

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

June 22, 2011

The special meeting of the Sausalito-Marin City Sanitary District was held on June 22, 2011 at 9:04 a.m., 420 Litho Street, City Council Chambers, Sausalito, California

I. ROLL CALL

Directors Present: Arnott, Beers, Gergus, Ring

Directors Absent: Wohlschlaeger

Staff Present: General Manager Bob Simmons and Operations Superintendent
Craig Justice (p/t)

Also Present: Kent Alm, District Counsel and Terry Roemer, Labor Attorney, (p/t
and via teleconference)

II. CONSENT CALENDAR - NONE

III. GENERAL PUBLIC - NONE

IV. UNFINISHED BUSINESS- NONE

V. NEW BUSINESS

A. RESOLUTION NO. 951 ADOPTING THE FISCAL YEAR 2011/12 BUDGET –

Manager Simmons presented a report to the Board regarding the FY2011/12 budget, indicating the following several highlights: 1) a \$760,600 increase in revenue due to the increase in the sewer service charges in the coming year, 2) a decrease in net operating budget expenses of \$151,659 or about 4.3%, 3) the financing of TCSD's capital charges over 20 years at a rate of 4.5% in anticipation of a service agreement amendment that is expected to be executed by SMCSO and TCSD, 4) budget allowance for the Temporary Employee Internship Program, and 5) projected additional capital financing needs in the amount of \$5,000,000 in FY 2011/12, including a \$2.0 million of low interest State Revolving Fund loan in connection with the Locust Street Pump Station Improvement Project and \$3.0 million bank loan in connection with various projects, including the Plant Headworks and Secondary Treatment Plant Expansion Project and Scotties and Highway Booster Pump Station Improvement projects.

Directors Ring and Beers noted several corrections to the draft budget, including 1) adding a statement in the budget narrative indicating that the Board had reviewed the scheduled increase in sewer service charge for FY 2011/12 and determined that future revenue needs would not allow a reduction in the scheduled rate increase at this time and 2) corrections to the telephone budget with regard to pagers.

- **MOTION:** Adopt Resolution No. 951, adopting the Fiscal Year 2011/12 Budget as modified

M/S/C – Beers and Gergus

VOTE: Arnott, Beers, Gergus, Ring

B. REVIEW ORDER FOR EMERGENCY ACTION PERTAINING TO THE PURCHASE OF FIVE KNIFE GATE VALVES FOR THE PRIMARY EFFLUENT BOX AND FIXED FILM REACTOR SUPPLY PUMP RHABILITATION PROJECT – Manager Simmons presented a report on the Primary Effluent Box (PEB) and FFR Pump Station Repair Project, indicating that in March 2011, the District Board adopted Resolution No. 945, which declared the project an emergency due to the substantial risk of failure and resulting threat to public health and the environment. The General Manager was given authority under the resolution to procure equipment and services without competitive bid.

Manager Simmons stated that the Temporary Pumping and FFR Valve Replacement Project is still considered an emergency because conditions have not changed and the risk of failure of the structure and pumping system remains. The project continues to be constructed in accordance with the emergency declaration.

Completion of the temporary FFR Pump Station is scheduled by July 28, 2011. The Primary Effluent Box, Recycle Box, Pipe and Valve Rehabilitation Project is currently being advertised for bids. The project is to be completed by September 30th, prior to the onset of wet weather. Part of the project involves the replacement of knife gate valves in FFR Pump Gallery. The lead time for knife gate valves is 8 to 10 weeks according to Kennedy/Jenks Consultants. This does not provide adequate time to complete knife gate valve procurement and replacement prior to the September 30th deadline. Consequently, Kennedy/Jenks has recommended that the required five (5) gate valves be pre-purchased to meet the project schedule and to ensure completion prior to wet weather.

General Manager Simmons stated that because there is substantially evidence that additional emergency action is needed to accomplish the timely repair and rehabilitation of the Primary Effluent Box and FFR Pump Station, he ordered the purchase of five knife gate valves for the FFR pump station without giving notice or soliciting competitive bids. Proposals were obtained from three vendors and the lowest responsible proposer was issued a purchase order to supply the valves. Without the emergency action, the ability to complete the project prior to wet weather would be compromised. The purchase of the subject valves was made on June 17th.

- **MOTION:** The emergency declared under Resolution No. 945 continues and emergency action can continue under the emergency declaration

M/S/C – Ring and Beers

VOTE: Arnott, Beers, Gergus, Ring

VI. BOARD OF DIRECTORS – NONE

VI. CLOSED SESSION

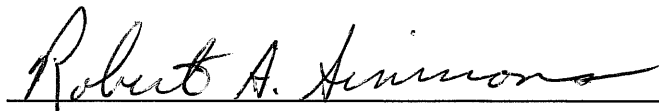
- A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Government Code §54945.9(a))
Krueger v SMCS D

The Board entered closed session at 9:45 and returned to open session at 10:44 a.m.

Action: The Board authorized the engagement of a law firm to defend the District in a lawsuit filed under Section 132(a) of the California Labor Code.

VIII ADJOURNMENT

The meeting was adjourned at 11:45 a.m.

A handwritten signature in cursive script, reading "Robert A. Simmons", is written over a solid horizontal line.

Board Secretary