



MONTHLY NEWSLETTER

February 2008

ADMINISTRATION

CalPERS Retirement Service Credit

Due to changes in federal law made by the Pension Reform Act of 2006, CalPERS has begun to accept Plan-to-Plan transfers from 457 deferred compensation plans for the purchase of Additional Service Credit (Air Time). Previously, the Agency's position was that plan-to-plan transfers would not be permissible for active employees due to potential tax liability issues for CMSA. The Agency is now requesting legal counsel review of HR 4 to determine if it also removed the employer's tax liabilities. If so, we will begin allowing employees to purchase Air Time with 457 plan transfers - we will keep you posted

FY 2009 Budget

The development of the FY 2008-09 Budget is underway and on schedule. In early February, the Finance Department developed the structure for the Agency's 10-Year financial model which was reviewed and conceptually approved by the CMSA Board. Work in underway to update the Agency's 10-year Capital Improvement Program and to expand the Revenue Bond Program from 3 to 5 years. Both will be presented to the Board in March.

In March, departments will begin to develop their Budget

proposals for FY 2008. During the month of April, staff will refine the CIP and began finalizing the operating budget and 10-Year forecast. The draft FY 09 Budget will be presented to the Board in May with the final FY 09 Budget ready for Board adoption in June.

Finance Related Activities

As of January 31, 2008, the Agency has received 54.7% of budgeted revenues and incurred 56.3% of budgeted operating expenses. Asset Management related capital expenses were at 33.8% of budget.

On February 28, the Agency made its semi-annual debt service payment of \$1.5 million on the \$68.7 million in Revenue Bonds. Beginning with the September 2008 payment, the Agency will begin to repay the principal portion of the outstanding debt. For the next 23 years, CMSA will be making semi-annual debt service payments every September and March totalling \$4.7 million annually.

GASB 45 Analysis

In December 2007, the Agency issued an RFP to five qualified actuaries for conducting an actuarial analysis to comply with the requirements of GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The actuarial analysis will calculate the current cost of providing post-employment retiree health benefits for current employees and retirees.

The Agency received three proposals from interested actuaries, and based on references, fee structure, and the scope of work, we plan to award the contract to North Bay Pensions of Sebastopol. Staff will work with the actuary over the next few months to complete the valuation report with the Board presentation at the May or June meeting.

Cash Reserve Policy

Beginning in FY08, the Agency had about \$6.5 million dollars in cash reserves. In January 2008, the Board approved reserve designations and their initial funding levels, such as capital improvements, operating contingency, emergency, debt coverage among others. We have now finalized a reserve policy to explain the funding sources, restrictions, and use for each reserve account. Staff will bring the new policy to the Board in March.

Hypochlorite Contract

At their February 12th meeting, the Board awarded the new Sodium Hypochlorite Supply Contract to Olin Chlor Alkali, the holder of the current contract. Olin Chlor Alkali is the successor to Olin-Pioneer, which was formed by the merger of Olin Chemicals and Pioneer Chemicals. The winning bid is for \$0.789 per gallon versus the current contract price of \$0.837 per gallon. The 5.7% savings is expected to produce an annual cost savings of \$15,120, based

on an annual usage of 315,000 gallons

Safety

Eaton Electrical Services gave Arc Flash training as part of our Switchgear Rehabilitation Contract. Arc flashing has injured and killed people working on electrical equipment. OSHA is in the process of adopting the National Fire Protection Association 70E, a voluntary standard that establishes thresholds for worker protective apparel based on exposure to arc hazard risk. It's designed to protect workers that install, maintain or repair electrical systems.

Personnel

Congratulations to Brian Bokkin for being selected as Lead Operator after an internal recruitment. The Operations Department is processing a new OIT candidate who should start next month, to fill the position vacated when Steve Lowry retired.

The E/I group's open recruitment for an E/I Technician closed on February 21st. They are processing the applications and will interview candidates the second week in March.

AGENCY PROJECTS

Wet Weather Improvement Project

With the January rains ending and the soil drying up around the project site, excavation work moved forward and concrete placement began. Work at the polymer facility site has

progressed well over the past month with excavation being completed; the sump, base slab and walls formed; rebar installed, and concrete placed. Western Water plans to excavate a trench to the administration building for the facility's utilities, which cross many important electrical, instrumentation, and water lines. Staff has located those underground utilities to hopefully avoid any breaks during the trenching work.

The excavation at the new chlorine contact tank/effluent pump station site is at the 10 foot deep level. The deepest part of this excavation is 28 feet. The soldier piles are installed to depth and the lagging to about 10' deep. Stroer & Graff, the shoring subcontractor, is presently installing corner and cross bracing, after which the excavation will continue to the 20' depth - then more bracing.

The unreinforced piles have all been installed for the secant retaining wall and the reinforced pile installation is nearing completion. Condon Johnson, the wall subcontractor, is excavating the soil working platform to the first level of tie-backs and installing them. Once tensioned, the tie-backs provide a resisting force against the soil pushing on the backside of the wall. By the end of March, the two levels of tie-backs will be tensioned and the remaining soil in front of the wall will be excavated to finish grade.

Carollo Engineers has completed the wall redesign around the Ross Valley interceptor, to accommodate a larger pipe encasement than was shown on the CMSA Record Drawings. This change order work will be done on a time and materials basis with

close oversight by Harris & Associates.

Food to Energy

CMSA staff have been participating in conceptual level discussions with Marin Sanitary Service, Larkspur, and San Rafael about using restaurant food waste to generate biogas in our digesters. The solids removed from our treatment processes currently produce enough biogas to run our cogenerator about 12 hours each day, with the remaining run time using purchased natural gas. There is additional capacity in our digesters that can be used to process food waste. If implemented, Marin Sanitary Service would collect separated food waste from restaurants, CMSA will process, accept, and digest it for biogas production, and San Rafael will obtain additional diversion credits. Running full-time on biogas results in a significant annual cost savings.

San Rafael has received a grant from PG&E for a methane gas feasibility study, and will be the lead agency. The study will likely be brought to the City Council in March for consideration. If approved, CMSA and City staff will collaborate on the development of the study scope of work and then prepare an RFP to start the consultant selection process. The tentative study completion date is Fall 2008.

Outfall Improvements Project

This Contract is being finalized in time for adoption by the Board at their March 11th meeting, with award planned for the May 13th meeting. This timeline should allow work to

begin in June, which will facilitate the project being wrapped up before next fall. That way, if the new Effluent Pump Station is completed before the fall of 2009, it will be usable without risking damage to the Outfall Pipeline. The project involves divers accessing the outfall from two on-shore locations to install 20 internal joint seals at critical areas needing rehabilitation. Staff will divert effluent flow to our storage twice per week over the summer months to accommodate the dive work.

Outfall Inspection

Parker Diving is extending the additional 27 risers needing to be raised, and they will provide us spot measurements of interior solids buildups and mudline elevations. This will indicate whether the high effluent flows from the January storms flushed any of the more mobile solids out of the Diffuser Section, or mobilized bottom sediments. With this additional solids information, we will develop our strategy for removing the solids and prepare for the Regional Water Board discussions.

Effluent Storage Pond

W.R. Forde has mobilized onsite to begin repairing the sluffing of the planting soil on the north and south faces of the berm. Once the repairs are completed, the irrigation system will be repaired and Maintenance Staff will be able to set the controllers to automatically irrigate the new plantings on the outside face of the berm.

Parking Lot Improvements

The sidewalk extension and additional two parking spaces were completed by Maggiora & Ghilotti. This work was done expeditiously and to a high standard of quality and appearance, in a short window of clear weather between rainstorms.

O&M Projects

Maintenance repair work this month included: The transition to the new Covad phone lines, on a T1 line, was completed February 5th and has worked well; Replacement of the final sampler motor and CCT # 1 mud valve; Maintenance fabricated, coated and installed a new reducer for RAS pump #1; The plant fire water protection 8" backflow preventer was replaced with a new modern unit acceptable to MMWD, with two new 8" gate valves. The Site sump pump # 1 was replaced with a new 10hp Flight pump.

Staff discovered a break in our water feed line for the chlorine containment pump's seal. The break was 4' under asphalt and was leaking for much of January. O&M were able to isolate parts of the plant water system to locate this leak, and install a new pipeline. MMWD may not charge us for a portion of the leaked water.

ENVIRONMENTAL SERVICES

Laboratory & NPDES Testing

The laboratory testing performed in February was in compliance with our permit requirements and we had 100% survival of the bioassay fish.

Laboratory staff have been performing the additional testing required during blending events. The results for the suspended solids samples analyzed during the February blending events were well below the limits specified in our NPDES permit. No additional sampling for constituents that have permit limits was required.

Sanitary Sewer Overflows

The recent sewer spills in southern Marin has increased the public and media's awareness of SSOs, and has triggered new reporting and notification requirements as well as multiple investigations. The State Water Board now requires notification of SSOs within two hours and water samples tested for ammonia, total coliform, and fecal coliform.

Our staff has been assisting the member agencies with sample collection, laboratory testing, and posting signs.

Biosolids

Our comprehensive annual report was submitted to CalEPA and the Regional Water Board for the land application of our biosolids at the Lakeville site. Sampling will begin this month for the land application and landfill testing requirements.

Public Outreach Events

Caterpillar Puppets, who we have been working with for our K-3 school outreach program, has sent out another mailer to schools in Marin County. They are following up on their first mailer and will be scheduling school presentations for this

semester. We are also working on an outreach program that will hopefully start in March for High Schools in our service area, to review their facilities and perform an evaluation of sources of copper and mercury. We have contacted Marin Academy, Sir Francis Drake and Redwood High Schools, and hopefully the program will be implemented by Sir Francis Drake and Marin Academy. Redwood High School could not fit it into their schedule this year.

CONTRACT/OUTSIDE SERVICES

SRSD FOG

SRSD has 208 Food Service Establishments (FSE) in their service area. 97 are upstream of hot spots, 47 have permits and 15 have waivers. 16 of the 35 non-permitted FSEs have not submitted their plans for Grease Removal Devices (GRDs) to Marin County Environmental Health Services (MCDEH), and the deadline is quickly approaching. Generally, the FSEs have been cooperative and responsive when contacted. Based on our contacts, most facilities are in the process of researching GRDs and developing plans and scheduling installation.

An Administrative Order has been issued to Original Buffalo Wings that stipulates additional dates for submitting plans and GRD installation. If the extended deadlines are not met, an Administrative Citation with a fine and hearing will be issued.

Las Gallinas Valley Sanitary District

MCDEH and the City of San Rafael have approved the Embassy Suites plans to install an interceptor. They are currently required to install it by next month.

Staff has completed the LGVSD Pollution Prevention Program Annual Report for submittal to the Regional Water Board. We are finishing up another round of inspections of FSEs that have not submitted their GRD pumping receipts, to determine if their interceptors and traps are being maintained as required and to discuss their reporting requirements.

Ross Valley Sanitary District

RVSD and CMSA staff held a public workshop on February 13 to inform FSEs in the RVSD service area about the FOG program and receive their feedback. RVSD has 117 FSEs with 74 upstream of hot spots. The workshop notice and FOG documents were sent to 99 FSEs and only two showed up - one restaurant and one organic market

Staff has been contacting FSEs and expects to have the program implementation in full swing next month with permits being issued and inspections taking place.

Sanitary District #2 Pump Stations

Maintenance completed regular checks and routine maintenance of 19 SD2 pump stations for February. The next project in Corte Madera's Capital Plan is the Lucky Pump Station Replacement and Team Ghilotti kicked off that contract this month.