

April 27, 2009

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 4:30 p.m., Monday, April 27, 2009, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Michael Di Giorgio, Members Arthur T. Knutson, and William C. Long. Member George C. Quesada arrived at 4:42 p.m.

BOARD MEMBERS ABSENT: Member James D. Fritz.

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Administrative Secretary Julie Borda, and District Counsel Kent Alm. Administrative Services Manager June Penn Brown arrived at 4:42 p.m. Deputy Manager-Engineer Sandeep Karkal was absent.

ALSO PRESENT: Sam Renati, Former Board Member, Novato resident
John Quinley, Sustainable Novato, Novato resident
Heidi Heffelfinger, Novato resident
Dean B. Heffelfinger, NSD employee, Novato resident
Dean L. Heffelfinger, Novato resident
Jo Heffelfinger, Novato resident
Art Ribbel, Novato resident
Pat Ribbel, Novato resident
Dennis Welsh, former NSD employee, Novato resident
Pam Welsh, Novato resident
Suzanne Brown Crow, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL:

On motion of Member Knutson, seconded by Member Long, and carried unanimously by those members present, the agenda was approved as mailed.

PUBLIC COMMENT:

John Quinley, Sustainable Novato and Novato resident urged the Board to hire two independent consultants to review the consultants report and for an independent review board.

Heidi Heffelfinger, 30 year Novato resident, stated the publication by Rauch Communications which was sent to Novato residents is overwhelmingly biased towards the option of hiring a private contract operator. She expressed her support for the establishment of an independent review panel to evaluate the information presented in the Eisenhardt Report because she feels the report is biased.

Dean B. Heffelfinger, NSD employee and Novato resident noted Board Member Fritz's comments from a previous meeting when he discussed another wastewater treatment plant that was being operated by a contract operator. Member Fritz had discussed the Facility Manager's use of various computer systems used in the operation of the facility and had commented on the seeming complexity of the computer systems. Mr. Heffelfinger stated that District employees are currently using similar computer systems to operate the District's new equipment and are having no problems.

Jo Heffelfinger, Novato resident, stated she is trying to understand the cost of consultants versus the cost of a private contract operator as outlined in the Eisenhardt Report. She requested more information and the facts which support the \$3 million savings by using a private contract operator as so stated in the Eisenhardt Report. In addition, she stated the Board Minutes were not being recorded accurately and did not reflect all of the details being presented at the Board meetings.

Dean L. Heffelfinger, Novato resident, expressed his concern that the Eisenhardt Report could not be seen as objective. He stated that whoever prepared the initial report should not be given the opportunity to participate in any further actions taken on behalf of the District. Mr. Heffelfinger stated he had contacted other Districts who had gone from private operation back to public operation and briefly discussed the comments they made regarding the transition.

Art Ribbel, Novato resident, presented photographs to the Board showing safety issues at the District's offsite soil storage area. He asked the Board to remedy the issues and the Manager stated the safety issues will be taken care of.

Pat Ribbel, Novato resident, discussed the timeline to contract operations as portrayed by Novato Sanitary District Board Meeting minutes from December 08, 2006 to April 13, 2009. She stated the District appeared to favor the use of a private contract operator as the only suitable alternative for management after the facility upgrade is complete.

Member Quesada reiterated his comment from the April 13th District Board meeting, stating that the District is not committed to any decision and their options remain open as to whether to choose a private contract operator or choose to employ consultants.

Dennis Welsh, former NSD employee and Novato resident, read a letter he presented to the Board Members from the Alliance of Concerned Citizens of Novato (ACCNovato). The letter supported the idea set forth by John Quinley of Sustainable Novato in which he asked the Board to form an independent review panel to openly discuss the proposed contract operations for the new wastewater treatment facility. He pointed out the issues that would be addressed at such a meeting and urged the Board to consider implementing this meeting.

Member Knutson stated he felt the District should use their own staff to review the treatment plant's operation.

District Counsel Kent Alm noted that through the Public Records Act public documents are available for review. He reminded those in attendance that they should call the District office to make an appointment if they wish to review any public documents.

Member Long confirmed that the full Eisenhardt Report is available on the Novato Sanitary District website.

BOARD MEMBER REPORTS:

Member Di Giorgio stated he toured the Fairfield wastewater treatment facility that went back to public operation due to difficulties in retaining trained operators and due to the implementation of new and changing software. He stated that after employee benefits and salaries were paid, the district claimed they saved approximately \$200,000 per year but that didn't include unfunded retirement benefits. Member Di Giorgio commented that the Novato Wastewater Treatment Plant Public Tour presented on April 25th was very successful.

Member Quesada apologized for being late to the Board Meeting. He stated his concern regarding the current health issue with the "Swine Flu". He suggested the District begin an aggressive approach to cleanliness by installing dispensers in each restroom for hand sanitizing. District Counsel Kent Alm pointed out this request is not on the Agenda and if the Board wished to discuss and make a decision on the issue, it would need to be placed on the Agenda as an Urgency Item.

On Motion of Member Quesada, an Urgency Item is requested to be placed on the April 27th Board Meeting Agenda: Discuss and take action on increased cleanliness at the Novato Sanitary District.

There being no second, the motion failed.

President Di Giorgio directed staff to contact the Marin County Health Department to discern any additional information that would be applicable to our District regarding the Swine Flu health issue.

REVIEW OF MINUTES:

Consider approval of minutes of the April 13th Regular Board meeting:

On motion of Member Long, seconded by Member Quesada, and carried unanimously by those members present, the minutes of the April 13th regular Board meeting were approved as written.

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

- a. Approval of Meeting schedule as follows: May 11th and 26th, June 8th and 22nd, July 13th and 27th.
- b. Acceptance of Hamilton Landing Sewer Main Extension.
- c. Review of Quarterly Investment Report for Quarter ending March 2009.
- d. Approval of regular disbursements in the amount of \$194,038.17 and upgrade project disbursements in the amount of \$321,464.84.

DISTRICT BOARD MEMBER ELECTION:

Discuss schedule for Board Member election and adopt Resolution No. 3004: Proposing an Election and Requesting Election Services by the Registrar of Voters: The Manager noted that the terms for three Board Members will end in 2009: Michael Di Giorgio, Arthur Knutson and William Long. She stated the filing period is July 13th to August 7th, 2009 and requested the Board adopt Resolution No. 3004, proposing that an election be held and that it be consolidated with other elections. She stated this resolution must be filed with the Marin County Registrar of Voters by May 6, 2009.

On motion of Member Quesada, seconded by Member Long, and carried unanimously by those members present, the Board adopted Resolution No. 3004: Proposing an Election be Held in its Jurisdiction; Requesting the Board of Supervisors to Consolidate with any Other Election Conducted on Said Date, and Requesting Election Services by the Registrar of Voters.

RECYCLED WATER:

Consider approval of the Revised Interagency Agreement for Recycled Water between Novato Sanitary District and North Marin Water District. The Manager briefly discussed the interagency agreement between the North Marin Water District (NMWD) and the Novato Sanitary District which was entered into for the purpose of jointly constructing and operating a Recycled Water System serving the Stonetree Golf Course and other users along Atherton Avenue. She stated it was necessary to modify the existing agreement due to State Revolving Fund (SRF) program requirements which do not allow the North Marin Water District to transfer ownership of the recycled water treatment plant to the Novato Sanitary District. She recommended the Board approve the Interagency Agreement noting the following points:

- NMWD is the permittee with regulatory responsibility for the Recycled Water treatment and distribution
- NMWD owns the Recycled Water Treatment Facility
- The technology used for producing the recycled water more closely resembles that for water treatment, not wastewater treatment.

On motion of Member Long, seconded by Member Quesada, and carried unanimously by those members present, the Revised Interagency Agreement for Recycled Water between Novato Sanitary District and North Marin Water District was approved.

LOCAL AGENCY FORMATION COMMISSION (LAFCO):

Review fiscal year 2009-10 draft LAFCO budget. The Manager stated the proposed LAFCO budget was lower this year by over \$49,000. She noted that the Public Hearing for the LAFCO budget will be held on May 14th 2009 and invited the Board members to contact her if they needed any additional information or had any comments.

BUDGET WORKSHOP:

Discussion of long-term capital improvement plan. The Manager gave a Powerpoint presentation outlining the District's long-term capital improvement plan. She discussed with the Board the District's Strategic Plan and gave a brief overview of the treatment plant's construction upgrade. She also outlined the Collection System's draft Action Plan and discussed local and regional recycled water projects.

Discussion of 2009-10 Capital Improvement Budget. The Manager discussed with the Board the District's 2009-10 Capital Improvement Budget noting the Draft Preliminary Budget would be presented to the Board at their Regular Board meeting on June 8th. She discussed the District's expected revenue in light of the State of California's budget situation.

President Di Giorgio discussed the lateral repair/replacement program and the need for having a reserve fund in place for the implementation of this program. He noted that the Tamalpais Valley Community Services District had funded a private lateral loan program.

STAFF REPORTS:

Corrosion protection at Reclamation Facility. The Deputy-Manager gave the Board an update on the Cathodic Protection (CP) systems at the Reclamation facilities. Associated Corrosion Engineers (ACE) has completed an analysis of the District's corrosion protection systems at its Reclamation facilities and the District has followed through with the recommended repairs. The Deputy-Manager stated that at this time, additional funding is requested in the amount of \$7,308 to cover two additional repair items. He stated that this issue is being brought before the Board as an informational item only as the amount requested falls within the limits of the Manager-Engineer's authority for approval.

North Bay Water Reuse Authority Meeting: The Manager reported on her attendance at the North Bay Water Reuse Authority (NBWRA) Meeting on April 16th. Member Bill Long attended also. She discussed with the Board the agenda items covered at the meeting including budget items for the 2009-10 fiscal year.

MANAGER'S ANNOUNCEMENTS:

The Manager discussed the upcoming Spring CASA conference which will be held on Thursday, April 30th through Saturday, May 2nd in Napa. She stated all Members will be attending except Member Fritz who will be out of town.

The Manager discussed the Novato Wastewater Treatment Facility Tour which took place on April 25th, beginning at 10 a.m. She stated it was a successful presentation and tour and noted that District Field Services Superintendent Steve Krautheim and Wastewater Facilities Manager Edward Mann assisted with the tours.

At 6:02 p.m. President Di Giorgio called for a five minute break.

The Board meeting reconvened at 6:08 p.m.

CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION:

At 6:09 p.m. President Di Giorgio announced the Board would meet in Closed Session to discuss the item on the Closed Session Agenda: Decision to initiate litigation pursuant to Subsection (c) of Government Code Section 54956.9: One case.

At 6:54 p.m. President Di Giorgio reconvened the Board meeting.

There was no reportable action.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 6:55 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Borda, Recording