

NOVATO SANITARY DISTRICT

Board Meeting Minutes

Meeting Date: March 9, 2020

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Monday, March 9, 2020, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: Directors Tim Fuelle, William Long, Jean Mariani, and Jerry Peters. President Carole Dillon-Knutson arrived at 5:35 p.m.

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

ALSO PRESENT: John O'Hare, Project Manager, Veolia
Laura Creamer, Finance Officer, Novato Sanitary District
Dale Thrasher, Administrative Services Officer, Novato Sanitary District
Jeff Boheim, Field Services Manager, Novato Sanitary District
Jeff Andress, Collection System Superintendent, Novato Sanitary District
Mitch Barker, Executive Vice President, Public Agency Retirement Services (PARS)
Angela Tang, Client Services Coordinator, PARS
Andrew Brown, Director & Senior Portfolio Manager, Highmark Capital
Jonathan Kevles, Ameresco

Due to the absence of President Dillon-Knutson, President Pro-Tem William Long began the meeting at 5:30 p.m.

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

- Consider approval of minutes of the Feb 10, 2020 regular meeting. Director Fuelle requested that the following changes be made to page 4, paragraph 5, line 2: ...Committee meeting in December as ***well as the January meeting, in which participants reviewed the proposed by-laws, voted and approved the chapter formation.***

On motion of Director Peters, seconded by Director Fuelle, and carried unanimously by those Directors present, the February 10, 2020 Regular Board meeting minutes were approved as amended.

- Consider approval of minutes of the February 13, 2020 special meeting.

On motion of Director Peters, seconded by Director Fvette, and carried unanimously by those Directors present, the February 13, 2020 Special Board meeting minutes were approved.

CONSENT CALENDAR:

President Pro-Tem William Long called for a motion on the Consent Calendar items as follows:

- a. Approve Board member disbursements in the amount of \$2,555.68, capital project disbursements in the amount of \$49,083.02, and regular disbursements in the amount of \$316,677.34. Ratification of February 24th capital project disbursements in the amount of \$216,247.28, and regular disbursements in the amount of \$102,851.23.
- b. Ratification of February payroll and payroll related disbursements in the amount of \$290,436.77.
- c. Receive deposit summary, February 2020.
- d. Receive report on the District's Government Compensation in California (GCC) statement for Calendar Year 2019, as filed with State Controller's Office (SCO).
- e. Receive Proposed Schedule for Approval of Preliminary and Final Budget, Appropriations Limit, and Sewer Service Charges.
- f. Receive and accept Sewer Main Extension (SME) – 801 State Access Road.
- g. Receive and accept Sewer Main Extension (SME) – Oakmont Senior Living (OSL) of Novato, Johnson Street.
- h. Approve promotion of Liam O'Sullivan from Collection System Worker I to Collection System Worker II.
- i. Receive report on payment of \$14,081 to Sonoma County Water Agency (SCWA) as the District's Fiscal Year (FY) 2019-20 share of the cost of the NBWRA Phase 2 Feasibility Study – information only.
- j. Receive report on write-off of uncollectible receivable in the amount of \$51,142.59 from prior lessee on ranch lease – information only.
- k. Authorize the General Manager-Chief Engineer to approve an application from Golden Gate Bridge Highway and Transportation District and issue a one-time, temporary, Class I, non-domestic discharge permit for discharge of groundwater from a groundwater remediation and soil extraction project, at the Novato Bus Maintenance Facility, 801 Golden Gate Place, Novato.

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

President Dillon-Knutson arrived at 5:35 p.m.

ADMINISTRATION/FINANCE:

- Receive update on the District's combined Post-Employment Benefits Trust (PEBT) from Public Agency Retirement Services (PARS) representatives.

- Receive information on the District's outstanding Other Post-Employment Benefits (OPEB) liability and optional additional prefunding of this liability beyond current levels; and provide direction, if any.

The General Manager discussed the District's Other Post-Employment Benefits (OPEB) account balances, the GASB 75 and GASB 68 accounts, providing current 1-year and annualized 3-year investment returns. He stated that as of June 30, 2019, the District had a Net OPEB liability of \$3,134,046. He stated that staff was aware of at least two local Marin County sanitary districts that have decided to fully fund their OPEB or pension liabilities from their available cash balances/reserve funds. The General Manager continued, stating that the District's cash balance/reserve funds are held in its Local Agency Investment Fund (LAIF) account managed by the State Treasurer, and he reported that the account balance as of February 29, 2020 was \$25,526,234.

The General Manager introduced the PARS representatives Mitch Barker and Angela Tang, and High Mark Capital representative Andrew Brown, and stated that they would provide a PowerPoint presentation to further discuss the District's PARS trust account. He suggested the Board query the PARS representatives for PARS' knowledge and experience with PARS agencies that are attempting to fully fund their OPEB accounts, and for any recommendations that PARS would have for the District. The General Manager stated that after the presentation, it was recommended that the Board provide direction, if any, on optional additional funding of the OPEB liability sub-account of the District's PARS-PEBT account beyond current levels.

Mr. Barker and Ms. Tang, began the presentation and provided an overview of the District's OPEB and Pension sub-accounts within the PARS PEBT. Mr. Brown then discussed the portfolios within the sub-accounts, the objectives and asset allocation into individual funds, and highlights of the funds' performance. After the presentation, discussion followed between the Board, the General Manager, the PARS representatives and the High Mark Capital representative. The General Manager discussed the benefits and advantages of fully funding the District's liability accounts. He suggested that the District could approach the funding in two ways: transfer the amount to fully fund the liabilities from the current balance in the District's Local Agency Investment Fund (LAIF) account, or set-up the District's upcoming fiscal year (FY) 20-21 budget to fund the accounts more aggressively over a designated time period. The Board discussed these options with the General Manager and the PARS representatives, and expressed their desire to fully fund the OPEB sub-account in the FY 20-21 budget year. It was also suggested that the PARS representatives and the High Mark Capital representative provide a follow-up presentation at a future Board meeting to review the strategy to move forward with aggressively funding the OPEB sub-account.

On motion of Director Long, seconded by Director Mariani, and carried unanimously, the Board directed the General Manager-Chief Engineer to prepare a Resolution for Board approval to direct the District's prefunding of the Other Post-Employment Benefits (OPEB) liability sub-account of the District's PARS-PEBT account beyond current levels.

At 6:41 p.m., President Dillon-Knutson declared a short recess.

At 6:52 p.m., President Dillon-Knutson resumed the Board meeting.

WASTEWATER OPERATIONS:

- Receive status update on renewal of the District's National Pollution Elimination Discharge System (NPDES) permit ("discharge permit") – information only. The General Manager

provided an overview of the Districts NPDES or “discharge permit”, stating that it is one of the most significant operating permits at the District. He stated that the wastewater treatment facility is currently a seasonal Bay discharger with a dry-season discharge prohibition, and that the San Francisco Bay Regional Water Quality Control Board (SF Water Board) was preparing a draft permit which would shift the District from a seasonal to a year-round discharger. He stated that this would be a very positive move, and spoke to the SF Water Board’s acknowledgement of the treated water quality advances made by the District with its investments in advanced secondary treatment over the past two decades. He stated that this was an informational item.

The General Manager pointed out a typographical error in the summary page for this agenda item (page 42 of Agenda Packet), second paragraph: *In ~~September~~ November 2019, the District submitted...*

- Receive Wastewater Operations Reports, February 2020.

Collection System Report: Collection System Superintendent Jeff Andress provided the Collections System Report for February 2020. He began by stating that the Collection Department cleaned 51,423 lineal feet of sewer pipelines, and televised 10,786 feet of sewer main. 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 272 maintenance work orders, leaving zero work orders outstanding. Further, he noted that staff conducted 157 lift station inspections and completed maintenance inspections on seven (7) air relief/vacuum valves.

The Collection System Superintendent then outlined the training provided in February, noting that the Collection Department staff attended four (4) safety tailgate meetings, and participated in a First Aid/AED/CPR training event. He stated that there were no lost time accidents in the month, and concluded the report, stating that there were no sanitary sewer overflows in February.

Treatment Facilities Report: Veolia Project Manager John O’Hare provided the February 2020 Treatment Facilities Monthly Operations Report (MOR). He reviewed the treatment plant performance, stating that February’s average flow was 4.22 MGD (million gallons per day), and that the Recycled Water Facility (RWF) produced 0.638 million gallons of recycled water. He stated that there was one violation on February 4th when the digester flare temperature fell below the minimum permit temperature of 1,400 degrees for 17 minutes. He stated that the root cause was a reduction in gas flow due to rapid excessive supernating from digester #2.

The Project Manager then outlined training events attended by Veolia staff in February. 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 discussed pretreatment and pollution prevention activities, and concluded his report, stating that no odor contacts were received in February.

Reclamation Facilities Report: Field Services Manager Jeff Boheim summarized the Reclamation Facilities report for February 2020. He stated that the treatment plant was in bay discharge mode throughout the month, and that District drainage pump stations at Sites

3 and 7 pumped approximately 23 MG (million gallons) combined. He stated that District staff met with Auburn Ravine Ranch on February 20th to discuss the previous and upcoming ranching seasons, and he concluded his report, stating that there were no ranching activities, no irrigation, and no biosolids activities in the District reclamation area in February.

CAPITAL PROJECTS:

- Cogeneration/Alt. Energy, Account No. 72708 – Novato Treatment Plant (NTP) Solar Project: Approve an agreement with Environmental Science Associates (ESA) in the not-to-exceed amount of \$70,074 for CEQA consulting services related to the NTP Solar Project and authorize the General Manager-Chief Engineer to execute it. The General Manager stated that at the Special Board meeting of November 18, 2019, the Board received a presentation from the District's independent energy advisory consultant, TerraVerde Energy LLC (Terra Verde) on opportunities in energy savings, use optimization, and generation through the deployment of Distributed Energy Resources (DERs). He stated that upon discussion at that meeting, the Board gave direction to staff to move forward with the recommended DERs including development of a request for proposals (RFP) to solicit proposals from qualified vendors for a solar PV and battery storage system.

The General Manager continued, stating that Terra Verde had developed a draft RFP for a project which will include up to a 0.95MW solar facility, including approximately 500 kilowatts of battery storage. Subsequently, District staff requested a proposal from Environmental Science Associates (ESA), to provide professional services related to preparing environmental review documents for the proposed project. He stated that ESA submitted a proposal in the amount of \$70,074, and he recommended that the Board authorize the General Manager-Chief Engineer to approve the agreement for professional services.

Director Long asked as to how the current solar project concept integrates with the District's future co-generation project. The General Manager responded that the concepts are separate at this time, but as the District moves forward with the design for the co-gen project, and the RFP for the solar project, the two projects will integrate together. Director Long stated that he wanted to know what the 'pay-back' was for the project: What will our power cost savings be (through PG&E) versus how much will the District need to invest to provide the same amount of power through solar panels. The General Manager noted that while he did not recall that specific information, it had been presented by Terra Verde at the special Board meeting on November 18, 2019, and that Terra Verde had recommended the project as being worthwhile for the District, in terms of the payback for the project.

Director Mariani stated that, as per her recollection, the payback was one issue, but the certainty of not having to rely on PG&E for our power source was also a concern, in light of the PSPS (Public Service Power Shutdown) events. The General Manager stated that having the ability to generate power through a solar project would mean having to rely less on the District's diesel generators during PSPS events.

Director Long questioned at what point the Board sees firm numbers on the cost for the solar battery installation vs. how much the savings will be realized from not using PG&E power. The General Manager stated that a preliminary level, the Board was presented with those numbers during Terra Verde's presentation. He stated that once the District receives the RFPs and proposals, staff would be able to provide a further analysis that is more than

preliminary and that should provide a better picture of any savings. He stated that the information the District has been provided so far indicates that solar power and/or co-generation projects make economic sense for the District. Director Mariani stated that this speaks to the point that there will be periods of time in the future when there is no power from the grid, and at that point, there will be a different cost benefit analysis than if the District always had PG&E power.

Director Long stated that the District could generate a lot of power from the integration of solar energy and co-generation. He stated that if the District's additional power demand was beyond what co-generation could supply, solar energy should be considered, if the costs were nominal. He stated that the proposed solar project was a big price to pay for a little bit of extra capacity if the pay-out period for the solar energy was 15 to 20 years. Director Long stated that he would abstain from the vote because he felt the decision to move forward with the proposed project was premature in the absence of a plan to integrate the proposed solar power system with the co-generation system. He stated that he would like to see a complete program for the District's future power generation.

The General Manager stated that until the final sizing of the co-generation and the solar projects is determined, each project will have its own economic features. Also, he asked, how do you value locally-sourced power when grid power is unavailable, as in a PSPS, and you need power? Separately, he noted that the preliminary work of the cogeneration project Technical Memorandum by Woodard and Curran indicated that the pay-back period was in the 13 to 20 year range, depending on how the cogeneration project was sized.

On motion of Director Peters, seconded by Director Fvette, and carried with the following vote, the Board approved the agreement with Environmental Science Associates (ESA) in the not-to-exceed amount of \$70,074 for CEQA consulting services related to the NTP Solar Project, and authorized staff to execute it. Ayes: Dillon-Knutson, Fvette, Mariani, Peters. Abstain: Long

Director Long abstained, stating that he felt the decision was premature in the absence of a complete program for the District's future power generation.

- Receive Capital Projects Update, February 2020. The General Manager stated that since the Deputy General Manager was absent, he would provide the Capital Projects Update. The General Manager provided an update of the current capital projects involved with the Capital Improvement Program (CIP) at the District.

President Dillon-Knutson requested a tour of the annex building, and the other Directors expressed their interest in a tour as well. The General Manager stated that he would schedule a walk-through of the new modular building for the Directors at a future meeting.

GENERAL MANAGER'S REPORTS AND ANNOUNCEMENTS:

- Receive report on recent meeting with Novato City Manager Adam McGill, subsequent to direction provided by City Council to him to explore a transfer of the District's solid waste franchise to the City – information only. The General Manager stated that this was an informational item, and that the agenda summary provided the details of his recent meeting with Novato City Manager Adam McGill regarding the City Council's desire to transfer the

District's solid waste franchise to the City of Novato. Discussion followed. The General Manager noted that he had suggested to Mr. McGill that it may be helpful for Novato City Manager Adam McGill to make a formal proposal to the Board to clarify details of the City's legal, administrative, and jurisdictional rights and abilities to hold the solid waste franchise. At the close of discussion, the Board directed the General Manager to move ahead with the process, and seek a formal proposal including additional information from the Novato City Manager to clarify if the City of Novato has the legal rights to collect solid waste within the City of Novato.

- BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Watershed Association (NBWA) meeting, March 6, 2020. Director Mariani discussed her attendance at the NBWA meeting, held at the Napa Sanitation District on March 6th. She discussed a presentation that was given by Armando Quintero, Chairman of the California Water Commission. Director Mariani also stated that the NBWA Annual Conference scheduled for April 3rd at the Petaluma Sheraton, may be cancelled due to the current Corona Virus outbreak. She will notify the District's Administrative Secretary if the conference is cancelled.

Director Mariani commented on a water rate increase hearing held at North Marin Water District, stating that the presentation contained very good information.

Director Fuelle stated that he also attended the hearing held at North Marin Water District. He also stated that CSDA (California Special Districts Association) is offering a Core Governance training conference in San Diego, and that he would like to attend it in lieu of attending the California Association of Sanitation Agencies (CASA) summer conference. Directors Long and Mariani said that Director Fuelle should attend both conferences.

Director Long discussed his attendance at the CASA Legislative conference, February 23-26, in Washington DC. He outlined the presentations and discussed the issues that were brought before the congressional body.

GENERAL MANAGER'S REPORTS AND ANNOUNCEMENTS:

- Reports:

- The District is beginning the FY 20-21 budget approval process, and the regular Standing Committees will be meeting to provide applicable budget review. He asked that the Directors hold open the applicable meeting dates in their individual calendars as referenced in Consent Calendar item 5.e., except that since May 25th is Memorial Day, the Wastewater Operations Committee would meet May 26th.
- The District is following the COVID-19 situation closely. The District's Safety Officer, Dale Thrasher, and all senior staff are maintaining situational awareness on the issue. The General Manager will retain the ability to modify the District's operations based on information from the County Health Department and other emergency agencies, and State and Federal agencies.

- All Board Members are required to complete a Form 700, which is then to be returned to the District office no later than March 25, 2020, for submission to the Marin County Registrar of Voters by the due date of April 1, 2020.
- Announcements:
- The next regular Board meeting will take place on April 13th, at 5:30 p.m.

ADJOURNMENT: There being no further business to come before the Board, President Dillon-Knutson adjourned the meeting at 8:22 p.m.

Respectfully submitted,

Sandeep Karkal
Secretary

Julie Hoover, Recording