

April 28, 2008

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 4:00 p.m., Monday, April 28, 2008, at the District Office, 500 Davidson Street, Novato.

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

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal, Administrative Services Manager June Brown, and legal counsel Kent Alm. Labor negotiator Austris Rungis and attorney Eddie Kreisberg were present for the closed session only.

ALSO PRESENT: Sam Renati, former Board Member.

VIEW NEW SPLIT-BODIED REFUSE COLLECTION TRUCK – NOVATO DISPOSAL SERVICE: Board Members and staff viewed a new split-bodied collection vehicle soon to be placed into service in Novato. Novato Disposal Service representatives explained that these trucks have a split compartment so drivers can pick up both garbage and recycling in one stop. The new eco-friendly vehicles decrease the number of trips through neighborhoods by one-third, while the two-compartment trucks keep trash and recycling materials separated. The amount of fuel and energy saved, in addition to reduced traffic on highways and neighborhood streets, is an important step for the environment.

PLEDGE OF ALLEGIANCE:

CLOSED SESSION – CONFERENCE WITH LABOR NEGOTIATORS: Pursuant to Government Code 54957.6, President Fritz announced that the Board would meet in closed session for the item listed on the Closed Session agenda. Closed session began at 4:35 p.m.

CLOSED SESSION REPORT: No reportable action was taken in closed session and the meeting reconvened in open session at 5:20 p.m.

AGENDA APPROVAL: *On motion of Member Quesada, seconded by Member Di Giorgio, and carried unanimously, the agenda was approved as mailed.*

PUBLIC COMMENT: None.

BOARD MEMBER REPORTS: Member Quesada noted that the CASA Conference held in Squaw Valley on April 23-26 was interesting. Member Long reported on the CASA technical forum on the use of solar energy by West County Wastewater District. Their 1.2 megawatt solar electricity system was funded and built under a power purchase agreement with a third party. Output will be about 1 MW of power, at a net cost of approximately 10 cents per kilowatt hour.

REVIEW OF MINUTES:

- Consider approval of minutes for the April 14, 2008 meeting: Member Long made the following revision to paragraph 2, page 2, of the minutes of April 14th, "Member Long made the comment that he would like to see ~~the Southern Marin Sewerage Agencies consolidated~~ **Marin County sewerage agencies evaluate emergency response procedures** because of the recent spills that had taken place". *On motion of Member Di Giorgio, seconded by Member Long, and carried unanimously, the April 14, 2008 Board meeting minutes were approved as amended.*

CONSENT CALENDAR: *On motion of Member Long, seconded by Member Quesada, and carried unanimously, the following consent calendar items were approved:*

- a. Approval of schedule for adoption of 2008-09 preliminary and final budget, appropriations limit, and sewer service charges.
- b. Meeting schedule – May 12th and 27th, June 9th and 23rd, July 14th and 28th.
- c. Approval of regular disbursements in the amount of \$110,885.16, project disbursements in the amount of \$54,124.12, payroll disbursements in the amount of \$160,838.50, and payroll related disbursements in the amount of \$110,066.56

CALIFORNIA SPECIAL DISTRICTS' ASSOCIATION:

- Notification of Board vacancy – Region 3, Bay Coastal Region: The Manager announced that CSDA is accepting letters of interest for an open seat on their Board of Directors representing the Bay Coastal Region. No nominations were proposed by the Board for this position.

2008 COLLECTION SYSTEM SPOT REPAIR PROJECT 2007-03 – GROUP 1:

- Report on bids received: The Manager reported that the following bids were received for Group 1 Collection System Spot Repairs:

Bay Pacific Pipeline	\$ 74,100.00
W.R. Forde & Associates	\$104,500.00
Team Ghilotti	\$115,735.00
Wildcat Underground	\$143,500.00
Maggiore & Ghilotti	\$162,261.00
North Bay Construction	\$172,670.00
Ghilotti Brothers	\$227,325.00

There was some discussion regarding the disparity in the bid amounts and the District's past experience with the apparent low bidder. Staff has discussed the low bid with the contractor and is satisfied with the proposal. It was agreed that frequent inspections of the work will be made by District staff and regular progress reports made to the Board.

RESOLUTION NO. 2977: *On motion of Member Long, seconded by Member Quesada, and carried unanimously, Resolution No. 2977, "A Resolution of Award of Contract – 2008 Collection System Spot Repair, Group 1, Project 2007-03" was adopted.*

BUDGET WORKSHOP:

- Discussion of 2008-09 Budget objectives: The Manager gave a Power Point presentation on setting the District's direction for 2008-09. Major issues include:

1. Status of the 2002 Strategic Plan recommendations. The 2002 Strategic Plan called for upgrading treatment facilities to meet permit requirements and provide needed capacity; upgrading the collection system to eliminate overflows; and identifying and implementing water recycling projects with the long-term goal of zero discharge to the Bay.
2. Regulatory requirements. The Manager reported on increased regulatory requirements to eliminate sewer system overflows; change in confined space rules; increased monitoring requirements; and Statewide recycled water policy
3. Revenue impacts. Sewer service charges are scheduled to increase by \$40 effective July 1, 2008. It is anticipated that \$15 will be allocated to the Operating Fund and \$25 to the Capital Improvements Fund. There is a 50% probability that up to \$400,000, or 20%, of property tax revenues will be lost due to the proposed State property tax shift. Currently, property tax revenues are allocated to the Operating Fund. Capital Improvement Fund is expected to decrease by about \$200,000 because of the reduction in construction and the resulting connection fee decrease.
4. Bringing new facilities online. The Manager reported on treatment plant operations during construction. Less operator time is needed at the Ignacio Treatment Plant but there is still a need to operate the plant and the dechlorination station.
5. Strategic Plan Update. With new regulations and organizational changes, the Manager indicated there is a need to update the Strategic Plan.

The proposed budget planning schedule is as follows:

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| May 12, 2008 Board meeting: | Discussion of the Capital Improvement Budget. |
| May 27, 2008 Board meeting: | Discussion of the Operations and Maintenance Budget. |
| June 9, 2008 Board meeting: | First reading of the Preliminary Budget. |
| June 23, 2008 Board meeting: | Adoption of the Preliminary Budget. |
| Aug. 25, 2008 Board meeting: | Adoption of the Final Budget. |

In other discussion, the Manager indicated that no sewer service charge increase above the scheduled \$40 is being recommended because of the uncertainty of the State's property tax shift from enterprise special districts. Tom Gaffney of Bartle Wells Associates is in the process of revising the District's Financing Plan to reflect the reduction in sewer connection revenue. There will be a staffing change in the 2008-09 budget by moving pump stations from the Operations cost center to Collections.

Board Members expressed concern about the potential loss of revenue from property taxes. Legal counsel indicated that Marin County could lose up to 30% of property taxes to special districts. Concern was also expressed about the effect of reporting the cost of retiree health benefits under GASB 45.

LEGAL SERVICES:

- Consider adoption of resolution approving reengagement agreement for legal services with Kenton L. Alm, Offices of Meyers, Nave, Riback, Silver & Wilson: Legal counsel Kent Alm presented a proposed reengagement agreement for legal services, establishing an hourly rate of \$250.00 for general counsel. The Manager and Board Members expressed appreciation to Mr. Alm for the excellent legal counsel provided and for the working relationship the District enjoys with Meyers Nave.

RESOLUTION NO. 2978: *On motion of Member Di Giorgio, seconded by Member Quesada, and carried unanimously, Resolution No. 2978, "A Resolution Approving and Authorizing Execution of Reengagement Agreement for Legal Services between Novato Sanitary District and Meyers, Nave, Riback, Silver & Wilson" was adopted.*

LIABILITY CLAIM:

- Consider rejection of claim from Joyce Flanagan and Teresa McMahon, 20 Del Oro Lagoon, Novato: The Manager reported that a claim has been received, in an unspecified amount, from the co-owners of a property located at 20 Del Oro Lagoon in the Bel Marin Keys area, for the alleged shortened useful life of their sewer line. The claim was based on a TV inspection of their lateral, made at the recommendation of a local plumbing company, following outage of the District's pump station and a subsequent backup onto a neighbor's property. The District's claims adjuster and District legal counsel recommend denial of the claim.

On motion of Member Quesada, seconded by Member Di Giorgio, and carried unanimously, the Board rejected the claim of Ms. Joyce Flanagan and Ms. Teresa McMahon.

At the recommendation of legal counsel, the Manager indicated that staff intends to distribute notices to homeowners in the Bel Marin Keys area notifying them that private laterals are the responsibility of the homeowner.

On motion of Member Di Giorgio, seconded by Member Long and carried unanimously, the Board directed staff to notify homeowners of their responsibility to maintain their lateral and to recommend they obtain multiple bids for any necessary work.

STAFF REPORTS:

- May 2008 CASA Conference: The May 2008 CASA Conference was discussed under Board Member reports.

- EPA/WEF Pretreatment Training Course, Clayton, Missouri: The Deputy Manager-Engineer reported that the District Laboratory Supervisor, Linda Candelaria, attended a joint Environmental Protection Agency/Water Environment Federation Pretreatment Training Course on April 8-11, 2008, in Clayton, Missouri. Authorization for the travel was granted by the Board at its meeting of March 24th. The training included an overview of the pretreatment program, along with general program implementation and interpretation of Federal regulations. Subsequent sessions included presentations on permit writing, sampling programs, and calculation and interpretation of data. Other topics included local limits development, assessing industrial users, and enforcement action.

MANAGER'S ANNOUNCEMENTS:

- The ribbon cutting ceremony for the Ignacio Transfer Station and Pipeline Projects will be held on Friday, May 2nd, at 2:00 p.m. at the Ignacio facility, 445 Bel Marin Keys Blvd.

- The 2008 Special Districts' Legislative Day will be held on May 12th in Sacramento. However, this date conflicts with the next District Board of Directors' meeting. The Manager and Board Member Di Giorgio stressed the importance of working with legislators in the coming year, particularly Assembly Member Jared Huffman who is actively involved in the lateral replacement program.

ADJOURNMENT: There being no further business to come before the Board, President Fritz adjourned the meeting at 6:45 p.m.

Respectfully submitted,

Beverly B. James
Secretary

June Brown, Recording