

NOVATO SANITARY DISTRICT

Board Meeting Minutes

Meeting Date: December 14, 2015

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 5:00 p.m., Monday, December 14, 2015, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Jean Mariani, Directors Jerry Peters, Carole Dillon-Knutson, William Long, and Brant Miller.

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

ALSO PRESENT: Steve Krautheim, Field Services Manager, Novato Sanitary District
John Bailey, Project Manager, Veolia
John O'Hare, Pretreatment Programs Manager, Veolia
Mark Wilson, Nute Engineering
Erik Brown, Technical Services Manager, Novato Sanitary District
Laura Creamer, Finance Officer, Novato Sanitary District
Vikki Rodriguez, CPA, Vice President, Maze and Associates
Arthur E. and Patricia Ravicz, Novato residents
Mitch Barker, Executive Vice President, Public Agency Retirement Services (PARs)
Andrew Brown, CFA, Senior Portfolio Manager, High Mark Capital CalPERS representative
Matt Goss, CalPERS, CERBT Customer Outreach and Support
Karen Gifford, Novato resident
Henry Gifford, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

- Receive Statement of Appointment of Nominees in lieu of election. The General Manager (GM) stated the County of Marin Elections Department had noted in its Statement that pursuant to Elections Code Sec. 10515, if an election is not held, the person(s) nominated shall be appointed by the Board of Supervisors and shall serve as elected members of the District Board of Directors. Therefore, per the County's Statement, the following nominees were deemed elected to the Novato Sanitary District Board of Directors: Carole Dillon-Knutson, term ending in 2017; Jean Mariani and Jerry Peters, terms ending in 2019.

- Administration of Oath of Office and seating of elected Board Members. The General Manager administered the Oath of Office to Carole Dillon-Knutson, Jean Mariani, and Jerry Peters. The elected Directors were seated.

- Consider adoption of resolution determining persons entitled to fill office.

On motion of Director Long, seconded by Director Peters, and carried unanimously, the Board adopted Resolution No. 3093: A Resolution Determining Persons entitled to Fill Offices.

- Presidential appointment of committee members. President Mariani announced all committee members and appointments would remain the same and that Director Dillon-Knutson would fill the vacancies left by Director Butler. She stated that Director Dillon-Knutson would be appointed to the following committees:

- Solid Waste Committee, Member
- Strategic Planning and New Facilities Committee, Member
- Finance Committee, Alternate

Director Dillon-Knutson accepted the assignments.

- Adopt Resolution No. 3094 recognizing former Director Gary Butler.

On motion of Director Miller, seconded by Director Peters, and carried unanimously, the Board adopted Resolution No. 3094, a Resolution Commending Mr. Gary Butler for Distinguished Services as a Member of the Board of Directors of Novato Sanitary District.

At 5:05 p.m., Director Dillon-Knutson was excused from the meeting at her own request, due to a prior commitment.

REVIEW OF MINUTES:

Consider approval of minutes of the November 9, 2015 meeting.

On motion of Director Long, seconded by Director Peters, and carried unanimously by those Directors present, the November 9, 2015 Board meeting minutes were approved.

CONSENT CALENDAR:

Director Long requested that item 6.e. be removed from the Consent Calendar as he would need to recuse himself from voting on this item.

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

- a. Approval of Board member disbursements in the amount of \$2,537.64, operating check disbursements in the amount of \$364,940.99, and capital project disbursements in the amount of \$5,538,645.50. Ratification of November disbursements as follows: operating check disbursements in the amount of \$356,843.24, and capital project disbursements in the amount of \$112,933.46
- b. Approval of November 2015 payroll and payroll-related disbursements in the amount of \$226,982.48.
- c. Receive Deposit Summary, November 2015.
- d. Accept Fixed Asset Deletion Report for Fiscal Year (FY) 2014-15.
- f. Approve Project Plans for Sewer Main Extension – Mendocino Lane (Ravicz).

- g. Adopt Resolution No. 3096: A Resolution Authorizing Acceptance of a Sanitary Sewer Easement from Arthur E. and Patricia Ravicz, 45 Mendocino Avenue.

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

President Mariani called for a motion on the remaining Consent Calendar item:

- e. Adopt Resolution No. 3095 Approving and Executing an Amendment to the District's 1983 Joint Exercise of Powers Agreement (lease agreement) with the Marin County Flood Control and Water Conservation District to allow removal of 27.4 acres from the Agreement and revert it back to the Flood Control District.

On motion of Director Miller, seconded by Director Peters, and carried with the following vote, Resolution No. 3095 was adopted: Ayes: Mariani, Miller, Peters. Abstain: Long. Absent: Dillon-Knutson.

FINANCE COMMITTEE

- Receive report from independent auditor, Maze and Associates: The General Manager introduced Ms. Vikki Rodriguez of Maze and Associates and noted that she had previously attended the November 30, 2015 Finance Committee meeting where she had presented the draft audit report.

Ms. Rodriguez stated that Maze and Associates had concluded, based on their audit, that there was a reasonable basis for rendering an unmodified (unqualified) opinion, and that the District's financial statements for the fiscal year ended June 30, 2015 are fairly presented, and conform to Generally Accepted Accounting Principles (GAAP). Ms. Rodriguez noted that the unmodified opinion is the highest rating given. She stated that there were no major reporting changes, no new pronouncements, and no material weaknesses when internal controls were reviewed. The Board had a few questions and comments relating to the audit and Comprehensive Annual Financial Report (CAFR), which were addressed by Ms. Rodriguez, Finance Officer Creamer, and General Manager Karkal.

Ms. Rodriguez then briefly discussed Government Accounting Standards Board (GASB) Statements 45 and 68 as they applied to the District. She noted that GASB 45 (post-employment benefits other than pensions) recognizes a 30-year amortization period. However, GASB 68 (Pension Liability) does not provide for an amortization period, and requires that an entity such as the District recognize total pension liability on its annual financial statements. She acknowledged that the District was already complying with GASB 45 requirements, and that the District is now also in compliance with GASB 68 provisions beginning with the fiscal year ending June 30, 2015. She noted that the information on pension liability and cost as determined by CalPERS is now reflected in the District's financial statements. The Board had a few questions and comments on GASB 45 and 68 as they related to the District, which were addressed by Ms. Rodriguez, Finance Officer Creamer and General Manager Karkal. The General Manager noted that presentations on GASB 45 and 68 funding alternatives from CalPERS and Public Agency Retirement System (PARS) representatives were scheduled for later in the agenda.

- Receive Finance Committee report and recommendation, and accept the Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2015 and 2014, including audited financial statements.

On motion of Director Long, seconded by Director Peters, and carried unanimously by those Directors present, the Board accepted the Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2015 and 2014, including audited financial statements.

Vikki Rodriguez left the meeting at 5:25 p.m.

President Mariani stated that the Board would consider Agenda Item 9.b. next

CAPITAL PROJECTS:

- Collection System Improvements (Hamilton Trunk Sewer Rehabilitation Project), Account No. 72706: Authorize General Manager-Chief Engineer to issue a change order(s) in an amount not to exceed \$55,000.00 to resolve an easement conflict. The General Manager stated that Field Services Manager (FSM) Steve Krautheim was present and would provide an overview of this item. The FSM stated that the District had entered into an agreement with Michael Paul Company (Contractor) to rehabilitate the Hamilton trunk sewer, located in a congested 60-foot wide common utility easement along the SMART tracks west of Hamilton Drive. He stated that as part of the project, the Contractor was to contact Pacific Gas & Electric (PG&E) and arrange to have several utility poles along the pipeline route be held in place to prevent the poles from potentially toppling over while the new sewer main was placed in the same location as the old sewer main. He stated that initially complications arose from PG&E's timeliness in responding to the request to hold the poles. Subsequently, PG&E notified the District that the sewer needed to be moved a minimum of five feet from the existing PG&E pole base(s). Mark Wilson of Nute Engineering reiterated some of the FSM's information, and provided additional insight on his interactions with PG&E staff on these issues.

The FSM stated that staff looked at moving the sewer main and determined that there is room to do so, but that the new location might potentially be outside the District's existing easement, but still within the 60 ft. wide common utility easement. He stated that staff has identified additional costs to be up to \$55,000 to move the pipe to parallel to the existing pipeline.

The General Manager stated that he had discussed the cost impacts from moving the sewer with District Counsel Kent Alm, and that Mr. Alm had indicated that he would assist staff in seeking cost recovery from PG&E for these cost impacts.

On motion of Director Long, seconded by Director Peters, and carried unanimously by those Directors present, the Board authorized the General Manager-Chief Engineer to issue a change order(s) in an amount not to exceed \$55,000.00 to resolve an easement conflict.

Mark Wilson left the meeting at 5:37 p.m.

President Mariani stated that the Board would consider Agenda Item 9.a. next.

- Annual Treatment Plant & Pump Station Improvements; Ignacio Transfer Pump Station Site Improvements, Project Work Order No. 72805-15-01 – Grant Final Acceptance and authorize staff to file the Notice of Completion. The Field Services Manager (FSM) stated that the project was awarded to Maggiora & Ghilotti, Inc. on September 14, 2015, and consisted of combining two decommissioned sludge storage lagoons into one pond to provide additional wet weather storage. He noted that the new pond provides approximately an additional 1 million gallons of storage. He stated that during the course of the work, there were several changes to the scope which were resolved in the District's favor, resulting in a credit amount of \$3,721.07 back to the District. The FSM stated that the work had been completed to the District's standards for the project work, and that it was ready for final acceptance.

On motion of Director Peters, seconded by Director Long, and carried unanimously by those Directors present, the Board granted final acceptance of the Ignacio Transfer Pump Station Site Improvements and authorized staff to file the Notice of Completion.

President Mariani stated that the Board would consider Agenda Item 8.a. next.

WASTEWATER OPERATIONS COMMITTEE:

- Receive Wastewater Operations Committee Meeting Report. The General Manager stated that the Wastewater Operations Committee met on November 16, 2015, at 2:00 p.m. at the District office, and introduced John Bailey, Veolia Plant Manager, to present the treatment facilities overview.

The Plant Manager provided an overview of the treatment facilities Monthly Operations Report for October 2015, as previously presented to the Wastewater Operations Committee at its November 16, 2015 meeting. He stated that the monthly average flow for October was 3.43 MGD (million gallons per day) and that water quality performance was excellent. He stated that the Recycled Water Facility produced 10.00 MG (million gallons) in October and had no excursions. He stated that due to good weather and favorable irrigation conditions, the District was able to recycle more water, and delay Bay discharge until November 1st.

The Plant Manager outlined the monthly safety and training activities and noted that safety performance was excellent with Veolia employees completing 1,985 accident-free days as of October 31st. He provided an overview of the key operational and maintenance activities for the month. He stated that there were ten (10) contacts in October.

The General Manager provided a summary of the odor control and landscaping report. He noted that staff continues to maintain the on-going operation of the odor control facilities and the landscaping. He stated that staff will be reviewing possible additional oleander plantings along the northeast fence-line with its landscape contractor in response to neighborhood compliments and requests for more such plantings.

FSM Steve Krauthem provided a summary of the Collection System Operations Report, and reviewed the department's performance for October 2015. He noted that staff cleaned a total of 62,391 ft. of sewer lines, and televised a total of 14,031 ft. He discussed training events the department participated in and stated that as of October 31st, District staff and

the Collections Department have worked a total of 1,693 accident-free days. He stated that there were no sanitary sewer overflows (SSOs) in October.

The FSM provided a summary of the Reclamation Facilities report. He stated that the Rancher tended to his cattle in preparation of moving the livestock off site. He stated that a new irrigation control program was installed at Site 2 and that approximately 750 yards of remnant sludge was deposited in the Dedicated Land Disposal (DLD) site. He stated that 84.05 MG of treated water was used for irrigation in October.

At 5:59 p.m. President Mariani declared the Board would take a short recess.

At 6:00 p.m., John Bailey and John O'Hare left the meeting.

At 6:10 p.m. President Mariani reconvened the meeting.

President Mariani stated that the Board would consider Agenda Item 7.c. next.

- Receive presentations from CalPERS and Public Agency Retirement System (PARS) representatives on investment options for prefunding Other Post-Employment Benefits (OPEB) liability, and provide direction to staff. The General Manager stated that representatives from both CalPERS and PARS had made presentations to the Finance Committee at its November 30, 2015 meeting and stated that the same presentations would be given to the full Board. He stated that PARS would begin the presentations and he introduced Mitch Barker, Executive Vice President, Public Agency Retirement Services (PARs) and Andrew Brown, CFA, Senior Portfolio Manager, High Mark Capital. The PARS representatives provided a presentation titled, "OPEB Pre-Funding and Pension Rate Stabilization Program (PRSP) using 115 Trust". A copy of this presentation is available on the District's website as Attachment 1 to Agenda Item 7.c. of the Board Agenda packet for the meeting of December 14, 2015.

Mr. Barker and Mr. Brown left the meeting at the conclusion of their presentation.

The General Manager introduced the CalPERS representative, Matt Goss, CERBT Customer Outreach and Support. Mr. Goss provided a presentation titled "California Employers' Retiree Benefit Trust Features and Benefits". A copy of this presentation is available on the District's website as Attachment 2 to Agenda Item 7.c. of the Board Agenda packet for the meeting of December 14, 2015.

Mr. Goss left the meeting at the conclusion of his presentation.

The General Manager asked if the Board wished to provide direction to staff at this point. Upon Board discussion, President Mariani directed the General Manager to discuss the details of the CalPERS and PARS plan options with the Finance Officer, and prepare a report for the Board with recommendations for prefunding both the OPEB (GASB 45) liability as well as the Pension (GASB 68) liability. She recommended that a detailed comparison of the CalPERS and PARS investment and funding options be brought forward to the Board at a future meeting, along with staff recommendations for prefunding both GASB 45 and GASB 68 liabilities, possibly by the February 22nd meeting. Director Long requested more information on the CalPERS investment options.

ADMINISTRATION:

- Approve Director Long and the General Manager-Chief Engineer to attend the California Association of Sanitation Agencies (CASA) Annual Washington DC conference, February 22-24, 2016.

On motion of Director Peters, seconded by Director Miller, and carried unanimously by those Directors present, the Board approved Director Long and the General Manager-Chief Engineer to attend the California Association of Sanitation Agencies (CASA) Annual Washington DC conference on February 22-24, 2016.

BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Water Reuse Authority (NBWRA). Director Long discussed his attendance at the NBWRA Board meeting which took place on December 14, 2015, at Novato City Hall. He discussed the presentations given and stated that NBWRA is also considering the expansion of their scope to go beyond projects covered by the Bureau of Reclamation as this would add to the impact of NBWRA.

- North Bay Watershed Association (NBWA). Director Miller discussed his attendance at the NBWA meeting of December 4, 2015, at the District offices. He discussed a presentation that was given on the potential impacts of sea level rise in Marin County.

GENERAL MANAGER'S ANNOUNCEMENTS:

- The General Manager acknowledged CWEA (Redwood Section) 2015 awards for the District and staff: Engineering Achievement Award to Novato Sanitary District & Nute Engineering; Gimmicks and Gadgets Award to Steve Krautheim; and the Stan Roskowski Award to Steve Krautheim.
- The General Manager announced the next Wastewater Operations Committee (WWOC) meeting for Monday, December 21st. President Mariani requested that the WWOC meeting not take place and that the monthly wastewater operations information be provided to the full Board, generally at the first regular Board meeting of each month, beginning with the January 11, 2016 regular Board meeting. She recommended that the Committee only meet when there is a decision or an item that needs singular focus, such as budget items. The General Manager noted that he will take this as direction and proceed accordingly.
- A CSRMA presentation and the CASA Winter Conference will be held in Palm Springs from January 19 – 22, 2016. The CSRMA presentation will be on Tuesday, January 19th from 11:30 to 4:00 p.m., and the CASA conference will be from January 20-22.

ADJOURNMENT: There being no further business to come before the Board, President Mariani adjourned the meeting at 8:12 p.m.

Respectfully submitted,

Sandeep Karkal
Secretary

Julie Swoboda, Recording