

NOVATO SANITARY DISTRICT

June 17, 2015

The Strategic Planning and New Facilities Committee of Novato Sanitary District will hold a meeting at 3:00 PM, Wednesday, June 17, 2015, at the District offices, 500 Davidson Street, Novato.

AGENDA

- 1. AGENDA APPROVAL:**
- 2. PUBLIC COMMENT (PLEASE OBSERVE A THREE-MINUTE TIME LIMIT):**

This item is to allow anyone present to comment on any subject not on the agenda, or to request consideration to place an item on a future agenda. Individuals will be limited to a three-minute presentation. No action will be taken by the Board at this time as a result of any public comments made.
- 3. APPROVAL OF MINUTES:**
 - a. Approve minutes from the June 11, 2014 committee meeting.
- 4. REVIEW OF STRATEGIC ITEMS, FY15-17**
 - a. Hamilton Wetlands/Outfall study.
 - b. North Bay Recycled Water Authority (NBWRA).
 - c. Collection System Improvements.
 - d. Novato Treatment Plant (NTP) site demolition.
 - e. RWF Expansion.
- 5. ANNUAL CAPITAL IMPROVEMENTS PROGRAM (CIP) BUDGET:**
 - a. Review FY15-17 proposed preliminary CIP budget, and subject to minor changes and edits, recommend its adoption by the Board of Directors.
- 6. OTHER ITEMS:**
- 7. ADJOURNMENT:**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 892-1694 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

Materials that are public records and that relate to an open session agenda item will be made available for public inspection at the District office, 500 Davidson Street, Novato, during normal business hours.

June 11, 2014

The Strategic Planning and New Facilities Committee of the Novato Sanitary District held a meeting at 10:10 a.m., Wednesday, June 11, 2014, at the District Offices, 500 Davidson Street, Novato.

COMMITTEE MEMBERS PRESENT: Members Gary Butler and William Long.

STAFF PRESENT: Manager-Engineer-Secretary Sandeep Karkal and Administrative Services Specialist June Brown.

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

MINUTES: The composition of the committee has changed since the last meeting; however, there were no objections to the minutes of the December 16, 2013 committee meeting and the minutes were approved as written.

STRATEGIC ISSUES, FY 14-16:

- a. Hamilton Wetlands/Outfall Study: Manager-Engineer Sandeep Karkal gave a Power Point presentation focusing on the Hamilton Wetlands/Outfall Study. He reported that the District is working with the State Coastal Conservancy in developing studies to examine alternatives for long-term integration of the District's outfall into the Coastal Conservancy's Hamilton Wetlands project. The potential for using the District's effluent as a long-term fresh water source to supply and maintain a brackish marsh habitat with the Wetlands project is one of the alternatives under consideration.
- b. North Bay Water Reuse Authority (NBWRA): The committee discussed potential District-related NBWRA projects and associated funding opportunities. Also discussed was the relationship between the NBWRA and Hamilton Wetlands projects.
- c. Novato Creek Watershed Study: The committee discussed the Novato Creek Watershed Study and its funding possibilities. The Novato Watershed Program is working with the City of Novato, Novato Sanitary District, and North Marin Water District to determine the most beneficial projects if a bond issue is considered. It was noted that the Watershed Study is still in preliminary stages.
- d. Old plant demolition and new Maintenance Building construction: Manager-Engineer Sandeep Karkal reported that it is proposed to bid the demolition of existing plant elements as a separate project, followed by construction of the new building at a later date. At the next Board meeting of June 23, 2014, a contract for RMC for the

design and demolition work will be presented. Member Long stressed the importance of consideration for District neighbors during the project.

CAPITAL IMPROVEMENTS PROGRAM (CIP) BUDGET:

- a. Preliminary CIP expenditure projection 2011-16: The committee reviewed 5-year (2011-16) projections for Capital Improvement Projects. The 5-year projection, including loan principal and interest payments, is \$63,579,914.
- b. FY 14-15 and FY 15-16 proposed preliminary CIP budget: Committee Members noted that more than \$1.4 million has been budgeted for 2014-15 for Collection System Improvements and only \$30,000 for the Lateral Replacement Program. Manager-Engineer Sandeep Karkal indicated that \$20,000 will be added to the Lateral Replacement Program budget, for a total of \$50,000. The adjustment will be made prior to adoption of the final budget in August.

Member Long asked about account no. 72708 – Cogeneration project. Manager-Engineer Sandeep Karkal responded that funds are not available at this time to undertake a co-generation project. He elaborated that the District produces enough gas to meet about 40% of power needs, but that facilities run solely on digester gas do not operate very efficiently. Further discussion followed, and it was suggested that staff explore the possibility of a joint project with Veolia Water who is experienced in setting up co-generation facilities, as part of a longer-term effort. In response to a question by Member Butler, the Manager-Engineer responded that without a full study, it is would be difficult to predict how many years it would take to realize payback on investment for co-generation facilities.

ADJOURNMENT: The meeting was adjourned at 11:45 a.m.

Respectfully submitted,

Sandeep Karkal
Secretary

June Brown, Recording

NOVATO SANITARY DISTRICT STRATEGIC PLANNING & NEW FACILITIES COMMITTEE AGENDA ITEM SUMMARY

**TITLE: New Facilities Committee:
Annual Capital Improvements
Program (CIP) Budget.**

MEETING DATE: June 17, 2015

AGENDA ITEM NO.: 5.a.

RECOMMENDED ACTION: Review FY15-17 proposed preliminary CIP Budget, and subject to minor changes and edits, recommend its adoption by the Board of Directors.

SUMMARY AND DISCUSSION:

At the June 8, 2015 Board meeting, staff presented the District's preliminary Budget for Fiscal Years 2015-17 to the Board. Separately, staff reviewed the preliminary Solid Waste budget with the Solid Waste Committee, and will be reviewing the preliminary Operating budget with the Wastewater Operations Committee. The Solid Waste Committee has recommended adoption of the Solid Waste budget to the full Board, and it is hoped that the Operations and New Facilities Committees will do the same for the Operating and CIP budgets, respectively.

The relevant elements of the preliminary CIP Budget are attached for review by the Committee. Staff suggests that the Committee review these items, and subject to minor changes and edits, recommend the preliminary CIP Budget for adoption by the full Board at its June 22, 2015 meeting.

DEPT. MGR.: ssk

MANAGER-ENGINEER: SSK

Novato Sanitary District - Strategic Planning & New Facilities Committee

MEMORANDUM

TO: Strategic Planning & New Facilities Committee

FROM: Sandeep Karkal, Manager-Engineer
Steve Krautheim, Field Services Manager

DATE: June 12, 2015

SUBJECT: FY15-17 Preliminary Capital Improvement Program (CIP) Budget –
Summary of Anticipated Project Work

Introduction

This memo presents a summary of the potential or anticipated scope of work for projects and project work included within the various Accounts of the Capital Improvements Program (CIP) budget for FY15-17.

Note that with the drawdown of available funds from the 2011 COPs in FY15-16, the need for maintaining the 5-year projection for the 2011-16 period will also end, and future CIP budgets will revert back to the District's standard two year format. A copy of the 2-year format is included herein, and provides preliminary information for proposed CIP expenditures for FY15-16 and FY16-17.

Account No. 72110: Drainage Pump Station No. 3 & 7 Outfall Rehabilitation

Work under this account was completed during the last fiscal year and additional major expenses are not anticipated. A "placeholder" amount of \$5,000 is included to account for any incidental expenses that may arise in FY15-16.

Account No. 72403: Pump Station Rehabilitation

This ongoing, long term account provides for replacing the District's underground type pump stations with submersible pump type pump stations. With the completion of the reconstruction of the Los Robles and Digital Drive Pump Stations, the lift stations that remain to be rehabilitated include the two Vintage Oaks Pump Stations and the Rowland Plaza Pump Station. The rehabilitation schedule for these pump stations will be impacted by potential development in the Hanna Ranch and Vintage Oaks area, and work is being deferred until the development plans for the area become clearer.

Therefore, construction work is not anticipated during FY15-16. However further design work on the remaining pump stations may be initiated depending on how development plans for these areas evolve, and a placeholder amount is included in the account to initiate any needed design work.

Account No. 72508: North Bay Water Reuse Authority

The District is a member agency of the North Bay Water Reuse Authority (NBWRA). FY15-16 will be the second year of a 3-year Phase 2 Feasibility Study for over \$136 million in recycled water projects across all NBWRA agencies.

In the scoping study leading into the Phase 2 feasibility work, the District had identified three projects with a total estimated cost of about \$36 million. The feasibility study is estimated to cost the NBWRA agencies a total of about \$5 million over three years. The District's corresponding share is estimated at \$1.14 million over these three years under a pre-determined formula. It is anticipated that up to \$430,000 of these costs would be recovered under a grant from the US Bureau of Reclamation (USBR) Title XVI program.

If the projects move out into the design and construction phases, it is anticipated that further grant funding from USBR could pay for up to 50% of design and construction costs for recycled water storage projects, and up to 25% of other recycled water projects (tertiary treatment, pipelines, pumping, etc.). The District would be required to come up with its share (local share) of the project costs, i.e. 50% of design and construction costs for storage projects and 75% of the design and construction costs for additional tertiary treatment facilities, etc.

Project 72609: Waste Water Treatment Plant Upgrade – Contract B

This account will be “zeroed out”. In previous years, the budget in this account has included provisions for upgrades including further odor control testing, validation, and improvements, and landscaping upgrades at the Novato Treatment Plant (NTP) site. As discussed below, a new account (Account No. 73004) is being set up to more appropriately track expenditures for these items.

Account No. 72706: Collection System Improvements

This account includes budget amounts for continuing work on rehabilitating the District's collection system.

This fiscal year's project work includes rehabilitating 900 feet of the Hamilton Trunk Sewer, and installing a short relief sewer on Simmons Lane.

It also includes an allowance for improvements to the Scown Lane sewer between Machin Ave and Redwood Blvd., in the neighborhood of the Downtown Novato Theater restoration project, if the restoration project and its attendant utilities improvement component were to proceed to construction in FY15-16.

An allowance is also included for a scoping study level effort to identify either an update or a new Collection System Master Plan for the District, along with a potential scope of work for generating the updated or new Master Plan.

Account No. 72706-1: Lateral Replacement Program

This account was established as a grant program to incentivize homeowners, and assist them financially to replace the entire sewer lateral between their residence and the sewer main, as a long term approach to reducing infiltration and inflow from laterals into the District's collection system. Currently, the program pays half of the replacement cost up to a \$1,500 for replacing a residential sewer lateral in the District's service area.

Account No. 72707: Hamilton Wetlands/Outfall

The project work for FY15-16 in this account includes continuing work on a joint study funded 50-50 by the District and the California State Coastal Conservancy (SCC) to examine alternatives for long term integration of the District's outfall into the SCC's Hamilton Wetlands project.

The project work also provides for further study to utilize the District's effluent as a reliable, long term fresh water source to establish and maintain a brackish marsh habitat at the Wetlands project, including identifying and resolving water quality related regulatory issues identified during the study process.

Account No. 72708: Cogeneration

This account and its FY15-17 budget is established for preliminary work to explore strategies and potential projects to utilize the digester gas produced in the anaerobic digestion process to produce power and offset the District's utility power purchases.

The account includes an allowance to allow the District to initiate discussions with other entities for potential partnering in the areas of cogeneration and alternative energy production services.

Account No. 72802: Annual Sewer Adjustment for City Projects

The budget in this account is established annually to compensate the City of Novato or County of Marin for work performed on District facilities through City or County Capital Improvement Projects. An example of work funded through this account would be a City or County street paving or repaving project, when District manholes are raised to grade.

Account No. 72803: Annual Collection System Repairs

This account is established annually primarily to fund smaller projects to repair District collection system facilities, primarily point and spot repairs, or to replace short reaches of sewer main(s).

The repair list is generated by collection system staff during routine maintenance activities including sewer cleaning and CCTV work, and tracked and prioritized by the Field Services Manager in conjunction with the Collection System Superintendent, Staff Engineer, and the Construction Inspector.

Account 72804: Annual Reclamation Facilities Improvements

The budget in this account is established annually to fund small projects to repair District facilities at the Reclamation Area. The work typically includes irrigation system repairs for lines larger than 4” in diameter, parcel rehabilitation work, and other miscellaneous repairs.

Account No. 72805: Annual Treatment Plant & Pump Station Repairs

This budget was established to fund small projects to repair District Facilities at the various pump stations throughout the District and the Novato Treatment Plant.

This work includes minor mechanical & electrical work, water line repairs, pavement repairs, painting, and any other small repairs or improvements.

For FY15-16, an allowance has also been provided to initiate the expansion of equalization facilities at the Ignacio Transfer Pump Station site.

Account No. 72809: Novato Creek Watershed

This account and its budget was established as a result of an agreement with the Marin County Flood Control District. Under this agreement, the District participates in a program with the County of Marin, the City of Novato, and the North Marin Water District to explore alternatives to reduce flooding potential in the lower Novato Creek portion where all of these agencies have facilities that are prone to flood damage.

Account No. 73001: Waste Water Treatment Plant Facility Upgrade – Contract C

This account includes a budget amount for closing out the Contract C (Solids Handling) project with completion of the corrosion control improvements to the effluent launders in the primary clarifiers. The account will be “zeroed out” in the FY16-17 budget year. Future corrosion control project work will be performed out of new Account No. 73006 – NTP Corrosion Control discussed below.

Account No. 73002: Waste Water Treatment Plant Facility Upgrade – Contract D

This budget was originally established to fund the design and construction of the Recycled Water Facility at the NTP site. The FY14-16 budget provided a placeholder amount for minor unanticipated improvements to the Recycled Water Facility or for incidental costs relating to this facility. However, the proposed FY15-16 budget will “zero out” this account and future RWF work will be funded from the new Account No. 73005 – RWF Expansion, discussed below.

Account No. 73003: Administration Building Upgrades/Maintenance Building –

This account includes allowances for minor improvements to the Administration Building, demolition of the abandoned Aeration Basins and ancillary equipment from the “old” Novato treatment plant, and eventual design and construction of a new Maintenance Building. The work is expected to proceed in phases, and over the FY15-16 and FY16-17 budget periods.

Account No. 73004: Odor and Landscaping Improvements

This account will budget for further work by District and operations staff working with the District’s Odor Specialist consultant(s) to address and manage any odor issues raised by the District’s neighbors. It also includes an allowance to address any landscaping items identified either by District staff or the District’s neighbors.

Account No. 73005: RWF Expansion

This account will fund the design and construction of an incremental capacity expansion to the existing Recycled Water Facility (RWF) at the Novato Treatment Plant site.

The expansion is necessitated by the planned expansion by the North Marin Water District (NMWD) of its Central Area Project which will push NMWD’s recycled water distribution pipelines into the Central Novato/Ignacio geographic areas. The budgeted amounts do not include any potential grants that may be received through State Proposition 84 (IRWM) or Proposition 1 (Water Bond) funds, or through the US Bureau of Reclamation Title XVI (WaterSMART) program.

Account No. 73006: NTP Corrosion Control

This account is newly established to budget funds for corrosion control projects at the Novato Treatment Plant site. As the recently constructed facilities age, the effects of the aggressive nature of wastewater corrosion start to appear and need to be addressed. It is anticipated that this account will see budgeting of funds on an ongoing basis.

The budgeted funds for FY15-16 will be focused on prioritizing and addressing corrosion issues at any of the primary clarifier No. 2 mechanism, or the ultraviolet disinfection channels, or at the headworks channels/effluent box.

Account No. 73090: Vehicle Replacement

This account includes a budget amount for the replacement of a light truck in each of FY15-16 and FY16-17.

SECTION IV

CAPITAL IMPROVEMENT BUDGET

**Novato Sanitary District
2015-17 Preliminary Budget
Capital Improvement Budget - Revenue Summary**

				Preliminary	Preliminary
			Est Rev	Budget	Budget
	Budget 13/14	Budget 14/15	2014-15	2015-16	2016-17
Capital Improvement Income					
51010 · Sewer Service Charges(1)	6,728,280	7,183,200	7,014,322	7,435,040	7,447,440
51015 · Property Taxes	1,740,000	1,750,000	1,900,000	1,900,000	1,900,000
51020 · Connection Charges(2)	470,000	493,500	200,000	518,000	544,000
51030 · Collector Sewer Charges	2,000	2,000	0	2,000	2,000
51040 · Special Equalization Chrg	4,000	4,000	0	4,000	4,000
51060 · Interest	50,000	30,000	25,000	22,000	22,000
51062 · Grant Revenue	0	0	0	0	0
51070 · Other Revenue	20,000	20,000	20,000	20,000	20,000
Total Capital Improvement Income	9,014,280	9,482,700	9,159,322	9,901,040	9,939,440
Comments:					
(1) Sewer Service Charge (SSC) revenue is based on rate increase approved on June 25, 2012 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:					
- For 2015/16 the charge is \$552 split between operations(\$304) and capital (\$248).					
- For 2016/17 the charge remains at \$552 split between operations(\$304) and capital(\$248).					
(2) Connection Charges projected on 50 new connections each year.					

**Novato Sanitary District
2015-2017 Preliminary Budget
Capital Improvement Budget - CIP Expenditures**

Capital Improvements Cost Center - 72000 & 73000	Budget 13/14	Budget 14/15	Projected Exp 2014-15	Preliminary Budget 2015-16	Preliminary Budget 2016-17
72110 · Drainage PS 3&7 Outfall Rehab	150,000	265,000	250,000	5,000	0
72403 · Pump Station Rehabilitation	1,440,000	1,082,185	510,000	50,000	50,000
72508 · North Bay Water Reuse Authority (NBWRA)	150,000	355,000	340,000	403,000	440,000
72609 · WWTP Upgrade - Contract B	100,000	0	45,000	0	0
72611 · Bayside Sewer	3,000	45,000	0	0	0
72612 · Southgate Sewer	1,000	0	0	0	0
72706 · Collection System Improvments	1,730,000	1,600,000	1,476,125	1,050,000	900,000
72706-1 · Lateral Replacement Program	30,000	50,000	18,000	50,000	50,000
72707 · Hamilton Wetlands/Outfall Integration	90,000	36,542	14,000	22,500	0
72708 · Cogeneration	50,000	40,000	0	20,000	20,000
72801 · Annual Minor Projects	0	0	0	0	0
72802 · Annual Sewer Adj. for City Proj	10,000	10,000	10,000	10,000	10,000
72803 · Annual Collection Sys Repairs	275,000	200,000	175,000	200,000	200,000
72804 · Annual Reclamation Fac Improvements	250,000	150,000	75,000	100,000	100,000
72805 · Annual Trtmt Plnt/Pump St Improvements	275,000	200,000	120,000	300,000	200,000
72809 · Novato Creek Watershed	50,000	50,000	50,000	15,000	0
73001 · WWTP Upgrade - Contract C (Solids handling)	2,858,377	461,396	417,000	10,000	0
73002 · WWTP Up-Contract D-Recycled Water	150,000	10,000	3,000	0	0
73003 · Admin Building Upgrade/Maint. Building	400,000	1,000,000	100,000	750,000	1,130,000
73004 · Odor Control and NTP Landscaping	0	0	0	50,000	50,000
73005 · RWF Expansion	0	0	0	150,000	1,200,000
73006 · NTP Corrosion Control	0	0	0	150,000	75,000
73090 · Vehicle Replacement	64,000	180,000	180,000	25,000	25,000
78500 · Interest - SRF/COP Bond	2,730,721	2,621,583	2,621,583	2,509,673	2,385,943
78500 · Principal	4,339,933	4,449,171	4,449,171	4,565,431	4,673,762
Totals	15,147,031	12,805,877	10,853,879	10,435,604	11,509,705