



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, APRIL 6, 2016 CALLED TO ORDER AT 4:04 PM.

1. **OPEN SESSION:**

2. **ROLL CALL:**

PRESENT: JILL TECHEL, Chair; KEITH CALDWELL, Vice-Chair; CHUCK GRAVETT, PETER 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:** Distracted Driving Awareness.

5. **PUBLIC COMMENT:** None.

6. **SPECIAL PRESENTATIONS:** None.

7. **CONSENT CALENDAR:**

- a. **MR 16-031:**
APPROVAL/CORRECTION OF MINUTES FROM THE REGULAR MEETING ON MARCH 16, 2016.
- b. **Receive County of Napa Voucher Register Dated 3/01/15 through 3/21/16.**
- c. **MR 16-032:**
AWARD CONSTRUCTION CONTRACT FOR SARCO CREEK PIPELINE REPLACEMENT PROJECT (CIP 15703) TO W.R. FORDE ASSOCIATES FOR THE AMOUNT OF \$678,945 AND AUTHORIZE THE GENERAL MANAGER TO EXECUTE THE AGREEMENT WITH THE CONTRACTOR AND ISSUE THE NOTICE TO PROCEED, WHEN APPROPRIATE.

- d. **MR. 16-033:**
AUTHORIZE PURCHASING AGENT TO EXECUTE A MEMORANDUM OF AGREEMENT WITH XYLEM WATER SOLUTIONS USA, INC. IN THE AMOUNT OF \$121,807 FOR THE PURCHASE OF AERATION BASIN DIFFUSER EQUIPMENT FOR AERATION BASIN DIFFUSERS, INSTRUMENTATION AND CONTROLS PROJECT CIP 15713).
- e. **MR. 16-034:**
AUTHORIZE CHAIR TO SIGN THE PRIVATE MAIN & LATERAL AGREEMENT FOR NAPA TOWN CENTER (APN 003-164-024, 03-164-025, AND 003-164-027).
- f. **MR 16-035:**
AUTHORIZE THE PURCHASING AGENT TO EXECUTE A TASK ORDER WITH CONSOLIDATED CM TO PROVIDE CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES FOR THE SARCO CREEK PIPELINE REPLACEMENT PROJECT (CIP 15703) IN THE AMOUNT OF \$265,932.
- g. **MR 16-036:**
AUTHORIZE THE PURCHASING AGENT TO EXECUTE A TASK ORDER WITH ESA TO PROVIDE ENVIRONMENTAL SERVICES DURING CONSTRUCTION OF THE SARCO CREEK PIPELINE REPLACEMENT PROJECT (CIP 15703) IN THE AMOUNT OF \$64,258.90.
- h. **MR 16-037:**
AUTHORIZE THE PURCHASING AGENT TO EXECUTE A TASK ORDER WITH CAROLLO ENGINEERS TO PROVIDE ENGINEERING SERVICES DURING CONSTRUCTION FOR THE SARCO CREEK PIPELINE REPLACEMENT PROJECT (CIP 15703) IN THE AMOUNT OF \$87,736.
- i. **RECEIVE GENERAL MANAGER’S REPROT FOR FEBRUARY, 2016.**

Motion by GRAVETT, seconded by MOTT, by the following vote:

AYES: GRAVETT, CALDWELL, GRAVES, MOTT, TECHEL
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

8. **REGULAR CALENDAR:**

- a. **MR 16-038:**
CONDUCTED AN APPEAL HEARING AND MADE DETERMINATION TO APPROVE METHOD 2 OF THE DISTRICT CODE REGARDING DEMOLITION CREDITS FOR CAPACITY CHARGES FOR 201 AND 251 RIVERSIDE DRIVE (APN’S 005-123-006 & 005-123-011). SEWER

**SERVICE CHARGES TO BE ASSESSED TO THE PARCELS
COMMENCING FY 2016-17.**

Motion by CALDWELL, seconded by GRAVETT, by the following vote:

AYES: GRAVETT, CALDWELL, GRAVES, MOTT, TECHEL
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

Andrew Damron, Senior Civil Engineer, gave an overview of the appeal filed by PG&E on the properties. Damron reported that the Board took action on April 6, 2011 to extend the capacity charge credits until April 15, 2016. Damron explained the current rules from the District's Code relating to demolition credits upon request for a demolition permit, which includes an option for two different methods for handling the demolition credits. The Board held discussion and approved Method 2 from the District Code - capacity charge credits would not expire provided the applicant agrees to be subject to sewer service charges on the parcels during periods of no sewer flow from the parcels. The District will begin to assess sewer service charges on the parcels commencing with FY 2016-17.

b. **RECEIVE PRESENTATION FROM STAFF ON AN ALTERNATIVE
SEWER SERVICE CHARGE PROPOSAL, ITS POTENTIAL IMPACT TO
THE OPERATING BUDGET AND CAPITAL IMPROVEMENT PLAN,
AND PROVIDE DIRECTION TO STAFF.**

Jeff Tucker, Director of Administrative Services, reviewed the discussions to date regarding sewer service charge rate options. At the Prop. 218 hearing on March 16th, the Board set the maximum sewer service charge rate increases for the next five years – 15% FY 16-17, 15% FY 17-18, 6% FY 18-19, 5% FY 19-20 and 4% FY 20-21. At the hearing, Board members stated they would look into trying to decrease the 15% increase to a lower increase for FY 16-17. Tucker presented some alternatives to allow lowering the increase to 10% the first year, with following years at 15%, 11%, 5% and 4%. The result would be a loss of \$2.1 million. In order to balance the budget under this alternative, certain capital projects would need to be moved out one to two years and/or three new positions could not be filled until FY 2018-19.

The Board held lengthy discussion on these potential ways to cut costs and the impacts to staffing and the District's capital improvement plan.

Motion by TECHEL, seconded by MOTT, by the following vote to lower sewer service rate increase from 15% to 10% for Fiscal Year 2016-17:

AYES: MOTT, TECHEL
NOES: CALDWELL, GRAVETT, GRAVES
ABSENT: NONE
ABSTAIN: NONE

Motion failed.

c. **RECEIVE PRESENTATION AND DISCUSS FINANCING ALTERNATIVES FOR THE BROWNS VALLEY ROAD SEWER INTERCEPTOR PROJECT (CIP 14703).**

Jeff Tucker, Director of Administrative Services, introduced the item. Tucker introduced David Leifer of KNN Public Finance, the District’s Financial Advisor. Mr. Leifer gave a presentation on the options for financing of the Browns Valley Sewer Interceptor Project. Mr. Leifer updated the Board on the current revenue bonds the District holds for various past projects. He reported that the revenue bonds are secured by the District’s net revenues. The District’s revenue bonds are currently rated AA-.

Mr. Leifer explained the pros and cons of the options for financing the project - competitive and negotiated. The total estimated project cost is approximately \$18 million, which will be funded by the proceeds of the new debt issuance. Mr. Leifer explained the bond structuring options and the difference in costs, structure and administrative burdens associated with each. He reviewed the debt service scenarios associated with each option.

The Board, staff and consultant held discussion on the different bond structuring options: 1) 20-year COP (bond) with level debt service, 2) 20-year COP with wrapped debt service, and 3) 20-year Clean Water State Revolving Fund (SRF) loan. The Board gave staff direction to proceed with the 20-year SRF loan to finance the project.

d. **MR 16-039: AUTHORIZE THE PURCHASING AGENT TO EXECUTE THE TASK ORDER NO. 50 WITH GHD TO PROVIDE DESIGN SERVICES FOR THE BROWNS VALLEY TRUNK PROJECT (CIP 14703) IN THE AMOUNT OF \$980,278, AND RECEIVE PRESENTATION FROM STAFF ON THE STATUS OF THE PROJECT.**

Motion by CALDWELL, seconded by GRAVETT, by the following vote:

AYES: GRAVETT, CALDWELL, GRAVES, MOTT, TECHEL
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

Andrew Damron, Senior Civil Engineer, gave an overview of the Design Contract with GHD for the Browns Valley Trunk Project. He reported on the alignment and scope, cost estimate, schedule and community outreach and coordination planned. The total project cost is estimated at \$14.8 million.

e. **MR 16-040: REVISE PUBLIC COMMENT POLICY BY CHANGING TIME ALLOWED FOR PUBLIC COMMENT FROM 5 MINUTES TO 3 MINUTES PER ITEM.**

Motion by TECHEL, seconded by GRAVETT, by the following vote:

AYES: GRAVETT, CALDWELL, GRAVES, MOTT, TECHEL
NOES: NONE
ABSENT: NONE

ABSTAIN: NONE

Chair Techel recommended the public comment allowance be three minutes per item. Techel noted that the Chair could allow a commenter more time if the specific circumstances warrant the extension.

9. GENERAL MANAGER REPORT:

- a. General Manager Healy announced the ribbon cutting ceremony for all of the recycled water projects will be on Monday, May 2, 2016 from 10:00 a.m. to 12:00 p.m. at the Napa Sanitation District. Congressman Mike Thompson will be attending the event. Staff will be sending invitations and organizing the event.

10. LEGAL COUNSEL REPORT:

- a. None.

11. BOARD OF DIRECTORS REPORTS/GENERAL DISCUSSION:

- a. NBWRA Board meeting (3/28/16): - Chair Techel attended the meeting.
- b. North Bay Watershed Association meeting (4/01/16) – Vice-Chair Caldwell reported he attended the meeting. He reported the annual conference will be held at the Napa Embassy Suites on April 22nd.
- c. Lands Committee meeting (4/04/16): Director Gravett reported he attended the meeting along with Director Graves. Another meeting with the committee will be scheduled in the near future.
- d. Chair Techel commented on a question that came up at a City Council meeting regarding Napa Sanitation District capacity charge methodology.

12. UPCOMING MEETINGS:

- a. Finance Committee meeting – April 11, 2016
- b. Long Term Planning Committee meeting – April 12, 2016
- c. Regular Board meeting – April 20, 2016
- d. North Bay Watershed Association Conference – April 22, 2016 at Embassy Suites in Napa, CA.
- e. Regular Board meeting – May 4, 2016.

13. ADJOURN TO CLOSED SESSION: (6:03 p.m.)

- a. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: 60-day Notice of Violations and Intent to File Suit under Clean Water Act from California River Watch dated February 15, 2016
- b. 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
Facts and Circumstances: Correspondence from Michael Durkee to District Counsel, dated March 16, 2016

- c. Public Employee Performance Evaluation
Title: General Manager

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

Legal Counsel reported that the Board took no reportable action in closed session.

15. **RECONVENE TO OPEN SESSION: (6:47 p.m.)**

16. **ADJOURNMENT: (6:47 p.m.)**

Adjourn to Napa Sanitation District Regular Meeting on Wednesday, April 20, 2016 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.

CHAIR

ATTEST:

Clerk of the Board