



Tamalpais Community Services District

305 Bell Lane, Mill Valley, CA 94941 • 415 388-6393 • Fax: 415 388-4168
info@tcsd.us • www.tcsd.us

**Minutes of the Special Meeting of TCSO Board of Directors
MONDAY-MARCH 14, 2016
8:45AM
TCSO MAIN OFFICE-305 BELL LANE, MILL VALLEY**

I. CALL TO ORDER

The Tamalpais Community Services District Board of Directors Special Meeting was called to order by President Brown at 8:45 a.m. on Monday, March 14, 2016.

2. ROLL CALL President Jeff Brown; Vice President Steven Levine; Directors Steffen Bartschat, Matt McMahon and Jim Jacobs

As five of the five Board members were present at Roll Call, a quorum was constituted.

Staff Present: General Manager Jon Elam, Finance Manager Jerry Taylor, Sanitation Manager Bob Bunce, and Recording Secretary Claudia Laughter

Others Present: Dan McDonald, Malcolm Harvey, Andy Allen, and Shirley Hasley

3. APPROVE AGENDA

MOTION TO APPROVE THE AGENDA

M/S/C: J. JACOBS/S. LEVINE AYES: 5 NAYS: 0

4. AGENDA ITEM

A. DISCUSSION OF SEWER RATES AND RATE SETTING PROCESS FOR FY 2016-17 IN PREPARATION FOR THE MARCH 23, 2016 SPECIAL BOARD MEETING WITH HDR ENGINEERING

President Brown restated that the purpose of the meeting was for the Board to brainstorm and discuss their current thoughts on the sewer rate setting process before presenting it to HDR Engineering and the meeting on March 23, 2016. Director Jacobs began by stating that treating wastewater is operation

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and maintenance as well as the amount generated has an association to plant capacity. He stated that part of the capital projects and costs are buying capacity for storm events, not just everyday treatment and that these costs will be paid for as a community. He stated he preferred variable rates in tiers rather than a set amount.

Director Bartschat stated that the issue of fairness was an issue the Board has been discussing and that there also needs to be revenue predictability as well as a rate system that is easy to explain and administer. He acknowledged the request for low water users and wanted to also add a lateral inspection component and the potential to develop a rate with and without an inspected lateral.

Director McMahon stated there were several considerations to discuss: rate structure, rates themselves in term of total foreseeable expenses before discussing with HDR, and timing of any changes. Regarding the rate structure, the wastewater treated is approximately 80% wastewater and 20% wet weather flow with the wastewater being driven and controllable by residents but infrastructure and capacity has to be in place for wet weather events otherwise large fines would be levied for spills. Costs seem tied to the capacity being created due to stormwater and I&I, not for individual usage. He stated that costs by treatment plants to handle flow is a community-wide expense which includes the cost to treat the water and the capacity of the collection system at peak flow times. He stated the Board needs to look at what are factors an individual can control (wastewater and lateral status) and what they can't (wet weather capacity, I&I, and regulatory requirements).

Vice Levine reviewed MMWD recently proposals and feels that the District could open up the current rate split to truly reflect TCSO and other treatment districts.

President Brown stated that in viewing other treatment districts, they are not facing the debt service or capital improvements that TCSO is. He suggested looking at the variable portion of the rate in "bands" or levels of use. Vice Levine suggested also adding the lateral certification incentive to the rate structure.

GM Elam agreed that there might be construction of a rate structure with the lateral certification component. Director Bartschat asked if there was a way to measure what a leaking lateral costs the District.

Director McMahon suggested the Board develop a set of linear fees. He stated the Board has heard feedback from single family homeowners where only one person resides and that the rate was unfair. In constructing the fee breakdown, he sees two components-what is the shared community-wide cost and what is the individual controlled component? This is where tiers could be developed and begin with the shared community expense but the ability for individuals to control additional fees on top. GM Elam stated there are two pieces of fixed costs including the debt service for the bonds in Kay Park which the Board decided to be paid for by the whole community and an investment, the other is labor cost overhead of staff that everyone has access to those resources. He stated that the Mill Valley doesn't have any debt, but that TCSO's fixed overhead is everyone's responsibility.

Director Bartschat stated that dwelling classification by type should be changed to usage groups. Director McMahon requested reviewing other districts to understand what their structures are and identify standards. Director Jacobs also suggested looking to build back the reserves. Director Bartschat asked if bond measures were available to help with infrastructure and capital improvements that the community could vote on. GM Elam stated that the parcel tax model that Mill Valley uses is a fixed cost and that the City of Sausalito has it as well.

President Brown brought up the EDU versus Parcel issue and stated that 218 aside, there doesn't seem to be a logical way to move to per parcel basis on fixed costs. GM Elam stated that the District uses connections when discussing number of customers (2,550) and the Board needs to determine how to apply costs in a methodology. He stated the issue with analyzing six years of data, is that the vast majority of customers are in a narrow band of approximately 4-6 ccfs. President Brown stated that the Board should decide what timeframe to base the data on and that changes in ownership will take time for the data to catch up. Finance Manager Taylor suggested that using a tier model would be easier to administer.

President Brown stated that Mill Valley uses two billing periods without a top usage cap and when asked if there were issues, they stated the only corrections were for certified water leaks.

The Board agreed to send these concerns and questions to Tom Gould of HDR Engineering and his team for consideration and to address at the March 24th Meeting.

PUBLIC COMMENT

- Andy Allen – Mr. Allen asked if SMCSB has the same fluxuation in I&I and could the District still consider transferring to Mill Valley that the reduction in flow to SMCSB would mean they wouldn't need to upgrade their infrastructure. He also suggested checking laterals when it rains and the stret drains.

Director McMahon stated that the Board previously reviewed and reported on the proposed costs of transferring flow to SASB and that the Board has an existing contract with SMCSB for 30 years. Mr. Allen suggested promoting a grey water campaign and Vice Levine stated MMWB is requiring it in their codes for new homes.

- Malcolm Harvey – Mr. Harvey stated there was litigation from sewer laterals and if it was used as a reward, it would be favorable to stay out of litigation. He stated it appeared that the Board looks at things that affect themselves and their own costs and was not sure that they were representing the community. He suggested looking at what the community needs and the volumetric approach would be beneficial to everyone, as well as getting I&I under control. President Brown stated that no Board member has a personal agenda on how the rates are to be set. Director Bartschat stated that they were elected and do represent the community. Director McMahon stated that he heard the Board state that they were aware and sympathetic to different home sizes versus square footage and also there should be a consideration for the costs that people haven't contributed. The

Board is trying to figure out what is fair based on usage or shared community expense but that there is a major capital improvement project that TCSB has a share of to be paid. Mr. Harvey again stressed the importance of the rate structure.

- Shirley Hasley – Ms. Hasley asked that the Board consider seniors and single people who have low water use in their evaluations.
- Dan McDonald – Mr. McDonald stated that the Board should review the age of laterals.

5. **ADJOURNMENT**


MOTION TO ADJOURN

M/S/C J. JACOBS/S. LEVINE

AYES: 5

NAYS: 0

MEETING ADJOURNED AT 9:54 A.M.



President



Secretary