

NOVATO SANITARY DISTRICT

Board Meeting Minutes
Meeting Date: May 22, 2017

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Monday, May 22, 2017, at the District offices, 500 Davidson Street, Novato.

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

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

ALSO PRESENT: John Bailey, Plant Manager, Veolia Water
Brian Exberger, Assistant Plant Manager, Veolia Water
Erik Brown, Technical Services Manager, Novato Sanitary District
Steve Krautheim, Fields Services Manager, Novato Sanitary District
Laura Creamer, Finance Officer, Novato Sanitary District
David Gernetzke, Novato resident
Jeff Melby, Project Manager, State Coastal Conservancy

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: President Peters called for public comment.

David Gernetzke, Novato resident, owner of 1120 Mirabella Avenue, addressed the Board. He referred the Board to Senate Bill (SB) 1069 and how it affected the permit costs of his accessory dwelling unit (ADU) located at 1120 Mirabella Avenue. He said that per SB 1069, ADUs are not considered new residential uses for the purpose of calculating utility connection fees and capacity charges, including water and sewer service, for attached and detached ADUs. He stated that the Novato Fire District had not charged him fees, and that the North Marin Water District (NMWD) waived their standard connection fee for his ADU, in compliance with SB 1069. He further stated that on May 15, 2017, he was required to pay the Novato Sanitary District a connection fee of \$10,860. He said that the District does not provide a reduced fee for ADUs such as his, as per SB 1069, and feels there should be. He noted that he was presenting a letter with a demand the District refund his connection fee of \$10,860.

President Peters requested that staff review the matter with District Counsel, and asked that staff agendize this request for further discussion at the next available Board meeting.

REVIEW OF MINUTES:

Consider approval of minutes of the May 8, 2017 meeting.

On motion of Director Mariani, seconded by Director Dillon-Knutson, and carried unanimously, the meeting minutes of May 8, 2017 were approved.

CONSENT CALENDAR:

President Peters called for a motion on the Consent Calendar items as follows:

- a. Approve May 9 – May 22, 2017 capital project disbursements in the amount of \$132,793.85, and regular disbursements in the amount of \$120,903.98.
- b. Approve May 2017 payroll and payroll related disbursements in the amount of \$320,680.87

On motion of Director Long, seconded by Director Dillon-Knutson, and carried unanimously, the above listed Consent Calendar items were approved.

ANNUAL BUDGET:

- Hamilton Wetlands/Outfall Integration, Account No. 72707: Receive update on Hamilton (Bel Marin Keys V) Wetlands Restoration project – Jeff Melby, Project Manager, State Coastal Conservancy (SCC). The General Manager stated that Jeff Melby, Project Manager with the State Coastal Conservancy (SCC), was present, and would provide a PowerPoint presentation on the Hamilton/Bel Marin Keys V Wetlands Restoration Project.

Mr. Melby provided a PowerPoint presentation and discussed the Bel Marin Keys V (BMKV) Phase One Restoration Project, and noted that it will be performed jointly by the Army Corps of Engineers and the SCC. He stated that Phase One of the project will begin with levee construction, and he discussed levee design and construction materials. He further discussed the seasonal wetland areas that will be formed, site drainage features, and modifications to the District's effluent outfall pipeline. He noted that the intent was to eventually truncate the District's outfall at the site, and use the District's treated effluent for the wetlands, although the timeline for doing so could be anywhere from 2 to 10 years, depending on project funding.

Director Long commented that this was another great project by the Coastal Conservancy. The Board and the General Manager thanked Mr. Melby for attending and making the informative presentation.

- Cogeneration, Account No. 72708: Receive update on cogeneration and alternative energy options, and provide direction, if any. The General Manager stated that at the May 8th meeting, the Board requested an update regarding progress toward implementing a co-generation/alternative energy project. He stated that Technical Services Manager Erik Brown would provide the update.

The Technical Services Manager provided an update of the District's co-generation analysis and progress over the past year. He stated that staff has explored both solar and bio-gas energy solutions opportunities. He noted that Veolia currently operates a WWTP in Gresham, Oregon, which utilizes biogas as an energy source. He stated that staff evaluated operational data from this facility to estimate reliable gas production and sizing for a similar project at the District. He outlined financing options available, as well as potential costs vs. savings for a biogas co-generation project. Project Manager John Bailey provided further details of the project

example at the Gresham, Oregon, facility. He noted that Veolia and District staff are considering a visit to other facilities with cogeneration installations to see first-hand the operational aspects, benefits and challenges of a co-generation project.

The Technical Services Manager provided an overview of a solar and battery storage energy option. He noted that the District had been approached by several Energy Service Companies (ESCOs) over the past few months, but that providers lost interest when they learned that the requested location for solar panels (500 Davidson St.) would not be financially viable. He discussed results from a Pacific Gas and Electric (PG&E) site audit, which outlined where potential energy savings could be realized.

The Technical Services Manager stated that the District's preliminary FY 2017/18 Budget includes funding for proceeding with implementation of a co-generation project, including engineering studies and design, potential California Environmental Quality Act (CEQA) related work, and assistance with securing grant funds. He stated that staff would continue exploring opportunities for energy-efficiency and alternative energy projects.

The Board stated that it was an informative and great presentation, and thanked him for his work. The Directors then discussed funding options and current debt levels at the District. Director Mariani stated that she supports alternative energy use but that she did not support a rate increase to implement a program of this nature. She encouraged staff to continue to explore funding options such as grants.

Director Miller stated that he would like to consider an evaluation of the economic benefit of converting natural gas into electricity through a District on-site generator.

At 7:25 p.m., President Peters declared a 10-minute recess. Mr. Gernetzke left the meeting.

At 7:35 p.m., Present Peters reconvened the meeting.

- Lateral Replacement Program, Account No. 72706-1: Receive update on sewer lateral grant program. The General Manager stated that the District has been implementing a sewer lateral grant program since FY 2010/11. He stated that the current FY 2016/17 program, budgeted at \$60,000, provided for one-half of the lateral replacement cost to a maximum of \$2,000 in the form of a grant for a sewer lateral replacement. He stated that the program has been very successful, and at this time, all available funds are either expended, or committed for expenditure. The General Manager continued that, for this reason, the preliminary FY 2017/18 capital budget includes an increase to \$80,000, retains the maximum individual grant amount at \$2,000, and includes a preliminary budget amount of \$100,000 for FY 2018/19.

Director Miller stated that he supports this program.

- Fiscal Year FY 17-18 Budget Workshop: outline FY 2017-18 budget elements. The General Manager stated that the purpose of his Budget Workshop presentation was to:

- Provide a "look back" at the FY16-17 budget,

- Discuss anticipated FY17-18 preliminary budget elements and highlights, and
- Provide a Preliminary Budget comparison, year-over-year, for FY16-17 vs. FY17-18

He then discussed the preliminary FY17-18 budget elements and highlights, including: the Recycled Water Facility (RWF) expansion; a Cogeneration/Alternative Energy project; Collection System projects; treatment facility projects; and staffing, noting that there was no net increase in planned positions over the next year. He noted that the FY17-18 Budget is based on a Sewer Service Charge (SSC) increase from \$573 per EDU (or Equivalent Dwelling Unit) in FY16-17 to \$594 per EDU in FY17-18, from the Board approved 2016 Sewer Service Rate study prepared by the Bartle Wells company. He provided a year-over-year budget comparison for FY16-17 versus FY17-18, including a Preliminary Summary of Revenues and Expenditures for FY17-18. He noted that based on the preliminary budget, the anticipated increase in total revenues for FY17-18 is about 6.3% while the anticipated increase in total expenses is about 6.1%, over FY16-17.

- Receive Fiscal Year FY 17-19 Preliminary Capital Improvements Program (CIP) Budget – Summary of Anticipated Project Work. The General Manager introduced Technical Services Manager Erik Brown and Field Services Manager Steve Krautheim. They, along with the General Manager, reviewed the FY 2017/18 Preliminary Capital Improvements Program Budget - Summary of Anticipated Project Work memorandum, and provided highlights of proposed project work elements, including among others, the Recycled Water Facility (RWF) Expansion project, the North Bay Water Reuse Authority (NBWRA), and Collections Systems projects (including continuing work on the Collection System Master Plan).

The Technical Services Manager noted that the RWF Expansion, which was had been scheduled to begin construction in FY16-17, was being deferred to the FY17-18 year to benefit from a potentially better bid climate. The General Manager noted the NBWRA was also transitioning to a more holistic water management program incorporating not only water recycling, but also groundwater management, drought management, and storm-water management. This would likely result in the water supply/management agencies assuming a larger role in NBWRA in the future, vis-à-vis the wastewater agencies (including the District).

- Set the date of June 26, 2017 for public hearing on individual sewer service charges, and adoption of a resolution confirming report on sewer service charges and collection on County tax rolls. The General Manager stated that each year the District must hold a public hearing in order to determine individual rates and collect the sewer service charges on the tax rolls.

On motion of Director Long, seconded by Director Miller, and carried unanimously, the Board set the date of June 26, 2017 for a public hearing on individual sewer service charges, and adoption of a resolution confirming report on sewer service charges and collection on County tax rolls.

STAFF REPORT:

- Receive report on Comprehensive Annual Financial Report (CAFR) Award from the Government Finance Officers Association (GFOA). The General Manager stated that this item

was to memorialize what was mentioned at the May 8th Board meeting: for the sixth year in a row, the District has received the Comprehensive Annual Financial Report (CAFR) from the Government Finance Officers Association (GFOA) Board. Finance Officer Laura Creamer was recognized for her excellence in the area of governmental accounting and financial reporting. The Board congratulated Laura on her achievement.

The General Manager also noted that the District's CAFR recognition was a news item in the "In Your Town" section of the Marin Independent-Journal (Marin IJ) newspaper of May 18, 2017 (included in the Board agenda packet).

GRAND JURY REPORT:

- Receive 2016-17 Marin County Civil Grand Jury report titled "Marin's Retirement Health Care Benefits – The Money Still Isn't There", dated May 17, 2017, and authorize staff and District Counsel to prepare a draft response for Board consideration. The General Manager stated that a new Grand Jury report was sent to the District on May 10th, and that it is a follow up to the report initially presented several years ago. He requested the Board authorize staff to work with District Counsel and prepare a draft response for presentation to the Board at a future meeting.

On motion of Director Miller, seconded by Director Mariani, and carried unanimously, the Board authorized staff to work with District Counsel and prepare a draft response to the Marin County Civil Grand Jury's report, "Marin's Retirement Health Care Benefits – The Money Still Isn't There", dated May 17, 2017, and to present the draft response to the Board at a future meeting.

COLLECTION SYSTEM OPERATIONS:

- Authorize purchase of a hydro-flusher truck, and authorize the General Manager-Chief Engineer to execute a purchase order with National Auto Fleet Group in the amount of \$170,052.12 (plus applicable taxes and fees). The current fiscal year budget included funds for the purchase of a hydro-flusher truck for the Collections Systems department. Field Services Manager Steve Krauthem stated that in a team effort, the Collection System staff has identified their specifications for a hydro-flusher truck. He noted that this truck is smaller than the typical hydro-flusher, making it much more maneuverable and more versatile than the District's existing hydro-flusher trucks, and does not require special permits or licenses to operate. He stated that Collection Systems Superintendent Dasse de longh worked with the National Joint Powers Alliance (NJPA) to secure a competitive bid. He stated that the District has received a quote of \$170,052.12 for the new vehicle, and requested the Board authorize a purchase order in this amount.

On motion of Director Mariani, seconded by Director Dillon-Knutson and carried unanimously, the Board authorized the purchase of a hydro-flusher truck, and authorized the General Manager-Chief Engineer to execute a purchase order with National Auto Fleet Group in the amount of \$170,052.12, plus applicable taxes and fees.

AD-HOC PERSONNEL COMMITTEE:

- Performance Evaluation, General Manager-Chief Engineer: The Ad-Hoc Personnel Committee recommends that the Board receive the Committee's report and recommendation, and approve a 5% merit increase on base salary, payable beginning with fiscal year 2016-17, to the General Manager-Chief Engineer. Directors Peters and Mariani were appointed to serve as an Ad-Hoc Personnel Committee to discuss the General Manager-Chief Engineer's performance with him. Director Peters stated that the Committee met and subsequently prepared the Memorandum dated May 4, 2017 (included with the Board packet). Director Mariani stated that the memo recommended that the Board authorize a five percent merit increase on base salary payable as a contribution to the General Manager-Chief Engineer's deferred compensation account beginning with fiscal year 2016-17. She noted that, at this time, the structure of the District's deferred compensation plan may preclude implementation of this recommendation. She stated therefore, that the Committee recommends the Board authorize a straight five percent (5%) merit increase on base salary, payable beginning with fiscal year 2016-17, to \$18,675 per month. The Board unanimously agreed with the Committee's recommendation.

On motion of Director Miller, seconded by Director Long, and carried unanimously, the Board accepted the Ad-Hoc Personnel Committee recommendation and approved a five percent merit increase on base salary, to \$18,675 per month, payable beginning with fiscal year 2016/17, to the General Manager-Chief Engineer.

Director Long congratulated the General Manager and expressed his thanks to the Ad-Hoc Personnel Committee. Director Mariani thanked the Board for their support of the Committee's recommendation.

BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Water Reuse Authority (NBWRA), meeting of May 22, 2017 (Director Long). Director Long stated that he attended the NBWRA meeting, which was held on Monday, May 22nd at the Novato City Hall. For details of the NBWRA meeting, he deferred to the comments that the General Manager made earlier in the Board meeting on NBWRA transitioning to a water management type program.

GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:

The General Manager had the following reports and announcements:

- Reports:
 - Pending construction: North Marin Water District recycled water pipeline work will begin the week of May 22nd and will primarily be at the entrance of the District's treatment plant.

- The District has received the draft Fourth Amended MOU from the North Bay Water Reuse Authority (NBWRA). It is currently under review by District Counsel and will be brought back with a recommendation to the Board at a future Board meeting.
- Announcements:
 - Thanks to Administrative Secretary Julie Hoover and Collection Systems Worker Joe Moreno for their participation staffing an outreach booth at the Novato Farmers Market on May 2nd. Also thanks to Julie Hoover and Electrical/Instrumentation Technician Russell Farmery for their participation staffing an outreach booth at the Marin Home and Garden Expo on May 20th and 21st. Both events were sponsored by the Wastewater Treatment Agencies of Marin County, which includes: Central Marin Sanitation Agency, Las Gallinas Valley Sanitary District, Sewerage Agency of Southern Marin, Sausalito-Marín City Sanitary District, Sanitary District No. 5, Tiburon and Belvedere, and the Novato Sanitary District.
 - The next Board meeting will be held on Monday, June 12th at 5:30 p.m.

ADJOURNMENT: There being no further business to come before the Board, President Peters adjourned the meeting at 8:42 p.m.

Respectfully submitted,

Sandeep Karkal, Secretary

Julie Hoover, Recording