

**ROSS VALLEY SANITARY DISTRICT  
REGULAR BOARD MEETING MINUTES**

Wednesday, April 17, 2019  
5:00 PM

Ross Valley Sanitary District  
2960 Kerner Blvd., San Rafael, CA

Directors Present: Michael Boorstein (via teleconference)  
Thomas Gaffney  
Doug Kelly (arrived 5:33 p.m.)  
Pam Meigs  
Mary Sylla

Directors Absent: None

Staff/Consultants Present: Steve Moore, General Manager  
Felicia Newhouse, Assistant General Manager  
Julia McEntee, Clerk of the Board  
Andrea Clark, District Counsel  
Stephen Miksis, Operations and Maintenance Manager  
Katherine Hayden, Technical Services Manager  
John Vogel, Condition Assessment Supervisor  
Haden Ongaro, Newmark Knight Frank  
Joe McCallum, Newmark Knight Frank  
Mark Hildebrand, Hildebrand Consulting  
Ira Summer, GovInvest

Public Present: Stephen Keese  
Diana Perdue  
Lisel Blash  
Bob Silvestri

*Note: These minutes do not represent a transcript of the meeting and are intended to be a summary of the most important points. For a complete record, please refer to the video recording of the meeting, which will be available on the District's website at [www.rvsd.org](http://www.rvsd.org).*

**Item # 1 – Call Meeting to Order and Roll Call**

The meeting was called to order by President Gaffney at 5:04 p.m. The Clerk of the Board called roll. The Board recited the Pledge of Allegiance.

**Item # 2—Adjourn to Closed Session**

The Board adjourned to Closed Session at 5:05 p.m.

**Item # 3 Closed Session**

- a) CONFERENCE WITH REAL PROPERTY NEGOTIATORS (Government Code section 54956.8)

Property: 1111 Andersen Drive, San Rafael, CA 94901  
Agency negotiator: Steve Moore, Haden Ongaro  
Negotiating Parties: Ross Valley Sanitary District, Comcast Corporation  
Under negotiation: Lease – price and terms of payment

**Item # 4 Reconvene to Open Session**

The Board reconvened to Open Session at 5:34 p.m.

**Item # 5—Report on Action Taken by the Board During Closed Session, If Any, Pursuant to California Government Code Section 54957.1**

There was nothing to report from Closed Session.

**Item # 6—Approval of Agenda**

<b>Motion:</b> M/s Kelly/Sylla to Approve the Agenda
<b>Vote:</b> Ayes: Gaffney, Boorstein, Kelly, Meigs, Sylla Noes: None. Absent: None
The motion passed.

The Board decided to move Item 11 to after Item 7 to accommodate the present consultant, Ira Summer.

The motion as stated above carried unanimously.

**Item # 7 – Open Time for Public to Raise Items Not on Agenda or for Future Agendas**

There were no comments made in public time.

**Item # 11 – Consideration of Providing Direction for a Pension and Other Post-Employment Benefits (OPEB) Liability Funding Strategy**

<b>Motion:</b> M/s Kelly/Boorstein to Provide Direction for a Pension and Other Post-Employment Benefits (OPEB) Liability Funding Strategy
<b>Vote:</b> Ayes: Gaffney, Meigs, Boorstein, Kelly, Sylla Noes: None. Absent: None
The motion passed.

GM Moore introduced this item telling the Board that it is part of a continuing conversation about the post-employment obligations of the District. He introduced consultant Ira Summer of GovInvest. Mr. Summer told the Board that this presentation intended to review the current and proposed District liability repayment programs – Other Post-Employment Benefits (OPEB) & pension.

The Board discussed the funded and unfunded portions of these two financial areas. AGM Newhouse made a point of information that the new GASB 75 statement requirements affected the unfunded liabilities. GM Moore stressed that affected the entire state, not just the District.

Mr. Summer told the Board that he was asked by the Finance Committee to explore paying off the unfunded OPEB liability. The District wants a better credit score, to decrease their long-term payments, and increase benefit security for current and former employees. His proposal is to pay off the OPEB liability in five years by paying an additional \$125,000 per year. The second proposal, revised by the Finance Committee, is to pay off this liability in six years at \$100,000 per year.

A member of the public, Stephen Keese, inquired about the current employee vestment period. AGM Newhouse responded OPEB vestment is at age 55 with a minimum of 20-year service, and for the benefits, the employee must retire from RVSD specifically. The Board discussed the administrative premiums and group plan access common to these benefits. Director Kelly said that the Finance Committee was able to tweak everything possible to offer a six-year repayment option while still being responsible to the rate impacts. Director Sylla said that the discussion is only about an additional \$25,000 which makes little impact to the annual District budget. Director Kelly discussed the positives of paying off the OPEB liability completely; RVSD would be well ahead of the curve, and future payments would be much less.

The Board discussion progressed to the pension liability. Mr. Summer said that the total unpaid amount is expected to increase significantly over the next decade due to factors like conservative assumptions from CalPERS. He told the Board that, if the District continues their current repayment schedule, this liability would not be fully funded until approximately 2040. The funding strategy proposal is a two-stage process – a short-term plan to solidify the District's position and cushion their finances for the first five years, and a long-term goal of an additional 5 years (10 total) where the District contributes an additional \$450,000 per year to completely fund the pension liability. Director Meigs confirmed that the annual contribution for the next five years would be approximately 1.3 million dollars. Director Kelly said that the contributions would be significantly lower after the liability was funded. He said that the Finance Committee proposed elongating the repayment schedule to 12 years by contributing \$350,000 per year. Gaffney said that this would have direct savings on the rates.

Bob Silvestri, a member of the public, said that these assumptions are based on the CalPERS estimated return on investment, and that is an unlikely scenario. Mr. Summer said that CalPERS stated that they will not meet it in the short term, but in the full 40 years it will likely be returned at about 7%. Director Meigs asked if the Finance Committee consider lower repayments than an additional \$350,000. Director Kelly said no because the goal was to pay this liability down in as close to ten years as possible, and this small change will have a clear effect on rates. Director Meigs said she did not want to vote without a comparison of other local agencies. AGM Newhouse confirmed that the Board direction is to extend the repayment of the OPEB liability from five years to six by including an additional, annual \$100,000, and the District will pay the pension liability over 12 years by including an additional \$350,000 per year.

The motion as stated above carried unanimously.

*Minute taker's Note: The Board decided to move Item 12 to be the next for discussion to accommodate the present consultant, Mark Hildebrand.*

*Minute taker's Note: The Board took a break from 6:34 p.m. – 6:38 p.m.*

**Item # 12 – Consideration of Accepting the 2019 Sewer Rate Study Draft Report and Directing Staff to Prepare a Proposition 218 Notice of Public Hearing on Proposed Increase in Sewer Service Charges**

<b>Motion:</b> M/s Kelly/Sylla to Accept the 2019 Sewer Rate Study Draft Report and Directing Staff to Prepare a Proposition 218 Notice of Public Hearing on Proposed Increase in Sewer Service Charges
<b>Vote:</b> Ayes: Gaffney, Boorstein, Kelly, Sylla Noes: None. Absent: None. Abstain: Meigs
The motion passed.

GM Moore told the Board that this is the second meeting with this rate information. In addition to the current rates, the consultant had three additional recommendations. He proposed a rate increase for Larkspur residents to match RVSD customers, charging a single-family residence with an Accessory Dwelling Unit (ADU) 1.5x the rate rather than the previous 2x charge, and adjusting commercial customers that do not have winter water use to still have a fixed charge of .75 of an EDU.

Consultant Mark Hildebrand told the Board that they have already seen much of this presentation, but there are more detailed slides as well as recommendation topics. This studies five years of rates within a ten-year horizon analysis for context. He also added the OPEB/pension figures based on the approved strategy from the previous item. He presented the rate setting process and the observations regarding the projections from the 2014 rate study including CMSA costs, budget shifts, and capital spending. Director Meigs clarified why the costs have changed and staff referenced the discussion from a previous meeting. Director Sylla asked for clarification about the District applying for state revolving fund (SRF) loans, and staff responded that they will apply for them for certain projects.

Regarding the current projections, Director Kelly and President Gaffney confirmed that the rate study does not include any potential revenue from the Larkspur Landing site. Mr. Hildebrand discussed the current District reserve financial policies, and Director Meigs clarified the current reserve balance after the building purchase. The Board discussed the desire to move away from debt financing in years to come. Then, Mr. Hildebrand opened the live model and went through a few rate scenarios with the Board.

The Board discussed the recommendation for ADU charges. Mr. Hildebrand said that he recommended charging 1.5 EDUs because an ADU has an irregular use model and often does not have separate water meter. The Board discussed the parameters of what counts as an ADU by County standards rather than those set by towns and cities. GM Moore said that this is a significant break to customers with ADUs, and he hopes they will continue as an affordable housing option.

The Board discussed also the equalization of the Larkspur sewer service charge percentage. The first year will be different to bring parity between the customers, and then the percentage increase will be the same moving forward.

Then, the Board discussed the commercial minimum rate as a fixed service charge of .75 of an EDU when the usage is zero during the reported winter months. Director Kelly asked for clarification about the total number of relevant accounts, and Mr. Hildebrand said that there are approximately 140. The Board discussed scenarios, and Mr. Hildebrand said that he has never seen a District not charge a base fee in similar situations. Director Sylla added that if issues arise, the District is happy to work with business owners to rectify them. District Counsel said that this charge does comply with District Ordinance No. 65.

President Gaffney opened the item to public comment. Diana Purdue, a resident of Fairfax, said that she would like to see a reduction in sewer rates rather than increases. She said the recent purchase of the building; capital projects and the Larkspur Landing remediation indicate misspent public dollars. She recounted construction issues on her street and said the District overspent on every project. She told the Board that she has lived in Marin her whole life, and she is being priced out. Director Kelly gave a brief response to her comment, saying that the Board and Finance Committee have done everything to keep rates low. The increases are based on the cost of construction rather than cost of living. He stressed that the capital spending is required by a court order, and the Board's future hope to get to rates based on construction costs alone and do pay-as-you-go for improvements. Director Meigs apologized to the rate payer, and she acknowledged the steep, winding roads in her area.

Lisel Blanch, a resident of Fairfax, thanked the Board for being transparent about budget specifics, and she asked if the rates will decrease after OPEB and pension liabilities are fully funded. Director Kelly told her that he wants the rates to go lower, but it is reckless to not raise the rates at all. President Gaffney said that the District is engaged in tens of millions of dollars in capital projects. Mary Sylla added that the wastewater sector is subject to a lot of government regulation which can affect rates.

Director Meigs said that the District allocated \$400,000 of the last bond issuance to the lateral grant and loan programs, AGM Newhouse and GM Moore said that these programs are not included in the current bond item. Director Meigs asked for clarifying information about the Larkspur Landing remediation timeline, and GM Moore offered new detail on this issue. He worked with the engineering consultant for a revised engineer's estimate of approximately 9 million dollars. The bid opening will be on May 3<sup>rd</sup>, and he is optimistic about the prospects. AGM Newhouse added that the District is working under a strict EPA permit, and their requirements drive up the construction costs. Director Meigs asked staff if there was anywhere in the budget to save the District five million dollars and reduce the total amount for the upcoming bond sale. AGM Newhouse said that she understood Director Meigs' concern, but based on the current information, there are several ways that the District could make use of the additional debt funding and save money in the long run. GM Moore said that he is confident of this fiscal strategy because staff is working with bond consultants to create the bond that they can be repaid early if the District receives unexpected income.

Director Kelly said that the Board cannot go above those figures printed on the public notice, but they can lower them. Director Meigs said that she feels the community is hurting, and she would like to urge GM Moore to not issue 35 million dollars in bonds. President Gaffney said that the original consultant proposal with a lower debt issuance showed much higher rates. Director Kelly urged the Board to approve debt issuance because the interest rates are low, and it would be reckless not to and punish current ratepayers. Director Boorstein added that there is a dilemma about the Larkspur Landing site, because the District cannot develop the land without remediation and that process will be highly scrutinized by government regulators. AGM Newhouse told the Board that there are unknown costs to be discussed at future Board meetings, so the rates set at this meeting will set the tone for operations costs for the next five years.

President Gaffney introduced an alternative rate schedule that had been discussed in the Finance Committee with lower annual percent increases compared to the recommendations of the sewer rate study report. He connected the lower percent rate increases to lengthening the amount of time to fund the unfunded OPEB and pension liabilities, as adopted in the previous agenda item. The alternative rate schedule is annual sewer service charge increases of 6.6%, 6.6%, 5.8%, 5.8% and 5.8%, instead of 7%,

7%, 6%, 6%, and 6% recommended in the sewer rate study. Director Kelly moved adoption of the alternative, lower rate schedule to be included in the Prop 218 public notice and Director Sylla seconded the motion.

The motion as stated above carried with a vote of 4-0, and Director Meigs chose to abstain.

*Minute taker's Note: Director Sylla left the meeting at 9:14 p.m.*

*Minute taker's Note: The Board took a break from 9:14 p.m. – 9:18 p.m.*

### **Item # 8—Standing Committees Report Out**

Finance Committee –Director Kelly reported the items that the Finance Committee discussed in their meeting. He told the Board that he and GM Moore met with town leaders in San Anselmo.

Central Marin Sanitation Agency (CMSA) – Directory Kelly reported on the CMSA Commission meeting. He said they revised the budget policy, acknowledged awards from the State for staff, formalized a student internship program, and approved the hydraulic gate rehabilitation. Director Kelly said that they also revised the personnel policy and procedure manual.

North Bay Watershed Association (NBWA) – Director Meigs reported from the latest NBWA meeting. They discussed the nearly complete strategic plan and outreach efforts and shared about a climate conference in that members attended in Washington, D.C. Director Boorstein reported that there was a presenter from the Oxbow Bypass in Napa discussing seasonal flood prevention.

Ad Hoc Education and Outreach Committee – This Committee did not have a recent meeting.

### **Item # 9 – Verbal Report by Board Members and Staff, and Requests for Future Items**

Director Kelly told the Board that he and GM Moore had a good meeting with San Anselmo town officials to discuss the construction related to Item 14.

Director Meigs said that there is a Fairfax Take Back Day including prescription medications on April 27<sup>th</sup>.

GM Moore reported that the District officially purchased the 1111 Andersen building on April 2<sup>nd</sup> below asking price at 12.8 million dollars. Staff is currently discussing the lease terms with a tenant, Comcast.

He told the Board that he attended a pre-bid site walk for the Larkspur Landing remediation project. Staff issued the notice inviting bids on April 5<sup>th</sup>, and twelve contractors attended the meeting on site. Staff also issued a notice inviting bids for the Butterfield/Meadowcroft-Arroyo capital project, and the bid opening is on May 2<sup>nd</sup>.

GM Moore told the Board that Operations and Maintenance Manager Stephen Miksis is participating in Baywork initiatives regarding workforce training, line repairs, equipment, and safety. GM Moore said that he will attend a total of 3 events this month.

GM Moore told the Board about ReNUWit, an academic regional association of the Bay Area One Water network, and their efforts to create cutting edge workshops about topics relevant to stormwater and wastewater. He said that the District donated \$5,000 to these events.

GM Moore invited Board members to a ribbon cutting ceremony at PS 12 in Bon Air Center on June 11<sup>th</sup> from 11:30-1:30. He said that this is a pop-up style event, and there will be 10-15 minutes for remarks from staff and legislators as well as pizza and virtual tours of the new pump station.

GM Moore also reminded the Board of the event celebrating the 100-year anniversary of Alpine Dam on July 27. The next planning meeting is in Mill Valley on May 22<sup>nd</sup>. President Gaffney asked if there is involvement from other agencies, and AGM Newhouse responded that Marin Municipal Water District is the central contributor. RVSD was invited along with a few other agencies.

**Item # 10 –Consent Calendar**

<b>Motion:</b> M/s Kelly/Boorstein to Accept Items in the Consent Calendar
<b>Vote:</b> Ayes: Gaffney, Meigs, Boorstein, Kelly, Noes: None. Absent: Sylla
The motion passed.

Director Kelly noted a small error in Item 10.a., the minutes from March 18. The Clerk of the Board thanked him and said she would fix it.

The motion as stated above carried unanimously.

**Item # 13 – Status Updates**

13.a. GM Moore discussed the Larkspur Landing remediation status and told the Board that staff submitted the Planning Permit application earlier that day with the City of Larkspur. GM Moore also recounted conversations he had with the Larkspur City Manager regarding their goals for future affordable housing. President Gaffney asked where the contractors intend to dump the soil, and GM Moore responded that the specific location is undetermined, but most of the items in the soil can be sent to municipal landfills.

13.b. GM Moore thanked Doug Kelly for initially contacting Comcast as a member of the Ad Hoc Education and Outreach Committee. The Board and staff watched the five commercials that are currently airing on Comcast and DirectTV channels in Marin County. Stephen Miksis is reaching out to partner agencies to discuss cost sharing opportunities in the future. Director Boorstein added that he often sees these commercials.

The Board took no action on this item.

**Item #14— Consideration of Approval of Contract Change Order No. 17 in the Amount Not to Exceed \$839,294 for Additional Work on Miracle Mile (Miracle Mile Capacity Improvements) and Greenfield Avenue (Spring Grove Realignment) in San Anselmo for the FY 2016/17 Gravity Sewer Rehabilitation Project with Ranger Pipelines Incorporated**

<b>Motion:</b> M/s Kelly/Boorstein to Approve of Contract Change Order No. 17 in the Amount Not to Exceed \$839,294 for Additional Work on Miracle Mile (Miracle Mile Capacity Improvements) and Greenfield Avenue (Spring Grove Realignment) in San Anselmo for the FY 2016/17 Gravity Sewer Rehabilitation Project with Ranger Pipelines Incorporated
<b>Vote:</b> Ayes: Gaffney, Boorstein, Kelly, Meigs, Noes: None. Absent: Sylla

The motion passed.

GM Moore introduced this item clarifying that it is a standalone project in a central hub of Marin County. The current contractor, Ranger Pipelines, has the correct equipment to make the necessary changes. He said that the meeting mentioned by Director Kelly included concerns of traffic management. Director Kelly added that the Town is doing a large project on San Francisco Boulevard, and all the teams are working well together to prevent unnecessary lane closures. GM Moore told the Board that if the District waited a year on this project, they would have to enter a competitive bidding process, and that would almost certainly lead to a higher total cost. President Gaffney said that Ranger Pipelines is offering the same unit prices as in fiscal year 2016/17, which is a source of great savings. Director Kelly added that San Anselmo is doing work on the median and do not want us to have to come in later and rip up the street.

The motion as stated above carried unanimously.

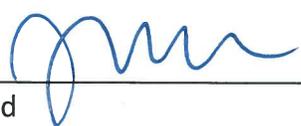
**Item #15– Informational Items**

The Board discussed Item 15.a. President Gaffney noted a lot of productivity. The Board discussed the circumstances of the two overflows; Director Kelly thanked staff for listing the addresses of the overflows per Board request.

Regarding Item 15.b., Director Meigs said that it is helpful that the District is announcing capital construction updates on NextDoor. The Board said that they appreciated the presentation for the public workshop shown in Item 15.c.

**Adjourn:** The Board adjourned at 9:57 p.m.

  
\_\_\_\_\_  
Mary Sylla  
Secretary of the Board

Submitted by:   
\_\_\_\_\_  
Clerk of the Board