

March 23, 2009

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 4:30 p.m., Monday, March 23, 2009, at the District Office, 500 Davidson Street, Novato.

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

BOARD MEMBERS ABSENT: None.

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

ALSO PRESENT: Lester Burgess, Novato Resident
Art Ribbel, Novato Resident
Ed Mainland, Novato Resident, Sustainable Novato
Bob Innes, Novato Resident
Karen & Jean Pierre-Des Hayes, Novato Residents
Pam Welsh, Novato Resident
Richard Di Marco, Former NSD Employee and Novato Resident
Andrew Rask, Novato Resident
Howard Hall, Novato Resident
Tony Silva, NSD Employee and Novato Resident
John Halapoff, Novato Resident
Dean B.T. Heffelfinger, Novato Resident
Patricia Silva, Novato Resident
Yvette Jackson, Novato Resident
John Gleason, NSD Employee and Novato Resident
Reid Thomas, Novato Resident
Kerri Walton, Novato Resident
Robert Buchholz, Novato Resident
Steve Carter, Novato Resident
Don Carlson, Novato Resident
Dennis Welsh, Former NSD Employee and Novato Resident
John Quinley, Novato Resident, Sustainable Novato
Angel Medina, NSD Employee
Norman Longman, NSD Employee
Brian McGrane, NSD Employee
Dean Heffelfinger, NSD Employee and Novato Resident
Jim Lynch, NSD Employee

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The Manager requested Agenda Items 9 and 9a be removed from the March 23rd Agenda.

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

PUBLIC COMMENT: The Manager referenced a flyer titled "Don't Flush Your Money Away" which was distributed throughout Novato. She clarified some misrepresentations that were on the flyer, specifically that the District was not privatizing the facility and that any potential change would be limited to employees in the treatment operations and maintenance division of the District. In addition, she stated the District Board was not voting on the contract operations option at this meeting, but was still in the planning and discovery stage. She stated no final decision has been made or would be made at this meeting. She also listed two Novato residents who phoned the District to express their opposition to the contract operations: John Pavia and Craig Jansen.

Member Quesada asked for clarification of the job security for the District's operators and maintenance staff if the contract operations take place. The Manager stated the employees would be guaranteed employment with the contract operator at comparable compensation.

President Di Giorgio commented on the "Don't Flush Your Money Away" flyer. He stated that as a public agency, the District is required to report the truth. He stated however, the flyer listed generalities and allegations which were untrue.

PUBLIC COMMENT:

Tony Silva, Novato resident and 13 year District employee disputed the report as prepared by the Eisenhardt Group. He felt the report stated current employees were not capable of learning and working with new equipment and he disputed the fact that the report was an in-depth report. He said that a contract operator cannot touch the District's total compensation package. He discussed his dedication as a thirteen year employee and said he finds the report quite offensive.

Jim Lynch, a District employee and a Grade III Operator said he feels confident he can run this plant without any supervision. He gave examples of his past experience with other wastewater treatment facilities. He said that he did not want inferior people from Oregon to operate this plant.

Richard Di Marco, resident and former District employee registered his formal objection to the "privatization" of the operator employees. He discussed what the employee compensation might be with a private contractor. He stated the District's Regular Board meeting hours make it difficult for most people to attend the meetings.

He believes the Board has lost their sense of public service and their sense of responsibility toward their constituents.

Pam Welsh, Novato resident said she is opposed to the ideal of "privatization"/contract operations and maintenance. She outlined the Board's actions in moving forward with their contract operations decision. She felt the Eisenhardt Report is flawed due to the lack of in-depth interviews as were so stated in the report. She read from the minutes of the District Board Meeting of December 22nd: *"Member Quesada asked how the operator training is progressing. Mr. Wrightson explained that recent training was provided by the equipment vendors and had included classroom training followed by hands-on, on-site training. Member Quesada asked about the training and qualifications of the District's current operators. The Deputy Manager-Engineer stated that all Operators are licensed and qualified. The Manager-Engineer stated that although the equipment is new to the Operators, the process theory is similar to what we have currently and should translate into a smooth changeover."*

John Quinley, Novato resident and Treasurer of Sustainable Novato, disputed the notion that a "private contractor" would be able to do the job cheaper than training current District employees.

Art Ribbel, Novato resident and employee of Merit Systems Services Inc., discussed his previous employment with other agencies who have "privatized". He discussed details of his experience with the City of Richmond when they went with contract operations, and provided an example of what he viewed as wrong doing by the firm.

Lester Burgess, Novato resident for 17 years and wastewater treatment plant operator for 34 years discussed his experience and accountability obligations as an Operator. He is outraged that the Eisenhardt Report would imply the District Operators, or any Operators, are not able to learn new operations and equipment.

Angel Medina, District employee of almost 16 years, discussed his dissatisfaction with the Board for losing their faith in the current District operators. He listed some alternative action plans the Board could take instead of hiring a contract operator.

Edward Mainland, Sustainable Novato, discussed the current situation and asked the Board to hold a community forum to discuss the contract operations issue openly with the public and District operators and maintenance employees.

Norman Longman, a 20 year District employee also referred to the statements that were made at the December 22nd Board Meeting by a previous speaker. He asked how the Board could have lost their confidence in the operators and maintenance staff so quickly. He discussed how the consultant, The Eisenhardt Group, interviewed the District employees to prepare the Eisenhardt Report saying the interviews were not in-depth.

Brian McGrane, a 10 year District employee, stated he was offended by the study the Eisenhardt Group had prepared. He stated he was one of the operators interviewed for the report but it was not a thorough and genuine interview that truly reflected his job responsibilities. He discussed his employment with previous employers who had hired contract operators. He outlined some of their practices which would be deemed unacceptable to District standards.

Mrs. Ribbel, Novato resident, questioned whether engineers had the ability to train the operators and technicians. She also stated her concern for adequate safety supervision for the District employees by a "private" contractor.

Dean Heffelfinger, a 7 year District employee and Novato resident, stated that from all of his previous employment, he was most proud of his work at the District. He attributed this pride to the caring staff and his fellow co-workers. He stated he felt the Eisenhardt Group report was flawed.

John Gleason, District employee and Novato resident, commended his fellow co-workers and stated that he had worked with them through storm conditions.

Yvette Jackson, wife of former District employee of 26 years, described past operators and questioned why the change now.

Bob Innes discussed how a "private" contractor may operate the plant and manage employees after the initial contract period is over.

Dennis Welsh, a Novato resident, requested the Board consider the idea of holding an open discussion between the Eisenhardt Group, Novato Sanitary District Board of Directors and the District employees to discuss the details of the contract operations plan that is being considered.

There being no further Public Comment, President Di Giorgio asked the Board for their comments.

Member Long stated that the District is still in a "learning" mode and that no final decisions have been made. He expressed his appreciation for the comments given and stated the Board members appreciate the District employees. He stated that training would be necessary to assist in operating the new equipment to its full potential.

Member Fritz stated that he had numerous questions concerning the Eisenhardt Group report and the new equipment training programs.

Member Knutson said he felt the proposal of contract operations was a bad idea and should be dismissed. He believed current operations should remain the same.

Member Quesada gave a brief clarification that the District was considering contract operations for the maintenance and operations staff, not privatization.

President Di Giorgio noted he has concerns and outlined the additional systems requirements that would be needed after completion of the construction. He feels the current employees could become trained to the level necessary, but questioned if this training could be achieved in the required time frame. He stated the Board acknowledges the District employees who registered their objections as well as the rate payers who will be responsible for covering the expenses. He stated the Board would be open to meet with staff and employees to discuss the contract operations proposal in an open forum setting.

Member Long noted that the Eisenhardt Group report as well as the Powerpoint presentation from the Special Board Meeting on March 20th would be made available at the District website: www.novatosan.com.

BOARD MEMBER REPORTS: None.

REVIEW OF MINUTES:

Consider approval of minutes of the March 9, 2009 meeting:

On motion of Member Quesada, seconded by Member Long, and carried unanimously, the minutes of the March 9th meeting were approved as written.

CONSENT CALENDAR: *On motion of Member Quesada, seconded by Member Long, and carried unanimously, the following consent calendar items were approved:*

- a. Receive final 2007-08 audited financial statements.
- b. Authorize expenditure of up to \$30,000 for emergency power during PG&E maintenance power outage at Ignacio Treatment Plant.
- c. Approval of the following meeting schedule: April 13th and 27th, May 11th and 26th, June 8th and 22nd.
- d. Approval of regular disbursements in the amount of \$262,530.17, and upgrade project disbursements in the amount of \$894,027.45.

WASTEWATER FACILITIES UPGRADE PROJECT, CONTRACT B, 2006-09:

Receive progress report on treatment plant construction project: Steve Wrightson of The Covello Group gave the Board a quarterly update on the Novato Treatment Plant Project. He noted that elapsed time is at 55% and 57% of funds has been paid out to date. He feels the contract completion date of September 11, 2010 is still attainable.

His explanation of some of the progress highlights were accompanied with photos of the job site. He stated that in February, some of the headworks facility as well as the No. 2 primary clarifier have reached substantial completion. These two facilities are now in normal operation under the control of the District's operators. Mr. Wrightson stated the pending change orders are just at 1.9% of the total project budget which is well below the 5% contingency amount that was built into the budget.

President Di Giorgio asked how well it was going with our employees and the operation of the new equipment. Mr. Wrightson stated that some level of training was being provided by the manufacturer. Mr. Di Giorgio asked if training was being done in automation. Mr. Wrightson replied that yes, it was, but he was unsure of how comfortable the operators were with the procedure because he had no contact with them. He stated basic operation and maintenance procedures were being provided by the manufacturer of the equipment.

Member Long, Mr. Wrightson and the Deputy Manager discussed the plant operations after completion and the level of complexity of the SCADA system after completion of construction.

Member Fritz questioned the Deputy Manager as to how the new activated sludge process is different from the existing process. Sandeep explained the complicating factors and the complexities of the new process.

The Manager explained prior to beginning the facility upgrade, the District management had looked at ways to lower their carbon footprint and minimize energy usage. The new equipment put into the upgrade design to achieve this lower energy usage has a high degree of complexity. For this reason, additional outside training (above and beyond that of vendor training) will be necessary to integrate all the systems.

The Deputy Manager stated that vendor training is specific only to their piece of equipment; no integrated training is provided by any single manufacturer.

Consider approval for the Senior Engineer to travel to Springfield, Missouri, March 31, 2009 to April 2, 2009, to witness Turblex blower testing. The Deputy Manager discussed the District's implementation of single stage Turblex blowers as part of its aeration blower package for the facility upgrade project. He stated that in May of 2008 he witnessed mechanical testing of the individual blowers in Denmark. At this time, additional testing needs to be witnessed in Springfield, Missouri and staff feels the District's senior engineer Craig Deasy is well qualified to participate. The necessary testing will be performed at Turblex's Springfield, Missouri facility from March 31st through April 2nd, 2009.

On motion of Member Fritz, seconded by Member Long, and carried unanimously, the Board approved travel for the Senior Engineer to Springfield, Missouri from March 31st to April 2nd, 2009, to witness Turblex blower testing.

Consider authorizing staff to request proposal for preparation of a landscape plan for the eastern side of the treatment plant. The Manager briefly explained the need for additional landscaping at the treatment plant where District property is more clearly visible to residents along Lea Drive. She stated the District would like a landscape architect to design plantings to screen the newly constructed treatment plant structures from the view of the neighbors.

On motion of Member Long, seconded by Member Quesada, and carried unanimously, the Board gave approval to Staff to request proposals for preparation of a landscape plan for the eastern side of the treatment plant.

COLLECTION SYSTEM SPOT REPAIRS, GROUP 1; PROJECT 2007-03 (72803):

Consider approval of Change Orders and filing Notice of Completion. The Deputy Manager gave a brief overview of the project. He stated that the accepted proposal from Bay Pacific Pipeline was \$74,100.00 and the total amount of change orders was \$32,727.43. He recommended the Board approve the change orders and authorize staff to issue a Notice of Completion to Bay Pacific Pipeline.

On motion of Member Long, seconded by Member Fritz, and carried unanimously, the Board approved the Change Orders totaling \$32,727.43 and adopted Resolution No. 3001, A Resolution Accepting Completion of Contract and Directing Secretary to File Notice of Completion: Collection System Spot Repairs, Group 1: Project 72703

PERSONNEL:

Consider approval of payment of two additional days lost for employee performing jury duty. The Manager explained that current Board policy allows the District to reimburse any employee serving jury duty for a total of 10 paid working days per year. She explained that Mr. Craig Deasy served jury duty for a total of 12 working days and recommended the Board approve the request for payment for the two additional days.

Member Quesada asked if the employee serving jury duty must return the stipend, if any, that he/she is paid. The Manager replied that yes, the stipend is returned to the District.

President Di Giorgio suggested the District Policy be readjusted and not put time limit restrictions to accommodate longer periods of jury duty attendance by employees.

On motion of Member Fritz, seconded by Member Long, and carried unanimously, the Board approved the additional two days of pay for District employee Craig Deasy due to his service in Sonoma County Superior Court as a juror.

2009-10 ANNUAL DISTRICT BUDGET:

Consider approval of budget adoption schedule. The Manager explained the proposed schedule, noting it is the same as last year. She stated there will be no rate change discussion until 2010.

On motion of Member Fritz, seconded by Member Quesada, and carried unanimously, the budget adoption schedule was approved.

STAFF REPORTS:

County-Wide Water Infrastructure Summit, April 15th, 8:00 am to noon: The Manager commended the Marin Association of Realtors for establishing this summit which will be moderated by Dick Spotswood. She discussed the presentations that will be offered at the Summit and stated she will contact the Board members to determine if they would like to attend. The event will be held at the Marin Builders Association, 660 Las Gallinas Ave. in San Rafael.

North Bay Water Reuse Authority meeting was held on March 16th. The Manager and Member Long both attended. They discussed the details of the meeting. The Manager stated that the biggest issue confronting the NBWRA is the budget for the coming year.

A North Bay Watershed Association meeting was held on March 19th. The Manager discussed the Association's collaborative efforts in the private lateral repair issue.

MANAGER'S ANNOUNCEMENTS:

The Manager discussed her attendance at the California Water Reuse meeting. Assembly Member Jared Huffman and San Francisco Mayor Gavin Newsom spoke strongly in favor of the recycled water supply. They also discussed the Central Valley Project and the effect of the State's drought.

The CASA Spring Conference is being held at the Marriott Napa Valley Hotel in Napa from April 30th through May 2nd. The Manager noted that the District has reserved one room at the Hotel as a common meeting place for Directors during the conference.

The Ellis Creek Water Recycling Facility is holding a public tour at 9:00 a.m. on Saturday, April 4th. The facility is located at 3890 Cypress Drive in Petaluma. All Directors are invited to attend.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 7:05 p.m.

Respectfully submitted,


Beverly B. James
Secretary

Julie Borda, Recording

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