

**TOMALES VILLAGE COMMUNITY SERVICES DISTRICT
BOARD MEETING**

Minutes of Special Meeting held March 11, 2009

Board Members Present: Nicole Vigeant, Margaret Graham, Kat Marando and Walter Earle

Board Members Absent: Bill Tucker
Staff Not in Attendance

Also Present: Paul Duffey
Terry Duffey
Peter MacLaird
Scott Lawson
Robert Lawson
Richard Oppen

Donna Clavaud
Bert Crews
Venta Leon
Bill Bonini
Dru O'Neill

Member Margaret Graham called the meeting to order at 5:15 p.m.

Open Communication:

An Ad Hoc Ratepayer's Committee authorized by the TVCSD Board of Directors in July 2008 to research and present to the Board a job comparison analysis from other districts for suggestions and recommendations, submitted a report outlining a set of recommendations they want implemented. That report is attached and becomes a part of these minutes.

Minutes of Regular Meeting held March 11, 2009

Board Members Present: Nicole Vigeant, Margaret Graham, Kat Marando and Walter Earle

Board Members Absent: Bill Tucker

Also Present: Karl Drexel, Administrator

Paul Duffey
Terry Duffey
Peter MacLaird
Alyce Perucchi
Dru O'Neill

Donna Clavaud
Bert Crews
Venta Leon
Bill Bonini

Member Margaret Graham called the meeting to order at 6:10 p.m.

Open Communication:

Nicole Vigeant suggested that because the Sass properties are on the market again the District host a town meeting to get input from the community about how they feel about whether or not those properties should be in the District. She added that the meeting maybe could be co-hosted with Design Review Board and maybe be moderated by Steve Kinsey in order to get a larger cross section of the community and more input and whether they felt the properties should be connected to the sewer. She felt that it might take a couple of months to put it together, so she thought May or June would be a good time. Donna Clavaud commented that she felt the District Board and Design Review Board get together and agree amongst each other about planning issues and then contact Kinsey or someone else to moderate a town meeting. Nicole said she would work on a meeting and see what times are available for Design Review and Supervisor Kinsey.

Approval of Minutes:

The Chair entertained corrections and additions to the February 11, 2009 board meeting minutes. Being none,

Nicole Vigeant moved to approve the minutes of the February 11, 2009 Board Meeting. Seconded by Kat Marando. M/S/U.

Financial Report:

A. & B. The Administrator noted that since the Board Packets were delivered, the District received the \$100,000 interim loan from the National Rural Water Association and it was deposited into the Union Bank Flex account. He noted that with that deposit the District was over the FDIC insured limit, so he transferred it into the Redwood Credit Union account. He also reported that the audit was completed and the Draft copy is in the board packet for review and approval. Bert Crews asked the Chair if the final audit can be publicly posted at the Post Office. Margaret suggested that it could be passed around or interested parties can request copies. Bill Bonini suggested that it be checked out by whoever wants one rather than leave a copy in the PO that would have to be constantly replaced. Venta offered to make a .PDF of the audit and send it out to anyone that requested it. The Administrator said he would try and get a .PDF file from the auditor and make that available.

Nicole Vigeant made a motion to accept bank statements and financial statements and approve expenditures including Phillips and Associates O&M, PGE facility costs, Karl Drexel, Marin County Counsel, Ric Hahn, AT&T, Capital One, and miscellaneous office supplies and copies. Seconded by Walter Earle. M/S/U.

Phillips & Associates Report:

The Administrator reported that there were no major issues to report. The three pond system was in operation and working as designed. Water in pond three is exceptionally clean. He noted that the new aerators are in place and he is meeting with the electrician and SCADA integrators to calibrate the level sensors and integrate the new alarms into the system. He reported that ponds survived 26 days of rain and worked perfectly and there is still 2 ½ ft of freeboard. Margaret asked if the new computer was in service and the Administrator noted the computer is in and operating, but the Rockwell software has to be updated and all of the programs and alarms have to be transferred from the old computer to the new one. He noted that the SCADA integrator has to do that, and will after the new alarms are installed.

Terry asked how the infiltration was during the 26 days of rain. The Administrator noted that the infiltration was actually reduced considerably from historic levels. He noted that during the entire rainy period there were flows of 60,000 gallons only once. The period before and after the peak flow recorded flows of 30-40,000 gallons. He said typically the flows would be in the 150,000 – 200,000 gallons at peak periods with that amount of rain. He noted that there were still four laterals and one manhole that need repairing, but that one of the major problems was fixed when the District had Railroad Ave. paved. That diverted a lot of water coming off the hill that ran down into the gravel bed of the collection lines and entered the system.

Margaret asked if the monthly report to the Water Board will distinguish each pond or if the three-pond system is considered as one pond and the two storage ponds as one pond. The Administrator noted that the monthly Self Monitoring Report will actually be changed and will report the pH, Temp, DO, and freeboard for each treatment pond and each storage pond is reported for freeboard. During irrigation Phillips tests for and reports COD, chlorine residual and coliform. Walter asked when the testing for COD will take place at the treatment plant so that the storage ponds won't indicate high COD levels. The Administrator said he wasn't sure, but probably as soon as irrigation starts. Chlorine residual and coliform will still be tested at the irrigation field.

Committee Reports:

A. Newsletter Committee

Terry noted that a Newsletter is due next month. She suggested the articles include one saying the sewer project is finished. There was discussion regarding a plant tour, but it was decided that it would be in conjunction with some kind of celebration in the spring or summer.

B. Fundraising Committee

Nothing to report.

C. Community Advisory Committee

Bert Crews reported that he thought they had a good meeting earlier and thanked the Board for holding it.

Pending Business:

A. Grant Writing

1. The Administrator reported that the Community Development Block Grant committee for West Marin will hold their meeting in March to determine if any grants that have not been spent will be re-allocated. He said he talked to staff and was told there probably will not be a problem with the CDBG for the feasibility study however he noted that he will be attending the meeting.
The Small Communities Grant is still on hold for the time being. The Administrator noted that he received a letter from the State Water Board that said that even though the State budget had been passed, they grant funds have not been released.
2. The Administrator reported that he has not heard from the State regarding the extension of the completion date for the Land and Water Conservation fund grant. The State project officer says that there should not be a problem with the extension, but that the final approval has to come from the National Park Service. He said they are moving forward with the Park project just in case. The RZH grant is also still being held up at the State, however, the project is down to the last 15% of that grant so they won't be funding anymore until the project is finalized.

B. Capital Improvement Projects

The Administrator reported that the Pond project is in service and operating within parameters. The aerators are in and he noted that there are only a few small finishing items that need to be completed, but nothing that effects the way them system works. Walter asked if the State Water Board has to come and inspect the final product or not. The Administrator said that they haven't before, but they reserve that right. He noted that the Operation and Maintenance Manual has to be updated before the project is finished and the last 10% of the funds are release to the District. Donna Clavaud asked why Phillips doesn't do it since they operate the system. The Administrator noted that Phillips would be happy to do it as non-scheduled work at their current rates. Donna commented that he would charge also and Walter interjected that it would be in the course of his duties as project manager. The Administrator reminded her that when he bills for project management he credits the Administrator's fees so that the District is not paying him out of general funds, but is paying him with grant funds. He also noted that Phillips charges over and above the contract fee's for anything considered non-scheduled work and reminded her that his rates are considerably less than Phillips.

C. Sass Property

The Administrator submitted a copy of a letter he wrote to the County Community Development Agency requesting clarification of the zonings for the seven lots making up the Sass properties. He noted that the Tomales Community Plan of 1997 lists zoning one way, but the GIS Map on the County's web site lists it differently. He asked for clarification as to which zoning takes precedent and/or which is right. Nicole Vigeant interjected that she wanted the Administrator to relay to the County that the Board has not made a decision with regard to these properties and has not even made a formal decision

regarding their position on septic tanks. The Administrator noted that he felt that he had made it very clear in his letter to the County that the Board had not made a decision regarding these properties, but he said it is his obligation a Administrator to provide the Board with the most accurate and unbiased information available so that they can make a decision. Kat Marando commented that she appreciated that because she feels like there are only bits of information that have never come together. Margaret said she felt like a community meeting would provide a sense of what the rest of the town feels about the issue of development, septic, sewer, etc.

Donna Clavaud said it was important to first make sure that the community understands the Community Plan as it was updated, because it sounds like there is confusion about that. For example in Karl's letter, he states inaccurately that the plan says in policy PF1.1 and 1.2 that the sewer district expansion should be limited to parcels zoned for 6,000 square foot minimums and that all other property within the Plan Boundaries regardless of size should be serviced by on-site septic systems. She said the Plan doesn't say that at all. She continued that the Plan says that the boundaries of the ultimate sewer service area should correlate with C-VCR, C-CP, and C-RSP zoning district boundaries, as shown on the Tomales Community Plan Zoning and Land Use Map (Appendix B), with exception to those lower density C-ARP properties already in the service area such as those owned by the Shoreline Unified School District. Then she quoted PF1.2 "**Utilize Septic Systems Outside the NMWD Service Area.** Private, onsite septic systems for wastewater disposal should be utilized in the peripheral, low-density residential and agricultural areas". She went on to say, "So there is a misstatement here in your letter". Alyce Perucchi asked if she was referring to the existing parcels in the District or to the Town Plan. The Administrator clarified that she was referring to the Town Plan. The Administrator noted that he was unclear about what was a misstatement in his letter, since he basically said the same thing. Terry Duffey said that what was misstated in the letter was that he stated the Town Plan calls for sewer to 6,000 square foot minimums and "all other property regardless to size should be serviced by on-site septic systems." She said the Town Plan says low density residential should be serviced by septic systems, where low density is 2 acre minimum and above. The Administrator asked if C-RSP 7.26 zoning was in fact 6,000 square foot minimums. She said yes, but that the C-VCR and C-CP of one acre or less should also be in the sewer. The Administrator noted that the only C-VCR property not already in the District was Cerini's 7 acres on Highway One which has been folded into a 20 acre minimum as he understands it. So the only property that could be incorporated into the District according to the Community Plan was C-RSP, which is 6,000 square foot minimums, which is what he said in his letter. Terry said that it was not an accurate quote of PF 1.1 and 1.2. Margaret interjected that the Town Plan basically says to use septic systems on two acres and larger, and hook up to the sewer on parcels smaller than 2 acres. Terry said she believed that this was the correct assessment of the two policies.

Walter asked if the four smaller properties in the Sass group are too low to connect to the Second St. main. The Administrator said it had never been determined, but that more than likely they are too low, which is why he had insisted on lateral easements throughout the rest of the property to the Railroad St. collection line and a sewer collection survey on that line. Bill Bonini suggested that the Second St. collection main could be lowered to accommodate those parcels.

The Administrator then discussed the options for the request for a Will Serve or Will Not Serve letter from Karen Karlow regarding those 7 lots. He indicated that the only option that he saw was to supply a Will Not Serve letter at this time. Alyce Perucchi asked if the District was saying they were not going to service these seven lots with sewer service. The Administrator said the District was unable to service them at this time. She then asked doesn't the District need more customers? Kat noted that if they were able to service them it would mean a minimum of \$70,000 in hook-up fees and an additional 7 plus annual

fees. Alyce then asked if the District could at least take it under consideration to service those lots. Nicole mentioned that there was discussion earlier about having a community meeting to get everybody's input about changing the District's boundaries to include some or all of those properties. She said the Board did not want to make a decision regarding annexing any properties into the District until then. The Administrator suggested that a Will Not Serve letter without at least saying that a possibility exists that some of those properties might be serviced in the future leaves a big question. Donna Clavaud said she doesn't feel the District should make that statement because it can't know what the future is. Nicole interjected that the Realtor and the property owner have to make full disclosure so it should be on them. Margaret then said that it is important to have a community meeting so that the community can come to a consensus with all of the specifics regarding the future District boundaries. The Board directed the Administrator to issue a Will Not Serve letter "at this time".

D. Tomales Farm and Dairy

The Administrator reported that he had nothing new to report.

E. Clean Renewable Energy Bonds

The Administrator indicated that the CREBS bond solar project has taken another turn. The Administrator reported that he had written Assemblyman Jared Huffman regarding the implementation of AB 2466, which he had authored. As noted last month, PGE is interpreting the legislation to mean they can offset or net meter the generation portion of the bill and not allow the rest of the bill to be offset. He wrote back and indicated his staff would look into it, because that was not the intention of the bill. Also, the CREBS payback period that is set by the IRS changed from 15-16 years payback to a 13 year payback, which means the annual payments will be more, but the payback will be faster. Additionally, he reported that the State rebate for solar projects moved to the next level because a major Southern California utility put in a huge request. This means the rebate will not be as high as was predicted with previous analysis. The Administrator submitted a revised analysis using the new rebate and the shorter payback. The new analysis shows a negative cash flow for the full thirteen years, rather than the first couple of years being paid for entirely by the rebate and then going negative. It also shows that over the first 25 years of the system, the cash flow is positive and there is an overall savings if PGE costs go up more than 4% a year over that period. Historically over the last 25 years the PGE inflation rate was 6 ½%. The Administrator then reported that just today the IRS changed the pay back period to 15 years again, so the negative cash flow will be reduced.

F. Audit

The Administrator submitted the Draft copy of the audit with revisions and will have final copies as soon as it is returned. Nicole asked about the statement by the auditor that the District exceeded FDIC limits at the end of the fiscal year by \$15,000. The Administrator said he did not recall why they were over at that particular time, because he opened several accounts at three institutions and had made efforts to keep all of them below the threshold. He noted that FDIC insurance changed since then, and now is \$250,000 per institution. Terry Duffey asked about the statement in the Management Discussion and Analysis, which states that "additionally, new regulations and state requirements for funding future asset replacement and increased operating expenses will necessitate rate increases of approximately 4% per year for the next several years." She asked if that was to cover the solar project. The Administrator noted that it was not covering the solar project. The solar project expense was in the line before that indicating a \$3-5 per month per equivalent unit. This anticipated rate increase is required to meet the state requirement of setting up reserve funds to entirely replace the assets over the life expectancy of each asset, including, collection mains, manholes, laterals, pumps, aerators, etc. It is unknown at this time what those reserves will need to be to meet this requirement. He indicated other districts he has talked to have proposed major rate increases in the double digits over several years to meet this State Sanitary Sewer Management Plan requirement. He noted that the Board had indicated a desire to have small regular increases rather than wait until a major rate increase was necessary. Donna Clavaud asked if that would be over and

above the \$3-5 dollar per EU increase per month to cover the solar project. The Administrator acknowledged that it was over and above the solar increase and would only keep up with inflation during normal times. He also indicated that he did not know if that would suffice, but it would preclude any major increases in the near future. He explained that the SSMP requires an engineer to do a cost analysis on each piece of the system, set a life span for that, and determine how much it would cost to replace it. If a pump cost \$20,000 and has a life expectancy of 10 years, the District is required to set aside \$2,000 per year into a reserve fund for that pump. Each pump, aerator, collection line, etc has to go through the same scrutiny. It is similar to what many Districts are required to do for retirement and health insurance funds. Districts have set up retirement programs with life long payments and life long health insurance for their retirees, but haven't funded it. So when the workers retire, they have to come up with current fees to pay for it. Now the State and the Federal Government Accounting Standards Board is saying you need to set aside reserves now to cover future known payments. Margaret asked if this isn't what the District set up for sewer hookup fees. The Administrator noted that the District has not established a policy, but sewer hookup fees have generally been used to beef up the reserves.

Nicole Vigeant made a motion to accept the audited financial statements and approve final copy. Seconded by Walter Earle. M/S/U.

G. National Rural Water Association

The Administrator reported that the District received the interim loan of \$100,000 from the NRWA and it has been deposited as discussed earlier. He noted that the required paperwork was returned to the NRWA in order to get the loan, but they did not require a resolution. He noted that most financial institutions and good business practices require a resolution authorizing the loan. He submitted Resolution #09-01 for review and adoption by the Board. Resolution #09-01 authorizes and directs the Administrator to contract with the NRWA for an interim loan to complete the WWTP Improvement Project and stipulates that the interim loan will be repaid when the Small Communities Grant funds become available.

Walter Earle made a motion to adopt Resolution #09-01 authorizing the Administrator to contract with the NRWA for an interim loan to complete the WWTP Improvement Project to be repaid when the Small Communities Grant funds become available. Seconded by Nicole Vigeant. Discussion: Terry Duffey asked how the loan was going to be paid back. The Administrator explained that the loan will be paid back in full when the State Small Community Grant Funds are available from the State. In the meantime it will be drawing approximately 2% interest and the District is charged 3%. Donna Clavaud asked if the District didn't have to pay back the loan in payments that have to start before the State money is available. The Administrator explained that the repayments start in 30 days from the loan date. He indicated that the payments will go on until the State releases the funding that has been frozen. He said he anticipates that to be a few months, so there will be a cost of approximately 1% per year or about \$90/mo. He said he did not know if the District could recoup those costs from the State but he would try. **M/S/U.**

H. Complaints and Correspondence From the Community

No complaints or correspondence

New Business

A. Shoreline Unified School District

The Administrator submitted a copy of the County Memorandum notifying the District of a lot line adjustment request by the Shoreline Unified School District. He noted that there was no change in the number of lots or change in density. He said he did not know the reasons but conjecture was that the school wanted to separate the History Center building

from the rest of the school property making it a stand alone property and to adjust the lot lines on the rest of the property to establish buildable parcels.

B. Appointment of District Treasurer

The Administrator noted that he gets e-mail from other Districts through a List Serve Group maintained by the CSDA and received an e-mail about the District Treasurer. According to the Community Services District Law SB135, the District has to appoint a treasurer for the District and it cannot be a Board member. He noted that the Board had appointed him Secretary/Treasurer every term and that has been enough. However, the new law, according to some of the other Districts, requires more than just the record in the minutes. Therefore, the Administrator introduced Resolution #09-02 naming the Administrator the District Treasurer. The Resolution goes on to include wording required by the new law indicating the District will not use the County as its depository; the Treasurer does not need to be bonded; the District will use QuickBooks as its accounting software and will require audits every five years or more often; the Treasurer shall pay all bills when due; and the District will establish separate checking accounts as necessary.

Donna Clavaud asked if other Districts use the County as their depository. The Administrator noted that several Districts use the County to collect their fees, issue warrants and provide audits. Donna also asked if other Districts require their treasurers be bonded and the Administrator said he did not know, but there probably were some. She said it probably wouldn't be a bad idea to bond the Treasurer and that it shouldn't cost too much. Nicole asked if the Administrator knew why the law does not allow a Board member to be the Treasurer. He said he did not, but figured a Board member probably misused funds and somehow covered it up as Treasurer. He noted that it has been the law for a long time, and it was carried over in the new Community Services District Law. He explained that the new law was initiated because the Board of a water district in Sacramento misappropriated funds by paying themselves for meetings they didn't attend, taking lavish trips for meetings and generally being stupid. An Assemblywoman introduced legislation that had the most stringent restrictions on CSDs and CSDA got involved and negotiated a compromise bill that passed and established the new law.

Nicole Vigeant made a motion to adopt Resolution #09-02 appointing the Administrator as the District Treasurer. Walter Earle seconded. M/S/U.

Administrator's Report:

The Administrator submitted a written report this month, and the key activities of the previous month included:

- Continued to correspond with Park Project Officer for extension of time for completion for LWCF Grant.
- Reviewed Dutton House plans and specifications with engineer to determine options for materials. Got authorization to use 4x4 instead of 6x6 at stair entrances.
- Received and acknowledged National Rural Water Association interim loan.
- Corresponded with Jared Huffman regarding AB 2466. His staff is looking in to it.
- Worked on tertiary treatment project and feasibility study. Started application process with State for stimulus funding.
- Composed and submitted letter to County requesting clarification of zoning for Hulbert properties.
- Talked to Karen Karlow regarding the listing of the Sass and Carinalli properties and the need for a Will Serve or Will Not Serve letter.
- Review and revise new Solar bid for two site installation. Revise cost analysis.
- Met with Ric Hahn to take delivery of computer and test run and load programs.
- Met with Piazza to review pond project schedule and remaining tasks.
- Met with Control Systems West regarding computer set up and calibrating new level sensors.
- Submitted monthly SSO report to the State. Submitted annual SSO to the Regional Board.
- Review Shoreline Unified School District application for lot line adjustment.

