

January 12, 2015

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:00 p.m., Monday, January 12, 2015, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Jean Mariani, Members Jerry Peters, Gary Butler, and William Long. Director Brant Miller was absent.

STAFF PRESENT: Manager-Engineer-Secretary Sandeep Karkal, Finance Officer Laura Creamer, and Administrative Secretary Julie Swoboda.

ALSO PRESENT: John Bailey, Project Manager, Veolia Water
John O'Hare, Pretreatment Programs Manager, Veolia Water
Vikki Rodriguez, Vice President (Tax/Audit), Maze and Associates

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as written.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

Consider approval of minutes of the December 8, 2014 meeting.

On motion of Director Peters, seconded by Director Long, and carried unanimously, the December 8, 2014 Board meeting minutes were approved.

CONSENT CALENDAR:

On motion of Director Peters, seconded by Director Long, and carried unanimously, the following Consent Calendar items were approved:

- a. Approval of regular disbursements in the amount of \$333,974.86, and capital project disbursements in the amount of \$15,626.30. Ratification of December's disbursements as follows: regular disbursements in the amount of \$91,027.35, capital project disbursements in the amount of \$35,639.28, and Board member fees in the amount of \$2,332.63.
- b. Approval of December payroll and payroll related disbursements in the amount of \$219,096.28.
- c. Received Fixed Asset Deletion Report for Fiscal Year (FY) 2013-14.

FINANCE COMMITTEE

- Receive report from independent auditor, Maze and Associates: The Manager-Engineer introduced Ms. Vikki Rodriguez of Maze and Associates and noted that she had previously attended the December 16, 2014 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 opinion and that the District's financial statements for the fiscal year ended June 30, 2014 are fairly presented, and conform to Generally Accepted Accounting Principles (GAAP). Ms. Rodriguez noted that this 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. She noted that internal controls are solid in comparison with other entities, in part because the District uses the enterprise version of QuickBooks as its accounting software, which provides a reliable audit trail. In addition, she stated that considering the limited number of staff, the District practices good segregation of duties and has a good review process.

Ms. Rodriguez then discussed provisions of Government Accounting Standards Board (GASB) Statements 45 and 68. 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 noted that the District will have to comply with GASB 68 provisions beginning with the current fiscal year ending June 30, 2015. She stated that the information on pension liability and cost would be determined by CalPERS. Separately, Finance Officer Creamer and the Manager-Engineer noted that the District had already received and responded to the October 22, 2014 Circular Letter from CalPERS, and asked CalPERS to provide the District with its GASB 68 reporting information. Ms. Rodriguez noted that this information would then be used to prepare the 2015 financial statements and audits.

- Receive Finance Committee report and recommendation, and accept the Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2014 and 2013, including audited financial statements. The Manager-Engineer stated that the agenda materials from the Finance Committee meeting on December 16, 2014 were included in the Board packet materials. There was no discussion.

On motion of Director Peters, seconded by Director Butler, and carried unanimously, the Board accepted the Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2014 and 2013, including audited financial statements.

- Receive Finance Committee recommendation, and ratify District Statement of Investment Policy, Policy 3120 – Investment of Public Funds. The Manager-Engineer

stated that this policy was adopted in December 2012 and updated in April 2014. He stated that there are no proposed changes at this time but noted that the District Board periodically reviews and adopts or ratifies the Statement of Investment Policy in accordance with Government Code Section 53600. The Manager-Engineer stated that this item was reviewed by the Finance Committee at its December 16, 2014 meeting, and it was being recommended that the Board ratify the policy.

On motion of Director Butler, seconded by Director Long, and carried unanimously, the Board ratified District Statement of Investment Policy, Policy 3120 – Investment of Public Funds.

WASTEWATER OPERATIONS COMMITTEE:

- Receive Wastewater Operations Committee Report. The Manager-Engineer stated that the Wastewater Operations Committee met on December 15, 2014 at 2:00 p.m. at the District office. He introduced Veolia Plant Manager John Bailey. The Plant Manager gave an overview of the Monthly Operations Report for November 2014 as presented to the Wastewater Operations Committee. He pointed out a correction on page one of the Treatment Plant Performance Summary, Title 22 – Recycled Water Production and Quality: Minimum CT (disinfection) ~~ml-min/L <450~~ *mg-min/L >450*.

The Plant Manager stated that the water quality performance was excellent and he discussed the routine maintenance activities performed at the NTP and the Ignacio Transfer Pump Station. He outlined the monthly safety and training activities and stated that 10 complaints/contacts were received in November.

The Manager-Engineer provided a summary of the odor control and landscaping report. He stated that the top layer of the main odor control bed was replenished with additional bio-filter material (media) in November. He discussed ongoing landscaping efforts and stated that the redwood trees currently in planter boxes along the eastern portion of the treatment facility will be planted in the ground in early 2015. He stated that more information will follow at the Wastewater Operations Committee meeting in January.

The Manager-Engineer provided a summary of the Collection System Operations report. He reviewed the department's performance, and noted that there were no sanitary sewer overflows in November. He also noted that all Emergency Operating Procedures (EOPs) for the pump stations had been completed.

The Manager-Engineer provided a summary of the Reclamation Facilities report. He stated that rehabilitation work had been scheduled but that it was not able to be completed due to wet weather conditions in December.

AD-HOC RECYCLED WATER COMMITTEE:

- Receive report on Joint meeting with North Marin Water District (NMWD) Recycled Water Sub-Committee. The Manager-Engineer stated that the District's Ad Hoc

Recycled Water Committee held a joint meeting with the North Marin Water District Recycled Water Sub-Committee on Wednesday, December 17, 2014. He reviewed information from the meeting, and provided an overview of NMWD's realigned Central Area distribution system. The Board and the Manager-Engineer discussed the Interagency Agreement with NMWD and future projects, including Phase 2 of the North Bay Water Reuse Authority project.

ADMINISTRATION:

- Consider adoption of resolution for Ken Besnia, retired Environmental Compliance Analyst.

On motion of Director Long, seconded by Director Peters and carried unanimously, the Board adopted Resolution No. 3082, A Resolution Commending Kenneth Besnia for Distinguished Service to Novato Sanitary District.

BOARD OF DIRECTORS:

- Receive information – Call for Nominations, Special District Member elections, Marin County Local Agency Formation Commission (LAFCO). The Manager-Engineer stated that this item was being presented to the Board for informational purposes only at this meeting. He stated that this item would also be agendaized for the January 26th Board meeting.

BOARD MEMBER REPORTS:

- North Bay Watershed Association (NBWA) meeting. The Manager-Engineer stated that delegate Brant Miller was not able to attend the NBWA meeting on January 9th so he attended as alternate. The Manager-Engineer stated that presentations were given by Judy Kelly, Executive Director of the San Francisco Estuary Program (SFEP), and by Heather Cooley, Pacific Institute.

MANAGER'S ANNOUNCEMENTS:

- The Manager-Engineer discussed an informational article from the Marin Voice: "New accounting rules open door on public pension debts".
- The Manager-Engineer discussed a presentation he made to the Novato Democratic Club on Saturday, January 10th. He stated that the presentation appeared to have been well received.
- The next Board meeting will be held on January 26th at 4:30 p.m. instead of the usual 6:00 p.m. time to accommodate a treatment facilities tour.
- The next Wastewater Operations Committee meeting will be held on Tuesday, January 20th at 9 a.m.
- The California Association of Sanitation Agencies (CASA) Winter Conference will be held in Palm Springs from January 21 – 23, 2015.

ADJOURNMENT: There being no further business to come before the Board, President Mariani adjourned the meeting at 7:38 p.m.

Respectfully submitted,

Sandeep Karkal
Secretary

Julie Swoboda, Recording