

PORT COSTA SANITARY COMMISSION

of the Crockett Community Services District

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MINUTES OF SPECIAL MEETING, APRIL 20, 2020

1. CALL TO ORDER: The meeting was called to order at 3:00 PM by Chairperson Surges. Present were Commissioners Cusack, List and Scheer, along with General Manager McDonald, District Counsel Hundley, Dept. Manager Barnhill and Assistant District Secretary Witschi. Also present were Directors Barassi and Kirker. Commissioner Mann was absent.

2. CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL- ANTICIPATED LITIGATION:

3. OPEN SESSION: Mr. McDonald said there were no reportable actions in the closed session. The open session resumed at 3:20 pm.

4. AGENDA ORDER: There were no requests to hear agenda items out of order.

5. PUBLIC COMMENTS: None

6.a. FINANCIAL REPORT: Mr. McDonald reported the general fund balance for Port Costa is \$191K. He made an Advance-on-Taxes transfer of \$93K to cash sub-account. Mr. McDonald reported the current Sewer Use Charge (SUC) is \$1,973 and an increase will be needed. The department will not generate a lot of money unless a sizeable increase is implemented. The cost associated with the consideration of a SUC ranges from \$2,000 to \$3,000. This cost includes required public hearing mailings, publication of ordinance, and staff time to complete report. A minimal increase alone would only cover administrative costs to implement the SUC. The department needs to work to build up its reserves. Mr. McDonald said he reran the budget numbers found an error in loan interest on the most recent report in favor of Port Costa. It is recommended to leave the contingency reserve at 10%. Revenue from last year was \$272,578. The preliminary budget proposed for FY 20/21 is dependent upon receiving an inter-department loan of at least \$125K from the Crockett Sanitary Department. The preliminary budget presented includes anticipated charges and obtaining the loan this current fiscal year. No action or recommendations were given. A final proposed budget will be presented in June.

6.b. CLEAN HARBOR INVOICES: Mr. Barnhill summarized the Clean Harbors invoices. He said the invoices tallied to \$209,323.12. He said the current primary invoice from Clean Harbors of \$175,820 represents more than \$40k reduction in charges from previous invoices. The \$33,460 invoice was for storage vacuum box rentals and setup, billed separately. Mr. Barassi asked if any of those costs would have been necessary if our septic tank would have been bypassed and our secondary treatment plant was operational. He said he watched them to make sure the tank that was holding the water to Crockett didn't get overfilled. If the secondary treatment plant was operational then it would have just flowed to the treatment plant and there would have been no need for anyone to be there. Mr. Barnhill said that operators would still have been needed to monitor and control the decant operations. Clean Harbors was onsite to intervene in case anything happened. Mr. Barassi said he wasn't sure if the night shift was legitimate. Mr. Barnhill said the operation was not automated and required oversight. He said Clean Harbors continued to use the septic tank as a holding tank. Mr. McDonald said the final decision on paying the invoices will rest with the Board as the total amount was over the authorized and budgeted amount. Mr. Kirker said he thinks it puts the Board at a disadvantage to not be included in

discussion with Port Costa Commissioners and he believes a joint closed session should have been scheduled. Commissioner Surges said the Port Costa Sanitary Commission will recommend to the Board what they believe is the best decision. District Counsel Hundley wanted to clarify that the two Board members in attendance are only in attendance as the public and not as a member of the Board. Mr. Barassi asked a question about Task 2. He said from January 20 there are 3-4 people on overtime, and it was a considerable amount of overtime and asked if it was necessary? Mr. Barnhill said those days correspond to waste transfer disposal days. Commissioner Scheer asked about unbilled services on the memo. Mr. Barnhill said those were internal costs to Clean Harbors that will not be billed to Port Costa. Commissioner Scheer asked why the water was decanted to Crockett if the flow was restored to the tank. Mr. Barnhill said Clean Harbors offered to take it to Crockett and not bill Port Costa. He said he did not want to risk sending the clarified water to the Port Costa wastewater treatment plant due to the potential for additional problems. A motion to authorize payment in full of Clean Harbor invoices related to Port Costa septic tank cleaning project carried unanimously (as/tc).

6.c. INTER-DEPARTMENT LOAN: Mr. McDonald reported that the Crockett Sanitary Commission considered the request from Port Costa of a loan amount up to \$150K, for 10 years and 1.5% over the LAIF interest rate and made a motion in support for the loan agreement. The current LAIF interest rate is 2.03% which would bring interest charges to 3.53%. There is no pre-pay penalty in the loan agreement, interest only over the first three years. Three new payments schedule have been created; one each for loan amounts of \$100K, \$125K, and \$150K. The one major driving factor that drove the need for a Sewer Use Charge (SUC) increase was the decreased water use by commercial property owners. The Warehouse Café has cut their water use significantly. It is important to remember that with no businesses operating, using less water due to Coronavirus, that there is an anticipated reduction in revenue next year. If the SUC's for businesses are cut by one-third the department will face a reduction in SUC revenue \$15-\$20K. Also, with everyone home washing their hands 10 times a day it is anticipated the Water Factor will be higher for residential use, further lowering mixed use and commercial property revenue for next year. Commissioner Cusack said he supports the \$150K loan. A motion to execute the inter-department loan from Crockett Sanitary Department in the amount of \$150K carried unanimously (tc/as).

6.d. SEWER USE CHARGE STUDY: Mr. McDonald presented the Sewer Use Charge (SUC) Study report for 2020/21. He said from the revenue collected, Port Costa Sanitary Department must pay for operating and maintenance expenses and capital replacements, plus capital improvements and long-term debt service. Commissioner Cusack asked when the new amount would take effect. Mr. McDonald said November 2020. He said due to the Coronavirus less people may be able to pay their property taxes. Mr. McDonald said we do not get the cash until property owners pay their taxes but that the County has paid warrants issued by the department out of the Advance-on-Taxes sub-account based on the anticipated SUC being collected by the County. The Port Costa Sanitary Sewer Use Charge and Report for FY 2020/21 was received. A motion to recommend the proposed rate increase in Sewer Use Charge of \$272 for SFR and Apartments, proportionally increase for commercial and mixed use properties based on water usage, and to accept wording of Prop. 218 notice carried unanimously (tc/tl).

7. FUTURE AGENDA ITEMS: None.

8. COMMISSIONER COMMENTS: Commissioner Scheer asked about 80 Canyon Lake Drive and where the main sewer line, she wanted to know if it is underneath the pool and new owners have been filling it. Mr. Barnhill said he was not sure and would look into it.

9. ADJOURNMENT: The meeting was adjourned at 4:37 PM until May 13, 2020.

Respectfully submitted,

Susan Witschi

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May 6, 2020