



BOARD MEETING AGENDA

**Tuesday, March 2, 2010
3:00 p.m.**

**Oro Loma Sanitary District Boardroom
2655 Grant Avenue
San Lorenzo, CA 94580**

In compliance with the Americans with Disabilities Act of 1990, if you need special assistance to participate in a District meeting, or you need a copy of the agenda, or the agenda packet, in an appropriate alternative format, please contact the Board Clerk's office at 510-276-4700. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the District staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

1. **Call To Order**
2. **Roll Call: Directors Becker, Dias, Kerr, Landis, Sidari**
3. **General Public**
(Members of the public wishing to comment on any item not on the agenda, but within the Board's jurisdiction, should notify the Board at this time. Those wishing to comment on any item on the agenda should do so at the time the item is considered. Comments may be limited to three (3) minutes. Time limitations shall be at the discretion of the President.)

CONSENT CALENDAR

- Motion
4. **Approval of Minutes of February 16, 2010**
(The Board will be asked to approve the minutes.)

COMMITTEE/AUTHORITY/CONFERENCE REPORTS

- Information
- Information
- Information
- Information
- Information
- Motion
5. **Report from the East Bay Dischargers Authority**
(Director Dias will report on the February 18, 2010 meeting.)
 6. **Report from the Personnel/Safety/Public Information Committee**
(Director Becker will report on the February 18, 2010 meeting.)
 7. **Report from the Operations Committee**
(Director Sidari will report on the February 24, 2010 meeting.)
 8. **Report from the Alameda County Waste Management Authority**
(Director Landis will report on the February 24, 2010 meeting.)
 9. **Report from the Construction Committee**
(Director Landis will report on the February 26, 2010 special meeting.)
 10. **Approval of Board Committee Minutes for Entry to District Record**
(The Board will be asked to approve the Board Committee minutes for entry to the District record by reference.)

STAFF REPORTS

- Information 11. **Review of Proposed Investment Portfolio and Market Risks**
(Staff will make a presentation on the proposed investment portfolio, including interest rate market risk. This item is for informational purposes only.)

CORRESPONDENCE

- Information 12. **Letter to Renewal Technologies, Inc. – Notice of Default**
(The Board will receive a copy of the letter sent to RTI by the District’s attorney on February 16, 2010, regarding the 500 KW Photovoltaic Renewable Energy Project.)

NEW BUSINESS

- Motion 13. **Approval for the District to Join the CSRMA Medical Provider Network (MPN)**
(The Board will be asked to approve the District joining the CSRMA Medical Provider Network for workers’ compensation.)
- Motion 14. **Approval of Policy Interpretation Regarding Post-Retirement Benefits for Director Howard Kerr**
(The Board will be asked to approve the policy interpretation approving out-of-pocket medical premiums not cover for Director Kerr upon retirement.)
- Resolution 15. **Resolution Approving Surplus Equipment List and Authorizing Disposition of Certain District Assets During FY 2009-10**
(The Board will be asked to adopt the resolution authorizing the disposal and removal of surplus equipment from the District’s asset inventory.)
- Resolution 16. **Resolution Approving the Oro Loma Sanitary District Investment Policy for Fiscal Year 2009-2010**
(The Board will be asked to adopt the resolution approving the revised Investment Policy.)
17. **Staff/Directors Comments**
(Board and/or staff members may comment on items of interest.)
18. **Adjournment**

MINUTES OF THE REGULAR MEETING
OF THE SANITARY BOARD OF THE
ORO LOMA SANITARY DISTRICT

MARCH 2, 2010

The regular meeting of the Sanitary Board of Oro Loma Sanitary District was called to order by President Kerr at 3:00 p.m., on Tuesday, March 2, 2010, at the District offices at 2655 Grant Avenue, San Lorenzo. Present were President Kerr and Directors Becker, Dias, Landis, and Sidari. Also in attendance were: Jason Warner, General Manager; Paul Zolfarelli, Director of Water Quality Services; Bill Halsted, District Engineer; Anna Wilewski-Turon, Finance Manager; Andreea Simion, Administrative Services Manager; Julie Kerr, Administrative Assistant; Mike Rodriguez, District Legal Counsel; and, Lenny Rather, Supervisor Field Maintenance. Also attending the meeting were members of the public: Garald Mosher and Alfonso Gumucio.

There were no comments from the general public at this time.

Director Landis moved approval of the following Consent Calendar items based on staff recommendations: 4) Approval of Minutes of February 16, 2010. The motion was seconded by Director Becker and carried unanimously.

Director Dias reported on the February 18, 2010 meeting of the East Bay Dischargers Authority. Items of interest included: the status report on the NPDES Permit showed that there were no violations of the combined effluent for January 2010; LAVWMA had two recent permitted releases of dechlorinated secondary effluent to San Lorenzo Creek, related to the storms in October 2009 and January 2010, and requested to reduce its flow through the EBDA pipeline during heavy flow. Dias also provided a copy of an SFGate.com article indicating that East Bay Municipal Utility District discharged 77 million and 66.5 million partially treated sewage into San Francisco Bay between January 17 and January 23, 2010, during the storms.

Director Becker reported on the February 18, 2010 meeting of the Personnel/Safety/Public Information Committee. Items discussed included: 1) Closed Session: was held with legal counsel to discuss one case of potential litigation; no reportable action was taken; 2) Evaluate Section III.B.5, Active medical Benefits, of the Compensation, Travel and Meetings, Benefits, and Post-Retirement Medical Benefits Procedures for members of the Board of Directors: discussed the contents of the section that establishes the level of medical benefits for active members of the Board of Directors; recommended no changes at this time, but to revisit the issue in August 2010; 3) Post-Retirement Medical Benefits for Director Howard Kerr: discussion on staff's written interpretation of the Board policy regarding post-retirement/post-separation medical benefits for Board members, as it applies to Director Kerr; the Committee recommended full Board concurrence by motion with the policy interpretation; 4) New Public Employees Benefit Reform Act: staff presented information on a ballot initiative that may be placed on the November 2010 ballot, which would provide significant changes to CalPERS retirement benefits for employees hired after July 1, 2010; 5) Labor Negotiations Timeline: staff presented a draft timeline for the 2011 labor negotiations process; recommended that the Board President appoint the Ad-Hoc Negotiations Committee at the March 16, 2010 Board meeting; 6) Recommendation to Join CSRMA Medical Provider Network (MPN) for Workers' Compensation Purposes: staff presented information about the CSRMA Medical Provider Network, indicating that it contains all the physicians and specialists who are currently available to treat the District's employees for workers' compensation injuries; under the MPN, employees could change physicians as often as they

wish within the MPN network; District's enrollment in the MPN is not subject to bargaining; and, 7) Ralston Court Project – Public Information: the Committee discussed with staff future steps to be taken in regards to informing the affected customers of the District's construction plans for the Ralston Court Lift Station and the installation of six residential lift stations; Chair Becker expressed that it may be beneficial in the future if the affected customers were informed earlier in the process.

Director Sidari reported on the February 24, 2010 meeting of the Operations Committee. Items discussed included: 1) Natural Gas Usage: Gas purchased for the month of January 2010 was 10,231 therms, 3,434 therms less than December 2009, and 6,751 therms less than January 2009; the great story behind the data was that the digester gas production had increased greatly in response to the grease receiving pilot study; the current per therm cost of \$0.683 has remained fairly stable for the past six months, averaging \$0.63/therm; 2) Monthly Power and Chemicals Costs: total cost for the month of January 2010 was \$52,214; 3) Biosolids Drying Beds Update: overview of the ongoing sludge drying operations included a photographic review of each pond, dewatering efforts, a status review and planned efforts for the upcoming dry season; 4) Fall Protection at the Lift Stations: overview of the recently implemented fall protection systems at the remote lift stations; the system includes a removable davit arm, which can be extended to allow up to two employees to tie off to it, and prevents staff from falling into the open vaults; 5) Sludge Hauling Bids: five bids were received, ranging from \$10.55 to \$16.00 per ton; the low bidder was S&S Trucking; including tipping fees, the total cost for the biosolids disposal will be approximately \$22/ton; and, 6) District Operations Overview: plant is running well and staff has prepared for the predicted storms.

Director Landis reported on the February 24, 2010 meeting of the Alameda County Waste Management Authority. Items of interest included appointments to the Board and Committees where there were vacancies, and a closed session to evaluate the Executive Director's performance.

Director Landis reported on the February 26, 2010 special meeting of the Construction Committee. The purpose of this meeting was for staff to relay to the Committee all the information related to the Bayview Avenue aerial sewer bridge and the Ralston Court Lift Station project, so that the Committee members would understand the issues reviewed with the Bayview residents at the recent meeting. District Engineer Halsted was asked to provide an overview of the meeting, which included a presentation reviewing the existing conditions, alternatives, and project criteria. In answer to a question from Mr. Alfonso Gumucio, one of the affected homeowners, regarding access through the Rosario property, Supervisor of Field Maintenance Rather explained that: the crews cannot drive through the Rosario property to service the manhole; when they tried to perform their maintenance work there, they were approached by Mr. Rosario, who essentially told them that they would no longer be allowed on his property, and that he was going to build a fence, so the crews could no longer access the manhole through his property. Mr. Rosario was informed at that time that the District has an easement, and the right to work on the sewer behind the property; after several meetings between Mr. Rosario and representatives from the District's Collections and Engineering departments, Rather was asked by Mr. Rosario to write a letter stating that the crews would not enter his property for scheduled maintenance unless Mr. Rosario is given 24 hours notice. Rather informed him that in case of an emergency, we would need to access the property without notice as our easement allows. At Director Becker's suggestion, Rather described what had to be done to get the equipment to the manhole, which included pulling hoses through the yard, over fences, over walkways, and down wooden steps, to the manhole.

Mr. Rosario had indicated that he would not allow this to happen either. Rather then explained that to accommodate the request from Mr. Rosario, his crews have to come to the manhole from the other side of the property for regular maintenance; however, access this way has proven unsafe and hazardous to the crew, and heavy equipment cannot be brought down for service. Director Dias stated that access to the easement had been through the church's roadway for many years; however, after the church built on the access road, the access was cut off. Mr. Gumucio stated that he has lived in his house for over six years, and never saw a truck working in the area, and wondered why it was so important now to use a truck. Rather answered that, historically, a truck had been there every three months, until the church locked the crews out by closing off the road. Halsted continued with his presentation by giving a background on the when and how the sewer bridge was installed, and what the existing conditions of the aerial sewer and surrounding area were: 1) sewer line is located in an environmentally sensitive area; 2) sewer lines in the Bayview Avenue/Center Street easement are on a three-month maintenance schedule, much shorter than the other sewer lines in the District; 3) the Sewer Bridge is adversely impacted by soil creep and creek bank erosion; 4) the Sewer Bridge has the potential for failure due to earthquake or tree strike; 5) geotechnical engineers have determined that: the bridge foundation needs to be underpinned with CIDH piles; 6) the creek bank needs toe protection and erosion control measures; and, 7) the creek has shifted several feet to the East. Alternatives reviewed and discussed regarding the sewer aerial bridge included: business as usual; rehabilitate the sewer bridge; replace the sewer bridge; construct a lift station at Ralston Court; construct a lift station at Reyna Drive; or, construct a lift station on Bayview Avenue. Each of the alternatives was reviewed separately, with costs and impacts. Then the alternatives were judged on how they would meet the established criteria: 1) reduce or eliminate the impact of creek erosion/washout on existing sewer assets; 2) reduce the potential for sanitary sewer overflows in environmentally sensitive areas; and, 3) provide access to allow proper maintenance and future replacement of District facilities. Each alternative was scored based on meeting the criteria, the environmental impact, the economic impact on the District, and monitorability by the District. With this, the recommendation was to remove the sewer bridge and abandon the Bayview Avenue/Center Street easement sewer, build a lift station at Ralston Court, with an approximate cost of \$1.24 million and a 20-year present worth of expenditure of \$1.6 million; the Ralston Court lift station would discharge to Bayview Avenue, it would meet all three criteria, would be monitored 24/7 by the Operations Department; this was the alternative with the highest score based on project criteria. Director Landis stated that Halsted's presentation was the same one that the Committee members received at the February 26th Construction Committee meeting. He added that the affected residents would be invited to the Construction Committee meeting on March 10th, where the same presentation would be given. Lastly, Director Landis acknowledged that some residents may not be able to attend the March 10th meeting, so a special meeting will take place on March 11th, in the evening, at the church, to allow all the homeowners to view the presentation and express their questions and/or concerns. Mr. Gumucio stated that the homeowners discussed the fact that once the parcel lift stations were installed, the liability for them would be transferred to the homeowners; he added that the homeowners determined that the only way this might work would be to have the District assume full responsibility for all lift stations. Director Dias asked that Mr. Gumucio express in writing all the concerns and what it would take to make this project successful, so the Board could discuss and consider. President Kerr stated that he felt that everyone learned a lot from today's presentation, and that the Board is open to working with the homeowners to come to a good conclusion for everyone. At the end of the presentation, General Manager Warner read a letter received on the same day from Rita Duncan, who questioned why the impacted residents were not invited to the February 26th Construction Committee meeting. Ms. Duncan

requested a written reply. President Kerr stated that the meeting was scheduled so that the members of the Construction Committee would obtain all the current information and be informed when meeting with the residents. President Kerr also read a letter from the Rosario family, thanking the District for keeping them informed and part of the process, and for listening to their concerns and comments.

Director Landis moved approval of the Board Committee minutes for entry to the District record by reference. The motion was seconded by Director Sidari and carried unanimously.

General Manager Warner and Finance Manager Wilewski-Turon provided a review of the proposed investment portfolio and the market risks associated with it. At the February 2, 2010 Board meeting, the Board authorized the General Manager to enter into an investment agreement with PFM Asset Management LLC, with the initial amount of investments established at \$10 million. The main reason behind the decision to go with an investment manager was to obtain diversification in the District's investment portfolio, as well as potentially increase investment returns over those offered by the District's historical investments in LAIF and U. S. Treasuries. At the February 12, 2010 Finance & Insurance Committee meeting, the Committee considered a range of options, including: discussing the existing low market rates and the expectation that they would rise over time; agreed that a shorter average duration was warranted, targeting between 2.25 and 2.75 years; and, discussing the inclusion of Treasury instruments over a portfolio of federal agency debt, then agreeing that the additional returns offered by the federal agency instruments made them favorable over Treasury instruments. Further consideration was given to the impacts to the value of the securities under various interest rate increase scenarios, in particular that with the market at historically low rates, the expectation is that rates will rise. Assuming this condition, the market value of the District's principle investment would be at risk under conditions where market rates increased 1% or more within 6 months, or 2% within 12 months. While the market losses would only materialize if the District sold the securities before their maturity date, as long as they are held to maturity, it would not put the principle at risk. However, the District's financial statements would show market or 'paper' losses as the values of the securities would vary while they are held. Director Landis asked how long it would take if the District wanted to sell its investment, and Warner stated that the transaction could be completed in one day. In answer to Director Landis's inquiry about putting the full \$10 million amount in at once, Warner stated that that was a good question, whether to invest it all, or to inch our way into the pool to see how the market works out. Warner also stated that staff is still working on answering additional questions brought up in the Finance & Insurance Committee meeting, and that a final recommendation will be brought back before the Board – whether to continue with PFM, or take another direction and invest ourselves. Director Landis charged staff and the Board with staying informed about how things shape up in the market, and knowing where the economy is going. Directors Dias and Becker thanked the General Manager for a good presentation.

The Board received a copy of the formal letter of demand sent to RTI (Renewable Technology, Inc.) by the District's legal counsel on February 16, 2010, regarding RTI's intentions on completing the 500 KW Photovoltaic Renewable Energy project on the District's property. General Manager Warner stated that staff has heard nothing back from RTI as of this meeting. This was an informational item only; no action was required.

Director Dias moved approval for the District to join the California Sanitation Risk Management Authority (CSRMA) Medical Provider Network (MPN) for workers' compensation, as described in the

minutes of the Personnel/Safety/Public Information Committee meeting of February 18, 2010. The motion was seconded by Director Becker and carried unanimously.

Director Dias moved approval of the policy interpretation regarding post-retirement/post-separation benefits for Director Howard Kerr, indicating that Director Kerr would be treated as an Oro Loma Sanitary District retiree for purposes of post-retirement/post-separation medical benefits. The motion was seconded by Director Sidari and carried on a 4-0 vote, with President Kerr abstaining.

Director Landis moved adoption of Resolution No. 3511, RESOLUTION APPROVING SURPLUS EQUIPMENT LIST AND AUTHORIZING DISPOSITION OF CERTAIN DISTRICT ASSETS, and Resolution No. 3512, A RESOLUTION APPROVING THE ORO LOMA SANITARY DISTRICT INVESTMENT POLICY FOR FISCAL YEAR 2009-2010. The motion was seconded by Director Sidari and carried unanimously.

General Manager Warner informed the Board that staff was working on a go/no go recommendation for the grease receiving facility, looking at pumps, the impact on dewatering, and the impact on odors. The final report should be brought to the Construction Committee and the Board sometime in April 2010. Warner also reported receiving a proposal for a solar project, and that staff is evaluating whether to continue with what has already been installed, or start over. Director Landis inquired what would happen to the material already installed on our property if there is no response from RTI within 30 days; Warner stated that it would revert to the District, while Legal Counsel Rodriquez stated that RTI could have the option to remove their property, but failing that, it would be considered abandoned. Warner stated that he would provide an update at the next Construction Committee meeting, and bring it back to the Board at its next meeting.

President Kerr thanked the Board for approving the clarification of his benefits. He then asked the General Manager to have an item placed on the next agenda for the Board to discuss Board Committees and Committee assignments, to make sure that the Committees are working together and do not overlap on responsibilities.

There being no further business to come before the Board, the meeting adjourned at 4:56 p.m..

Roland J. Dias
Secretary

(Recording Secretary:
Julie Kerr)