

June 22, 2009

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 4:30 p.m., Monday, June 22, 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.

BOARD MEMBERS ABSENT: Member Arthur T. Knutson.

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

ALSO PRESENT: Pete Talbot, HDR Engineering Inc.  
Heidi Heffelfinger, Novato resident  
William Grant, Novato resident  
Jane Walter  
Flora Maurak, Novato resident  
John Quinley, Sustainable Novato, Novato resident  
Colleen Rose, Novato resident  
Jo Heffelfinger, Novato resident  
Dean L. Heffelfinger, Novato resident  
Dennis Welsh, former NSD employee, Novato resident  
Pam Welsh, Novato resident  
Phil Tucker  
Beth Garber  
Barbara Matas, Novato resident  
Dean B. Heffelfinger, NSD employee, Novato resident  
Russell Rice  
Paul Eisenhardt, The Eisenhardt Group  
Austris Rungis, IEDA Group

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The Manager stated that there were two changes to the mailed agenda: 1) Item 7c. on the Consent Calendar: **Meeting schedule** would be pulled from the Consent Calendar and would be added as a discussion item; and 2) Item 10: **Preliminary Budget 2009-10** was removed from the Agenda and will be returned to the July 13<sup>th</sup> Agenda. She requested the Agenda be approved as amended.

*On motion of Member Quesada, seconded by Member Fritz, and carried unanimously by those members present, the Agenda was approved as amended.*

## WASTEWATER TREATMENT PLANT STARTUP:

Peer review of report on staff operations and startup of new facility. The Manager pointed out that at the May 18<sup>th</sup> Regular Board meeting, members of the public requested a Peer Review of the Eisenhardt Report: *Novato Sanitary District Staff and Operations Assessment for New Facility Startup, Transition and Operation, February 2009, Final Report*. She stated that two firms had been chosen by the District and had completed their reviews: HDR Engineering, Inc. (HDR) and EMA, Inc.

Pete Talbot, HDR Engineering, Inc. gave a Power Point presentation to the Board titled: *Peer Review, Staff and Operations Assessment for New Facility, June 22, 2009*. Mr. Talbot discussed the focus of the review as requested by the Novato Sanitary District as well as his qualifications, background and past experience. He stated that HDR used a staff estimating tool which was developed by the New England Interstate Water Pollution Control Commission titled *The Northeast Guide for Estimating Staffing at Publicly and Privately Owned Wastewater Treatment Plants, November 2008 (the Northeast Guide)*. He stated he used the Northeast Guide approach to determine staffing needs while taking into account the District's design drawings. He reported that with the New England Guide Results, the public sector operational staffing required 14.2 full-time equivalent (FTE) employees and the private sector onsite operational staffing required 10.6 FTE (which is 75% of the public sector staffing).

He went on to discuss a second model that was used to determine staffing costs which was based on actual data. This model is the WaterCo\$t Model and is an estimating tool originally developed by HDR for the Environmental Protection Agency (EPA). He explained that the purpose of the WaterCo\$t Model was to estimate steady state operation and capital costs of water treatment plants and wastewater treatment plants. He stated that for this portion of the review, he used the O&M staffing (FTE's). The results of the WaterCo\$t model showed that the public sector staffing required 15.8 FTE while the private sector onsite operational staffing required 11.9 FTE (which is 75% of public sector staffing). He reported HDR's final determination to be: the Eisenhardt report's conclusion that the Contract Operation alternative can provide the service most cost efficiently is valid.

Mr. Talbot went on to discuss HDR's analysis of the transition cost review process as outlined in the Eisenhardt report. He stated he reviewed the appendices to the Eisenhardt report comparing the hours required for the 14 tasks under the two scenarios and examined the hourly rates used to develop the cost estimates. His presentation showed numerous tables which broke out how the costs were attained. At the conclusion of his presentation, he discussed three findings regarding the Eisenhardt transition services cost estimates: 1) the 14 transition tasks and the associated hours are reasonable; 2) the hourly rates used to cost these tasks are within industry norms; and 3) the Contract Operation alternative provides the most cost efficient means of delivering most of the transition tasks. He stated that based on HDR's limited review, the Eisenhardt Report findings and conclusions are reasonable.

Member Long commented on the difference in manpower needs based on public service hours versus private contract operator hours. He felt this was because private contract operations are typically more automated and also have off-site staff with more experience that can assist in consulting capacities.

President Di Giorgio opened the meeting to public comment.

John Quinley, Sustainable Novato, discussed the wages and labor hours as presented in HDR's analysis report. He felt the wages and labor hours were inflated based on real-life industry standards. Mr. Talbot of HDR explained how the information in his report was obtained, noting that the wages and labor hours were normal.

Heidi Heffelfinger of the Alliance of Concerned Citizens of Novato expressed her concern over several issues that she felt were not yet resolved. She questioned why the Eisenhardt report used data which showed consultants would be on staff for a full five years. She felt the information in the Eisenhardt report was inflated and consultants would not need to be on staff for five years. She noted that the new treatment plant facility was not coming on-line all at once but in stages. Because of this, she felt the current Novato Sanitary District operators could be adequately trained to operate the new equipment.

Pam Welsh, Chairperson of the Alliance of Concerned Citizens of Novato asked for clarification of who in the public requested the peer review. Manager Beverly James stated it was Mr. Art Ribbel who had requested the Board perform a peer review of the Eisenhardt report. Ms. Welsh felt Mr. Ribbel intended for an "independent" peer review be performed by a company who was completely unbiased on the contract operator option and did not have a pre-existing relationship with the Novato Sanitary District. Ms. Welsh felt that using HDR for the peer review gave an appearance of inappropriateness. Manager Beverly James clarified the definition of a peer review as it is widely accepted in this field.

Deal L. Heffelfinger, Novato resident, discussed some comments Mr. Talbot made in his report regarding automation of the new facility and the number of employees needed. Mr. Talbot gave an explanation of why a private contract operator can staff at a lower level. Mr. Heffelfinger repeated his request for a public hearing on the matter of the private contract operators being used to staff the upgraded wastewater treatment facility. He noted that his request was for an open forum of discussion between the Board, the Eisenhardt Group, and members of the public where discussion could be ongoing, without time limits. President Di Giorgio stated that the board meetings are such a public forum and discussion on the issue is taking place.

Deputy Manager-Engineer Sandeep Karkal discussed with the Board the second peer review report which was conducted by EMA, Inc. Due to the fact that no representative from EMA, Inc. was available to attend the Board meeting, Mr. Karkal read the report titled: "Cost Estimate Validation of Assessment Report for New Facility Start-up". The

report gave a background of the alternatives the District is considering as well as the qualifications of EMA, Inc. The findings of the EMA, Inc. report focused on three things: 1) Is the approach and the scope reasonable in keeping with industry standards; 2) Are the consulting rates for the outside experts reasonable; and 3) Is the cost estimate reasonable. The report also evaluated consulting rates as stated in the Eisenhardt report. EMA, Inc. concluded that, "Our evaluation finds that the work called out and the hours estimated for each of the tasks and the rates used to estimate the costs are reasonable for what you would expect in a successful startup of a new treatment facility in California."

Pam Welsh noted there would be a presentation of the documentary, "Thirst" on Thursday, June 25<sup>th</sup> at the Hill Community Center. She invited everyone to attend. She stated that initially she was concerned for the current operators whose jobs were in jeopardy, but upon further research, she felt the private contract operators would disrupt the community. She stated that requests have been made repeatedly for a public forum to discuss the issue of private contract operators and such forum has not taken place. She made an official request to the Board to hold their meetings at 6:30 p.m. instead of the current time of 4:30 p.m. She requested written responses to her questions and concerns.

President Di Giorgio pointed out that when the bids are obtained for the contract operations, they may reveal a cost savings to the District.

Jo Heffelfinger, Novato resident, stated that Mr. Di Giorgio should not be commenting during Public Comment. She reminded the Board that they are voted in as public servants and should act in the public's best interest at all times. She requests respect is given for all who wish to speak at public comment.

Russell Rice, San Anselmo resident, stated he is at the Board meeting as a citizen who is concerned about privatization. He stated he wanted the Board to be aware of what happens when a public utility is operated by a private contract operator. He discussed his personal experience with contract operators, noting that maintenance was deferred and that problems developed due to spills and overflows. He stated that treatment facilities operated by private operators are not as safe as one might think they are.

John Quinley, Sustainable Novato, discussed private operator's rate charges and stated they seemed very high. He felt the information contained in the Eisenhardt report in regards to the Statement of Operations and Performance (SOP) was directly taken from the South Bayside System Authority's SOP. Mr. Eisenhardt stated that indeed the South Bayside System Authority's SOP was used as an illustration.

Heidi Heffelfinger, Alliance for Concerned Citizens of Novato, expressed her concerns that the Eisenhardt report stated current Novato Sanitary District employees were unable to perform functions as required in the upgraded facility. She discussed the required response time for a current employee if there is an emergency or a sewage

spill. She noted that all Novato Sanitary District operators are required to live within thirty minutes of the District's wastewater treatment plant so they can respond quickly to any emergency. She asked that with a private contract operator, would they be able to arrive for an emergency within thirty minutes or would there be a longer delay, thus adversely affecting the community. She urged the Board to make the right decision because this will ultimately affect the entire community.

The Manager noted that the proposals from the three contract operators were due in the District office on June 26<sup>th</sup>. She stated that the bids would be reviewed at the Board meeting on July 20<sup>th</sup>.

Member Long thanked HDR Engineering, Inc. and EMA, Inc. for their fast and thorough response to the District's request for a peer review.

PUBLIC COMMENT: There was no further public comment.

BOARD MEMBER REPORTS: None.

REVIEW OF MINUTES:

Consider approval of minutes of the June 8<sup>th</sup> Regular Board meeting:

*On motion of Member Quesada, seconded by Member Long, and carried unanimously by those members present, the minutes of the June 8<sup>th</sup> regular Board meeting were approved.*

MEETING SCHEDULE:

The Manager noted the following Board meeting schedule: July 13<sup>th</sup> and 27<sup>th</sup>, August 10<sup>th</sup> and 24<sup>th</sup>, September 14<sup>th</sup> and 28<sup>th</sup>. She requested an additional Board meeting to take place on July 20<sup>th</sup> and requested the meetings on July 13<sup>th</sup> and July 20<sup>th</sup> be relocated to a larger facility, such as the Hill Community Room at the Margaret Todd Community Center. She noted that it was the Board's decision to schedule the meetings at a later time, such as 6:30 p.m.

Member Fritz made a motion to schedule the July 13<sup>th</sup> and 20<sup>th</sup> Board meetings at a larger facility with a starting time of 6:30 p.m. The Manager stated that due to a pre-scheduled Public Hearing, the July 13<sup>th</sup> meeting would need to be at the District office at the regular time of 4:30 p.m. She stated that this was due to the fact that the Public Hearing was previously scheduled and noticed in the Independent Journal newspaper, as required, and the location and time could not be changed at this point.

*On motion of Member Fritz, seconded by Member Long, and carried with the following vote, the Board meeting schedule would be: July 13<sup>th</sup> at 4:30 p.m. at the District office,*

*July 20<sup>th</sup> at 6:30 p.m. at a larger facility (to be determined and announced), and meetings on July 27<sup>th</sup>, August 10<sup>th</sup> and 24<sup>th</sup>, and September 14<sup>th</sup> and 28<sup>th</sup> at 4:30 p.m. at the District office. Vote: Ayes: Di Giorgio, Fritz, Long; Noes: Quesada; Absent: Knutson.*

Member Quesada stated that he voted no because he felt the meetings should be held at 7 p.m.

CONSENT CALENDAR:

*On motion of Member Fritz, seconded by Member Long, and carried unanimously by those members present, the following Consent Calendar Items were approved:*

- a. Receive report on Uniform Public Construction Cost Accounting Act (UPCCAA) implementation for fiscal year 2008/09.
- b. Accept sewer main extension improvements for De Long Ave Sewer Main Extension (Whole Foods). **(Note: The Board Agenda Item Summary incorrectly noted the project as the Mill Road SME. Changes were made to this summary to show the project as the De Long Ave. project.)**
- c. Approval of regular disbursements in the amount of \$389,850.32, and upgrade project disbursements in the amount of \$189,724.88.

BOARD OF DIRECTORS:

Election of officers for 2009/10.

Member Long nominated Member Di Giorgio as President. Vote: all ayes.  
Member Quesada nominated Member Long as President Pro-Tem. Vote: all ayes.

Appointment of Secretary/Treasurer and Secretary/Treasurer Pro-tem for 2009/10.

Member Quesada nominated Manager Beverly James as Secretary/Treasurer. Vote: all ayes.  
Member Long nominated Administrative Services Manager June Penn Brown as Secretary Pro-Tem. Vote: all ayes.

Designate and authorize Board Members to sign District checks.

Member Long nominated the following individuals as check signers: Michael Di Giorgio, William C. Long, James D. Fritz, Beverly B. James and June Penn Brown. Vote: all ayes.

PERSONNEL:

Consider authorizing promotion of Ben Northcroft from Collection System Worker I to Collection System Worker II. The Manager requested the Board approve the promotion of Ben Northcroft from CSW I to CSW II due to his hard work and dedication in his position. Member Fritz stated it was with pleasure that he moved this promotion.

*On motion of Member Fritz, seconded by Member Quesada, and carried unanimously by those members present, Ben Northcroft was promoted to Collection System Worker II.*

President Di Giorgio sent his congratulations to Mr. Northcroft.

STAFF REPORTS:

Special Districts' Institute Training. The Manager noted that she, President Di Giorgio and Member Long attended an Administration Seminar presented by the Special Districts Institute. The seminar was held in Monterey on June 18<sup>th</sup> and 19<sup>th</sup>. The Manager stated that she and President Di Giorgio received a Certificate of Completion in Special District Leadership and Management after completing the necessary three class series.

Member Long discussed his attendance at the seminar. He requested that every two months an item be placed on the agenda to address the District's strategic plan and issues that relate to the District's long-term goals.

President Di Giorgio discussed his attendance at the seminar also. In addition, he explained why the Board is proceeding at their current speed to determine the best method for running the treatment facility after the upgrades are completed. He suggested the District might consider sending staff members to some of the classes offered by the Special Districts' Institute.

MANAGER'S ANNOUNCEMENTS:

The Manager noted that the Preliminary Budget would be presented to the Board at their July 13<sup>th</sup> regular Board meeting. She also noted that is the date set for the Public Hearing for the collection of sewer service charges on the tax rolls of the County of Marin.

President Di Giorgio called for a five minute break at 6:05 p.m.

The Board meeting reconvened at 6:12 p.m.

CLOSED SESSION:

Conference with labor negotiators, Government Code Section 54957.6.

At 6:50 p.m. President Di Giorgio reconvened the Board meeting. There was no reportable action from the closed session.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 6:51 p.m.

Respectfully submitted,

Beverly B. James  
Secretary

Julie Borda, Recording