MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE NAPA SANITATION DISTRICT, NAPA COUNTY, CALIFORNIA, HELD AND CONVENED AT SOSCOL RECYCLED WATER FACILITY ADMINISTRATION OFFICE, WEDNESDAY, MAY 3, 2017 CALLED TO ORDER AT 4:04 PM.

DRAFT

1. **OPEN SESSION:**

2. **ROLL CALL:**

PRESENT: JILL TECHEL, Chair; RYAN GREGORY, Vice-Chair; MARY LUROS, PETE MOTT and DAVID GRAVES, Directors. ALSO PRESENT: TIMOTHY HEALY, General Manager; and JOHN BAKKER, Legal Counsel.

ABSENT: None.

3. **REVIEW OF AGENDA:** No changes.

4. **SAFETY MOMENT:** Electrical Safety Month.

5. **PUBLIC COMMENT:** None.

6. **SPECIAL PRESENTATIONS:** None.

7. **ADJOURN TO CLOSED SESSION (4:06 P.M.):**

   a. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
   Significant exposure to litigation pursuant to paragraph (2) or (3) or subdivision (d) of Section 54956.9: One (1) Case
   Facts and Circumstances: Correspondence from Michael Durkee to District Counsel, dated March 16, 2016

8. **RECONVENE TO OPEN SESSION: (4:23 P.M.)**

9. **REPORT FROM LEGAL COUNSEL ON CLOSED SESSION:**

Legal Counsel reported the Board took the following reportable action in Closed Session: The Board unanimously approved a Settlement Agreement with certain properties owners that own buildings in which wineries operate within the District. The terms of the Agreement would have the property owners giving the District a release in exchange for the Board's adoption of a resolution that offers property owners the ability to purchase capacity at a reduced rate.

10. **CONSENT CALENDAR:**

Chair Techel requested Item 10F - Adopt Resolution fixing a fair and equitable capacity charge for eligible buildings with existing permitted industrial users - be removed from the Consent Calendar and placed on the Regular Calendar as Item 11 C.

a. **MR 17-044:**
APPROVAL/CORRECTION OF MINUTES AS AMENDED FROM THE REGULAR MEETING ON APRIL 19, 2017.

b. **Receive County of Napa Voucher Register Dated 4/04/17 through 4/17/17.**

c. **MR 17-045:**
CANCEL REGULAR BOARD MEETING ON JULY 5, 2017 DUE TO LACK OF BUSINESS.

d. **MR 17-46:**
AUTHORIZE CHAIR TO EXECUTE THE AMENDMENT NO. 10 MODIFYING THE ANNUAL RATE OF COMPENSATION TO THE NAPA SANITATION AGREEMENT NO. 07-083 WITH NAPA COUNTY TO PROVIDE INFORMATION TECHNOLOGY SERVICES FOR FY 2017-18.

e. **MR 17-047:**
APPROVE NAPASAN'S STRATEGIC PLAN UPDATE.

g. **MR 17-048:**
APPROVE REFUND OF $24,803.13 FOR THE FY 2016-17 SEWER SERVICE CHARGES FOR ASSESSOR PARCEL NUMBER 001-541-001, LOCATED AT 3175 CALIFORNIA BOULEVARD.

h. **RES 17-007:**
ADOPT RESOLUTION ACCEPTING COMPLETION AND AUTHORIZING GENERAL MANAGER TO FILE THE NOTICE OF COMPLETION AT THE OFFICE OF THE RECORDER, NAPA COUNTY, CALIFORNIA FOR THE STATIONARY GAS DETECTORS – PHASE 11 PROJECT (CIP 17722).

i. **Receive General Manager's Report for March, 2017.**

Motion by GRAVES, seconded by GREGORY, by the following vote:

AYES:	MOTT, GRAVES, GREGORY, LUROS, TECHEL
NOES:	NONE
ABSENT:	NONE
ABSTAIN:	NONE

11. **REGULAR CALENDAR:**

a. **Receive presentation from Rolanda Herrera of Mi Sueno Winery.**

Scott Carston and Rolando Herrera addressed the Board in regards to capacity charges credited to their property at 910 Enterprise Way in Napa, CA, which houses the businesses of Carpet One and Mi Sueno Winery. Mr. Carston requested that the Board accept the counter-offer they made to NapaSan. Beth Painter made public comment on behalf of Mr. Carston and Mr. Herrera.

Board held discussion and asked questions of staff, legal counsel and the property owners. The Board concluded they would not entertain the counter offer, but indicated that Mr. Herrera and Mr. Carston could take advantage of the program being set up in Item 11c of this agenda.

c. **MR 17-049:**
DIRECT STAFF TO REVISE RESOLUTION FIXING A FAIR AND EQUITABLE CAPACITY FOR ELIGIBLE BUILDINGS WITH EXISTING PERMITTED INDUSTRIAL USERS, ADDING AMENDMENTS AS DISCUSSED AND BRING BACK RESOLUTION AT NEXT MEETING FOR APPROVAL.

Board and legal counsel held discussion regarding revisions/additions to the resolution, which include the following:

1) Add language to include the following: 1) allowing five years to pay for capacity charges after the December 31, 2018 deadline to notify NapaSan if they wish to purchase more capacity; 2) add language charging an annual interest charge of 4%; 3) add that late payments have a 30-day cure period; 4) add late payments will accrue late fees of 10%; 5) add an acceleration requirement if property is sold; and 6) add a requirement that those requesting to pay over the five year time period requires a Memorandum of Agreement to be recorded with the Napa County Recorder's Office.

Staff will work with legal counsel to make the revisions to the proposed Resolution for approval at the next Regular Board meeting on May 17, 2017.

b. **Receive presentation on the proposed FY 2017/18 Operating Budget, Consideration for adoption scheduled for June 7, 2017.**

Jeff Tucker, Director of Administrative Services/CFO, gave a presentation on the proposed FY 2017/18 Operating Budget. Tucker reviewed the estimated revenues and expenses included in the proposed budget. He reported revenues are expected to increase 15% overall, which includes an increase of 16.2% for sewer service charges, an increase of 1.7% for waste hauler fees, a decrease of 4.7% in recycled water sales, a 34.1% decrease in capacity charges, and an increase of 2.5% for building permit revenue. Expenses include a 2.1% increase in salaries and benefits and a 3.0% decrease in services and supplies. Tucker reported the total operating budget has only a 0.1% increase from the current fiscal year. Annual

increases in the Operating Budget for the last five years include 0.4% for FY14, 1.0% for FY15, 2.5% for FY16, 1.2% for FY17 and 0.1% for FY18.

The proposed budget includes costs for implementation of the Asset Management Plan – Phase 1, SRF loan for Browns Valley Road Sewer Interceptor, SRF loan/grant for Recycled Water Reservoir Lining, and budget for a Winery Waste Treatment Options Study, a Sewer Service Charge and Capacity Charge Rate Methodology Study, a Total Compensation Study and an Employee Survey.

The Board had no recommended changes to the proposed budget and commended staff for the minimal increase to the FY 2017-18 operating budget. Tucker reported that the final Operating Budget will be before the Board for final approval at the June 7, 2017 Regular Board meeting.

12. **GENERAL MANAGER REPORT:**

a. General Manager Healy presented a draft Press Release for the Board's review relating to the upcoming large sewer project. Board members made comments on recommended changes to the press release. Healy also reminded the Board that our annual sewer service rate cards will be mailed to the public this month.

13. **LEGAL COUNSEL REPORT:**

a. None.

14. **BOARD OF DIRECTORS REPORTS/GENERAL DISCUSSION:**

a. Long Term Planning Committee meeting (4/21/17) – Chair Techel and Director Mott attended the meeting. They discussed the proposed capital budget, which will be before the Board at the next Regular meeting on May 17th.
b. Director Mott indicated the City of Napa is interested in implementing a project on a piece of NapaSan's property. He asked that the Lands Committee look at any proposal from the City.

15. **UPCOMING MEETINGS:**

a. North Bay Watershed Association meeting – May 5, 2017 (Vice-Chair Gregory cannot attend)
b. Regular Board meeting – May 17, 2017 – Vice-Chair Gregory and Director Graves will be absent.
c. NBWRA Board meeting – May 22, 2017
d. North Bay Watershed Association meeting – June 2, 2017

16. **ADJOURN TO CLOSED SESSION: (5:54 P.M.)**

a. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: One (1) Case

b. CONFERENCE WITH LABOR NEGOTIATOR
Agency designated representative: John Bakker, Legal Counsel
Unrepresented employee: General Manager

17. **RECONVENE TO OPEN SESSION: (6:25 P.M.)**

18. **REPORT FROM LEGAL COUNSEL ON CLOSED SESSION:**

Legal Counsel reported the Board took no reportable action in Closed Session.

19. **ADJOURNMENT: (6:25 P.M.)**

Adjourn to Napa Sanitation District Regular Meeting on Wednesday, May 17, 2017 at 4:00 p.m. for a Regular Meeting to be held at the Napa Sanitation District Administration Building, 1515 Soscol Ferry Road, Napa, California.

Respectfully submitted,

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Clerk of the Board