

ALTO SANITARY DISTRICT
MINUTES OF THE REGULAR MEETING OF WEDNESDAY, MAY 23, 2018

1. Call to Order and Roll Call:

President Janis Bosenko called the meeting to order at 7:32 p.m.
 Other board Members present: Secretary/Treasurer Tania Kennedy (arrived at 7:38pm), Directors Roger Gainer, Todd Gates, and Marc Nash.
 Board Members absent: None
 Staff present: Manager Bill Hansell.

2. Adoption of the Agenda:

Motion: To adopt the agenda as presented.
Moved: Gainer, seconded by Janis Bosenko.
Vote: Ayes: Bosenko, Gainer, Gates, Kennedy, Nash
Nays: None

3. Visitors to the Meeting and Open Time for Public Expression:

There were no visitors to the meeting.

4. Consent Calendar:

- a. Minutes of the Meetings of 04/25/18.
- b. Financial Report for April 2018 and May 2018 List of Payments to be approved.

The Financial Report noted that the Operations Fund has a balance of \$663,133.00 after adjusting for all revenues and warrants cleared by the meeting date. After payment of the proposed warrants and application of deposits, it will have a balance of \$543,439.31 (not incl. any unreported tax revenue.) The Reserve Fund has a balance of \$218,756.18. The most recent Personnel Payment account balance is \$3,490.28. The following warrants were included for approval:

| <u>Check</u> # | <u>Payee</u> | <u>For</u> | <u>Amount</u> |
|-------------------|------------------------|------------------------------|---------------|
| 00238 | Alto Sanitary District | Personnel Payment Account | 4,000.00 |
| 00239 | Bill Hansell | Copies | 7.50 |
| 00240 | AT&T | Office Telephone | 128.16 |
| 00241 | Consumer Cellular | Cell Phone | 16.89 |
| 00242 | SASM | FY17/18 Assessmnt - 2nd Inst | 132,699.00 |
| | | Total Warrants: | 136,851.55 |

Motion: To approve the Consent Calendar, as submitted.
Moved: Gainer, seconded by Gates
Vote: Ayes: Bosenko, Gainer, Gates, Kennedy, Nash
Nays: None

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5. Closed Session pursuant to Government Code Section 54957(b):

District Manager performance evaluation. Item was moved pending arrival of Director Kennedy.

6. Report from Closed Session:

Item moved with #5, above.

7. New Business:

7a. 2017-2018 Marin County Civil Grand Jury report “Consolidation of Sanitation Districts”:

Hansell distributed copies of the residents survey from 2010 regarding consolidation along with the results, and the published arguments from the 2012 ballot measure for consolidation. Hansell has not had a chance to review these in depth. He noted that in the managers meeting this issue was discussed and it seems that individual responses will be drafted rather than a single joint statement. The District’s response to the Grand Jury is due in July. Gates referred to the discussion at SASM and that a response would be voted on at the June meeting. Bosenko asked if a joint response would carry more weight. Hansell assumed that would be the case. Bosenko feels that the agencies should work together on this to show the level of cooperation. Hansell agreed that SASM is in the best position to argue the efficiency and collaboration of the current structure. He mentioned, though, that he still does not have a simple comparison chart showing the various rates for each agency. Gainer and Kennedy noted that has been produced before and should be in the records. Hansell referred to other merger challenges discussed by the managers such as RBSD’s assets and employee contracts. Gainer noted that the different EDU rates, different reserve levels, number of employees, etc., are problematic for merger. He feels that proper representation on a merged board would be difficult to parse out. This is the third time that Gainer has experienced calls for consolidation and he has never seen demonstrations of cost savings by LAFCO. Gainer would be for consolidation if there were actual savings but when he was on the board of the Almonte District they looked at it extensively and could not find the benefit. He noted the increased complexity of regulatory issues and how a joint board would have to include paid professionals, as well as the more extensive staff and benefits associated with a large organization. Gainer referred to prior attempts to incorporate Alto in the City of Mill Valley but that would have resulted in large tax increases to the residents. Gates noted the confusing mix of boundary lines and services so the appeal of consolidation to clean that up is not surprising. Gainer is concerned, though, about bureaucratic creep and the costs associated with that such as pensions and other open ended liabilities. Gates presumes that a consolidation would fall under SASM but Gainer said that the management of the plant should not also be managing a merged agency. Hansell pointed out that SASM contracts out the plant management to the City of Mill Valley so SASM doesn’t even have its own employees. Gates noted that the Grand Jury calls for an immediate consolidation but clearly this would have to be a multi-year task if it were undertaken. He feels that there are redundant discussions that go on so there are some obvious advantages to merger. Gainer countered that, in terms of representative democracy, more people being involved can be a better thing. Gates agrees that some agencies can get too big but still feels that with the smallest ones there are advantages to merger. Gainer noted that the issues are different since the composition of the residents and commercial properties is different between the agencies. A consolidated group

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would have in-house engineering and maintenance crews instead of private contractors. Gates suggested that might not be the case. Hansell shared his experience with arguing for the merger of fire services in Marin. The response he received from the departments was that they already act as one entity operationally given shared response agreements and dispatch but the complexity of the employee unions and revenue differences make it too hard to consolidate. Hansell was frustrated with an inability to get to the data to see if it would work. Gainer agreed and that he just wants to see the data. Hansell summarized that clearly the board would like to see real numbers as the basis for consolidation and that the operational post-merger assumptions are important to clarify. Gainer added that it appears Alto is the only board even open to considering merger since the other boards are strongly opposed. Gainer would emphasize the collaboration of the agencies in lieu of the need to merge. Nash noted that economies of scale seems to be the Grand Jury's main concern but he does not see any basis for excessive spending or lack of efficiency since the report does not show analogous examples. Hansell said he would note Alto's efficiencies in the draft response, e.g. no office costs, health benefits, etc. Kennedy suggested adding professional board and administration costs. Gates asked about the response timetable. Hansell said he would use the prior materials, check with LAFCO on their historical reports, and combine that with whatever comes back from the other agencies. Gainer said that it doesn't have to be a long response and the argument against Measure C pretty much sums up his position.

7b. Capital Improvement Project FY2017-18 – Planning Update:

Hansell referred the board to Nute's progress statement. Gainer indicated his positive experience with the crew and how friendly they were in the field. Hansell affirmed his positive experience as well. He noted that he approved an add-alt for a few new manholes since the pricing was advantageous. Nute had followed up asking if there were any other items we would like the contractor to address and Hansell noted it would be helpful to think creatively about how the District can expedite some work since the typical CIP process (engineering, public notices, bidding, construction, etc) can be drawn out. If a mini-project were possible, for instance, the board should consider that later in the Summer or early Fall.

5. Closed Session pursuant to Government Code Section 54957(b):

The board went into closed session at 8:23pm to consider the District Manager performance evaluation.

6. Report from Closed Session:

The board resumed open session at 8:28pm. No actions were taken in closed session.

7c. District Manager Compensation for FY2018-19:

Bosenko stated that, per Gainer's research, the CPI would result in a \$900 increase to Hansell's salary but the board agreed that Hansell has done an exceptional job and are very pleased with his administrative abilities and professionalism and, therefore, would like to award an annual increase of \$2,000. Hansell thanked the board.

Motion: To increase the District Manager's salary for FY2018-19 by \$2,000.

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Moved: Gainer, seconded by Gates.
Vote: Ayes: Bosenko, Gainer, Gates, Kennedy, Nash
Nays: None

7d. Draft FY2018-19 Budget Review:

Hansell included some increased expense amounts previously requested by the board in the current draft. He pointed out that the tax revenues for the second half of the current year are lower than he expected and left a message for the County finance department asking why. He noted that the treatment plant expense increase is based on projections from SASM. Gainer asked why the bookkeeping expense is projected to go down. Hansell said that the bookkeeper had late invoices from the prior year that were paid in the current year so the prior annual total was misleading. Bosenko asked about the MarinMap fees and Hansell replied that he has not yet been able to convince Mill Valley to use (and contribute to) the SASM membership in lieu of paying their own separate fee. Gainer raised the issue of moving \$100K into the reserve account. He believes the time is right to re-position the funds. Hansell reviewed balance projections shown on the current spreadsheet to confirm that moving funds should not affect the operations cash, although he prefers to move the funding in increments. Gainer suggested \$50K now and the other half as soon as possible after that. Gates asked about the special projects budget. He pointed out that Hansell hasn't used all the funding this year and asked if it was necessary. Hansell said he was able to utilize that funding last November and December but didn't have the available extra hours to do so since then. The work still needs to be done and he feels he'll be able to use the funding at a future date. For instance, County Counsel is waiting for a list of non-compliant properties so that Hansell can work with them on resolving the cases. It was agreed to leave the funding in place should it be needed.

8. Manager's Report:

Hansell reported that Roto-Rooter had not sent their invoices so their work is not reported here. Next month's report will include that info. Nute is currently experiencing a lot of turnover as Gary, Fernanda, and the bookkeeper have all left. Hansell will be working with Pippin on the transitions. The annexation of 70 Knoll Rd has been active as Hansell sent a draft agreement to the owner along with comments on their proposed engineering for a main extension and a long private lateral. Before any agreements are made, LAFCO will have to approve the annexation and the County will have to approve a planning permit. Hansell said that there may be an option to annexation which would be a contract to provide service outside of the District's border but he'll have to check on that with LAFCO. With regards to other private work, nine new permits were issued along with three NTR's ("Notice To Repair".) Collection fees for 16 Lomita Dr were received which were overdue. Three laterals were completed and approved. Hansell detailed issues with un-permitted work at 54 Shell Rd and how that was resolved. The District election schedule was reviewed. Hansell requested that the Directors email him the names of any interested parties so he can reach out to them. The draft of the District's public info notice was reviewed and suggestions were made to improve the design.

9. Reports on Outside Meetings:

a. SASM Board Meeting of 05/17/18 – Gates noted that, other than the Grand Jury Report

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previously discussed, the board reviewed the draft budget. Attendance was fairly high for the meeting due to the topic of MCE's Deep Green option which was subsequently approved. The cost increase will be approximately 5%. Gainer expressed his concern that it will cost more and is not justified.

b. District Managers' Meeting of 05/08/18 – No other items were discussed.

10. Future Agenda Items:

a. Closed Session to discuss the District Manager's position

11. Directors' Open Time:

Nothing to report.

12. Adjournment:

Motion: To adjourn the meeting at approximately 8:51pm.

Moved: Kennedy, seconded by Gainer

Vote: Ayes: Bosenko, Gainer, Gates, Kennedy, Nash

Nays: None

Minutes respectfully submitted by Bill Hansell.

**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, JUNE 27, 2018**