

**SANITARY DISTRICT NO. 1 OF MARIN COUNTY
REGULAR BOARD MEETING MINUTES**

Tuesday, November 6, 2007
6:45 p.m.

Board Meeting Room
1301 Andersen Drive
San Rafael, CA

Members Present: Sue Brown, President
Patty Burke, Secretary
Patrick Guasco
Marcia Johnson
Steven Vanni

Members Absent: None

Staff Present: Paul Causey, Acting District Manager
Eric Stassevitch, District Engineer
Michelle Kenyon, District Counsel
Eva Waskell, Recording Secretary

Public Present: The names reflected are those who signed in on the attendance sheet: Vic Canby; however, there were three (3) additional members of the public present.

Item #1-ORDER The meeting was called to order by President Brown at 6:45 p.m. President Brown led the Pledge of Allegiance. Roll call was taken and a quorum was present.

Item #2-APPROVAL OF AGENDA M/S Guasco/Burke to approve the Agenda, as submitted. The motion carried unanimously.

Item #3-OPEN TIME FOR PUBLIC There were no comments from the public.

Item #4-APPROVE REGULAR MEETING REGULAR MINUTES OCTOBER 2, 2007 AND REGULAR ADJOURNED MINUTES OF OCTOBER 25, 2007 Director Johnson submitted written corrections to the minutes of the October 2 and October 25, 2007 meetings.

President Brown asked Recording Secretary Waskell about the process of putting together the minutes. Ms. Waskell explained that she takes notes in long hand and transcribes them the following day in the District office. The draft minutes are reviewed by the Administrative Assistant and then by Acting District Manager Causey.

President Brown stated that she had noticed inaccuracies in the October 2 Minutes and suggested that the Board hold approval of these minutes until the Board and staff have had more time to review and update them.

After a brief discussion, M/S Johnson/Guasco to hold the Regular Meeting Minutes of October 2, 2007, pending corrections. The motion carried unanimously.

Director Johnson stated that some of the discussions that were omitted from the October 25 Minutes included relevant facts or promises. She added that if the public, staff, or a Board member states that they will do something, this promise should be included in the minutes.

President Brown added that she would like more time to review the October 25th minutes.

M/S Johnson/Guasco to hold the Adjourned Regular Minutes of October 25, 2007, pending corrections. Vote: Ayes: Brown, Burke, Guasco, Johnson; Noes: None. Abstain: Vanni. The motion carried.

Mr. Causey requested that corrections to the minutes be submitted to staff as early as possible in advance of the December 6 Board meeting. President Brown agreed that this would be a good approach.

Director Johnson asked if it would be possible to review the minutes earlier than provided in the past. District Counsel Kenyon cautioned that the draft minutes must be complete before they are distributed. Once the draft minutes are distributed to the full Board they become public records; if there are large differences between initial and final drafts, the public would then have access to two different sets of minutes. Rather than providing final draft minutes with the agenda packet on the Friday before the Board meeting, Ms. Kenyon suggested moving distribution no further back than the previous Monday. Director Johnson noted that she is interested in reviewing the final draft minutes, and not a preliminary draft; however, if possible, it would be beneficial to be able to review these minutes as far in advance of the Board meeting as possible.

Bruce Baum, 1165 Butterfield Road, San Anselmo, asked about the retention policy for the tapes of Board meetings. Mr. Causey replied that the tapes were kept forever and to the best of his knowledge, they were kept on site.

Item #5-CONSENT CALENDAR The Board reviewed the Consent Calendar:

- a) Approve District Treasurer's Financial Report for October 2007 (Lang)
- b) Approve Progress Payments for Capital Improvement Projects:
 - i) Cascades Sewer Rehabilitation Project, D'Arcy & Harty Construction, Progress Billing No. 1 in the amount of \$445,500.01 Larkspur Landing Site Grading, Ghilotti Construction, \$189,605.70
- c) Approve Contract Change Orders 1-4, 6, in the Amount of \$48,021.95, and Proposed Change Order for Changes Related to the Sewer Relocation at 118 Baltimore Avenue, Larkspur, in the Amount of \$29,600, for the FY 2007 Sewer Rehabilitation Project No. 1, Ranger Pipelines

Director Johnson requested that Items 5a and 5c be pulled from the Consent Calendar.

M/S Guasco/Brown to approve the Consent Calendar as amended. The motion carried unanimously.

Director Johnson asked why the total expenditures on Table 1 didn't agree with the total disbursements on Table 3. Mr. Causey explained that the difference is due to the fact that one table lists the total amount of all checks disbursed, and the other table lists the portion of disbursed checks that relates to work completed in the current fiscal year. A portion of the payments made in July was for work completed in June. Director Johnson clarified that there seemed to be an issue with the reports that is not attributable to the accrual process. For example, the differential listed in the October reports varies significantly from the differential listed in the prior month. This differential should have remained the same between reports. Mr. Causey said that staff would review the reports further and provide a memo explaining the difference.

Director Johnson asked for clarification on whether construction or securing the grant easement will occur first at 118 Baltimore Avenue. District Engineer Stassevitch replied that construction will be completed first. After the work is done, the easement will be prepared; the grant deed will be received at the end. Mr. Causey added that the agreement has three parts: (i) coming onto the property; (ii) doing the work; and (iii) receiving the grant deed for the pipe that will be put in the ground.

M/S Johnson/ Guasco to approve Item 5c of the Consent Calendar. The motion passed unanimously. There was no action taken on Item 5a of the Consent Calendar.

Item #6-CONSIDERATION AND DISCUSSION OF CONSOLIDATION / REGIONALIZATION ISSUES Director Johnson stated that paragraph two of the Vavrinek engagement letter would prohibit the District from sharing the report with San Rafael.

District Counsel Kenyon stated that the District can't agree to this paragraph because the report would become a public record, and paragraph four should be deleted because the work produced by a consultant becomes the property of the client (the District) and not the property of the consultant.

Acting District Manager Causey clarified that California law says the original work belongs to the consultant, and Vavrinek will give the District copies, not originals.

Ms. Kenyon stated that the definition of "work papers" must be clarified (and it will include electronic files) before the agreement is finalized. However, this clarification could be handled by staff; the Board doesn't need to hold this item over because of this one needed clarification.

After a brief discussion, M/S Johnson/Vanni to authorize the President and Secretary to execute an engagement letter for a financial model of consolidation with Vavrinek, Trine & Day, LLC, deleting paragraph two and pending an acceptable definition of the term, "work papers." The motion carried unanimously.

President Brown asked Director Johnson to begin the discussion on consolidation/regionalization using the draft list of pros and cons that was developed by staff. She added that the purpose of discussion is to begin the conversation.

Director Johnson commented that the list provided could initiate discussions on both sides of many issues, since listed advantages may also have related disadvantages. For example, the following listed advantages should not be considered without also discussing potential issues: (i) reduction in the number of elected officials; (ii) reduction in Board member compensation and travel expenses; (iii) a stronger Board candidate pool with a larger service area; and (iv) reduction by two thirds of Board agendas/minutes required for Board meetings.

Mr. Causey clarified that this list was intended to be preliminary, and represented unedited thoughts developed during two hours of brainstorming. The dollar amounts listed were guesses only, based on his experience. He agreed that the items noted by Director Johnson were among those that needed to be considered in more depth by the Board.

The Board discussed and agreed that it would be beneficial for each to have a binder in which all of the information regarding consolidation was stored. Staff would provide the initial binders, and each Board member would maintain his or her own binder.

President Brown then addressed minutes from the San Rafael Sanitation District Board meetings, which provided new information regarding the subject of consolidation.

Director Guasco added that the minutes demonstrate that doing the necessary homework on this issue is part of the job and that the process takes a long time. He presented highlights of the minutes: a lot of dialogue between the union, Jason Dow, Mayor Boro, Director Cohen and others regarding potential terms of the future employment contract. He commented that San Rafael is moving forward at a faster pace than RVSD; several people, although not everyone, have a projected timeline in mind; Mayor Boro seems enthusiastic about consolidation; the most discussion to date took place at the May 4 meeting. Director Guasco added that he hasn't formed an opinion on consolidation yet; he is still trying to figure out the benefits to the ratepayers.

Director Johnson commented that the minutes reflect that the San Rafael union employees are adamantly opposed to consolidation; this is information that was not communicated to the RVSD Board.

President Brown clarified that there hadn't been an official report on this topic.

Director Johnson referenced specific statements in the May 2007 minutes that supported her understanding.

President Brown added that the union discussions have been ongoing, and the items reported in the May minutes may have been resolved.

Director Johnson asked for clarification from staff.

Mr. Causey explained that there are many issues regarding employees. It is not known yet where the employees stand on consolidation because many of these issues are still under discussion. He added that some union dialogue is confidential, and stated that staff had developed a communication process involving the union, employees, and the public. This group has compared MOUs; however, this process was halted after the August 2007 CMSA Board meeting.

President Brown asked whether work to date on this MOU comparison could be made available to Board members.

Mr. Causey cautioned that distributing this draft work effort to Board members would render the draft document into a public document.

Jason Dow, General Manager of CMSA, added that the work group had developed this document with mutual trust that it would not be distributed until it had been finalized.

Bruce Baum, 1165 Butterfield Road, San Anselmo, commented that the union issues will eventually get resolved, and advised the Board to focus on the pro/con list. Specifically, he believed that several new columns should be added regarding entities that will be impacted by consolidation.

Director Vanni agreed that the Board should discuss San Rafael issues at a different time, possibly with San Rafael representatives present. He added that the Board should continue to analyze each item on the list and determine how to move forward with resolution of each issue. He concluded by asking whether the discussion of San Rafael's minutes is helping to move the District's decision-making process forward.

Director Burke said she found the San Rafael minutes helpful because she is a new Board member. She noted that San Rafael is actively discussing consolidation at each meeting, and it is appropriate for the RVSD Board to do the same.

Director Burke emphasized that at the May meeting, Mayor Boro made a point of suggesting that the District have an advocate. Reviewing the San Rafael discussions helps clarify the level of advocacy needed. President Brown invited Director Burke to bring to the next Board meeting a plan for how to further organize and discuss the provided list of advantages/disadvantages.

Item #7-REJECTION OF CLAIM FOR REPLACEMENT OF SIDEWALK, 60 LINCOLN PARK, SAN ANSELMO, BEACH/KOONTZ Acting District Manager Causey reviewed the staff report and pointed out that the truck that is claimed to have caused damage to a private sidewalk services this address only once or twice a year. In addition, the tire of the truck, as shown in a photo provided to the Board, remains on the street, not on the sidewalk. He concluded that the sidewalk has been damaged by vehicles passing through this cul de sac, and private cars that have parked on the sidewalk.

Director Guasco said that the homeowners have been trying to obtain payment from the District for repair of this sidewalk for some time. He also observed that the current photo

does not accurately show where the truck has parked in the past so there may be some validity to the claim. Director Johnson asked whether the damaged sidewalk presented a safety issue. Mr. Causey replied that the property owner is responsible for the sidewalk, not the District. Director Vanni observed that from the photo he could tell that the sidewalk and gutter were poured incorrectly and that they were about 25 years old. He suspected that the original installation did not meet code.

After further discussion, M/S Johnson/Vanni to reject the claim and authorize the Acting District Manager to issue, execute and deliver a Notice of Rejection to claimant and forward to the District's insurance adjuster, Carl Warren & Company. The motion carried unanimously.

Item #8-AUTHORIZE THE BOARD PRESIDENT AND SECRETARY TO EXECUTE PROFESSIONAL SERVICES AGREEMENT, GASB 45 RETIREE HEALTH BENEFITS ANALYSIS, BARTEL ASSOCIATES, LLC, \$14,500 Acting District Manager Causey briefly reviewed the staff report and noted that the other two of the three respondents didn't mention experience with PERS and dealt mostly with school districts. Bartel Associates references spoke highly of their work; Bartel will deliver the document in January 2008.

Director Johnson asked for a list of the bids and the bid amounts.

Mr. Causey explained that this is a professional services proposal, and not a competitive bid. Public Contract Code outlines a decision process based on qualifications, not cost.

Director Johnson noted that this topic was also discussed at the previous Board meeting, specifically with regard to receiving a list of proposed costs associated with professional proposals. Director Johnson also expressed concern that Bartel was involved with getting the legislation (the GASB 45) passed and they are now receiving work related to this legislation. Mr. Causey replied that the Board could decide to set up a subcommittee to review vendors; however, the Bartel references were excellent.

President Brown stated that the Board did not need a subcommittee for this matter.

After further discussion, M/S Guasco/Vanni to authorize the Board President and Secretary to execute a Professional Agreement, GASB 45 Retiree Health Benefits Analysis, Bartel Associates, LLC, for \$14,500. Vote: Ayes: Brown, Burke, Guasco, Vanni; Noes: Johnson. The motion carried.

Item #9-AUTHORIZE THE BOARD PRESIDENT AND SECRETARY TO EXECUTE PROFESSIONAL SERVICES AGREEMENT, WILLIAM/HOLMCOMB/MEADOWOOD CAPACITY IMPROVEMENT PROJECT NO. 677, CAROLLO ENGINEERS, P.C., ENGINEERING DESIGN SERVICES, \$213,472 District Engineer Stassevitch reviewed the staff report, noted that this item is budgeted for two years, and said that on a priority level, this was a capacity improvement project.

Director Johnson noted an inconsistency in the reported cost for this project.

Mr. Stassevitch confirmed that the staff memo accurately reported the project cost, which is different than planning level costs because it includes additional pipe length that was not considered in the planning studies.

Director Guasco stated that this project resolves a problem area and he's glad to see it being addressed.

After a brief discussion, M/S Guasco/Johnson to authorize the Board President and Secretary to execute a professional services agreement with Carollo Engineering, P.C., for engineering design services for the William/Holcomb/Meadowood Capacity Improvement Project No. 677. The motion carried unanimously.

Item #10-AUTHORIZE ATTENDANCE AND OUT-OF-STATE TRAVEL, IMPROVING PUBLIC WORKS CONSTRUCTION INSPECTION SKILLS, DISTRICT INSPECTORS

Acting District Manager Causey reviewed the staff report and said there were two relatively new inspectors who could benefit from this course where they'll learn skills and information they can put to use right away. There are no known courses similar to this one in California, hence the need for out-of-state travel. District staff are familiar with this particular course and recommend it highly. It was not clear from the discussion whether District staff had attended this course in the past.

After a brief discussion, M/S Johnson/Vanni to authorize attendance for the two (2) District Inspectors to attend the course "Improving Public Works Inspection Skills," and expenditures in an amount not to exceed \$2,500. The motion carried unanimously.

ITEM #11-AUTHORIZE BOARD PRESIDENT AND SECRETARY TO EXECUTE AGREEMENT FOR GENERAL MANAGEMENT SERVICES, RMC WATER AND ENVIRONMENT; TO RECEIVE PROPOSALS, AWARD AND EXECUTE PROFESSIONAL SERVICES AGREEMENT FOR RECRUITMENT SERVICES, DISTRICT MANGER CLASSIFICATION; AND TO DIRECT COMPENSATION ADJUSTMENT FOR DISTRICT ENGINEER

Acting District Manager Causey reviewed the staff report after handing out a revised copy of Exhibit A, the RMC scope of work. He pointed out that this is a limited term contract (limited support for time and materials) and is not for construction management or design engineering. The contract provides interim District Management and as-needed staff support services for the period during which the District will also actively seek a permanent District Manager. Services will be provided on an hourly basis as described in the revised scope of work. The contract does not include a termination date; however, the District reserves the right to terminate the contract when the agreed services are no longer required.

After a brief discussion, M/S Guasco/Johnson to authorize the Board President and Secretary to execute an agreement for General Management Services, RMC Water and Environment. The motion carried unanimously.

Mr. Causey reported that the next item relates to recruitment of a permanent District Manager. Staff will develop a request for proposals for District Manager recruitment, and a list of potential recruiters for consideration by the Board subcommittee comprised of President Brown and Secretary Burke.

After a brief discussion, M/S Johnson/Brown to receive proposals, award and execute Professional Services Agreement Recruitment Services, District Manager Classification. The motion carried unanimously.

Mr. Causey then recommended a 10% salary increase for Mr. Stassevitch because of Mr. Stassevitch's higher level of responsibility in the interim period until the new District Manager is on board. Mr. Causey listed the new duties for Mr. Stassevitch, which includes overseeing day-to-day office management including payroll, financial matters, staff issues, etc.

Director Johnson asked Mr. Stassevitch for his thoughts on these new responsibilities.

Mr. Stassevitch responded that he is dedicated to the District and believes that this is a positive change. It's a good opportunity and he's looking forward to it.

Director Vanni asked if Mr. Stassevitch is applying for the position of District Manager.

Mr. Stassevitch replied that he plans to apply and interview for the position. He welcomes the opportunity.

Director Johnson asked if there were any other ramifications for Mr. Stassevitch.

Mr. Causey replied that the only change would be in temporary salary increase. Also, he and Mr. Stassevitch have spoken in depth about the potential effects of consolidation on the District Manager's position.

District Counsel Kenyon reminded the Board that it is industry practice to provide a temporary pay increase for work out of class. She cautioned the Board that the topic of whether the District Manager position will remain if consolidation occurs should not be discussed in this meeting because it is not on the agenda.

Director Guasco stated that he believes this is a good opportunity for Mr. Stassevitch. Jason Dow, General Manager of CMSA, stated that Mr. Stassevitch has the support of CMSA.

After a brief discussion, M/S Johnson/Guasco to direct a 10% increase for the District Engineer for coordination of the day-to-day District operations. The motion carried unanimously.

Item #12-STAFF'S VERBAL REPORT The Acting District Manager gave a brief update of an exceptionally busy month overwhelmed with activity, including the following: a Union arbitration meeting; dealing with Cascade Creek residents and two workers' comp issues (The light duty assignment was computer training for crew leaders/staff and it has been a very positive experience. It's also productive for the employee.); an EPA collection system inspection which took 8 hours with staff (The EPA inspectors were exceptionally pleased with what they saw and didn't find anything to report. The next step will be a letter from the EPA in about 3-6 months.); emergency repair of trestle supports in Ross Creek which has to be done before the next Board meeting; getting close to a solution with Mr. Mell who resides at 80 Canyon Road, Fairfax; CCTV of 2900 feet of pipe; 15 services calls; a variety of other routine functions. Mr. Causey said that at the next meeting there will be final acceptance for Larkspur Landing B Pump Station and acceptance of the site grading at the Larkspur Landing site. Staff are far along with CMMS (the computerized system for taking/tracking service calls) and it will take about a year to get all the bugs out. He expressed how impressed he was with how staff has learned this new technology and run with it. In response to a question from Director Johnson, Mr. Causey said that some of the CCTV completed this year will count toward the Consent Decree requirement depending on the work performed.

Director Guasco stated that he was pleased to see that the light duty assignment was working out so well.

Mr. Causey stated that there will be a Special District Local Government Institute conference on February 7-8, 2008 at the Palm Springs Hilton. He suggested that all Board members consider attending and receiving the Special District Leadership Certificate.

Item #13-BOARD OPEN TIME Director Vanni asked about the status of the lateral grant program and asked that it be discussed further.

President Brown replied that work on the lateral grant program should be done in conjunction with other regional agencies' lateral grant programs, i.e., North Bay Watershed Association, so there's no duplication.

Acting District Manager Causey added that staff have talked to the consultants about coordinating programs involving sewer project designs.

President Brown briefly mentioned two handouts she received from the CASA meeting. One was titled, "How to Avoid Meltdown Between Staff and Board Members" and the other item related to work done on the issue of criminal liability regarding the Clean Water Act. She stated it was critical that the Board understands the criminal liability issue.

Director Vanni joined the other Board members to thank Mr. Causey for all the work he did for the District on such short notice and to express their appreciation for his help.

Item #14-CLOSED SESSION The Board adjourned to Closed Session at 9:57 p.m. pursuant to subdivision (b) of Section 54956.9, conference with Legal Counsel regarding anticipated litigation of two (2) potential cases.

The Board reconvened to Open Session at 10:57 p.m. No reportable action was taken.

Item #15-ADJOURNMENT The Board adjourned at 10:58 p.m.

Patty Burke
Secretary of the Board