

ALTO SANITARY DISTRICT
MINUTES OF THE MEETING OF MONDAY, MARCH 23, 2016

1. Call to Order and Roll Call: Chairman Stanley Bransgrove called the meeting to order at 7:31 p.m. Board Members present: Directors Pedro Femenia, Roger Gainer and Todd Gates. Also present, Manager Roger Paskett. Director Janis Bosenko was absent

2. Visitors to the Meeting and Open Time for Public Expression: Jim Iavarone from Mill Valley Refuse Service was present at the request of the Board to answer questions about the contract that is being considered at this evenings meeting.

3. Item 8a Mill Valley Refuse Service – Consider Approving New Agreement Effective April 1, 2016 – Immediately after bringing the meeting to order Chairman Bransgrove asked the Board if they would agree to moving Item 8a to the top of the agenda in consideration of our guest, Jim Iavarone. There was no objection and Mr. Iavarone was invited to sit at the table. Mr. Iavarone gave a short background of the work they have been doing with their attorneys and County Counsel over the last several months and that all parties feel the agreement is ready to sign. Director Gainer had six questions aimed at clarifying parts of the agreement.
 - a. Disposal of large items are excluded in yard cleanups? *JI – tires, mattresses, etc. have been excluded in past agreements so this is not different.*
 - b. Ten-year term of agreement? *JI – agreements are in ten year increments because it works out with depreciation of equipment but this is not set in stone.*
 - c. Where is proof of Insurance? *JI – bonding is required and MVRS does have insurance.*
 - d. Why are all residents required to have weekly trash pick-up? *JI – This is from the days when people were burning trash, illegally dumping, or just letting it build up. It gives the District the legal clout to enforce sanitary practices if needed.*
 - e. Vague terms on page 11, #13. Can MVRS sell the business and is Alto forced to work with the new owner? *JI – Any new owner would be bound by the old contract and if they didn't perform the District would have reasonable cause to cancel the contract.*
 - f. Food pails for apartments but not for houses? *JI – providing pails would be an expense that would not pay off because no one would use them. But if the District wanted to implement this program we would do it during a rate adjustment cycle.*

Director Bransgrove asked how steam cleaning of commercial containers worked. *JI – mostly restaurants use this but applies to apartments too and all owners need to do is call the office to get the service.*

Manager Paskett relayed a question for absent Director Bosenko regarding yard cleanups. There have been very few over the last three years and that could be due to lack of promotion. Can a reminder be put on the front of the bill? *JI – we can do that.*

Chairman Bransgrove then asked if there was a motion to approve the contract. M/S Femenia/Gainer to approve the contract as presented; approved 4-0.

8:05 PM – Jim Iavarone leaves the meeting. The Board returns to the top of the agenda...

4. Minutes of the Meeting of February 24: Chairman Bransgrove called for a motion to approve the minutes as submitted. Action taken: M/S Femenia/Gainer that the minutes of the meeting of February 24 be approved as submitted; approved 4-0

5. Manager's Report: The manager's report was very brief due to low activity since the last meeting. One item of note is that Roto-Rooter started its annual sewer maintenance program for Alto, which is scheduled to start in February and go through March. 6,060 feet have been cleaned since the

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work started in February.

6. Reports on outside meetings

- a. (District Manager's Meeting – Manager Paskett did not give a report because he did not attend the March meeting.).
- b. SASM Board Meeting – Director Gainer attended the March 17th SASM board meeting. He requested that we couple this report with Item 8c: Sewer Service Fee Rate Increase – Report of the Finance Sub-Committee because the SASM report contains similar information.
 - i. Clayton Smith, a member of the public, announced that Lynn Ingram will be speaking to the Marin Coalition on the history of climate change.
 - ii. The SASM staff report contained information about the community outreach program that SASM administers and a lot of lab reports.
 - iii. Bonds – first and foremost is that we have until April 10th to get our letter out and start the 218 process. SASM has an outstanding AA+ rating and the bond agent calculated our bonds conservatively at a 4.5% interest. Regarding rate increase; a rate schedule cannot be structured for more than five years, according to Prop. 218 rules. SASM has to have revenue of 150% of the bond payment for the year. That means if the debt service is \$1,000 then the revenue has to be \$1,500.

...transition to Item 8c...

7. Item 8c: Sewer Service Fee Rate Increase – Report of the Finance Sub-Committee – Director Gainer presented the Item explaining the idea of borrowing all of the money needed for the 10-year Capital Improvement Plan. Because the District's CIP plan is estimated to cost \$3.8 million over ten years that averages out to about \$380,000 per year. But according to our current schedule of spending, only \$1.1 million will have been spent over the next five years, leaving \$3.7 million worth of projects in the final five years. Under that scenario the annual CIP cost would be \$527,890 per year in order to meet our 10-year goal. This would cause our sewer rates to be close to \$2,000 within 10 years. To avoid these high sewer rates, Director Gainer suggested that we borrow the CIP money, preferably through piggybacking onto SASM's bond. We may only want to borrow \$3 million and pay for the remaining \$800,000 in projects with the excess money we have to raise to satisfy the bond company's 150% income requirement. These details will be worked out between now and July, when the bond is issued. In the meantime, Director Femenia suggested that we go ahead with the rate increase and start the Proposition 218 process. Based on the discussion it was determined that the following rate increase schedule will serve the District's needs no matter how much we borrow: FY2016-17 the rate goes up to \$1,100 per EDU, FY2017-18 to \$1,250, and \$1,500 in FY2018-19, if needed. According to Director Gainer the law allows us some flexibility by not forcing us to raise the fees the full amount or by choosing not to go through with the third increase in FY2018. We could postpone it or not enforce it at all.

M/S Femenia/Gates that we 1) apply for a bond of between \$3 and 4 million to pay for our CIP, 2) Set the sewer fees to be \$1,100, \$1,250, and \$1,500 in the years FY2016-17, 17-18, and 18-19 respectively and 3) to direct the manager to implement a Proposition 218 process by mailing a public notice announcing the fee increase by or before April 10th, 2016; Approved 4-0

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8. Financial Report and List of Disbursements Paskett reported that income this month was \$3,691.79. With February warrants amounting to \$86,644.05 a balance of \$165,313.64 was left in the O&M account. After expenses this month the account will hold a balance of \$148,525.15. The personnel payment account had a balance of \$157.06 after payroll last month. The reserve account had no activity and has a balance of \$200,000. The following list of expenses (check nos. 1010 to 1015) was submitted for approval.

LIST OF EXPENSES FOR

2/24/16

CHECK

<u>NUM</u>	<u>PAY TO</u>	<u>FOR</u>	<u>AMOUNT</u>
		Personnel Pymt Account - \$2,200	
1010	Alto Sanitary District	extra	5,800.00
1011	Nute Engineering	Engineering work for January	3,409.00
1012	Roto-Rooter	Location, Annual Maintenance Begin	7,370.50
1013	AT&T	Telephone Service	68.81
1014	Consumer Cellular	Cell Phone (2 months worth)	40.18
1015	Roger Paskett	Office Expense Fund	100.00

Action Taken: M/S Gainer/Femenia to approve the financial report and pay the above listed expenses; Approved 4-0.

9. New Business

- a. Item 7a: Grand Jury Report: 2015-16 Web Transparency Report Card: Bringing Marin County's Local Governments to Light – Manager Paskett asked that this item be tabled until the April meeting for two reasons: 1) The Grand Jury is only asking us to respond to their findings by June 10th, 2016, not fix our website; and 2) We have enough on our plate right now with considering the sewer rate increase. M/S Gainer/Femenia that this item be tabled until the April meeting when responses can be considered for the Grand Jury; approved 4-0

10. Unfinished Business

- a. 2015-16 CIP Project - Consider Request to Go Out to Bid – Manager Paskett informed the Board that the plans, specifications and engineering estimates had been completed for the sewer replacement project at 62 Shell Road and that we are ready to go out to bid. Paskett requested approval to move forward with the bidding process. M/S Gainer/Femenia that the Board direct the manager to go out to bid with this project; approved 4-0.

11. Director's Open Time

- a. Chairman Bransgrove thanked the Prop. 218 sub-committee for their contribution and a job well done. Director Gainer reminded the Board that if the bond application does not go through we may have to have a backup funding source like a bank.
- b. Director Gainer told a story about how helpful Rob Grantham, the finance person and vice-president at Carollo Engineers, was to him. Grantham had worked closely with

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SASM to work out the financing of the capital improvement projects that SASM is embarking on.

- c. Directors Femenia, Gates and Gainer all said they cannot make the April 27th meeting. All present realized that there will not be a quorum at that meeting so the meeting date was changed to April 20th. Because of this change the first reading of the ordinance may not be possible at the April meeting because that won't be a "regular" meeting. Paskett was directed to confirm this and get back to the Board.

12. Adjournment: M/S Femenia/Gainer; approved 4-0. 9:18 pm

Minutes respectfully submitted by Roger Paskett

**THE NEXT REGULAR MEETING WILL BE HELD IN THE
CONFERENCE ROOM OF THE SEWERAGE AGENCY OF
SOUTHERN MARIN, 450 SYCAMORE AVENUE, MILL VALLEY
AT 7:30 P.M., WEDNESDAY, APRIL 20, 2016**