

March 20, 2009

A special meeting of the Board of Directors of the Novato Sanitary District was held at 4:00 p.m., Friday, March 20, 2009, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Michael Di Giorgio, Members James D. Fritz, William C. Long and George C. Quesada. Member Arthur T. Knutson arrived at 4:41 PM.

BOARD MEMBERS ABSENT: None.

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

ALSO PRESENT: Paul Eisenhardt, The Eisenhardt Group  
Wayne Griffith, The Eisenhardt Group  
Austris Rungis, District Labor Negotiator, IEDA, Inc.  
Martin Rauch, Rauch Communication Consultants  
John Quinley, Sustainable Novato, Novato Resident  
Richard Di Marco, Novato Resident, former NSD employee  
Additional members of the public who declined to sign in

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL:

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

PUBLIC COMMENT: John Quinley of Sustainable Novato stated he was concerned about the proposed contract operations and the welfare of the current District Operations and Maintenance workers. He stated he felt the private sector is a threat to the current employees.

WORKSHOP ON TREATMENT PLANT OPERATION AND MAINTENANCE PLAN:

- Briefing/presentation on planned treatment plant operations and Request for Qualifications (RFQ) process concerning contract operations.

The Manager began a Powerpoint presentation titled "Workshop on Treatment Plant Operation and Maintenance, March 20, 2009". She stated the purpose of the presentation was to give the Board an opportunity to discuss potential topics that would be included in a Request for Proposals document. She stated the objectives of any plan are staff retention, cost control, protection of equipment warranties, long term protection of capital equipment,

accountability to Board members and to the public, to maintain District rights and ownership, and to maintain regulatory compliance.

Austris Rungis, District Labor Negotiator, discussed staff retention, and employee training and safety. He stated that the contract operator proposal will ensure that current employees at the time of a transfer, will remain with the Teamsters Union Local 315 and are guaranteed two years of employment at the Novato Sanitary District location. He stated employee seniority would be recognized and that the current employee needs are being thoroughly looked after.

Member Long confirmed with Mr. Rungis that an employee could still choose to relocate outside of the Novato plant if that was desired.

Mr. Paul Eisenhardt of The Eisenhardt Group, addressed the Board. He stated that if after receiving the Statements of Qualifications the District decided to move forward with a plan for contract operations of the treatment plant, he would develop the Request for Proposals (RFP) which would outline a service agreement specific to the District's needs. Mr. Eisenhardt discussed key issues the Board could include in the RFP such as cost control and equipment maintenance. He discussed with the Board how a private firm would maintain the new equipment to District and vendor standards to protect the equipment warranties.

President Di Giorgio asked for clarification on the terms of how the contract could be terminated prior to completion. Mr. Eisenhardt stated that the District could "terminate for convenience" at any time; however, the District could be assessed a termination fee depending on the length of time left in the contract. In addition he stated that the specific termination terms would be specified in the final agreement. However, if the contracting firm failed to perform per contract requirements, the agreement could be terminated for default.

Mr. Di Giorgio stated that if the District chose to employ consultants to augment existing staff, it may be difficult to increase staff only to downsize once the initial training and start-up requirements are complete.

Mr. Eisenhardt continued with the Powerpoint presentation, discussing project cost control, insurance requirements, long-term facility maintenance and accountability. He stated that the desired contract term is from 5 to 7 years and that the District will maintain all rights and ownership to the facility; the District is not becoming a privately owned entity. He pointed out that the District's publicly elected Board of Directors would continue to be responsible for all governance and policy setting and that the District will continue to set sewer service rates, continue to provide overall management, and will continue to operate and maintain the collection systems, pump stations, solids disposal, the reclamation facilities, garbage franchise, and household hazardous waste collection.

District Counsel Kent Alm discussed with the Board the procurement process and the legal issues surrounding the proposed contract operations. He stated that the District would continue to fully comply with the California Environmental Quality Act (CEQA). He also stated that the labor agreement document was not finalized yet but would be a part of the Request for Proposals to ensure all those who respond are fully aware of the required contract provisions. He stated that he would be involved in the contract preparation to assure that the significant legal issues would be addressed.

President Di Giorgio asked for clarification on timelines and if there were any additional options available if the District initially chose to use a contract operating firm but then decided to reverse its decision prior to entering into the contract. Mr. Eisenhardt discussed timelines for decisions and the Manager discussed the options if the District decided not to negotiate the contract.

The Manager discussed Regulatory Compliance and the contract provisions that will be established with incentives for compliance. She also summarized the key points for the procurement process draft schedule.

Member Long asked if the Request for Qualifications had been issued and Mr. Eisenhardt confirmed that it had been sent out as authorized by the Board at their meeting on March 9<sup>th</sup> to five different firms.

Mr. Eisenhardt gave a brief explanation of the out-of-state private sector RFQ participants and how their employees would meet California State requirements as treatment plant operators.

The Manager pointed out to all present that a copy of the Powerpoint presentation is available at the District office by request under the Request For Public Information Act.

At 5:50 p.m., with there being no further public comment, President Di Giorgio declared the meeting adjourned for a five minute break.

At 5:52 p.m, the Special Board meeting was reconvened.

#### CLOSED SESSION CONFERENCE WITH LABOR NEGOTIATORS:

At 5:53 p.m. President Di Giorgio announced the Board would meet in Closed Session to discuss the item on the Closed Session Agenda: Confer with District's labor negotiators regarding meet and confer with District's "General" bargaining unit, represented by Teamsters Local 315.

At 6:15 p.m. President Di Giorgio reconvened the board meeting.

There was no reportable action.

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ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 6:16 p.m.

Respectfully submitted,

*Beverly B. James*

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Secretary

Julie Borda, Recording

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