

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
SAUSALITO-MARIN CITY SANITARY DISTRICT**

September 6, 2011

The regular meeting of the Sausalito-Marin City Sanitary District was held on September 6, 2011 at 7:30p.m., 420 Litho Street, City Council Chambers Sausalito, California.

I. ROLL CALL

Directors Present: Arnott, Beers, Gergus, Ring, Wohlschlaeger

Directors Absent:

Staff Present: Manager Bob Simmons, Operations Superintendent Craig Justice, Lab Director Omar Arias-Montez, Patty Swisshelm, Jeff Waters, Kevin Beneda.

Also Present: District Counsel Kent Alm, TCSD General Manager Jon Elam, Rebecca Vaughn, Rusty Hendley

II. TCSD AND CITY OF SAUSALITO REPORTS:

TCSD General Manger Jon Elam thanked General Manager Bob Simmons and Operations Superintendent Craig Justice for coming to the TCSD special Board meeting and reporting on SMCS D's capital improvement program.

III. CONSENT CALENDAR

A. APPROVAL OF MINUTES OF THE REGULAR BOARD MEETING OF AUGUST 1, 2011 AS MODIFIED:

M/S/C- Gergus, Wohlschlaeger VOTE: Arnott, Beers, Gergus, Ring, Wohlschlaeger

B. APPROVAL OF BILLS AND EXPENDITURES AS PRESENTED:

M/S/C- Gergus, Beers VOTE: Arnott, Beers, Gergus, Ring, Wohlschlaeger

IV. GENERAL PUBLIC - NONE

V. UNFINISHED BUSINESS - NONE

VI. **NEW BUSINESS**

A. TEMPORARY TREATMENT PLANT PUMPING SYSTEM AND FFR PUMP VALVE REPLACEMENT PROJECT – DECLARE PROJECT A CONTINUING EMERGENCY, AFFIRM EXCEPTION TO PUBLIC CONTRACT CODE REQUIREMENTS

General Manager Bob Simmons stated that the conditions on which the Board had declared the Temporary Treatment Plant Pumping System Project and FFR Pump Valve Replacement Project an emergency project still exist.

Manager Simmons recommended that the project continue to be declared an emergency until such time when the Primary Effluent Box Rehabilitation, FFR Valve Replacement, Diversion Box Sluice Gate Repairs and removal of the temporary pumping system, are complete. Manager Simmons will report at the next meeting regarding the status of the project.

MOTION: Declare the Temporary Treatment Plant Pumping System Project a Continuing Emergency, and Affirm Exception to Public Contract Code Requirements.

M/S/C- Ring, Beers

VOTE: Arnott, Beers, Gergus, Ring, Wohlschlaeger

B. PUMP STATION RELIABILITY IMPROVEMENTS PROJECT – AUTHORIZATION TO REJECT ALL BIDS AND TO RE-ADVERTISE THE NOTICE INVITING BIDS

General Manager Simmons stated that this improvement project consists of the installation of bypass pumping connections, including underground vaults, piping, and valves at various pump station locations. The improvements will increase conveyance reliability by allowing a portable pump to pump around a pump station in the event of an emergency. The portable pump connections would also be used in the event wet weather flows exceed the capacity of the pump station.

On August 10, 2011, a single sealed bid was received and opened for the Pump Station Reliability Improvements Project. This bid was from Pacific Infrastructure, Inc in the amount of \$180,640. The engineer's estimated cost of the work was \$123,619.

Associate Engineer Kevin Rahman contacted potential bidders to determine why they did not submit bids in response to the District's notice inviting bids. Among the reasons include; small job size, multiple locations requiring for mobilization, large number of other jobs bidding during that time. If the job were rebid and the scope of work increased to include Main Street Pump Station Reliability Improvements, the bidders, including Pacific Infrastructure, stated that they would likely submit bids for the project.

MOTION: Reject Bids and Authorize Re-advertisement of the Notice Inviting Bids for the Pump Station Reliability Improvements Project.

M/S/C- Wohlschlaeger, Beers

VOTE: Arnott, Beers, Gergus, Ring, Wohlschlaeger

C. CAPITAL IMPROVEMENT PROGRAM FINANCING – AUTHORIZE RETENTION OF BARTLE WELLS ASSOCIATES FOR FINANCIAL ADVISORY SERVICES IN CONNECTION WITH OBTAINING FINANCING FOR THE DISTRICT’S CAPITAL IMPROVEMENT PROGRAM FOR PROJECTED EXPENSES THROUGH 2013/14

General Manager Simmons discussed that the District’s capital costs were projected to be \$36.0 million over the ten year period. HFH Consultants evaluated District finances and recommended that the Board debt finance its capital improvement program to spread costs over existing and future users over the life of the asset. In addition, the consultant recommended that the Board increase the sewer service charge revenue to pay the debt service and the cost of inflation and to increase District reserves.

The District currently has two loans; one from City National Bank dated April 1, 2008 for \$3.0 million with a twenty year term and an interest rate of 4.1%, and the second loan from the State Revolving Loan Fund. On August 15, 2011, the District received the executed copy of the State Revolving Fund Financial Agreement from the California Water Resource Control Board. The agreement provides for the reimbursement of planning, design, administration, and construction expenses for the Locust Street Pump Station Improvement Project. The loan amount is expected to be about \$2.0 million, which would be financed over twenty years at a 2.7% interest rate.

The District’s FY 2011/12 budget projects the need for additional capital project financing in the amount of \$3.0 million. This financing would be used to fund the construction of the Marin City Collection System Improvement Project, parts of the Headworks project (planning, design, and environmental documentation) and the planning and design of the Scotties and Highway Booster Pump Station Improvement Projects.

General Manager Simmons stated that Bartle Wells and Associates was asked to submit a proposal to assist the District in the procurement of financing. Either a bank loan and/or possibly a California Infrastructure and Economic Development Bank (I-Bank) low-interest loan may be sought. I-Bank’s interest rate is 67% of the average Thompson Municipal Market Data Index rate. Wastewater projects are eligible for this type of financing. The \$2.0 million Marin City Collection System Improvement Project may be eligible for this loan per staff’s discussions with an I-Bank representative.

Current market conditions provide for bank loan interest rates at about 3.7%. General Manager Simmons discussed the option to research re-financing the 2008 loan at a lower interest rate. Considering the various loan options and specialized knowledge needed to competently evaluate financing proposals, staff recommends that the Board consider authorizing the retention of Bartle Wells Associates to provide financial advisory services to the District.

Director Gergus inquired whether a bond council should be retained to draft the financial agreement. General Manager Simmons stated that typically with a bank loan the bank would be furnishing the loan agreement. Bond council might be used review the bank loan agreement prior to its execution by the Board. Meyers Nave has bond counsel on staff and can assist the District in this regard.

MOTION: Authorize Retention of Bartle Wells Associates for Financial Advisory Services at a Cost of \$17,000.

M/S/C- Gergus, Ring

VOTE: Arnott, Beers, Gergus, Ring, Wohlschlaeger

D. THE HOUSING AUTHORITY OF THE COUNTY OF MARIN – RECEIVE REPORT REGARDING OUTSTANDING SEWER SERVICE CHARGES IN CONNECTION WITH MARIN CITY PUBLIC HOUSING FOR THE PERIOD BEGINNING JULY 1, 2008 AND ENDING DECEMBER 31, 2009

General Manager Simmons stated that the Housing Authority of the County of Marin has paid the outstanding amount due the District of \$34,940.29. The arrears were the result of underpayments of the District's sewer service charges from July 2008 through December 2009 (18 mos.). No action is required from the Board.

E. REPORT ON DISTRICT RESIDENCE, RESIDENT OPERATOR ASSIGNMENT AND CONTRACT LAB SERVICES

General Manager Simmons reported that at the August 1, 2011 Board meeting, the Board authorized the General Manager to execute an agreement with Omar and Sylvia Arias-Montez in connection with residing in the District residence for non-business hour collection system, sewer pump stations and treatment facilities alarm and emergency response. The agreement has been signed as presented to the Board. The goal is to have Omar Arias-Montez take occupancy of the District residence with his family and assume the duties of resident operator in October 2011.

At the August Board meeting, staff also outlined the required actions to start Mr. Arias-Montez in his assigned duties as the resident operator. They include 1) completing an interior remodel of the District residence to get it ready for occupancy and 2) contracting out lab services to make time available for Mr. Arias-Montez to serve in the capacity of an operator to ensure he is knowledgeable and competent in responding to alarms and emergencies. The status of these two actions is described in staff's report to the Board.

The remaining remodel work includes new flooring and interior painting. The existing carpet, installed in 2003, has been damaged by water in spots and needs to be replaced. Staff has evaluated flooring options and is recommending installation of a hardwood floor due to its durability and increased service life in comparison to carpet. The linoleum kitchen floor will be replaced with tile. Staff is recommending interior painting of the paneling and kitchen cabinetry. Painting is a more cost effective method than replacement and will provide an updated and modern appearance while preserving some areas of paneling that were water damaged.

Staff is preparing to solicit proposals for contract lab service in September of 2011. Staff has identified two local wastewater agencies to receive the request for proposal (RFP) (Sewerage Agency of Southern Marin and the Central Marin Sanitation Agency). One private laboratory that already completes some analysis for the District will also receive the RFP (Caltest Analytical). Staff estimates that the laboratory analytical costs will be comparable to the District's cost of perform the tests. Staff is planning to return to the Board at the October 2011 meeting to present the proposals and to request authorization to enter into a contract for the services. It is important to note that staff will maintain the lab accreditation and staffing capability to perform laboratory services at any time should it become necessary.

F. TEMPORARY PUMPING & FFR PUMP VALVE REPLACEMENT PROJECT AND PRIMARY EFFLUENT BOX, RECYCLE BOX, PIPE AND VALVE REHABILITATION PROJECT - REPORT ON CHANGE ORDER COSTS DURING CONSTRUCTION AND AUTHORIZATION TO INCREASE THE GENERAL MANAGER'S CHANGE ORDER APPROVAL LIMIT

General Manager Simmons stated that the engineers who prepared the construction contract documents for the Temporary Pumping and FFR Pump Valve Replacement Project and the Primary Effluent Box, Recycle Box, Pipe and Valve Rehabilitation Project had limited access to the areas requiring rehabilitation, as these areas were in constant use in order to operate the plant. The installation of the bypass pumping system in July 2011 allowed access to the Primary Effluent Box, Diversion Box and associated piping from the Primary Clarifier to the FFR supply pump station. Engineers found more rehabilitation work than initially anticipated, requiring repair on an already tight schedule. All of the repairs must take place prior to decommissioning the temporary pumping system in October.

General Manager Simmons reviewed the additional work items with the Board. The items represent an increase in the project scope. Included were repair and rehabilitation of Diversion Box sluice gates, removal of a large volume of sand and grit estimated at about 15 yards from the Diversion Box, demolition of an extended length of baffle wall in the Primary Effluent Box, rebuilding the primary clarifier's weir area, removal of severe build-up of an iron material and lining of the 1953 20-inch diameter primary effluent pipe and coating the upper portion of the junction box on the beach to arrest additional corrosion caused by hydrogen sulfide.

General Manager reviewed the change orders that have been executed; the five Knife Gate Valve and Flanged Coupling Adapters, the Recycle pipe tie-in to the Gravity Sludge Thickener Structure, and the installation of OSHA required emergency showers and eye washes.

General Manager Simmons recommended that the change order allowance for these combined projects be increased to \$175,140 or 15% of the original contract price.

MOTION: Authorize an Increase in the General Manager's Change Order Approval Limit From 10% to 15% Of the Contract Amount.

M/S/C- Gergus, Ring

VOTE: Arnott, Beers, Gergus, Ring, Wohlschlaeger

G. CONSIDER COLLABORATING WITH THE LAS GALLINAS VALLEY SANITARY DISTRICT AND POSSIBLY OTHER MARIN WASTEWATER DISTRICTS IN THE PREPARATION OF A GUEST EDITORIAL REGARDING THE EQUITY OF THE SEWER SERVICE CHARGE FIXED RATE STRUCTURE

General Manager Simmons reviewed the August 1st Board meeting discussion concerning sewer service charges. He noted that the cost of service is made up of two parts; fixed costs (maintaining and operating the pipelines, pump stations, treatment plant and other facilities) and variable costs (power and chemicals). Fixed costs are the largest percentage of total wastewater charges.

General Manager reviewed the Las Gallinas Valley Sanitary District draft guest editorial with the Board and recommended that it consider whether it would like to participate in the final drafting and co-signing of the editorial. The Board advised staff that it does not want to participate in the editorial as it needs time to study the issue of fixed versus flow based rates and is not yet ready to take a position on the matter. The Board directed staff to proceed with a study to compare water consumption data from multiple family, single family and houseboats residents, determine what the District's fixed and variable costs are and evaluate rate structure alternatives.

STAFF REPORTS

A. GENERAL MANAGER

1. Operations Report: Operations Superintendent Justice reported that there were no discharge permit violations for July. The employees have made and continue to make concentrated efforts to support the plant construction project. He wanted to give 'KUDOS' to the plant staff since there were no after-hour call outs for the entire month of August.

Staff interviewed six candidates for two operations intern positions. Candidate Dillon Stall was selected for one of the positions and started work on September 6th. The selected candidate for the second position found work elsewhere, so staff is in the process of collecting additional applications for consideration over the next few weeks.

There were no SSOs in August. Operations Superintendent Justice stated that the District did have a SSO of about 1,520 gallons on Sunday over the Labor Day weekend in Marin City near Bay Vista Circle and Ridgeway Court. A resident reported the SSO. The SSO was from a manhole located in an off-street hillside easement. Staff responded and called Roy's Sewer Service to remove the blockage. The line was cleared of roots and debris.

2. Safety Program: Operations Superintendent Justice stated that there was zero workplace or lost time injuries in August. Brain Zamacona completed USA utility marking training. Plant staff attended a traffic control and flagger training class scheduled by the Safety Director. Staff who may be called upon to operate a forklift have completed forklift certification training.
3. EEO Report/Harassment Report: No incidents to report
4. Odor Report: There were no odor complaints in August.
5. Plant Influent Screening, Grit Removal, Primary and Secondary Treatment Improvements – Status Report: General Manager Simmons stated that staff received the draft pre-design report and 25% design drawings. Review of the draft report is in progress. A workshop meeting will be scheduled after the review is complete and changes to the pre-design report have been made.
6. Pharmaceutical Depository, City of Sausalito and Marin City: Sausalito Police Department and Marin City Sheriff Department were contacted about placing a pharmaceutical depository box at their facilities. Discussions are being held on where to place box in the respective lobbies. President Arnott asked whether Marin Pollution Prevention Group collects or has an exchange program for mercury thermometers. Lab Director Arias-Montez responded affirmatively.

7. New SMCSD/TCSD Services Agreement – Status Report: Manager Simmons reported that the draft agreement has been submitted to TCSD for review.
8. Office Manager Recruitment- Status Report: General Manager Simmons reported that over ninety applications were received and eight candidates were interviewed. Rebecca Vaughn was selected for the position and is scheduled to begin work on October 3, 2011. Manager Simmons introduced Ms. Vaughn to the Board.
9. Marin City Pump Station Property Transfer: Manager Simmons reported that the District owns the property on which the Marin City Pump Station was constructed. The property encompasses part of the Marin Gateway shopping center access road behind the Best Buy Store. The access road is needed for routine and emergency ingress/egress. The District acquired the property from the Marin Redevelopment Agency in 1995.

An attorney who represents the owner of the Marin Gateway shopping center contacted staff regarding the transfer of portions of the property to the owner in exchange for permanent utility easements. Any potential swap of real property for easements must address the District's needs to access the pump station for routine operations and emergencies, including the construction of a temporary pump station and pipelines, which may be needed when the time comes to rehabilitate or upgrade the existing station. District staff will consult with Kent Alm, District counsel on how best to approach a property/easement transfer agreement. The matter will be brought back to the Board at a future date.

10. FY 2010/11 Financial Audit – Status Report: Maze and Associates, the District's auditor, completed their initial review of District financial records. Staff diligently responded to auditor questions and requests for information. They will come back in October for a final review and a meeting with the General Manager and the District's Finance Committee to review internal financial controls. The audit should be complete in November.
11. Abandonment of Beach Force Main – Status Report: Design of the sewer line across the Cote D'Azur and Meyer's property is 90% complete. The District will meet with the staff of the City of Sausalito to discuss next steps, including the preparation of a joint powers agreement and acquisition of easements. The agreement will be brought to the District Board for review and approval.
12. Americas Cup – Report on Meeting of the National Park Service: Patty Swisshelm reported on her attendance at the Public Comment Meeting conducted by the Golden Gate National Recreation Area in connection with the Environmental Impact Assessment of the Americas Cup race. There will be numerous 'World Series' sailing races during August and September 2012 and 45 Americas Cup races during mid-July to September, 2013. Fort Baker will remain open to the public during the race schedule. The number of spectators during the race day weekends at Fort Baker/Marin Headlands, Cavallo Point, and Sausalito is estimated to be 3,500 per day, 800 per day, and 5,000 per day, respectively. The District staff is researching ways to control spectators and bicyclists entering the facility driveway and plant, mitigation of adverse impact, temporary mooring fields by the plant's water front, and potential revenue marketing opportunities.
13. Locust Street Pump Station – State Revolving Loan Approval: General Manager Simmons reported that the financial agreement has been signed by both the California Water Resources Control Board and the District.

B. FINANCES

1. LAIF - Investment of Reserve Funds: No comments

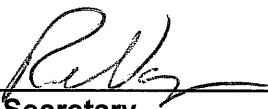
2. Monthly Financial Report: No comments

VII. BOARD OF DIRECTORS:

No Reports

VIII. ADJOURNMENT

The President adjourned the meeting at 9:29 p.m. The next regular meeting is to be held on October 3, 2011 at 7:30pm., City Council Chambers, 420 Litho Street, Sausalito, California.



Board Secretary