

July 27, 2009

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, July 27, 2009, preceded by a closed session beginning at 5:30 p.m. at the Hill Community Room, Margaret Todd Senior Center, 1560 Hill Road, Novato.

CLOSED SESSION:

President Di Giorgio opened the Closed Session Board Meeting at 5:30 p.m.

BOARD MEMBERS PRESENT: President Michael Di Giorgio, Members James D. Fritz, Arthur T. Knutson, William C. Long and George C. Quesada.

STAFF PRESENT: Manager-Engineer Beverly James.

AGENDA APPROVAL:

On motion of Member Long, seconded by Member Quesada, and carried unanimously, the Agenda was approved as mailed.

Confer with District's labor negotiators regarding meet and confer with District's "General" bargaining unit, represented by Teamsters Local 315.

Closed Session ended at 5:50 p.m.

RECONVENE IN OPEN SESSION AT 6:30 p.m.

The Manager reported the following actions were taken in Closed Session:

- For each of the nine employees affected by the contract operations transition, the District will offer \$2,000 for each full or partial year of service if they choose not to transfer to the Vendor and sever their employment with NSD.
- For employees of retirement age who do not currently qualify for retiree medical benefits and who wish to retire by September 30, 2009, the District will provide the retiree medical at the single party rate.
- For any employee transferring to the Vendor, Novato Sanitary District (NSD) will transfer all NSD accrued sick leave time to the Vendor.

ADDITIONAL STAFF PRESENT FOR OPEN SESSION: Deputy Manager- Engineer Sandeep Karkal, District Counsel Kent Alm, Administrative Services Manager June Penn Brown, and Administrative Secretary Julie Borda.

ALSO PRESENT: Colleen Rose, Novato resident
Justina Daniel, Novato resident
Dennis Welsh, Novato resident and former NSD employee
Pam Welsh, Novato resident
Art Ribbel, Novato resident

Pat Ribbel, Novato resident
Bob Abeling, Novato resident
Carol Abeling, Novato resident
Eric Roley, Novato resident
Bill Scott, Novato resident, Marin Building Trades Council
Tom Pierce, Novato resident
Barry Buckley, Novato resident
Dennis Fishwick, Novato resident
Dean L. Heffelfinger, Novato resident
Phil Tucker, CA Healthy Communities Networks
Lynn Axelrod, Marin County resident
Dean B. Heffelfinger, NSD employee and Novato resident
Dr. Robert Ovetz
Heidi Heffelfinger, Novato resident
Margaret Ballow
Dale Robbins, Secretary-Treasurer for Teamsters Union Local 315
Barb Keller
Joseph Feller, CA Healthy Community Networks
Gary Wetstein
Gene Noble, Novato resident
Eric Ruby
Suzanne Brown Crow, Novato resident
David Keller, former Petaluma City Council Member
Margaret Keller
Heidi Heffelfinger, Novato resident

PUBLIC COMMENT:

Dennis Welsh, Novato resident and former District employee, requested the following item be placed on the August 10th Agenda: One third reduction of salary compensation for the Manager-Engineer, the Deputy Manager-Engineer, the District Board members and any manager whose employees are being reduced by one-third due to the transfer of these employees to Veolia Water.

BOARD MEMBER REPORTS:

Member Quesada questioned how Public Comment should be facilitated in regards to the Brown Act. District Counsel Kent Alm explained that the public can bring up items during Public Comment that are not on the Agenda. He stated that for items that are on the Agenda, the public may comment when that item comes up and, in addition, the Board may set time limitations for public comment as they feel appropriate.

Member Fritz asked for the Board Member Reports portion of the July 13th Board meeting minutes be changed to reflect the following: "Member Fritz stated that on June 25th he had the pleasure of flying over the Novato Sanitary District treatment facility with

Mr. Sam Renati, former Board Member. *This trip was to continue photographic documentation of the treatment facility upgrade project.*"

President Di Giorgio requested the public act with integrity and decorum during the Board meeting.

REVIEW OF MINUTES:

On motion of Member Fritz, seconded by Member Long, and passed unanimously as amended with above comments by Member Fritz, the Board meeting Minutes of July 13, 2009 were approved.

CONSENT CALENDAR:

On Motion of Member Quesada, seconded by Member Fritz, and carried unanimously, the following Consent Calendar items were approved:

- a. Board Meeting schedule as follows: August 10th and 24th, September 14th and 28th, October 12th and 26th.
- b. Approval of regular disbursements in the amount of \$380,375.92 and project account disbursements in the amount of \$77,302.23.

COLLECTION SYSTEM IMPROVEMENTS: PROJECT 72706, PHASE B – STATE ACCESS ROAD SEWER PROJECT:

Consider making CEQA findings, approving plans and specifications and authorizing advertising for bids. Deputy Manager Sandeep Karkal gave an overview of the State Access Road Sewer project. He stated that Nute Engineering has completed the plans and specifications for this project and the project is ready to bid with the Engineer's Estimate for this work at \$434,000. He noted that the project involves work on the District's sewer on the State Access Road area. In addition, he stated that District staff has completed the California Environmental Quality Act (CEQA) documentation and has determined that the project is categorically exempt. For this reason, he recommends the Board direct staff to make CEQA findings, approve plans and specifications, and authorize the advertising for bids. He stated bids are expected to be received on August 20, 2009 and will be presented to the Board at their August 24th Regular Board meeting.

Member Fritz questioned the placement of District easements in the public right of ways. The Deputy Manager noted that normally no easements are allowed in public streets, but this project is an exception and the District has a recorded easement in the State Access Road area.

On motion of Member Fritz, seconded by Member Long and carried unanimously, the Board authorized Staff to make CEQA findings, approve the plans and specifications

and authorize the advertising of bids for the Collection System Improvements Project #72706, Phase B – State Access Road Sewer Project.

STAFF REPORTS:

Update on fraudulent internet access to the District's bank accounts: Administrative Services Manager June Brown gave an update on the fraudulent internet access to the District's bank accounts, noting that of the \$514,543.45 loss from the Bank of Marin account, 84% of those funds have been recovered, or \$432,615.91. She discussed the District's actions immediately following the notification of the breach and the ongoing actions the District is taking. She stated that there is no evidence to justify rumors of embezzlement or pilfering by District employees.

Norman Stone, Novato resident, asked the Board if there was any evidence that the fraudulent activity was caused by negligent conduct or lack of conduct by a District employee. District Counsel Kent Alm stated that the investigative report by outside computer forensic consultants shows no mis-conduct by District employees. In addition he stated that there were several other local businesses that suffered the same type of loss. He stressed that investigative reports secured at this time have not indicated any negligence by the District.

North Bay Water Reuse Authority (NBWRA) Coordination Committee Meeting: The Manager noted that the NBWRA Coordination Committee met on July 20th at 9:30 a.m. She stated that the Committee is looking into a regional water recycling project for Marin, Sonoma and Napa Counties. She discussed the MOU that the Committee is preparing and noted Member Long was also in attendance at the NBWRA meeting.

Member Long commented that he had hoped the NBWRA would receive some stimulus funding but stated that none was received through the Title 16 Program. He stated the NBWRA is still trying to receive funds at the Federal and State levels and that he remains optimistic.

State Proposition 1A suspension: The Manager noted that the California Legislature recently adopted a State budget which includes suspension of Proposition 1A. She explained that the State will be taking an 8% share of local property taxes which translates into a District budget loss of \$160,000. She stressed that this is an amount much smaller than anticipated and will not impact the overall District budget by a great deal.

WASTEWATER TREATMENT PLANT UPGRADE PROJECT 72609B:

Consider making CEQA findings and adoption of an addendum regarding contracting for the operation and maintenance of the treatment facilities. District Counsel Kent Alm outlined the CEQA process in relation to the operation by a private contractor of the upgraded Novato Sanitary District Wastewater Treatment Facility. He addressed several questions to outline why the District has begun the CEQA process and why the

process is progressing at this time. He discussed the definition of a CEQA project as outlined in CEQA Guidelines section 15378. He discussed the appropriateness of moving forward with a CEQA finding in light of the substantial community opposition to the hiring of a contract operator. Mr. Alm discussed the exemption for existing facilities as outlined in Section 15301 of the CEQA Guidelines: "operation, repair, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures, facilities, mechanical equipment or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination" can be considered exempt. He stated given the significance and controversy attached to the current situation he felt the District should go beyond the minimal steps required.

He stated that District staff has also reviewed the 2005 EIR and the criteria in section 15162 of the CEQA Guidelines to determine whether the proposed operation, maintenance and management of the Project Facilities by Contractor is a modification to the Project requiring a subsequent or supplemental EIR. He noted there are no substantial changes in the circumstances under which the Project will be undertaken. The proposed operation, maintenance and management of the treatment facilities by the Contractor does not involve any changes to the physical design, construction, or operation of the existing, transitional or new WWTP facilities comprehended in the Project. In addition, he stated the environmental setting and physical environmental conditions for the area have not changed from those anticipated in the 2005 EIR.

Mr. Alm stated he believes there has been fair and reasonable notice that the District plans to proceed at the current Board meeting with both the decision of whether the Board seeks to move forward with negotiating a contract with one of the contract operations proposals and secondly, undertaking the CEQA compliance as appropriate for this type of decision.

Mr. Alm pointed out that under CEQA Guidelines section 15164, an Addendum need not be circulated for public review but can be included in or attached to the final EIR and that the Board shall consider the addendum coupled with the previously adopted final EIR in making its decision. In addition, he stated, the Addendum should contain an explanation of the decision not to prepare a subsequent EIR and that explanation must be supported by substantial evidence.

Mr. Alm recommended that the Board adopt the Addendum that has been provided as well as acknowledging the comments in the Staff report and include these as the basis of moving forward on a discretionary act with regard to contracting out the operations and maintenance of the Novato Sanitary District treatment plant facility if that is the decision of the Board.

Eric Ruby, questioned the wording "operations, repairs and maintenance" and asked if these also include materials. District Counsel Kent Alm responded by quoting excerpts from CEQA Guidelines section 15301, "Categorical Exemptions".

Lynn Axelrod, Marin County resident, asked how, under CEQA, Novato citizens are to understand how CEQA is governing the contract when the citizens have not been allowed to see the contract. District Counsel Kent Alm responded that there are two different laws that apply. He stated that although the Veolia contract has not been signed, the term sheet for the contract, which was fairly detailed, sets forth the terms of the contract and was included in the RFP document. He stated an indemnity clause has not been drafted or agreed to at this time, but the detailed term sheet sets forth the terms of the contract. He stated that the presentation that was made at the Board meeting on July 20th has been made available in this board meeting packet and tends to show the financial terms.

Ms. Axelrod questioned if there were documents that showed the actual daily use, maintenance and operations so the citizens could determine under CEQA whether or not what they are being given tonight is adequate. She questioned if these documents have been made publicly available.

Mr. Alm responded that the operations manual is not available and won't be drafted until after the District finalizes their decision to begin using a private contract operator or to remain with District staff.

Ms. Axelrod stated that operations, repairs and maintenance, etc, within the CEQA exemption, can't possibly be something that anyone here could determine if they don't have it written at this point. She stated she feels Mr. Alm and the Board are premature.

Suzanne Brown Crow, Novato resident, discussed comments made by Mr. Alm in his presentation, disagreeing with some of his findings. She pointed out that Mr. Alm omitted a section in his reading that states: "alterations of existing public or private structures." She stated that the upgrade/construction at the District is a great modification of the existing structure. In addition, she stated it appears Mr. Alm stated the CEQA is overridden by the 2005 EIR for the structure that was noted for the modifications. She requested the Board postpone their decision to adopt the EIR.

District Counsel Kent Alm stated he feels Ms. Crow's statements mischaracterize what he was attempting to say. He stated that in the memo, he noted there were a variety of ways to view CEQA. In the first instance, the question is: Is it a project? Mr. Alm stated that in fact there are bases within the CEQA guidelines where one could conclude it wasn't a project and one would not have to go further. But, he stated, out of an abundance of caution, the District did proceed. He stated that secondly, the District then looked at whether or not the project might fall into an exemption. He stated that the District reached the conclusion that the project would in fact fall within that exemption because the structure that is being referred to is a facility that has been in existence and has been operating in the same function under the permit for many years. He stated that notwithstanding these two issues which may not apply and may not require the District to proceed further into the CEQA review, the District desired to look carefully at the process. He stated the District decided that the appropriate mechanism would be an Addendum. He stated that he has looked at the Addendum, the basic facts

that are set forth in the RFP, including the detailed term sheet. He stated it is on this basis that he recommends to the Board that they are in a position to move forward, if they choose to do so at this meeting.

Pam Welsh, Novato resident, read a letter written to President Di Giorgio from the law firm of Shute, Mihaly & Weinberger, LLP. The letter discussed the Board actions from the July 20th Board meeting and urged the Board to postpone the approval of the Addendum until the public has had an adequate opportunity to review the document in conjunction with the final contract.

The Manager addressed the audiences questions regarding the bank fraud incident and the EPA investigation, noting that the District is cooperating fully with the investigations.

Dean L. Heffelfinger, Novato resident, discussed previous Board meetings and the Board member comments regarding the Eisenhardt Report's motives and intentions. He discussed The Eisenhardt Group's advertisements which listed their experience with procuring public-private partnerships. He also discussed meetings between the Eisenhardt Group and the District's public relations firm, Martin Rauch, on January 26, 2009, in which they discussed public outreach in support of a public-private partnership. He also noted that the Eisenhardt Group had listed on their time sheet for January 2009 meeting with District personnel to prepare RFQ and RFP requests.

Bill Scott, Novato resident and business manager for the Marin County Building Trades Council, discussed items on the Novato Sanitary District website which listed labor costs. He stated the Council noted that Veolia wages were lower than District's costs but questioned how this was possible due to the fact that the labor hours would be the same. He stated that the Council felt the decision to move forward with negotiations to hire a contract operator is premature and the District should allow more time for information to be disseminated to the public.

Member Long asked District Counsel Kent Alm if he recommends the Board move forward with passage of the CEQA Addendum. Mr. Alm stated that the Board is in a position to approve the Addendum; however is not required to move forward. He stated that if the Board wishes to move forward with the negotiating of a contract with Veolia Water, the adoption of the Addendum should take place. Member Long asked if there would be consequences if the Board did not move forward. Mr. Alm stated that in circumstances such as this, there is always the possibility for a lawsuit. However, he stated that if the Board postponed their decision, the basic facts would remain the same.

The Manager stated that the adoption of the CEQA Addendum had been agendized for this Board meeting and was clearly noticed to the Public. She stated that a CEQA decision must take place prior to a significant decision, such as what the Board is proposing by entering into negotiations with Veolia Water.

District Counsel Kent Alm explained further that making a CEQA decision must be done prior to any final decisions. For that reason, CEQA is completed as early in the process as is possible prior to making any irreversible action. Mr. Alm stated that, in his judgment, the Board has reached a point where the basic issues have been developed and despite the disagreement on those issues, with regards to an environmental effect, the basic issues are before the Board. If the Board takes an action to move forward in negotiations, he believes that comes very close to an irrevocable commitment to move forward with the project, unless there is some problem with negotiations. He stated he believes this is an appropriate time frame to make this decision.

Member Quesada stated he moves approval of the Addenda. He clarified that by moving approval of the Addendum, the Board is also approving all of the addenda that are composed in the Addendum. Member Long seconded the motion at this time.

Member Fritz commented that he feels time is running out and the Board should move forward in their decision.

District Counsel Kent Alm clarified for the Board that items (a) and (b) could be moved with the same motion, or done seriatim after the Board's discussion of item (b).

President Di Giorgio noted that a motion and a second had been called and that the Board would now move to discussion on item (b).

Consider authorizing District staff to negotiate an agreement with Veolia Water North America Operating Services to operate, manage, and maintain the District's wastewater treatment facilities.

Member Fritz moved approval and Member Quesada seconded the motion.

The Manager noted that the Board faces a significant decision and she stated she strongly recommends the Board authorize staff to negotiate an agreement with Veolia Water. She stated she felt the decisions made during closed session address some of the staff's concerns and treats the employees fairly. She outlined the process the Board has taken in determining the best possible solution for operating the new treatment plant facilities and stated the process has been very thorough. She stated Veolia's staff and experience will be valuable to the District. She referenced the well validated savings of \$7 million and recommended the Board of Directors authorize District staff to negotiate an agreement with Veolia Water North America Operating Services to manage the operation and maintenance of the District's wastewater treatment facilities including the Novato Treatment Plant, the Ignacio Treatment Plant, the sludge storage ponds, the Dechlorination Facility, and the Ignacio Transfer Pump Station and Equalization basins.

President Di Giorgio opened the meeting to public comment.

President Di Giorgio read the comment from Gene Noble: "Refer to the Marin Independent Journal Editorial in July 27th. I agree with the editorial to hire a private firm to operate the District's new treatment plant as outlined in the editorial."

Gary Wetstein commented on the current employees' lack of District provided training on the new equipment at the upgraded facility. He referenced charts that were displayed on the walls and disputed the figures.

Tom Pierce, 30 year Novato resident, stated he is concerned about what is currently happening to the District. He discussed Veolia's track record and discussed problems that have taken place with other Veolia Water operated Districts.

Joseph Feller, Chairman of the Advisory Committee of Healthy Communities Network, read a letter addressed to the Board of Directors from the California Healthy Communities Network (Network). He read four requests the Network would like to make.

Dennis Fishwick, Novato resident, discussed actions the Board could take at this time. He discussed Veolia's contract and hopes the Board votes against the contract.

David Keller, former Petaluma City Council Member, discussed Petaluma's new Ellis Creek treatment facility and noted this facility is completely publicly owned. He discussed Petaluma's former circumstances when they were operated by private contract operators and discussed Petaluma's transition back to a publicly operated facility. He discussed the Boards proposed actions and urged the Board to bring the final bid documents before the public so they may provide comments, suggestions and scrutiny to the Board.

Paul Eisenhardt, the Eisenhardt Group, addressed the Board and clarified what services the Eisenhardt Group provides to their clients.

Dale Robbins, Secretary/Treasurer with Teamsters Local 315, clarified that the Teamsters Union does not recommend the private contractor option. He discussed the employee benefits Union members have with their District employment and how they would be adversely changed if the Board chose the contract operator option. He asked the Board to take into consideration actions that would impose the least disruption on their benefits.

Margaret Keller discussed the four page document that she faxed to the Board members the morning of July 27th. She stated she feels the District has the appropriate resources to manage the upgraded facility, but feels management did not appropriately utilize these resources.

Heidi Heffelfinger discussed past Board meetings and the way the Board has dealt with the public. She discussed the Eisenhardt Group report and the numbers that were used for consultants. She stated that consultants would not need to be used for five years as

stated in the report. She gave numerous examples of why the District should not proceed with their decision.

Dr. Robert Ovetz, Professor of Political Science, discussed data he procured from the Food and Water Watch website which showed rate increases that have taken place in other wastewater facilities that are operated by private contractors.

Dean B. Heffelfinger, Novato resident and NSD employee, discussed discharge violations noting that the violations were a cause of the aging wastewater treatment facility not the cause of operator error. He discussed District employee strengths and their ability to work together in emergency situations.

Phil Tucker, Project Director of CA Healthy Communities Network, discussed comments that were made by District Counsel Kent Alm at the July 20th meeting regarding CEQA. He stated that negotiating the contract with Veolia Water is intricately tied to CEQA and without having a contract that can be reviewed by the public, he felt this undermined the entire CEQA process. He stated that the public wants transparency, time to review the contract and an adequate opportunity to respond.

Lynne Axelrod stated she was surprised that the Board would be making a decision to enter into a contract with Veolia Water without a final report from the FBI investigation. She stated that the public should be allowed to see a draft of points which show why the Board is proceeding with the negotiations.

Dennis Welsh, Novato resident and former NSD employee, discussed his employment as an operator at the Petaluma Treatment facility. He discussed Petaluma's ability to start-up their new upgraded treatment facility without the help of consultants or an outside contract operator.

President Di Giorgio closed Public Comment.

District Counsel Kent Alm spoke to questions the audience brought forth with regard to being unable to move forward with the CEQA Addendum. He noted that there is substantial information available on the Novato Sanitary District website. Mr. Alm addressed the public comment that there had been a change to the stated plans to move forward with beginning contract operations at this Board meeting. He stated that there have been numerous notices, staff papers and the posted Agenda which stated the negotiations were going to be addressed by the Board at their July 27th meeting. He stated there has been substantial notice and the Board has legal basis for moving forward at this meeting. Mr. Alm addressed a procedural issue and directed the Board on how to proceed regarding an earlier motion that was brought forth.

Member Long made a motion to table the motion to adopt the Addendum to the EIR as per District Counsel's recommendation.

On motion of Member Long, seconded by Member Fritz, a Motion to table the Motion to adopt the Addendum to the EIR was passed.

Hearing no opposition to the Motion, President Di Giorgio announced the Motion carried 5-0.

Member Long asked for clarification regarding the need for consultants for a period of five years and what duties the consultants would perform. The Manager stated the cost estimates for consultants as shown in the Eisenhardt Report listed their fees for a five year period. To clarify, she stated the cost estimate was for a certain scope of work not for a projected time frame and the need for consultants could be completed prior to a five year period but the funds expended would remain the same

Member Long stated he fully understands that the current employees are quite capable to operate the upgraded treatment facility, however there is a significant need for training on the new equipment and controls. He stated that with the \$90 million treatment facility, a strong team is needed to operate the facility. He stated that since 1972, Veolia Water has started-up or transitioned over 500 treatment facilities which shows a great amount of experience and expertise. He stated that the employee combination of compensation and benefits needs to be equivalent. He encouraged staff to proceed with the contract negotiations as expeditiously as possible.

Member Quesada stated the Board must move forward.

Member Fritz commented that he feels the Eisenhardt Group has produced a factual document and believes the Board should move forward to negotiate a contract with Veolia Water.

President Di Giorgio discussed the actions the management and Board has taken to prepare for the operation of the upgraded facility. He stated his concerns are to ensure the efficient operation of the facility, to ensure protection of the environment, to ensure the contract operator performs as specified, and to ensure sewer service charges are regulated. He discussed the operation of the Petaluma treatment facility.

The Manager stated that the Board could vote in one combined motion or separately to move Agenda Item 11 a. and 11 b. District Counsel Kent Alm stated either method is acceptable.

President Di Giorgio noted that the Board would now be voting on Item 11 b.:

Consider authorizing District staff to negotiate an agreement with Veolia Water North America Operating Services to operate, manage, and maintain the District's wastewater treatment facilities.

(The motion was earlier moved by Member Fritz and seconded by Member Quesada.)

The motion was carried unanimously with a 5-0 vote.

Member Long discussed with District Counsel Kent Alm the proper procedures necessary to move forward with approval of Agenda Item 11 a. The Board was instructed to un-table the motion before proceeding with the motion.

On motion of Member Long, seconded by Member Fritz, and carried unanimously, the following motion was taken off the table: Consider making CEQA findings and adopt an Addendum regarding contracting for the operation and maintenance of the treatment facilities.

President Di Giorgio noted that the Board would now be voting on Item 11 a.:

Consider making CEQA findings and adoption of an Addendum regarding contracting for the operation and maintenance of the treatment facilities.

(The motion was earlier moved by Member Fritz and seconded by Member Quesada.)

The motion was carried unanimously with a 5-0 vote.

District Counsel Kent Alm clarified that the Boards vote included adopting the Addendum that was attached with the other documentation and the findings contained within the CEQA document attached.

President Di Giorgio announced a short recess at 8:47 p.m.

President Di Giorgio reconvened the Board meeting at 9:00 p.m.

LIABILITY CLAIM:

Consider rejection of claim from Deva Sherman, 113 Caribe Isle, Novato. The Manager noted that a claim for damages at the JMB Caribe Isle construction site on June 7, 2009, was received from Deva Sherman. She stated that the District's insurance claims adjuster recommended the District reject the claim and direct the claimant to JMB Construction.

On motion of Member Fritz, seconded by Member Quesada and carried with the following vote, the Board rejected the insurance claim from Deva Sherman: Ayes: Di Giorgio, Fritz, Long, and Quesada. Noes: none. Absent: Member Knutson.

BEL MARIN KEYS PUMP STATIONS REHABILITATION PROJECT 72403:

Consider approval of a contract amendment in the amount of \$65,000 with the Covello Group for construction management services on a time and materials basis. The Manager explained that The Covello Group had been contracted to provide construction management services for the construction of the Bel Marin Keys Pump Stations

Rehabilitation project which was awarded to JMB Construction as the low bidder. However, due to several factors, additional intense construction management and oversight was need for this project. She recommends the Board approve an amendment to The Covello Group's contract in the amount of \$65,000. She outlined JMB Construction's experience.

On motion of Member Fritz, seconded by Member Long and carried unanimously, the Board approved a contract amendment in the amount of \$65,000 with The Covello Group for construction management services on a time and materials basis.

The Board discussed with the Manager the circumstances surrounding the selection of JMB Construction and the need for additional construction management.

District Counsel Kent Alm discussed ways in which a contractor could be disqualified for a construction project even if they presented the lowest bid.

MANAGER'S ANNOUNCEMENTS:

The Manager discussed the upcoming CASA meeting being held in San Diego between August 12th through August 14th.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 9:05 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Borda, Recording