



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 20, 2020 CALLED TO ORDER AT 4:02 PM.

DRAFT

1. **OPEN SESSION:**

2. **ROLL CALL:**

PRESENT: JILL TECHEL, Chair; (via Zoom conference) RYAN GREGORY, Vice Chair; PETE MOTT, DAVID GRAVES (via Zoom conference – left meeting at approximately 5:30 p.m.) and MARY LUROS (via Zoom conference), Directors. ALSO PRESENT: TIM HEALY, General Manager, and JOHN BAKKER, Legal Counsel (via Zoom conference).

ABSENT: None.

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

4. **SAFETY MOMENT:** Director Mott read the safety topic - Safe Boating.

5. **PUBLIC COMMENT:** None received.

6. **SPECIAL PRESENTATIONS:** None.

7. **CONSENT CALENDAR:**

- a. **MR 20-026:**  
**APPROVAL OF THE MINUTES FROM THE REGULAR MEETING ON MAY 6, 2020.**
- b. **Receive County of Napa Voucher Register dated 4/21/20 through 5/04/20.**
- c. **MR 20-027:**  
**ACCEPT THE ANDERSON RANCH SUBDIVISION SANITARY SEWER IMPROVEMENTS FOR MAINTENANCE AND OPERATION, AND RELEASE PERFORMANCE BOND IN THE AMOUNT OF \$867,128 FOLLOWING RECEIPT OF MAINTENANCE BOND IN THE AMOUNT OF \$86,712.80.**
- d. **MR 20-028:**  
**AUTHORIZE CHAIR TO EXECUTE THE PRIVATE MAIN AGREEMENT FOR THE NAPA COMMERCE CENTER DEVELOPMENT.**

- e. **MR 20-029:**  
**APPROVE FIRST AMENDMENT TO OPTION TO LEASE AGREEMENT WITH CIEL ET TERRE, USA, INC. ALLOWING AN ADDITIONAL EXTENSION OF TWELVE (12) MONTHS.**

Motion by TECHEL, seconded by GRAVES, by the following roll-call vote:

AYES: GRAVES, GREGORY, LUROS, MOTT, TECHEL  
NOES: NONE  
ABSENT: NONE  
ABSTAIN: LUROS (Item 7c only)

8. **REGULAR CALENDAR:**

- a. **MR 20-030:**  
**RECEIVED PRESENTATION ON THE PROPOSED FY 2020/21 REVISED OPERATING BUDGET, AND PROVIDED DIRECTION TO STAFF TO MOVE FORWARD WITH THE PROPOSITION 218 APPROVED 4% SEWER SERVICE CHARGE RATE INCREASE.**

Motion by MOTT, seconded by GRAVES, by the following roll-call vote:

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

Tim Healy, General Manager, reported that the Finance Committee met on May 13, 2020 to discuss the proposed budget and ways to reduce costs per the Board's request at the May 6, 2020 Board meeting. Healy indicated that Cyndi Bolden, Senior Accountant, will present an overview of the proposed changes to the operating budget. Healy also announced that Stephanie Turnipseed, Pollution Prevent/Outreach Coordinator, would provide information on the sewer rate notification options.

Bolden indicated the revenue assumptions for the next two fiscal years were revised as directed by the Board at the May 6<sup>th</sup> Board meeting. The prior assumptions contained a 4% increase in sewer service charges for Year 1 (FY 20/21) and 3% increase in Year 2 (FY 21/22). The revised revenue assumptions contain 0% increase to sewer service charges for Year 1 and 7% increase for year 2.

Healy announced to the Board that he received information that he wanted to pass on to the Board prior to the discussion on the budget. He indicated he received information just prior to the May 6<sup>th</sup> Board meeting from Standard & Poor's that NapaSan's credit rating had been revised from AA+ to AA Stable. One of the key factors for the change is the uncertainty surrounding the local service areas economic outlook due to Covid-19, and the related leisure and hospitality sectors that they consider vulnerable. Healy further explained what the notice stated regarding management of NapaSan's system and pre-authorized rate plan. One

bullet point indicated the importance of NapaSan's affordable sewer service charge rates with pre-authorized rate increases through 20/21. Healy reviewed what S&P states could decrease or increase NapaSan's bond rating. He also mentioned the upcoming anticipated bond issuance of \$15,000,000 for the 66-Inch Sewer Trunk Rehabilitation project. Healy stated there is a concern that if we do not implement the rate increase as we told S&P, it could potentially affect our credit rating.

Vice-Chair Gregory expressed his concern about the ability to increase sewer service charges by 7% in FY 21/22 at a Proposition 218 hearing if the economic outlook has not improved or has worsened. He reported that the Finance Committee took a deep dive into dealing with a lack of a rate increase in FY 20/21.

Senior Accountant Bolden reviewed the revised budget assumptions for Year 1 and Year 2 from sewer service charge and capacity charge revenue. The anticipated revenue reduction is \$6,873,000 for both years. She also discussed the cuts to the operations budget that staff proposes to allow for 0% increase to SSC in FY 20/21, which totals \$2,374,100 over two years. This includes holding off on hiring four positions, reducing services and supplies budget and not making additional PERS contribution payments for the next two years. Bolden reported the remaining savings would come from the Capital budget in the amount of \$4,498,900.

Stephanie Turnipseed, Pollution Prevention/Outreach Coordinator, presented options for the rate notification cards or letters and other sources of notifications including the NapaSan Newsletter. Board and staff discussed the options.

After hearing the presentation on the proposed Capital Project budget, the Board and staff discussed in length the proposed budget revisions. After discussion, a motion was made to go forward with the planned 4% sewer service charge rate increase that was approved for year five at the Proposition 218 hearing. The board requested forming an ad hoc committee to discuss the message to the ratepayers in the required rate increase notice that must be mailed by June 1, 2020. Vice-Chair Gregory and Director Luross were nominated for the ad hoc committee.

**b. Receive presentation on proposed FY 2020/21 Capital Project Appropriation request and update of FY 2020/21 – FY 29/30 Ten-Year Capital Improvement Plan.**

Matt Lemmon, Senior Civil Engineer, presented information on the proposed Capital Improvement plan and ten-year capital improvement plan. He reviewed the capital projects completed in fiscal year 2019/20 and new projects upcoming in fiscal year 2020/21.

Lemmon reviewed the modifications that staff made to the capital improvement plan in the next two fiscal years because of the uncertainty of sewer service charge and capacity charge revenue. He also reviewed project modifications made for years 3-10 of the ten-year CIP, as well as the current debt summary for Napa Sanitation District. Lemmon discussed the anticipated debt issuance for upcoming

planned capital projects and reviewed the total debt service projections through fiscal year 2044/45.

Board and staff discussed the capital projects planned for the upcoming two fiscal years.

- c. **RES 20-005:**  
**ADOPT RESOLUTION OF THE NAPA SANITATION DISTRICT ADOPTING AN INITIAL STUDY/MITIGATED NEGATIVE DECLARATION IN ACCORDANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT FOR THE 66-INCH TRUNK SEWER REHABILITATION PROJECT; KAISER ROAD TO SWRF, AND ADOPTING A MITIGATION MONITORING AND REPORTING PROGRAM.**

Motion by MOTT, seconded by LUROS, by the following roll-call vote:

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

Karl Ono, Associate Engineer, gave the presentation on the 66-inch Trunk Sewer Rehabilitation Project. He went over the background and condition assessment results of the project. Ono also reviewed the project scope, CEQA document public review comments, and CEQA mitigation monitoring and reporting program details. He discussed the status and anticipated schedule, and reported on the permitting requirements for the project. The proposed capital budget for FY 20/21 includes \$15,450,000 for this project.

- d. **RES. 20-006:**  
**ADOPT RESOLUTION ACCEPTING COMPLETION AND DIRECTING GENERAL MANAGER TO FILE NOTICE OF COMPLETION FOR THE SOUTHEAST NAPA SEWER AND ROADWAY REHABILITATION PROJECT (CIP 18706).**

Motion by MOTT, seconded by LUROS, by the following roll-call vote:

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

Karl Ono, Associate Engineer, gave a presentation on the Southeast Napa Sewer and Roadway Rehabilitation Project. He discussed the background of the project, including the coordination efforts for paving with the City and County of Napa. He reported that this project was solely an in-house effort including all planning, design, construction management, inspection and outreach.

Ono reported the project included 6.3 miles of sewer main rehabilitation, rehabilitation of 68 structures and 602 laterals, in addition to 1.26 miles of street resurfacing and 20 ADA curb ramps.

Ono reported the project cost totals at \$5,331,160.24 for the sewer rehabilitation and \$1,559,977.28 for roadway rehabilitation, for a total of \$6,891,137.52.

- e. **RES 20-007:**  
**ADOPT RESOLUTION ACCEPTING COMPLETION AND DIRECTING GENERAL MANAGER TO FILE NOTICE OF COMPLETION FOR THE HEADWORKS EQUIPMENT REPLACEMENT PROJECT (CIP 17726).**

Motion by MOTT, seconded by TECHEL, by the following roll-call vote:

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

Simon Kobayashi, Associate Engineer, gave a report on the Headworks Equipment Replacement project. This project rehabilitated or replaced existing assets in the treatment plant that had reached the end of their useful lives. Kobayashi reviewed the project accomplishments, including Headworks screen replacements, Sluice replacement, Washer Compactor replacement, Grit Washer replacement, HVAC Improvements, 3W Improvements, and Primary Influent Line CIPP Rehabilitation. The total cost for the project was \$3,022,400, which includes NapaSan staff time.

Board and staff held discussion. Board members expressed interest in having staff give a tour of the plant to highlight the project accomplishments.

9. **GENERAL MANAGER REPORT:**

- a. General Manager Healy reported that as of May 18<sup>th</sup>, NapaSan has received 98.0% of the sewer service charges from the Napa County Tax roll payments. There is approximately \$550,000 still outstanding. Last year at this time we had received 99.1%.
- b. Healy reported that the Napa County LAFCO Municipal Services Review (MSR) for water and wastewater agencies is out for public review. Healy reported that the document is over 500 pages and he will send a link to Board members so they may review the MSR. The MSR will be on the agenda on the June 17, 2020 Board meeting for Board review and discussion.

10. **LEGAL COUNSEL REPORT:** None.

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

- a. Finance Committee meeting – May 13, 2020: Vice-Chair Gregory and Director Graves attended. The operating and capital budget modifications were discussed.

- b. Vice-Chair Gregory reported on the North Bay Watershed Association meeting on May 1, 2020. He reported the Judy Kelly, their Executive Director, will be retiring in October of this year.

12. **UPCOMING MEETINGS:**

- a. Regular Board meeting – June 3, 2020
- b. Regular Board meeting – June 17, 2020
- c. Regular Board meeting – July 1, 2020 (to be canceled)
- d. Regular Board meeting – July 15, 2020

13. **ADJOURNMENT (6:00 P.M.)**

Adjourn to Napa Sanitation District Regular Meeting on June 3, 2020 at 4:00 P.M. at the Napa Sanitation District Administration Building, 1515 Soscol Ferry Road, Napa, California.

**Respectfully submitted,**

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**Clerk of the Board**