



BOARD MEETING AGENDA

**Tuesday, May 4, 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 April 20, 2010**
(The Board will be asked to approve the minutes.)

COMMITTEE/AUTHORITY/CONFERENCE REPORTS

- Information
- Information
- Information
- Information
- Motion
5. **Report from the Operations Committee**
(Director Sidari will report on the April 21, 2010 meeting.)
 6. **Report from the Personnel/Safety/Public Information Committee**
(Director Becker will report on the April 22, 2010 meeting.)
 7. **Report from the Alameda County Waste Management Authority**
(Director Landis will report on the April 28, 2010 meeting.)
 8. **Report from the California Association of Sanitation Agencies**
(Board members, staff and legal counsel will report on the April 28-30, 2010 conference.)
 9. **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.)

NEW BUSINESS

- Motion 10. **Approval of Revisions to Policy/Standard Procedure: District Financial Reserves**
(The Board will be asked to approve the revisions to the policy, and to authorize the Finance Manager to implement the new reserve levels and record them into the General Ledger.)
- Motion 11. **Approval of Amended Policy/Standard Procedure: Compensation, Travel and Meetings, Benefits, and Post-Retirement Medical Benefits Procedures for Members of the Board of Directors**
(The Board will be asked to approve the amended policy.)
- Motion 12. **Approval Authorizing the General Manager to Execute an Agreement with Solar Power Partners for a 500 kW Photovoltaic Renewable Energy Project**
(The Board will be asked to approve authorizing the General Manager to sign an Agreement with Solar Power Partners, for the supply of solar power, and authorize the General Manager to make minor adjustments to the contract which do not effect the basic agreement terms.)
- Resolution 13. **Resolution Adopting a Negative Declaration for the Ralston Court Lift Station Project**
(The Board will be asked to adopt the resolution adopting a Negative Declaration and direct staff to file a Notice of Determination with the Alameda County Clerk and State Clearinghouse.)
- Resolution 14. **Resolution Approving Budget Amendment No. 2 for the Two-Year Budget for Fiscal Years 2009-2011, and Requesting Transfer of the Budgeted Allocations Between Projects for Fiscal Year 2009-2010 Only**
(The Board will be asked to adopt the resolution approving budget amendment No. 2.)
15. **Staff/Directors Comments**
(Board and/or staff members may comment on items of interest.)
16. **Adjournment**

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

MAY 4, 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, May 4, 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; and, Mike Rodriquez and Kevin Gilbert, District Legal Counsels, and member of the public, Dan Walters.

There were no comments from the general public.

Director Sidari moved approval of the following Consent Calendar items based on staff recommendations: 4) Approval of Minutes of April 20, 2010. The motion was seconded by Director Becker and carried unanimously.

Director Sidari reported on the April 21, 2010 meeting of the Operations Committee. Items discussed included: 1) Gas Handling on Digester No. 5: the Committee received a presentation on the work recently completed on the Digester No. 5 gas handling system; there had been difficulties with the gas lines, where water from the gas was collecting in the low spot of the line, impeding the gas from leaving the digester, and contributing to low gas pressure and volume, which affected the operations of the co-gens; the solution was to install a new system that utilizes an articulated track that ensures there are no low spots in the gas line; 2) Co-gen Engine Rebuild: rebuild work on Co-gen Engine #1 was coordinated and conducted by in-house staff, aided by contractor Scott Campbell of Bay Power, Inc.; this work was scheduled as part of the normal rebuild cycle for the Co-gen engine after 30,000 hours of run-time; parts were ordered and on-hand in advance, to ensure the least amount of downtime (12 days); labor cost for in-house staff, contractor cost, and material costs came to a total of \$52,839; staff believes that coordinating/rebuilding the engine in-house ensured better oversight and a higher quality of work; 3) Natural Gas Usage: natural gas purchased in March 2010 was 8,937 therms, which was 14,258 therms less than March 2009; this represented an approximate savings of \$10,000 in natural gas charges; 4) Monthly Power and Chemical Costs: the cost for electrical supply, natural gas, ferric, hypo and polymer for the month of March 2010 was \$52,283; and, 5) District Operations Overview: the Treatment Plant is running well; staff is preparing to implement summer protocols.

Director Becker reported on the April 22, 2010 meeting of the Personnel/Safety/Public Information Committee. Items discussed included: 1) Earth Day 2010 Poster Contest Update: all schools have been informed if they have cash prize winners and/or Certificate of Merit recipients; invitations to the awards ceremony were mailed out, as well as packets of information for the winning students; out of 32 schools participating this year, 16 will receive matching cash prizes, and 16 will receive \$100 participation awards; staff is preparing for the awards ceremony on May 25th; judging of the posters was performed by several individuals from different organizations, and it was a "blind" process, where the student's name and school were only revealed after the final decision was made; 2) Review Confined Space Entry: a confined space entry was performed by the Operations and Maintenance staff, with the Collections Department personnel on stand-by at the

location; instead of a scheduled training exercise, staff decided to apply the training to a practical matter—cleaning up a dirty pipe trench in the plant; all participants were competent and well equipped to perform the entry and do the work; the project was completed successfully; 3) Review Benefit Cost Trends for Oro Loma: staff presented a spreadsheet containing the 2000-2009 salary and benefits information; to keep in line with the industry standard for reporting, the salary data was based on 2080 work hours per year; benefit costs were broken down by department and by type of benefit; over the past five years, the overall benefits to salary ratio has been constant, averaging 54%; it was noted that costs for medical benefits have consistently decreased from 41% of total benefits in 2000, to 30% in 2009; and, 4) Amendment to the Travel and Meeting Policy and Standard Procedure for Members of the Board of Directors: the only change to the document was allowing for retroactive Board approval for Director compensation when attending meetings, in instances where pre-approval could not be obtained due to timing or unforeseen circumstances.

Director Landis reported on the April 28, 2010 meeting of the Alameda County Waste Management Authority. Item of interest included the approval of the Strategic Plan. Landis stated that he was the lone negative vote.

Directors Becker and Dias and General Manager Warner reported on the April 28-30, 2010 Spring Conference of the California Association of Sanitation Agencies, held in Newport Beach, California. All agreed that this conference was above average, stating that the quality of the speakers and the information provided was very good. Presentations and discussions included: CSRMA Best Recommended Practices for Sewer Spill Response; mining phosphates out of treatment plants; tracking greenhouse gas caps; presentation and award for the West County Wastewater District's solar energy facility; presentation and award for the Central Contra Costa Sanitary District's aeration system; presentations on odor identification and response and climate change updates; discussion of due diligence in the evaluation of tiered employee benefit programs; discussion of changes to Proposition 218 requirements when rates are set for several years; and, an offsite reception held at the San Joaquin Nature Wildlife Sanctuary. Legal Counsel stated that the Attorneys report would be given at the next Board meeting.

Director Landis reported on a special meeting of the Construction Committee, held on May 3, 2010. The purpose of the meeting was the review of the Power Purchase Agreement (PPA) and Land Lease with Solar Power Partners (SPP). General Manager Warner provided an introduction to the contract; many of the key values remained for population, and were contingent upon how things with RTI were wrapped up. As staff did not expect to have all questions related to RTI answered by the next Board meeting, staff expected to present pricing for three different scenarios, including a range of best to worst cases; the options would range from \$0.115 to \$0.12 per kW-hr, with a 3.5% inflation factor over 25 years. The Committee requested clarifications and/or additions to the contract as follows: provide a copy of SSP's financial statements; include a provision that billing will be performed monthly; add a statement to explicitly state that the District will not pay for power above 115% of the annual expected output on a rolling 12-month basis; specify the delivery point in Exhibit A; clarify that the contract price includes all known governmental costs at the time the contract is executed; in Article 7.6, provide a maximum cap associated with "Changes in Law"; add a provision to provide monthly billing of LD's if they accrue; clarify the condition in which the site must be left after removal of the solar energy system (it was noted that the contract requires that, at the Owner's sole cost and expense, the solar facility is to be removed from the site,

and the premises are to be restored to their original condition); and, provide a drawing of the site, including a label for the biosolids drying facility. When asked by Chair Landis if all remaining items could be completed for the next Board meeting, General Manager Warner was optimistic that a final agreement would be ready by the May 4, 2010 meeting.

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

Director Becker moved approval of the revisions to the Policy/Standard Procedure, "District Financial Reserves" – transferring the \$900,000 no longer needed in Bond Reserves to the R&R Reserves; increasing the CIP Reserves by \$81,000, which represents the annual adjustment to the \$7,000,000 digester contingency, based on the Environmental News Record index change; and language changes to bring the policy in line with the recommended new reserve levels. The motion was seconded by Director Dias and carried unanimously.

Director Dias moved approval of the amended Policy/Standard Procedure, "Compensation, Travel and Meetings, Benefits, and Post-Retirement Medical Benefits Procedures for Members of the Board of Directors", to allow for retroactive Board approval of Director compensation when attending meetings, in instances where pre-approval could not be obtained due to timing or unforeseen circumstances. The motion was seconded by Director Becker and carried unanimously.

General Manager Warner reviewed the status of the solar energy project, stating that in anticipation of the termination of RTI's contract due to non-performance, staff had begun talking to other firms about the project. He settled on Solar Power Partners (SPP), due to their low price, impressive construction credentials and their favorable handling of system monitoring and security. After discussing the new proposals with the Construction Committee, it was recommended that the General Manager proceed with SPP. Warner reviewed the current agreement points, with terms that include the purchase of power for 25 years, at the beginning year rate of \$0.115/kW-hr; there would be a 3.5% escalation factor; an option to buy the facility at fair market value; the option to extend the PPA agreement for two 5-year terms, or request the removal of the solar system at end of term; and SPP to carry the risk of rebate loss if the array is not completed by October 22, 2010. Legal issues to still be discussed were: default events - termination; potential impact of changes in law; site security; and, what would happen if a downgrade event occurred. After additional discussion, Director Landis moved that the Board reaffirm the Board's findings from its March 18, 2008 hearing, related to the favorable cost of the solar power agreement and the lease of District property for the use of generating solar power; to approve authorizing the General Manager and Legal Counsel Kevin Gilbert to negotiate and come to a final agreement, and to authorize the General Manager to sign a Power Purchase Agreement with Solar Power Partners for the supply of power, up to an initial rate of \$0.118/kW-hr, and authorize the General Manager to make minor adjustments to the contract, which do not affect the basic agreement terms. The motion was seconded by Director Becker. The vote was three ayes (Becker, Landis and Kerr), one no (Dias), and one abstention (Sidari). Director Dias stated that he felt a contract of this magnitude needed to have the full Board's approval, and that the full Board should be able to review the final draft of the agreement before approving. Director Becker then stated that he would feel more confident in seeing a full contract before final approval, and he moved for reconsideration of the previous motion. The motion was seconded by Director Dias. The vote was three ayes (Becker, Dias, Sidari) and two no (Landis, Kerr). General Manager

Warner informed the Board that he, Attorney Gilbert, and SSP were working aggressively to get the PPA and Lease Agreement completed, and that there was a time constraint on getting the PPA contract approved, as PG&E needed to see that both parties were serious at getting this project to move forward in order to keep the rebate. Warner was asked if he felt that he and Gilbert could get the agreement ready by Thursday. Warner stated that he felt confident that they could. The Board agreed to set an adjourned meeting for Thursday, May 6, 2010, at 2:00 p.m., to review and give final approval to the agreement.

Director Dias moved adoption of Resolution No. 3513, A RESOLUTION ADOPTING A NEGATIVE DECLARATION FOR THE RALSTON COURT LIFT STATION PROJECT, and directing staff to file a Notice of Determination with the Alameda County Clerk and State Clearinghouse. The motion was seconded by Director Becker and carried unanimously.

Director Dias moved adoption of Resolution No. 3514, A RESOLUTION APPROVING BUDGET AMENDMENT NO. 2 FOR THE TWO-YEAR BUDGET FOR FISCAL YEARS 2009-2011, AND REQUESTING TRANSFER OF THE BUDGETED ALLOCATIONS BETWEEN PROJECTS FOR FISCAL YEAR 2009-2010 ONLY, with the overall impact of the adjustments for the combined R&R and CIP budgets to be a net decrease of \$906,600. The motion was seconded by Director Becker and carried unanimously.

General Manager Warner asked Director of Water Quality Services Zolfarelli to provide an overview of the Treatment Plant's Summer Protocols. Zolfarelli stated that as part of the summer/winter operations, during the spring, the summer protocols are put into motion. One reason to implement these protocols is to assist with the inspection and maintenance of the facility; the second is to assist in the peak pricing time for PG&E, which begins on May 1st, and is usually between the hours of 2:00-6:00 pm. These protocols include: bringing down one of the aeration basins, which lowers power consumption; taking one of the chlorine contact channels down at a time, rotating with the second channel, for maintenance and cleaning; and, taking down one of the secondary clarifiers, so staff can go in and inspect the coating, the mechanics, and to make sure that everything is operating properly. Zolfarelli stated that the summer protocols are dictated by flow; during the winter months, the average daily flow is close to 20 MGD, and all processes are online and treating the flow; in the summer, the flow drops to 12-15 MGD and makes it easier to bring different parts of the treatment process down for inspection, allowing staff to determine long-term maintenance. He further stated that he prefers doing it this way, as this method conserves power, bringing PG&E costs down; the same action was taken last year, it was very effective in saving significant power use, and helped in the operation and repair of the facility. Warner stated that a third of the plant has been out of service, and yet we still have a high quality effluent.

The General Manager informed the Board that District Engineer Halsted had set up a meeting with the Bayview residents to discuss the Board's mitigation offer. This meeting would take place on Thursday evening, and he would update the Board on what transpires. He also asked the members of the Solid Waste Committee about postponing or rescheduling the Excellence in Service awards presentation at Waste Management, as it was scheduled for the same day as the adjourned Board meeting. The members decided on Thursday, May 13th.

Director Becker informed the Board that just before leaving for the CASA Conference, he received an email from a staff member of Nate Miley's office, requesting the District to donate some compost to the Cherryland Elementary School for a project. Becker had contacted the General Manager about the request, and the school was complimentary on the response. He also stated that he agreed with Warner and Director Dias that this CASA Conference was one of the better ones he has attended.

Director Sidari informed the Board that at the next day's Alameda County Special Districts Association meeting, there would be discussion of the District's 100 year anniversary that is coming up in 2011, and honoring Oro Loma as the oldest special district in the County. He also suggested that the Board and staff should start thinking about what the District will do to celebrate its 100th anniversary next year.

President Kerr stated that he had received a letter from the Government Finance Officers Association, announcing that the District has again received a Certificate of Excellence in Financial Reporting for the District's Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2009; he congratulated Finance Manager Turon and staff for their excellent work. He also said that he received a letter from EBMUD, thanking the District for its participation in the Community Committee meeting held in the District's boardroom, and with helping EBMUD with their water supply. EBMUD also stated that any of its Board Members or staff would be available to make a presentation at a District Board meeting to discuss California water issues and EBMUD water supplies.

There being no further business to come before the Board, the meeting adjourned, at 4:45 p.m., to Thursday, May 6, 2010, at 2:00 p.m., for the purpose of again reviewing and approving the final draft of the Purchase Power Agreement with Solar Power Partners, for a 500 kW Photovoltaic Renewable Energy Project.

Roland J. Dias
Secretary

(Recording Secretary:
Julie Kerr)