

November 28, 2011

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, November 28, 2011, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President William C. Long, Members Michael Di Giorgio, Jean Mariani, and George C. Quesada. Member Dennis Welsh was absent.

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal, District Counsel Kent Alm and Administrative Secretary Julie Swoboda.

ALSO PRESENT: Brant Miller, Novato resident
Dasse de longh, NSD employee, Novato resident
Susan Stompe, Novato resident
Bob Guinan, Novato resident
Gene Ruda, Novato resident
Jerry Peters, Board Member elect, Novato resident
Wally Holmes, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL:

On motion of Member Quesada, seconded by Member Mariani, and carried unanimously by those members present, the agenda was approved as presented.

PUBLIC COMMENT: None.

CONSENT CALENDAR:

On motion of Member Di Giorgio, seconded by Member Mariani and carried unanimously by those members present, the following Consent Calendar items were approved:

- a. Approval of consent for boundary change and waiver of conducting authority for the Annexation of the Lands of Droubay to the Novato Sanitary District.
- b. Adoption of Resolution accepting easement across AP #141-101-14, Droubay.
- c. Approval of regular disbursements in the amount of \$294,500.70, project account disbursements in the amount of \$1,123,609.57, and approval of November payroll and payroll related expenses in the amount of \$233,480.92.

BOARD OF DIRECTORS:

- Consider adoption of resolution of appreciation for Director George C. Quesada.

President Long stated that Director Quesada was originally elected to the Novato Sanitary District Board of Directors in 1974 and has served for 37 years. President Long read Resolution No. 3036: *A Resolution honoring Mr. George C. Quesada for Distinguished Service as a Member of the Board of Directors of the Novato Sanitary District.* At the conclusion of his reading, President Long stated that the Resolution was a fine tribute to Member Quesada and that Member Quesada possessed many more attributes than were listed.

On motion of Member Di Giorgio, seconded by Member Mariani, and carried with the following vote, the Board adopted Resolution No. 3036: A Resolution of Appreciation Honoring George C. Quesada. Ayes: Di Giorgio, Long, Mariani. Abstain: Quesada. Absent: Welsh.

WASTEWATER OPERATIONS:

- Committee report. Deputy Manager-Engineer Sandeep Karkal reviewed the Monthly Operations Report, October 2011. He noted that there were two NPDES permit exceedances recorded. He explained that on October 4th sodium hypochlorite was overfed to the influent junction structure which in turn resulted in a chlorine residual at the District's effluent monitoring station and a high effluent biochemical oxygen demand (BOD) reading. The Deputy Manager-Engineer explained that the cause of the over-feed was a mechanical problem. He noted that the issue was corrected quickly and it is believed that no chlorine reached the Bay receiving waters.

Member Di Giorgio stated that the Wastewater Operations Committee requested an item be added to the meeting agendas to discuss the odor issues affecting the Lea Dr. neighborhood. He noted that it was the intention of the Lea Drive neighbors to select delegates to attend the Wastewater Operations Committee meetings and he welcomed their participation.

The Deputy Manager-Engineer reviewed the treatment plant performance for October and discussed the Collection System Operations and the Reclamation Facilities report.

Gene Ruda, Novato resident, questioned the NPDES bay discharge violation and asked where the end of the outfall pipe is located. The Manager explained that the District's outfall pipe is located five miles from the Sanitary District treatment facility, through the Hamilton area, into the San Francisco Bay. She noted that the water seen at the marsh area at Lea Drive is not the District's effluent.

- Odor control remediation status report. The Manager stated that the District has completed the addition of the bioxide feed equipment at the Bahia, Ignacio, Olive, and East Hamilton pump stations. She noted that the facilities came online November 15th and have significantly reduced the hydrogen sulfide concentrations in the headspace of the headworks and clarifiers.

The Manager gave an update on the odor control plan, noting that Winzler & Kelly had submitted a design retrofit to Jim Joyce, Odor Consultant, for his review. In addition, the Covello Group is preparing a Request for Quote for the Change Order for Gateway Pacific. She noted that Winzler & Kelly estimates actual construction to take approximately two weeks. She stated that she had hoped to have an agreement from Winzler & Kelly at this meeting, but that it has been delayed. She suggested that as soon as the contract is ready, a Special Board meeting be called to expedite the process.

The Manager discussed remediation plans for the Lea Drive neighborhood's visual concerns of the treatment facility and for the aeration basin odors. She noted that the District is looking into a tall screen fence to be placed at the higher elevation of the treatment facility to block the neighbor's view of the treatment plant and to help alleviate odors. She anticipates having sample panels up in the next two weeks. In addition, she stated she is contacting air flow experts who can address the nuisance odors which are partially attributed to the wind patterns.

John Bailey, Veolia Water, discussed the odor control implementation plan and the aeration basin odors.

Bob Guinan, Novato resident, commented that odors continue in the neighborhood and stated that the residents have expressed their concerns. He asked the Manager for an update on the progress of the health report to address residents concerns regarding long-term exposure to low-level sewer emissions. Mr. Guinan stated that noise levels continue to be a disturbance and asked if the noises could be identified and remedied. He stated that the night-time lighting problem has been resolved. He stated that he hopes to develop a partnership with the District to address on-going concerns.

Gene Ruda, Novato resident, stated he underscores what Mr. Guinan expressed. He requested that the data the Board receives regarding the odor repair/construction progress become available to the public as soon as possible. He asked the Board to share with the public how funds are managed for the repair of the odor issue.

President Long questioned the Manager regarding the status of the health report. The Manager responded that she has begun the process and is seeking an expert with a sound depth of knowledge to evaluate the situation.

Discussion followed regarding noise reduction through the implementation of plantings.

FINANCE:

- Consider adoption of a revised Investment Policy. The Manager noted that the Adhoc Finance Committee met on November 18th with Tom Gaffney, Bartle Wells Associates. She noted that they discussed the District's Investment Policy which was last updated in July 2011 and stated that this current policy restricts the District to only invest in Local Agency Investment Funds (LAIF) or local banks. She stated that the Committee reviewed the Draft Investment Policy and made the changes noted. She provided to the Board and to those present an updated page from the Statement of Investment Policy as provided by Chick Adams, Bond Counsel. She noted that Mr. Adams had included an additional item to the policy, identified as item (g) under the heading: **Authorized and Suitable Investments**. The Manager stated that Tom Gaffney and Winters & Co. Advisors, LLC have prepared the Request for Investment Agreement which was provided as part of the Board Agenda Packet. She stated Mr. Gaffney recommends the Board approve this agreement.

District Counsel Kent Alm discussed the Policy's limitations of investment funds as set forth in the applicable Government codes. Mr. Alm stated he was satisfied with the document and that it met the legal requirements but noted that he cannot advise on its financial propriety.

Member Mariani discussed the language on the updated page from the Statement of Investment Policy and requested item (e) language be changed as follows: *Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated **A+** or better by S&P at the time of initial investment, by the terms of which all amounts invested there under are required to be withdrawn and paid to the Trustee in the event such rating at any time falls below **A+**.*

On motion of Member Mariani, seconded by Member Di Giorgio and, carried unanimously by those members present, the Board adopted the Revised Investment Policy as amended.

- Consider authorizing the issuance of a "Request for Investment Agreement" for the project and reserve funds for the Certificates of Participation. The Manager stated that currently the bond funds are in an account at Bank of New York Mellon and that it would be in the best interest of the District to review available options in which to invest the funds. She discussed the Investment Agreement with the Board and District Counsel and noted that the bid date would be December 1, 2011. The Manager noted that the Board would then review the bids received at their next meeting.

On motion of Member Di Giorgio, seconded by Member Mariani, and carried unanimously by those members present, the Board authorized the issuance of a Request for Investment Agreement.

ADMINISTRATION:

- Consider budget amendment for biosolids disposal. The Manager stated that the total amount for biosolids disposal exceeded the \$148,000 budget by \$37,165. She requested the budget for fiscal year 2011/12 for Account No. 63115 (Sludge Disposal) be increased to \$186,000 to accommodate the additional biosolids disposal from Custom Tractor Service (CTS) of Petaluma.

On motion of Member Di Giorgio, seconded by Member Mariani, and carried unanimously by those members present, the Board amended the FY 2011/12 budget for Account No. 63115 to \$186,000.

- Consider amending the contract with Custom Tractor for biosolids disposal. The Manager stated that the Board had previously accepted a proposal in an amount of \$62,000 from CTS to pump biosolids from the sludge lagoons and dispose of them in the Dedicated Land Disposal Area on Site 2 of the Reclamation Facilities. She noted that the initial contract was for \$122,000, which included \$62,000 for excavating and placing compacted biosolids. The Manager stated that CTS has completed the work on October 26th and staff has confirmed that they removed an additional 1.87 million gallons of biosolids from the lagoons. The final billing for completing work under the Agreement is \$185,165, or \$63,165 above the amount of the Agreement. Staff recommends amending the Agreement with CTS to cover the cost of pumping the additional biosolids.

On motion of Member Di Giorgio, seconded by Member Mariani, and carried unanimously by those members present, the Board approved the amendment to the contract with Custom Tractor Service to increase the contract by an additional \$63,165.00.

- Consider contract amendment for Barg Coffin Lewis and Trapp. The Manager noted that Barg Coffin Lewis and Trapp had presented the District with an invoice of \$26,299.20 for legal fees relating to the Administrative Civil Liability (ACL) case from the Regional Water Quality Control Board. She stated that their current contract has a balance remaining of \$5,873.89 and requested the Board approve a contract amendment of \$36,000 which would revise the Agreement total to \$93,000.

On motion of Member Mariani, seconded by Member Di Giorgio, and carried unanimously by those members present, the Board approved a contract amendment to Barg Coffin Lewis and Trapp in the amount of \$36,000.

- Consider budget amendment for Account 72609 – Wastewater Treatment Plant Upgrade Contract B. Deputy Manager-Engineer Sandeep Karkal stated that staff was requesting a budget amendment for Account No. 72609 in the amount of \$300,000. He stated that the reason for the amendment was primarily to meet costs resulting from project close-outs and from final reconciliation on the construction phase of the project. He noted that the overall Capital Improvements Budget of \$18,392,321 is not expected to change because the requested increase to Account No. 72609 will be balanced by anticipated under expenditures in other budget items.

On motion of Member Di Giorgio, seconded by Member Mariani and carried unanimously by those Members present, the Board approved a budget amendment to increase Account No. 72609 by \$300,000.

STAFF REPORTS:

- November 2011 election. The Manager stated that she had anticipated having the November 2011 election results available for the Board, but reported that the updates were not available via the County of Marin website. No report was given.

BOARD MEMBER REPORTS:

- Member Mariani reported she visited the worm farm which is being operated off Highway 37 in Novato. She stated that the tour was very interesting and recommends all Board Members visit the facility.

- Member Di Giorgio stated he attended and spoke to the Board of Directors of the Marin Association of Realtors on November 22nd where he objected to the recommendation that sewer service charges be determined solely by water usage. He stated that he believes the Marin Association of Realtors will vote against the recommendation.

- Member Quesada expressed his appreciation to staff and fellow board members for the reception on his behalf.

MANAGER'S ANNOUNCEMENTS:

- The Manager read a letter she received from the Hamilton Field Community Development Foundation which thanked the District for participating in the Hamilton Hometown Festival event on November 5th. She stated that the event was interactive and educational.

- North Bay Watershed Association will meet on Friday, December 2nd in Petaluma to discuss the upper Petaluma River Flood Control Project, among other items.

- The Manager noted that when the Franchise Agreement with Novato Disposal was adopted in early 2011, a 2.47% rate increase was requested. She stated that after a rate review by R3 Consulting, a 2.43% rate increase was suggested. She stated that Novato Disposal agreed with this increase and will take the necessary actions to publish the appropriate notice. The Manager stated that the District Board will review and affirm the increase at their regular Board meeting on December 12th. She noted that the increase will be automatic; there will be no public hearing.

ADJOURNMENT OF REGULAR MEETING: There being no further business to come before the Board, President Long adjourned the regular meeting at 8:10 p.m.

CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL – INITIATION OF LITIGATION – ONE POTENTIAL CASE:

Initiation of litigation pursuant to Subsection © of Government Code Section 54956.9.

BOARD PRESENT FOR CLOSED SESSION: President William C. Long, Members Michael Di Giorgio, Jean Mariani, and George C. Quesada. Member Welsh was absent.

STAFF PRESENT FOR CLOSED SESSION: Secretary Manager-Engineer Beverly B. James, Deputy Manager-Engineer Sandeep Karkal and District Counsel Kent Alm.

The Board met in Closed Session to discuss the item on the Closed Session agenda.

President Long adjourned the closed session at 9:17 p.m. There was no reportable action.

ADJOURNMENT OF BOARD MEETING: There being no further business to come before the Board, President Long adjourned the Board meeting at 9:18 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Swoboda, Recording