

June 28, 2010

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, June 28, 2010, preceded by a closed session beginning at 5:00 p.m. at the District offices, 500 Davidson Street, Novato.

At 5:00 p.m. President Di Giorgio announced the Board would meet in closed session to discuss the following matters on the Closed Session Agenda:

CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – ONE CASE.

Existing litigation pursuant to Subsection (c) of Government Code Section 54956.9, County of Marin Superior Court Case Number 1001855. Novato Sanitary District v. Bank of Marin. (Complaint for refund of \$181,927.54 plus interest under Commercial Code §11204).

BOARD MEMBERS PRESENT FOR CLOSED SESSION: President Michael Di Giorgio, Members James D. Fritz, William C. Long, George C. Quesada and Dennis Welsh.

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James and Geoffrey Spellberg, Attorney with Meyers Nave.

The closed Session ended at 5:30 p.m.

Open session began at 6:30 p.m.

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

STAFF PRESENT: Manager-Engineer-Secretary Beverly James and Administrative Secretary Julie Borda.

ALSO PRESENT: John O'Hare, Veolia Water
John Bailey, Project Manager, Veolia Water
Steve McCaffrey, Novato Disposal
Dee Johnson, Household Hazardous Waste Coordinator

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL:

On motion of Member Quesada, seconded by Member Fritz and carried unanimously, the agenda was approved as mailed.

REPORT FROM CLOSED SESSION:

The Manager reported that the Board gave direction to District Counsel.

PUBLIC COMMENT: None.

BOARD MEMBER REPORTS:

In response to a question by Member Welsh, the Manager reported that former employee, Marvin Miller, passed away on June 9th at the age of 79. She reported he worked for the District from 1972 to 1988.

Member Quesada apologized for comments he made at the regular Board meeting of June 12th.

REVIEW OF MINUTES:

Consider approval of minutes of the June 14, 2010 Board meeting.

Member Long requested a change be made to page five of the minutes: "...for a portion of the cost to be paid through the federal Bureau of **Reclamation**."

On motion of Member Long, seconded by Member Quesada and carried unanimously, the June 14, 2010 Board meeting minutes were approved as amended.

CONSENT CALENDAR:

On motion of Member Quesada, seconded by Member Fritz and carried unanimously, the following Consent Calendar items were approved:

- a. Accept improvements for Hangar Avenue Sewer Main Extension (SME) – The Landing Subdivision project.
- b. Approve meeting schedule as follows: July 12th (Public Hearing at 12:00 p.m. and regular meeting at 6:30 p.m.), July 26th, August 9th and 23rd, September 13th and 27th.
- c. Approval of regular disbursements in the amount of \$288,781.53 and project account disbursements in the amount of \$138,229.30.

SOLID WASTE:

Receive report on Solid Waste Program. Dee Johnson, Household Hazardous Waste Coordinator, provided a solid and hazardous waste program update and discussed the 2009/2010 program accomplishments. She spoke about the 2010/2011 program projections and discussed the household hazardous waste summaries. She discussed the Joint Powers Authority's (JPA) proposed Zero Waste Program and the 2010/2011 Solid Waste budget.

President Di Giorgio expressed his interest in having the JPA Director come before the Board with a presentation regarding the Zero Waste Programs.

Member Fritz questioned the Zero Waste concept and questioned if zero waste would be attainable.

Dee Johnson noted that the JPA staff is scheduled to made a presentation to the Novato City Council at their regular Council meeting on July 27th in regards to the Zero Waste Programs.

Steve McCaffrey discussed Novato Disposal's partnership with Lucas Films who used the company's garbage trucks and recycling center facility for visual and sound effects in the new Disney Pixar's 2010 movie "Toy Story 3".

Consider approval of a contract for consulting services with DLJ Associates for the Household Hazardous Waste and AB 939 programs. The Manager briefly discussed the breakdown of the proposed services, noting that the contract increased by approximately 6% from the previous year.

On motion of Member Quesada, seconded by Member Long, and carried unanimously, the Board approved the Consulting Services Contract with DLJ Associates for the Household Hazardous Waste and AB 939 programs.

WASTEWATER OPERATIONS:

Wastewater Operations Committee report. John Bailey, Project Manager, Veolia Water, presented the Veolia Water Operations Report – May 2010. Mr. Bailey noted there were no violations and that the plant was performing very well. He discussed the key events at the District during May, 2010. Mr. Bailey discussed the completion of the construction at the District and the open work orders as shown in the report. He stated he would prepare a more detailed work order report for the following month's presentation to the Board.

Member Welsh questioned the status of the Standard Operating Procedure (SOP) manuals. He asked how many manuals have been completed and how many are yet to be finished. Mr. Bailey stated that approximately 21 manuals have been completed to the first submittal stage but none have been finalized with a total of 38 manuals due under the current Emergency Services Agreement contract. Member Welsh requested a report showing which equipment has had an SOP manual prepared and which equipment is still awaiting a manual. The Manager stated that Member Welsh's request could be reported at the July 12th Board meeting.

The Manager reviewed and commented on the Collection System Report which was included with the Wastewater Operations Report.

COLLECTION SYSTEM IMPROVEMENT PROJECT 72706:

Consider granting Final Acceptance of the State Access Road Sewer Project: No. 72706, Phase B. The Manager discussed the scope of the project and reported it was substantially complete on January 13, 2010. She stated the final cost was \$245,485.55 which was \$2,278.65 below the bid amount. She requested the Board grant final acceptance on the project and authorize staff to file the Notice of Completion.

On motion of Member Quesada, seconded by Member Fritz and carried unanimously, the Board granted Final Acceptance of the State Access Road Sewer Project and authorized staff to file the Notice of Completion.

Review bids received and consider authorizing contract award to J & M, Inc., the lowest responsive bidder. The Manager briefly outlined the need for the project and noted that J&M, Inc. of Livermore, CA submitted the lowest responsive bid of \$1,805,843.60. The Manager stated that this contract will implement a grant program to assist homeowners in their lateral replacement and stated she will bring the final program materials to the Board at the July 12th board meeting.

Member Quesada requested a motion be made at the July 12th board meeting to allow the elderly and disadvantaged residents first priority when the lateral repair grant program is implemented.

On motion of Member Fritz, seconded by Member Quesada and carried unanimously, the Board awarded the Collection System Improvements; Olive/Chase/Orange Sewer Project: 72706-Phase C to J&M, Inc.

NORTH BAY WATER REUSE PROJECT 72508:

Progress report. The Manager gave an update on the joint Novato Sanitary District/North Marin Water District Joint Recycled Water Project under the North Bay Water Reuse Authority. The Manager related to the Board the scope of the recycled water project and detailed the allocation of funds.

Consider authorizing staff to negotiate, and the Manager-Engineer to execute, a contract with a ceiling of \$500,000 with The Covello Group for design constructability review and construction management services on a time and materials basis.

On motion of Member Long, seconded by Member Fritz, and carried unanimously, the Board authorized staff to negotiate, and the Manager-Engineer to execute, a contract with a ceiling of \$500,000 with The Covello Group for design constructability review and construction management services on a time and materials basis.

ADMINISTRATION:

Consider authorizing staff to contract with Charles Z. Fedak & Company to perform the financial audits for the 2009-10, 2010-11, and 2011-12 fiscal years. The Manager outlined the District's intentions to begin using the audit firm of Charles Z. Fedak & Company.

Member Welsh questioned if the District is required to change audit firms. The Manager replied that it is a policy of other Districts to rotate auditors every five to eight years to assure an economical and objective audit. Member Welsh stated he feels the District should retain the current auditor who is familiar with the District's past and current financial circumstances. He stated that in light of the pending contract with Veolia Water which will affect the District's finances, the current auditor should be retained.

On motion of Member Quesada, seconded by Member Fritz, and carried with the following vote, the Board authorized staff to contract with Charles Z. Fedak & Company to perform the financial audits for 2009-10, 2010-11, and 2011-12. Ayes: Di Giorgio, Fritz, Long, Quesada. No: Welsh.

BOARD OF DIRECTORS:

Election of officers for 2010-11.

Member Fritz nominated Member Long as President. Vote: all ayes.
Member Di Giorgio nominated Member Fritz as President Pro-Tem. Vote: all ayes.

Appointment of Secretary/Treasurer and Secretary/Treasurer Pro-tem for 2010/11.

Member Quesada nominated Manager Beverly James as Secretary/Treasurer. Vote: all ayes.

Member Long nominated Administrative Services Manager June Penn Brown as Secretary/Treasurer Pro-Tem.

Member Welsh questioned the appointment of June Penn Brown to the position of Secretary/Treasurer Pro-Tem due to her part-time employment status with the District and requested the decision be postponed until legal counsel could be consulted.

The Manager stated that the decision to appoint June Penn Brown to the position of Secretary/Treasurer Pro-tem for 2010/11 would be postponed to a later board meeting.

Designate and authorize Board Members to sign District checks.

Member Long nominated the following individuals as check signers: Michael Di Giorgio, William C. Long, and James D. Fritz. Vote: all ayes.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION:

Provide direction to staff regarding California Special Districts Association (CASA):
Bylaws Amendments.

On motion of Member Quesada, seconded by Member Fritz, and carried unanimously, the Board directed staff to vote in favor to adopt the 2010 proposed California Special Districts Association (CSDA) Bylaws Amendments.

Provide direction to staff regarding the CSDA Board of Directors Election.

The Manager and the Board briefly discussed the candidates: incumbent Sherry M. Sterrett and Kathryn Slater-Carter.

Member Welsh stated he casts his vote for candidate Kathryn Slater-Carter, a long-term board member of the Montara Water and Sanitary District.

On motion of Member Fritz, seconded by Member Long, and carried with the following vote, the Board directed staff to cast a vote for Sherry M. Sterrett for the CSDA Board of Directors. Ayes: Di Giorgio, Fritz, Long, Quesada. No: Welsh.

STAFF REPORT:

Grand jury report on the cost of governance. The Manager discussed the Grand Jury Report titled "The Cost of Governance: Local Control Comes at a Price" which was released on June 18, 2010.

Member Welsh requested a report from the Manager detailing Board compensation for meetings, travel, and medical.

MANAGER'S ANNOUNCEMENTS:

North Bay Water Reuse Authority is hosting a Plenary session on Wednesday, June 30th at 9 a.m. at Inn Marin in Novato.

ADJOURNMENT IN MEMORY OF FORMER DISTRICT EMPLOYEES ROBERT BOLICK AND MARVIN MILLER: There being no further business to come before the Board, President Di Giorgio adjourned the Board meeting at 8:40 p.m. in memory of Robert Bolick and Marvin Miller.

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Respectfully submitted,

Beverly B. James
Secretary

Julie Borda, Recording