

NOVATO SANITARY DISTRICT

Board Meeting Minutes

Meeting Date: February 11, 2019

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Monday, February 11, 2019, at the District Office, 500 Davidson Street, Novato.

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

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

ALSO PRESENT: Laura Creamer, Finance Officer, Novato Sanitary District
Erik Brown, Deputy General Manager, Novato Sanitary District
John O'Hare, Project Manager, Veolia
Jeff Andress, Collections System Superintendent, Novato Sanitary District
Dale Thrasher, Administrative Services Officer, Novato Sanitary District
Jeff Boheim, Field Services Manager, Novato Sanitary District
Joe Moreno, Collection System, Novato Sanitary District
Javier Vega, Collection System, Novato Sanitary District
Michael Juniphant, Business Development Manager, Enovity, Inc.
James Lonergan, Consultant, Enovity, Inc.

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

- Consider approval of minutes of the January 14, 2019 regular meeting.

On motion of Director Miller, seconded by Director Peters, and carried unanimously, the January 11, 2019 Board meeting minutes were approved.

CONSENT CALENDAR:

President Dillon-Knutson called for a motion on the Consent Calendar items as follows:

- a. Approve Board member disbursements in the amount of \$1,444.93, capital project disbursements in the amount of \$82,348.10, and regular disbursements in the amount of \$309,833.36. Ratification of January 28th capital project disbursements in the amount of \$60,215.54, and regular disbursements in the amount of \$143,572.37.
- b. Ratification of January payroll and payroll related disbursements in the amount of \$290,148.75.

- c. Receive deposit summary, January 2019.
- d. Receive Accounts Receivable (A/R) Summary Report as of January 31, 2019.
- e. Receive 2nd Quarter Investment Report, Fiscal Year (FY) 2018-19.
- f. Receive 2nd Quarter Financial Report, FY 2018-19 (unaudited).
- g. Receive report, District Finance Officer's attendance at annual California Society of Municipal Finance Officers (CSFMO) conference – information only.

On motion of Director Peters, seconded by Director Miller, and carried unanimously, the Board approved the above listed Consent Calendar items.

WASTEWATER OPERATIONS:

- Receive Wastewater Operations Reports, January 2019.

Collection System Report: Collection System Superintendent Jeff Andress provided the Collections System Report for January 2019. He stated that the Collection Department cleaned 77,736 lineal feet of sewer pipelines, and that 4,384 feet of sewer main were televised. He noted that CCTV (closed circuit TV) work did not identify any new structural damages or areas that would require a change in sewer line maintenance operations. He stated that staff completed 381 maintenance work orders, leaving zero (0) work orders outstanding. Further, he noted that staff conducted 140 lift station inspections and completed maintenance inspections on four (4) air relief/vacuum valves.

The Collection System Superintendent then outlined the training provided in January, noting that the Collection Department staff attended four (4) safety tailgate meetings. He stated that Collections Staff participated in two specialized training events, and that there were no lost time accidents in the month. He concluded his presentation, stating that there were no sanitary sewer overflows in January.

Treatment Facilities Report: Veolia Project Manager John O'Hare provided the January 2019 Treatment Facilities Monthly Operations Report (MOR). He reviewed the treatment plant performance, stating that the flow for January was high, recording an instantaneous peak flow of 47 million gallons on January 16th. He stated that the average daily flow for January was 8.56 MGD (million gallons per day). He continued, stating that there were no discharge violations in the month, and that the Recycled Water Facility (RWF) produced 0.627 million gallons of recycled water.

The Project Manager stated that Veolia staff participated in weekly tailgates, and attended a First Aid/CPR/AED certificate training on January 16th. He reviewed the monthly routine inspections, maintenance activities, and key events for the Novato treatment facility, the Ignacio transfer pump station, and the recycled water facility. He stated that regulatory inspectors from the U.S. EPA and the California Regional Water Quality Control Board conducted two regulatory inspections on January 28th and 29th. He stated that the inspectors had favorable comments during the process, and he noted that the inspection reports would be available in the next few months.

The Project Manager discussed pretreatment and pollution prevention activities, and concluded his report, stating that no odor contacts were received in January.

Reclamation Facilities Report: Field Services Manager Jeff Boheim summarized the Reclamation Facilities report for January. He stated that drainage pump stations No. 3 and 7 pumped approximately 348 million gallons (MG) and 140.4 MG, respectively, this month, and that no irrigation activities took place. He noted that the current ranch lessee removed various pieces of rancher owned equipment from Site 7 as the current lease approaches the end of its 10-year term on 3/31/2019. The Field Services Manager stated that storage ponds No. 1 and 2 were at approximately 3 (three) feet at the beginning of January and at approximately 4 (four) feet on January 31, 2019, due to rainfall accumulation. He stated that the District contracted with the landscape company Cagwin & Dorward, and removed portions of fallen trees that were blocking roadways at Site 2.

CAPITAL PROJECTS:

- RWF Expansion, Account No. 73005; Grant Final Acceptance of the Recycled Water Facility (RWF) Expansion Project, and authorize staff to file the Notice of Completion.

Deputy General Manager Erik Brown stated that the Recycled Water Facility Expansion Project was awarded to Pacific Infrastructure Corporation (PIC) on October 23, 2017. He stated that work began on December 20, 2017, and that substantial completion was achieved on October 15, 2018. He noted that the final cost of the project was \$1,993,550.37 which included a total of \$53,428.37 in contract change orders, or 2.75% over the bid amount. He requested that the Board grant final acceptance and authorize staff to file the Notice of Completion.

Director Miller inquired as to the current total capital investment in recycled water. The General Manager replied that for all District recycled water (Title 22) projects combined, the investment was around \$10 - \$12 million. Director Long questioned as to what the Federal reimbursement grant for this project will be. The General Manager stated that the District would be entitled to a maximum of 25% of the costs. The Deputy General Manager added that after design costs and North Bay Water Reuse Authority (NBWRA) administrative costs, the District should anticipate a reimbursement of approximately \$450,000.

On motion of Director Long, seconded by Director Peters and carried unanimously, the Board granted final acceptance of the Recycled Water Facility (RWF) Expansion Project, and authorized staff to file the Notice of Completion.

Director Long stated that with the completion of the Recycled Water facility and the prospect of no increased recycled water demand from North Marin Water District (NMWD), he suggested that District staff review the financial obligations shared with NMWD regarding recycled water. The General Manager stated that agreements are currently in place between NMWD and Novato Sanitary District and between NMWD and the Las Gallinas Valley Sanitary District (LGVSD). He stated that these agreements direct the funds generated from the sale of the recycled water into separate accounts for each agency, and stated that the District does receive periodic statements detailing the fund balances. He provided an explanation of these agreements and noted anticipation of a reconciliation process with NMWD.

- Cogeneration/Alternative Energy, Account No. 72708: Receive presentation from Enovity, Inc., on an energy-efficiency measures (EEMs) project through the Pacific Gas & Electric Co. (PG&E) On-Bill Financing (OBF) program, and provide direction. The General Manager

stated that at its May 22, 2017 meeting, the Board received an update on implementing cogeneration/alternative energy projects, focusing on three primary strategies for working toward achieving the District's energy goals: 1) Cogeneration, 2) Solar generation and battery storage, and 3) Energy efficiency measures (EEM's). He stated that Michael Juniphant of Enovity Inc., would provide details of their findings, recommendations for implementing EEMs, and discuss the funding of these projects through PG&E's zero percent (0%) on-bill financing (OBF) program.

Mr. Juniphant began his presentation titled: "Phase 1 OBF Turnkey Energy Project", and gave an overview of Enovity's qualifications. He provided an example of an Enovity OBF project currently underway at Camp Roberts, and then outlined the details of the Phase 1 OBF Turnkey Energy Project at the District's treatment facility. He stated that this project had already completed the pre-approval and preliminary OBF acceptance stage, the initial site assessment stage, and was ready for the OBF Package to be submitted to PG&E for project funding approval. He concluded his presentation and invited James Lonergan, Enovity Consultant, to review further details of the District's project.

Mr. Lonergan addressed the Board, and provided details of the energy efficiency measures proposed with the Phase 1 Project including: a) LED retrofit measures of both exterior and interior locations; b) connect primary clarifier #1 foul air ducting to main foul air ducting; c) blend digester gas with natural gas for boiler heating; and d) reconfigure UV system at recycled water to capitalize on the new recycled water treatment equipment. Mr. Lonergan finished his presentation by reviewing the estimated savings to the District after completion of the energy efficiency measures.

The General Manager and the Board discussed details of the presentation. The General Manager stated that the approximate cost for the Phase 1 EEM's would be around \$1 million, and that the energy cost savings would be around \$132,372 per year. He continued, stating that the monthly on-bill financing (OBF) would be approximately \$10,967.15 and that the monthly operating cost savings would be approximately \$11,031.02. Discussion continued between the Board, Mr. Lonergan, and Mr. Juniphant, on details of the EEM elements.

On motion of Director Peters, seconded by Director Miller, and carried unanimously, the Board directed the General Manager-Chief Engineer to request a final design/build proposal for an OBF turnkey energy project from Enovity, Inc. for energy savings projects at the Novato Sanitary District. Furthermore, the General Manager-Chief Engineer was directed to receive a sample agreement for the energy savings projects to be reviewed by staff and District Counsel.

At 6:54 p.m., President Dillon-Knutson declared a short recess. Mr. Juniphant, Mr. Lonergan, and Ms. Creamer left the meeting.

At 7:05 p.m., President Dillon-Knutson reconvened the meeting.

- Receive Capital Projects Update, January 2019. The Deputy General Manager provided an update of the current capital projects involved with the Capital Improvement Program (CIP) at the District. He began by reviewing the four Collection System Improvement projects. He stated that a draft of the Collection System Master Plan (CSMP) report had

been received from the District's consultant, Woodard and Curran, and was currently being reviewed by District staff. He discussed the Hamilton Wetlands/Outfall Integration project. He stated that the State Coastal Conservancy's (SCC) third party consultant, Woodard and Curran, and District staff, have reviewed SCC's design for the Bel Marin Keys Unit V Phase 1 project and have provided comments for the portion that relates to the District's outfall.

The Deputy General Manager continued his report and provided an update of the District's Cogeneration/Alternative Energy project. He stated that the District's consultant, Woodard and Curran, had submitted a Draft Cogeneration Evaluation Technical Memo Update. He stated that staff had reviewed the recommendations and expects the final report to be submitted in late March or April. He provided an update of the administration building upgrades/maintenance building, noting that expected delivery/install of the modular building was early spring of 2019. He concluded his report with a brief discussion of the upcoming vehicle replacements for fiscal year 2018/19.

BOARD OF DIRECTORS:

- Presidential appointment of members to Board Committees, for remainder of Fiscal Year (FY) 2018/19. President Dillon-Knutson declared that all Standing Committee members will remain the same. President Dillon-Knutson then made the Regular Committee appointments as follows, to be effective immediately:

- California Association of Sanitation Agencies
 - Brant Miller, Delegate
 - Sandeep Karkal, Alternate
- California Sanitation Risk Management Authority (Members will remain the same)
 - Sandeep Karkal, Delegate
 - Brant Miller, Alternate
- North Bay Water Reuse Authority
 - Carole Dillon-Knutson, Delegate
 - Jerry Peters, Alternate
- North Bay Watershed Association
 - Jean Mariani, Delegate
 - Sandeep Karkal, Alternate

President Dillon-Knutson stated that there were no Ad Hoc Committee Assignments at this time, noting that the previous Ad Hoc Labor Negotiations Committee was no longer active.

BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Water Reuse Authority (NBWRA) meeting, January 28, 2019. Director Long discussed his attendance at the NBWRA meeting held on January 28th at Novato City Hall. Director Long stated that at the meeting, he provided a report stating that Novato Sanitary District had completed its final Phase 1 project, and had no additional projects pending. For

this reason, Director Long notified NBWRA that the District would drop to the Associate Member level, at a membership cost to the District of about \$10K a year.

- North Bay Watershed Association (NBWA) meeting, February 1, 2019. Director Miller discussed his attendance at the NBWA meeting held on February 1st at the Petaluma Community Center. He commented on a presentation by Steven Ritchie of the San Francisco Public Utilities Commission. Additionally, Director Miller discussed a tour and presentation at the Casa Grande Fish Hatchery in Petaluma. He stated that the hatchery is part of the science curriculum at the Casa Grande High School, and is staffed and operated by the students, with adult guidance.

- Receive requested information on survey of Bay Area wastewater agencies to determine the relative position of the General Manager-Chief Engineer's compensation compared to the Bay Area market. Director Mariani stated that at the December 10, 2018 meeting, she had formally requested a compensation survey of Bay Area water and wastewater agencies to determine the relative position of the General Manager-Chief Engineer's compensation as compared to the Bay Area market. She discussed the survey that was provided as part of the Board packet, noting that based on the information, the General Manager-Chief Engineers current salary is between 8.60% to 10.53% below median of those agencies surveyed. She commended staff for completing the survey, and requested that the information be used to provide the General Manager-Chief Engineer with a compensation increase over-and-above the cost-of-living increase (COLA) that he currently receives. Director Miller commented on the inclusion of South Bay agencies on the survey. Director Long asked if NMWD could be added to the survey.

President Dillon-Knutson requested that the General Manager schedule a closed session at the next meeting to facilitate a performance evaluation of the General Manager-Chief Engineer's position, and the General Manager agreed.

- Board Member Reports:

Directors Mariani, Miller, Long, and Peters discussed presentations they attended while at the California Association of Sanitation Agencies (CASA) Conference that was held in Indian Wells, CA, from January 23rd through the 25th.

Director Mariani stated that at a climate round-table meeting held at the City of Novato in 2018, a statement was made that the Novato Sanitary District was the largest power consumer in the city. She questioned if staff were able to prepare a report comparing the total cost of power usage of the treatment facility prior to upgrades completed in 2010, with the total cost of power usage of the current treatment facility. She stated it may be useful to show how much the District's power consumption declined after the treatment facility upgrades were completed. Board members agreed that the energy cost-savings data may be useful for future discussions with Novato residents and Council members.

INFORMATIONAL ITEM:

The General Manager noted that the following item was included for informational purposes only:

- Pension & Investments magazine article, published January 23, 2019: "CalPERS returns

-3.9% in 2018, sets sights on higher private equity head.”

GENERAL MANAGER’S REPORTS AND ANNOUNCEMENTS:

- Reports:
 - All Board Members are required to complete a Form 700, which is then to be returned to the District office no later than April 2, 2019.

- Announcements:
 - The next Board meeting will be a Special meeting, held on Monday, March 18th at 5:30 p.m.

ADJOURNMENT: There being no further business to come before the Board, President Dillon-Knutson adjourned the meeting at 8:06 p.m.

Respectfully submitted,

Sandeep Karkal
Secretary

Julie Hoover, Recording