

ALTO SANITARY DISTRICT
MINUTES OF THE MEETING OF MONDAY, JUNE 22, 2016

1. Call to Order and Roll Call: Chairman Stanley Bransgrove called the meeting to order at 7:33 p.m. Board Members present: Directors Janis Bosenko, Pedro Femenia, Roger Gainer and Todd Gates. Also present, Manager Roger Paskett.

2. Visitors to the Meeting and Open Time for Public Expression: There were at least 11 visitors from the public, though maybe a few more. Given that this meeting was a public hearing for the sewer service fee rate increase the public was asked to sign in. Eleven signatures were recorded. Attendees from the public included the following:

Dana Williams	Mario Barrios	David Lee	Fred Shillony
Dennis Williams	Gerald Moyer	Dana Magenau	Sandra Park
Tom Frazier	Richard Park	Sharon Leveque	

Seeing that there was attendance from the public and assuming they were at the meeting in response to the proposed rate increase, Chairman Bransgrove gave an introduction which included rules of conduct for those wanting to speak. There were no comments from the public at this time.

3. Minutes of the Meeting of May 25: Chairman Bransgrove called for a motion to approve the minutes as submitted. Director Gainer made a correction to the spelling of a guest's name, Mark Ganderton.

Action taken: M/S Femenia/Gainer that the minutes of the meeting of May 25 be approved as corrected; approved 5-0

4. Manager's Report: Manager Paskett reported on the following:

- a. USA locations - five.
- b. Lateral Sewer Repairs – None to report.
- c. Sewer overflows – None to report.
- d. Fixture Count Inspections – None to report.
- e. Sewer Lateral Ordinance Inspections – None to report.
- f. 2015-16 CIP Project – The contract will be signed with D and D Pipelines tomorrow but we do not know the start date at this time. They will probably try to do this project at the same time they will be replacing the force main from the Camino Alto pump station for SASM.
- g. Shell/Lomita Adverse Grade Study – Nute completed the study and our share of the total was \$1,346.71, which was under budget. We were prepared to spend as much as \$2,500.
- h. EDU Count Discrepancy – Manager Paskett had been asked at the May meeting to find out why Nute Engineering came up with a different EDU count last year than the count we got this year when it was done in-house. Paskett reported that the actual discrepancy is eight sanitary units. This is because Nute Engineering counted second units that were identified on the county tax rolls but Alto had not recognized yet. The District must make sure the second unit has a full sanitary installation before it can be charged a second sanitary unit. Paskett said that it would be difficult to inspect these eight properties without a trigger of some kind that would give the District rights to enter. Director Gainer asked that the board explore this topic on a future agenda to see if the District can determine if and how these units can be charged a sanitary service fee.

5. Reports on outside meetings

- a. SASM Board Meeting – Director Gainer reported there were two topics at the May SASM board meeting:
 - i. SASM to compensate commissioners for extra meetings – The SASM board approved a

ALTO SANITARY DISTRICT
MINUTES OF THE MEETING OF MONDAY, JUNE 22, 2016

by-laws change that would permit SASM to pay commissioners for extra meetings held in any given month. SASM manager, Mark Grushayev, was asked to make the necessary changes to implement it.

- ii. Shell/Lomita Adverse Grade Study – Nute Engineering was charged with studying solutions to the adverse grade at this intersection. The most cost-effective solution was to replace the sewer main between manhole 110.03 on Shell Road and SASM’s manhole L-18 on Lomita Drive. The total cost would be about \$360,000 and Alto’s share would be about \$178,000. Paskett made the clarification that the majority of the pipe is in the Alto Sanitary District. He also said moving the manhole to the City Limit would be part of this project. Gainer said this repair would have to be coordinated with Mill Valley.

- b. District Manager’s Meeting – Manager Paskett was not at the DM meeting so there is no report.

- 6. Financial Report and List of Disbursements – Paskett reported that income in May was \$4,391.78 and there were no debits. With May warrants amounting to \$94,014.98 a balance of \$171,938.16 was left in the O&M account. After expenses this month the account will hold a balance of \$162,079.99. The personnel payment account had a balance of \$459.14 after payroll last month. The reserve account has not changed from last month’s balance of \$200,058.78. The following list of expenses (check nos. 0016 to 0011) was submitted for approval.

LIST OF EXPENSES FOR 5/25/16

CHECK

<u>NUM</u>	<u>PAY TO</u>	<u>FOR</u>	<u>AMOUNT</u>
0016	Alto Sanitary District	Personnel Pymt Account	3,000.00
0017	Nute Engineering	Engineering work for March, April	6,131.97
0018	Roto-Rooter	Location,	535.27
0019	AT&T	Telephone Service	68.80
0020	Consumer Cellular	Cell Phone	22.13
0021	Roger Paskett	Office Fund - Reimbursement	<u>100.00</u>
			9,858.17

Action Taken: M/S Gainer/Femenia to approve the financial report and pay the above listed expenses;
 Approved 5-0.

7. Unfinished Business

- a. Sign RESOLUTION 16-01, Establishing Target Reserve Fund Levels, adopted at the May 25, 2016 meeting – Since no discussion or decision is required this item was tabled until the end of the meeting.
- b. Consider RESOLUTION NO 16-02, Adopting the Budget for Fiscal Year 2016-17 – Manager Paskett gave a brief recap of the budget presented here saying that it is essentially the same as the draft budget presented at the May 25th meeting with the 20-year pay-as-you-go Capital Improvement Plan. He also pointed out that \$182,765 will be applied to reserves. This is \$132,765 more than the \$50,000 originally shown. The extra money will come from the excess revenue that will be generated if the sewer service fees are increased as proposed (Item 8d).

Director Gainer asked if the \$200,000 budgeted for capital improvements included the fix to the Shell/Lomita adverse grade. Paskett responded that the budget amount does not include that

ALTO SANITARY DISTRICT
MINUTES OF THE MEETING OF MONDAY, JUNE 22, 2016

project or any specific project. It is merely a budgetary amount. In years that don't use all of the funds the extra money will be allocated to the next year's capital fund to enable larger projects. Director Gainer asked if we have a prioritization of projects. Paskett answered we have the CIP plan that was developed by Nute Engineering a few years ago.

Chairman Bransgrove opens the floor for public comment:

- An unidentified woman asked if the board could explain the relationship between all of the agencies we have been talking about. Chairman Bransgrove answered this by describing the joint powers agency, the Sewerage Agency of Southern Marin and how the member agencies, which include Alto SD, are related. SASM's wastewater plant treats the sewage from all of the members.
- Tom Frazier – 1) "Shell Road currently has a road moratorium placed on it by Marin County DPW. If we fix the adverse grade problem won't it cost a lot to repave the entire street?" Paskett answered that this is something that would be considered and we would have to coordinate sewer work with the County. 2) "Why you feel your reserve should be 11-fold what it is this year. Director Gainer answered that most agencies keep a year's worth of operating expenses in reserve?" Director Gainer answered that since our operating expenses will be doubling over the next few years we need to increase the reserves proportionately.
- Sandra Park – asked for clarification on Equivalent Dwelling Units and how properties are charged for sewer service. Paskett explained that Marin County and many sewer districts define a dwelling unit as a living space with sewer hookup and contains a kitchen. Ms. Park asked if an illegal in-law unit would be counted as a second unit. Chairman Bransgrove said that the Board will be exploring this topic at the next Board meeting and invited Ms. Park to join us for the discussion.
- Fred Shillony – 1) "Does the District have insurance to cover sewer spills?" 2) "Will the residents see the benefit of this rate increase?" Chairman Bransgrove explained that the monies will be split between funding SASM's Capital Improvements and Alto's CIP. When asked by Bransgrove, Paskett answered the first question by explaining that Alto Sanitary District has insurance through the California Sanitary Risk Management Authority (CSRMA).
- Mario Barrios – "Does the budget that is being voted on now include the passage of the Ordinance to raise rates?" Chairman Bransgrove said that the adoption of the Ordinance is a separate item to be addressed later in the meeting.
- An unidentified man asked, "Are EDU's calculated the same for businesses, churches, schools?" Paskett explained that businesses are charged based on the residential EDU with a multiplier. For example, restaurants produce a heavier load on the sewer system than the average home does so applying the multiplier increases the rate for the restaurant.
- An unidentified man asked if the District's budget includes replacing private sewer laterals. Director Femenia responded by saying that SASM has an incentive program which includes grants, loans, and reimbursement for videotaping laterals.

Chairman Bransgrove closes the floor to public comment and calls for the motion.

Action Taken: M/S Gainer/Bosenko to adopt the Budget for fiscal year 2016-17; Adopted 5-0.

- c. **Consider RESOLUTION NO. 16-03, OVERRULING PROTESTS TO AND CONFIRMING ADOPTION OF ORDINANCE 2016 – 01** – Paskett explained the need for this resolution as an official tally and hearing of all protests and if there were not enough protests

ALTO SANITARY DISTRICT
MINUTES OF THE MEETING OF MONDAY, JUNE 22, 2016

to stop the rate increase ordinance from being adopted then this resolution would be adopted. Paskett further described the steps required to submit a protest that were included in the Public Notice that was sent to rate payers on May 3rd.

An unidentified member of the audience asked how we know if everyone received the Public Notice. Paskett explained that the property owners and their addresses were supplied by the Marin County Tax Collector's office. Any notices that were returned with a forwarding address were forwarded to the correct address.

Member of the public, Mario Barrios, said he thought the board had not done a good job of educating the residents of the gravity of raising the rates 300 percent over the next three years. He went on to say that the few residents that he asked didn't even know a notice was sent by the District. Director Bosenko responded that this speaks to residents' apathy rather than that the District's lack of attempting to communicate. Mr. Barrios further requested that the Board postpone the adoption of the ordinance a couple of months. That way, he reasoned, we could let everyone know what is going on. Director Gainer responded by explaining that the wastewater treatment plant is past its useful life and now is the time to repair it. The cost of capital improvements to SASM is out of our hands and the District has to pay it whether the District has the money to pay for it or not. He further explained that the District's own capital projects are behind schedule and must be scheduled. For these reasons we need to raise the rates as proposed. Paskett chimed in by explaining the reasoning behind the \$200,000 line item in the budget for Alto's CIP program saying that, by spreading the estimated cost of \$4 million for rehabilitating the entire collection system over 20 years, \$200,000 will need to be spent each year. This is the amount in the CIP budget.

Discussion continued between the Board and the public attendees in an effort to clarify where the money would be spent and if the rates would be reduced after the capital projects are completed

Don Wilhelm, owner of a four-unit apartment building in the District, made the case that it is not fair to charge the same sewer rate for a 3,500 square foot house as for a 525 square-foot apartment.

Gail Wilhelm wanted to know if there are deductions for property owners who have had their sewer lateral replaced recently, reasoning that these properties are contributing less Infiltration and Inflow (I&I) to the sewer collection system. The Board responded that reducing I&I is a system-wide goal but is not a factor in determining the EDU calculation. She then asked that the Board to a better job of spreading out the costs to property owners.

Mario Barrios reiterated that a better job of education needs to be done and that there may be some inequities in the way properties are charged so the Board needs to postpone the decision to raise rates. An unidentified woman (Sandra Park?) declared support for Mr. Barrios' proposal.

Chairman Bransgrove closes the floor to public comment and asked Secretary/Treasurer, Femenia, for the tally. Director Femenia responded that there were 50 protests submitted from 306 properties in the District. Chairman Bransgrove declared that 154 protests were required to defeat adoption of the Ordinance 2016-01 and therefore the protest failed. He then asked the Board to entertain a motion to pass Resolution No. 16-03.

Action Taken: M/S Bosenko/Gainer to adopt Resolution No. 16-03; Adopted 5-0.

- d. **Item 8c: ORDINANCE NO. 2016-01: AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE ALTO SANITARY DISTRICT ESTABLISHING THE RATE OF THE ANNUAL SEWER SERVICE CHARGE LEVIED ON IMPROVED PROPERTIES**

ALTO SANITARY DISTRICT
MINUTES OF THE MEETING OF MONDAY, JUNE 22, 2016

IN THE DISTRICT: Public Hearing – Chairman Bransgrove highlighted the rates and effective dates of those rates as proposed in the Ordinance under consideration and then he opened up the meeting for public comment.

- David Lee – wanted to know if the Board could charge based on amount of water used rather than by EDU. Chairman Bransgrove responded that we are not able to respond to that tonight because that topic is not on the current agenda. Director Gainer said this could be a future agenda item and invited the public to attend. A discussion about when the Alto Board meetings were held resulted in requesting that the Board find some means to announce the Board meetings and distribute the agenda on social media (like Nextdoor Horse Hill). Director Femenia said that we would look into that. Manager Paskett encouraged everyone to go to the District website for information.
- Don Wilhelm asked if we could extend the CIP schedule to 20 years. Director Gainer said that would be difficult because we are way behind schedule as it is.
- Mario Barrios reiterated for the third time that there wasn't enough public education. He then asked what the consequences would be if we postponed the decision another month. Director Femenia said that postponing the decision is not going to change the amount of money the District needs to raise.
- An unidentified man asked if we had a contingency plan in case the number of protests prevented adoption of the rate increase. Director Bransgrove said that there was no contingency plan. The district must raise the money to pay its obligations.
- Gail Wilhelm asked for the contact information of the Environmental Protection Agency representative that we report to. Manager Paskett was directed to give Gail Wilhelm the name and phone number of the person we report to.
- Another unidentified gentleman asked if the collection system and the wastewater plant will be new in three years. Paskett explained that the SASM costs are increasing rapidly because a \$30 million CIP will be undertaken over the next five years. After that, another \$30 million in upgrades will be required over the next 25 years.
- An unidentified woman wanted to know if the proposed improvements to the collection system and the wastewater plant will increase the capacity of the system. Chairman Bransgrove explained that the purpose is not to increase capacity, but to repair infrastructure.
- Mario Barrios asks if the decision is reversible. Bransgrove that it will remain in effect until the Board changes the rate, as stated in the ordinance.

Chairman Bransgrove closes the floor to public comment and asked for discussion from the board. Director Bosenko reminds those present that not only does the Board have a fiscal responsibility but also an environmental obligation to protect Richardson Bay from pollution. Chairman Bransgrove then calls for a motion to adopt Ordinance No. 2016-01.

Action Taken: M/S Gainer /Femenia to adopt Ordinance No. 2016-01; Adopted 5-0.

The public audience leaves at this point. Manager passes around warrants, the three resolutions, and the ordinance just adopted for signing.

8. Director's Open Time

- a. There was a brief discussion of how the meeting went.
- b. Director Bosenko asked if anyone has heard any news about Joyce Miles. Femenia said that he would find out but would someone remind him in a couple of weeks in case he forgets.

ALTO SANITARY DISTRICT
MINUTES OF THE MEETING OF MONDAY, JUNE 22, 2016

9. Adjournment: M/S Femenia/Bosenko; approved 5-0. 9:27 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, JULY 27, 2016**