow permanent residency.

Commissioner Sinnott stated it was proper and prudent for Ross Valley to relocate back to their jurisdiction. He fully supported the original move to CMSA to support and promote regionalization.

Commissioner Dupar asked what Ross Valley was doing now to move forward with regionalization.

Commissioner Boro again stated that RV moving ahead with their own studies is not conducive to building trust, and that their own studies would most likely conflict with the CMSA studies. He stated this was not in the spirit of consolidation.

Commissioner Brown stated that it was Ross Valley's intent to move to CMSA permanently when and if consolidation moved forward. She also stated that Ross Valley is engaged in their internal studies, and that the finance and governance studies are intended to be internal RVSD documents and not to be brought to the table for comparison. Commissioner Brown stated that they would have Vavrinek Trine & Day's (VTD) financial report by the end of January and that they were working on the governance evaluation.

Counsel Govi stated that Section 7 of the Agreement does not give Ross Valley intent to relocate permanently.

Commissioner Johnson stated she understood the "need for speed" but getting clarity on the concept of moving to CMSA predated any regionalization conversations. With the property being sold to Campus Properties there was no mention of consolidation at that time. She stated that the mention of consolidation did not come up until the final draft of the Property Use Agreement was presented (December 2006).

Commissioner Boro stated that consolidation talks began back in 2004, long before RV needed to relocate.

Counsel Govi stated that regionalization had been on the back burner since 2004. He stated that Section 7 of the RVSD/CMSA Agreement does give Ross Valley the right to say they intend to locate permanent at CMSA. The section contemplates moving rapidly; that Ross Valley would need to negotiate with CMSA, prepare plans and specifications, and apply for permit applications. Section 7 of the Agreement does not limit Ross Valley or CMSA from saying "yes, regionalization is part and parcel to RV coming to CMSA permanently".

Commissioner Johnson stated she was still investigation the regionalization issues and trying to understand it in depth.

Commissioner Boro asked if the Agency wasn't consider consolidation, why would we bring another agency onto CMSA's property if there was no intent to consolidation.

Commissioner Brown stated there was no trail of RVSD being approached with regionalization. She questioned whether regionalization was in the best interests to the RV rate payers. She stated that she does not concur that the request to stay at CMSA was with the intent to regionalize.

Commissioner Johnson stated that there was no mention of consolidation in the original CMSA Board vote to pursue Ross Valley's relocation.

Commissioner Sinnott pointed out that (1) San Rafael Sanitation District has withdrawn from further regionalization discussion; and (2) he feels that it is the consensus of the Board that Ross Valley relocate to their own jurisdiction if regionalization does not move forward.

Commission Boro reiterated that there is no question that the Board feels Ross Valley should move from CMSA property. He also stated regionalization talks were over, the Board could no longer meet the July 2009 deadline, and studies were delayed.

Commissioner Johnson stated that there was no intent to create mistrust or differences between Ross Valley and other board members. She stated with a consolidated agency that Ross Valley members would lose their elected seats. She stated there were different consequences for different agencies (SRSD and SD #2 representatives still on city councils). She said that spending an estimated \$1.4 million on the regionalization project was frightening and it was irresponsible to continue without Ross Valley pursuing their studies.

Commissioner Boro stated that governance has always been an issue for Ross Valley.

Commissioner Brown stated she appreciated and respected all of the opinions but does not concur.

Commissioner Dupar stated that Corte Madera was not part of the consolidation and can't see Corte Madera ratepayers paying for Ross Valley to reside at CMSA.

Action

M/s Dupar/Boro to not allow Ross Valley Sanitary District to locate at Central Marin Sanitation Agency permanently and directing staff to compose a letter to RVSD that they must leave CMSA premises by January 15, 2009. The motion passed with the following vote:

Ayes: Al Boro, John Dupar, Bob Sinnott
Noes: Sue Brown, Marcia Johnson
Abstain: None

Commissioner Johnson stated it was unrealistic for Ross Valley to move in one year.

EFFLUENT STORAGE POND IMPROVEMENT PROJECT COMPLETION:

GM Dow reviewed the project's scope of work, progress, and the final project cost analysis, and reported that change orders were 5.75% of the construction contract.

Commissioner Johnson asked if high tides contributed to any problems during recent storm events. GM Dow stated that high tides affect the capacity of the outfall and did not create significant challenges on the January 4th storm.

Action M/s Boro/Johnson to accept the Effluent Storage Pond Improvement Project as complete, and authorize the General Manager to file the Notice of Completion with the County. The motion carried unanimously.

MID-YEAR BUDGET STATUS REPORT FOR FY 2007-08:

GM Dow reviewed the staff report and account variances. He stated that revenues were at 50.6% and operating expense were at 44.8%. He pointed out that there was a new column entitled "encumbrances", which is a reservation of funds to satisfy future payment obligations and is a major change from prior years.

Commissioner Johnson asked if the \$7.5 million in WWIP expenditures are tracked. GM Dow responded that the WWIP funds are detailed in our revenue bond program and the Board reviewed the program in September 2006 which showed the \$7.5 million surplus. Commission Boro requested that GM Dow bring the most recent updates to the bond program to the February Board meeting.

Action M/s Boro/Dupar accepting the Agency's mid-year budget status report for FY 2007-08. The motion carried unanimously.

AGENCY CASH RESERVE DESIGNATIONS AND FUNDING LEVELS:

GM Dow reviewed the staff report and stated that the Agency does not currently have specific designations for its cash reserves. He said that establishing specific cash reserve designations would enhance long-term planning and management of the Agency's financial resources.

Commissioner Johnson asked once established accounts were depleted how would they be replenished. GM Dow stated that the Agency's existing policy was that there would be approximately \$6 million in reserves. The Agency is currently developing a reserve policy which would align with the budgeting process and have procedures for administration of the reserve accounts. The Board would have to approve a rate increase to increase or replenish reserve accounts, and this would occur during the annual budgeting process.

Action M/s Dupar/Boro establishing using the cash reserve methodology for developing and maintaining reserves, reserves be held in the Agency's California Asset Management Program (CAMP), and reserves designations and funding levels be set up per the staff report (set at \$6.45 million). The motion carried unanimously.

WET WEATHER IMPROVEMENT PROJECT MONTHLY REPORT - DECEMBER 2007:

GM Dow reported that construction was going well and moving on schedule. He stated there had been an accident on the job; the shoring subcontractor foreman's leg was broken. Western Water investigated and found the accident could have been avoided if the foreman had been standing a proper distance away from the work.

Action M/s Dupar/Boro accepting the Wet Weather Improvement Project monthly report for December 2007. The motion carried unanimously.

BOARD MEETING TIME:

GM Dow reviewed the staff report and pointed out the various board meeting times of other Marin County and Bay Area sanitary districts.

Action M/s Johnson/Dupar to change the CMSA Board meeting time to 7:00 p.m. The motion carried unanimously.

GM Dow noted that the time change may need to be formally changed by resolution. If so, a resolution will be brought to the February meeting.

NBWA UPDATE:

There is no report for the January 2008 NBWA meeting.

VERBAL REPORT:

GM Dow reported:

- January 5 rain event: CMSA processed 109 MGD (RVSD 57.7 MGD, SRSD 47.4 MGD, SD #2 7.9 MGD) and that there was 6 hours greater than 100 MGD. The plant experienced a PG&E power failure twice, the longest being about 12 hours. Staff maintained all pump stations and there were no SSO's in SD #2. During the second generator failure, the headworks flooded, resulting in a sanitary sewer overflow. We also may have a permit exceedance for chlorine residual. GM Dow reported that staff worked hard to minimize process problems and many staff were called and reported to work to assist.
- Staff resignations/retirements: Steve Lowry, longtime operator retired; a lead operator, electrical/instrumentation technician, and associate engineer resigned.

Commissioner Brown reported that Pat Guasco has resigned off of the CMSA Board and that Marcia Johnson has been appointed by RVSD to replace him.

DATE OF NEXT MEETING:

The next regular commission meeting is February 12, 2008 at 7:00 a.m.

ADJOURN:

The meeting was adjourned at 10:35 p.m.

Recording Secretary

Secretary