

NOVATO SANITARY DISTRICT

Board Meeting Minutes

Meeting Date: September 26, 2016

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:00 p.m., Monday, September 26, 2016, preceded by a special meeting beginning at 5:30 p.m. at the District offices, 500 Davidson Street, Novato.

At 5:32 p.m. President Peters asked if anyone present wished to address the Board during Public Comment, prior to going into closed session. There was no public comment. Thereupon, President Peters announced that the Board would meet in closed session on the following item of the Special Meeting Agenda:

Closed session: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Significant exposure to Litigation Pursuant to Paragraph (2) of subdivision (d) of Government Code Section 54956.9: 1 potential case.

BOARD MEMBERS PRESENT FOR CLOSED SESSION: President Peters, Directors Dillon-Knutson, Long, and Mariani. Director Miller was absent (excused).

STAFF PRESENT: General Manager-Secretary Sandeep Karkal, Field Services Manager Steve Krautheim, and District Counsel (represented by Douglas McManamon, by telephone).

The closed session ended at 5:57 p.m., and the special meeting was adjourned, along with an announcement of no reportable action from the closed session.

The regular meeting began at 6:03 p.m.

BOARD MEMBERS PRESENT FOR OPEN SESSION: President Peters, Directors Dillon-Knutson, Long, and Mariani. Director Miller was absent (excused).

STAFF PRESENT: General Manager-Secretary Sandeep Karkal and Administrative Secretary Julie Hoover.

ALSO PRESENT:

John Bailey, Project Manager, Veolia Water
Brian Exberger, Assistant Project Manager, Veolia Water
Erik Brown, Technical Services Manager, Novato Sanitary District
Steve Krautheim, Field Services Manager, Novato Sanitary District
Dee Johnson, Household Hazardous Waste Program Coordinator
William Shoen, Principal, R3 Consulting Group
David Pinter, Senior Project Analyst, R3 Consulting Group
Delynn Kies, Novato resident
Bessie Martinez, Recycling Outreach Coordinator, Novato Disposal Service
Rick Powell, General Manager, The Ratto Group of Companies (Novato Disposal Service)
Stu Clark, Independent Environmental Consultant for Novato Disposal Service
Sonia Tanner, Novato resident
Casey Williams, Recycling Outreach Manager, Novato Disposal Services

Jim Sayers, Vice President, Novato Disposal Service
Judith Silver, Senior Planner, Marin County JPA (Joint Powers Authority)

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

- Consider approval of minutes of the August 22, 2016 regular meeting.

On motion of Director Mariani, seconded by Director Dillon-Knutson, and carried unanimously by those Directors present, the August 22nd, 2016 Board meeting minutes were approved.

CONSENT CALENDAR:

President Peters called for a motion on the Consent Calendar items as follows:

- a. Approve Board member disbursements in the amount of \$779.27. Approve operating check disbursements in the amount of \$135,041.82, and capital project disbursements in the amount of \$7,597.64. Ratification of operating check disbursements from September 12th, in the amount of \$329,667.28, and capital project disbursements in the amount of \$44,834.75.
- b. Approve payroll and payroll-related disbursements for September 2016 in the amount of \$230,425.11.
- c. Receive deposit summary, August 2016.
- d. Approve application from AU Energy, LLC, and authorize the General Manager-Chief Engineer to issue a one-time, temporary, Class I non-domestic discharge permit for discharge of construction groundwater from Shell-branded gas station, 7473 Redwood Boulevard.

On motion of Director Long, seconded by Director Dillon-Knutson, and carried unanimously by those Directors present, the above listed Consent Calendar items were approved.

SOLID AND HOUSEHOLD HAZARDOUS WASTE (HHW):

- Receive presentation/update from Novato Disposal Service. The General Manager stated that Novato Disposal Service, the franchise service provider for Novato's solid waste disposal, would be making a presentation and asked that Novato Disposal be recognized by the Board. Rick Powell, General Manager of the Ratto Group of Companies, introduced Stu Clark, Independent Environmental Consultant for Novato Disposal. Mr. Clark provided a PowerPoint presentation which reviewed the solid waste, recycling, and organics programs as operated by Novato Disposal. He compared recycling/disposal rates between the District and Marin County over a five-year period (2011-2015) and noted the difference between the two rates due to the different calculation methodologies used. He provided recommendations for increased diversion through expanded food waste and organics from commercial and residential customers. He also recommended efforts to promote all existing Zero Waste Services such as enhanced outreach

including: school programs, residential recycling, commercial recycling, multi-family recycling, C&D (construction and demolition) recycling.

- Receive updates, routine business items. The General Manager stated that the District's Solid and Household Hazardous Waste (HHW) Coordinator, Ms. Dee Johnson of DLJ Associates, would provide the Solid and Household Hazardous Waste report. Ms. Johnson stated that the City of Novato's 2016 Second Quarter report was included in the packet, and a general discussion followed. Novato Disposal Services employees Casey Williams, Bessie Martinez, and Jim Salyers, responded to questions from the Board.

- Receive disposal/diversion reports. The HHW Coordinator discussed Novato Disposal Services Disposal/Diversion reports, stating that Novato Disposal's diversion has increased almost 3% since the first quarter, citing the green waste, curbside/buyback diversion number increases.

- Receive HHW program update. The HHW Coordinator discussed the HHW programs, stating that participation continues to increase, although August participation was down slightly from 2015. She stated that the E-Waste event is being held at the recycling facility from October 8th through the 10th from 10:00AM to 3:00PM.

The General Manager stated that he would review items 6.e. and 6.f. together:

- Receive and accept report on Calendar Year (CY) 2017 solid waste rate adjustment from R3 Consulting Group, and its recommendation for a maximum rate increase of +1.02 percent.

- Review proposed notice of intent and public hearing, and set public hearing date of October 24, 2016 to establish CY2017 maximum solid waste rates. The General Manager stated that the District's Franchise Agreement with Novato Disposal Service (NDS) provides for an annual rate adjustment to Novato Disposal's rate based on changes in the Refuse Rate Index (RRI). He noted that in CY2016, the rate adjustment was +1.33% and that for CY2017, NDS has submitted a rate review request for an RRI adjustment of 1.02%. He said that as in previous years, the District retained R3 Consulting Group, Inc. to assist with the rate review, and prepare its own, independent analysis for a proposed rate adjustment for CY2017. Based on their review, R3 is recommending an RRI rate adjustment of +1.02%, effective January 1, 2017. The General Manager recommended that the Board accept the R3 report and recommendation of a maximum rate increase of 1.02%.

The General Manager stated that a public hearing is required to set rates and the Board meeting packet included a proposed schedule for establishing the 2017 rates as well as a proposed notice of intent and public hearing. He recommended that the Board review the proposed notice of intent and public hearing, and set the public hearing to establish the CY2017 maximum solid waste rates for its regular meeting of Monday, October 24, 2016.

David Pinter and William Shoen, R3 Consulting Group, addressed the Board. Mr. Pinter stated that R3 has thoroughly reviewed Novato Disposal's data, formula, and calculation used to determine their request for a +1.02% rate adjustment and has found no issues with the calculations.

On motion of Director Long, seconded by Director Dillon-Knutson, and carried unanimously by those Directors present, the Board accepted the report on calendar year 2017 solid waste rate

adjustment from R3 Consulting Group, and its recommendation for a maximum rate increase of +1.02 percent; and reviewed the proposed notice of intent and public hearing, and set the public hearing date of October 24, 2016 to establish calendar year 2017 maximum solid waste rates.

At 7:26 p.m., President Peters stated that the Board would take a 10-minute recess.

At 7:36 p.m., President Peters reconvened the meeting.

WASTEWATER OPERATIONS:

- Receive Wastewater Operations Report, August 2016. The Manager introduced Veolia Project Manager John Bailey who provided an overview of the treatment facilities monthly operations for August. The Project Manager reported that there were no excursions or violations for the month and stated that the recycled water plant produced 17.9 million gallons (MG) in August. He stated that safety performance was excellent with a total of 2,290 accident-free days. The Project Manager discussed the Algebra Academy program that was held at the District on August 4th and 5th. He noted that Veolia employees Kurt Hawkyard and Liz Falejczyk (Lab/Environmental Services) teamed up to present laboratory and operations math to the students who participated in the Algebra Academy. He stated that the program was a success and thanked Kurt and Liz for their work and participation.

Field Services Manager Steve Krautheim provided a summary of the Collection System Operations report for August. He stated that the department cleaned 43,966 lineal feet of sewer lines, televised 12,498 feet with the CCTV truck, and 793 feet with the Push-Cam in lieu of hand-rod work. He relayed that CCTV findings did not identify any segments needing repair. He stated that an outside vendor was contracted to foam-treat selected sewer mains and manholes to inhibit root growth and that in August, the vendor treated 148 line segments, totaling 28,092 feet. He provided a further overview of operational and maintenance activities, and stated that there were no lost time accidents this month, for a total of 1,996 accident-free days. He stated that there were no sanitary sewer overflows (SSOs) in August.

The Field Services Manager then provided a summary of the Reclamation Facilities report. He stated that the rancher continues to replace or repair sprinklers on Sites 3 & 7. He stated that in July, staff requested bids to replace a chain link fence west of the Storage Pond/Wildlife Pond on Site 2, and noted that proposals are due in September. He outlined ongoing irrigation repairs and stated that approximately 72.9 MG of treated water was used for irrigation in August and approximately 90.7 MG was delivered to the storage ponds from the Novato Treatment plant.

CAPTIAL PROJECTS:

- Collection System Improvements, Account No. 72706: Hamilton Trunk Sewer Main Rehabilitation Project – Approve a final payment of \$95,131¹⁹; approve release of retainage of \$29,482⁴⁰, and direct the General Manager-Chief Engineer to execute and file a Notice of Completion (NOC) and closeout the Project. The General Manager stated at its September 14, 2015 meeting, the District's Board of Directors awarded the Contract for the Hamilton Trunk Sewer Rehabilitation Project (Project) to the Michael Paul Construction Company (MPC or Contractor) for a low bid amount of \$495,728. The project was to rehabilitate 900 feet of 24-inch diameter trunk sewer located in an easement west of Hamilton Drive along the SMART rail bed. He stated that while the Notice to Proceed was issued on October 26, 2015, with a 45-day period

for completion, the construction phase was not completed within this agreed upon contract duration. He said, however, that staff is of the opinion that the work is to a point where the District can close out the Project.

The General Manager reported that MPC has filed Change Order Requests (CORs) for \$287,884⁸², plus an additional COR for \$26,097²³ for work that has not been performed. The District has evaluated the CORs and determined MPC entitlement to only \$95,131¹⁹. He relayed that the District's attempts to resolve issues with MPC have been unsuccessful to date, that no field work has been performed since on or about April 12, 2016, and that MPC has indicated that it will not perform any more work, including District punch list items.

The General Manager stated that District Counsel and staff are of the opinion that it is in the District's best interest to close out the Project in a prompt and fair manner by effecting the following: (a) Payment of the \$95,131¹⁹ amount, (b) Release of the retainage amount of \$29,482⁴⁰, since given the lack of field work since April, there would be very little risk to its release, and (c) Filing and formal recordation of the Notice of Completion (NOC).

The General Manager stated that District Counsel and staff recommend that the Board approve a final payment of \$95,131¹⁹, approve release of retainage of \$29,482⁴⁰, and direct the General Manager-Chief Engineer to execute and file a Notice of Completion and closeout the Project.

On motion of Director Mariani, seconded by Director Dillon-Knutson, and carried unanimously by those Directors present, the Board approved a final payment of \$95,131¹⁹, approved release of retainage of \$29,482⁴⁰, and directed the General Manager-Chief Engineer to execute and file a Notice of Completion and closeout the Project.

- NTP Corrosion Control (Primary Clarifier No. 1 Protective Coating Project), Account No. 73006: Reject bid from Advanced Industrial Services, Inc., in the amount of \$192,000, and not perform the work at this time. The General Manager stated that on July 20, 2016, the District issued a Notice Inviting Bids to seven prequalified contractors for the Primary Clarifier No. 1 Protective Coating Project under the Informal Bid Provisions of the California Uniform Public Construction Cost Accounting Act (UPCCAA) adopted by the District in August, 2006. He stated that on the bid due date of August 11, 2016 at 2:00 p.m., only Advanced Industrial Services, Inc. (AIS) out of Los Alamitos, CA presented a bid in the amount of \$192,000. He noted that the Engineer's Estimate for the project was \$102,500.

The General Manager stated that staff recommends rejection of AISI's bid under Section 2.06 of the UPCCAA and outlined the provisions of this section. He relayed that staff has notified the apparent low bidder of the District's intent to reject the bid by certified mail dated August 17, 2016. He stated that staff will work with the District's consultant to reevaluate the cost estimate for the work, and may elect to re-advertise the work under either: (a) the provisions of the UPCCAA, or (b) the formal bid procedures of the State Public Contract Code.

On motion of Director Mariani, seconded by Director Long, and carried unanimously by those Directors present, the Board rejected the bid from Advanced Industrial Services, Inc., in the amount of \$192,000.

BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Water Reuse Authority (NBWRA), meeting of September 19, 2016. Director Long discussed his attendance at the NBWRA meeting of September 19th, noting that it was both a NBWRA Board meeting and Technical Advisory Committee meeting. He stated that NBWRA is extending the scope and number of projects and is exploring cost reallocation.

Director Dillon-Knutson stated that she would not be able to attend the October 10th Regular Board meeting as she will be out of town.

INFORMATIONAL ITEMS:

- California Special Districts Association (CSDA) e-news article dated September 9, 2016, titled: "Can Water Rates Be Blocked by Referendum?". The General Manager stated that this item was for informational purposes only.

GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:

- Report: On September 8, 2016, the State of California's Division of Drinking Water (DDW) released a draft report on the feasibility of developing statewide regulations for direct potable reuse of recycled water. The draft report is available for review and input during a 45-day public comment period. It is anticipated that the State Water Resources Control Board (SWRCB), in consultation with an existing Expert Panel will submit a final report to the state legislature by December, 2016. More details will be available as they develop.
- Report: GASB 45 (OPEB) and GASB 68 (Pension Liability) funding. Last year, staff made several presentations to the Board Finance Committee and the Board on prefunding options to meet the District's GASB 45 and 68 obligations. The Finance Committee and the Board also received presentations from the two potential service providers, CALPERS and PARS, on their capabilities to provide these services to the District. Subsequently, staff has had further discussions with them, and is preparing to bring forward recommendations on funding and service provider choice at a future Board meeting this fall.
- Report: Treatment plant security has been upgraded, with new fencing and security gates at the south side of the Administrative Building.
- Report: The District was awarded the CSRMA Workers Compensation Excellence Award on August 11th. The award banner and plaque are on display at the District.
- Announcement: Next regularly scheduled Board meeting: Monday, October 10th, 6:00 p.m.

ADJOURNMENT: There being no further business to come before the Board, President Peters adjourned the meeting at 8:18 p.m.

Respectfully submitted,

Sandeep Karkal
Secretary

Julie Hoover, Recording