

June 25, 2012

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, June 25, 2012, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President William C. Long, Members Michael Di Giorgio, Jean Mariani, Jerry Peters, and Dennis Welsh.

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal, District Counsel Kent Alm, Finance Officer Laura Creamer, and Administrative Secretary Julie Swoboda.

ALSO PRESENT: Bob Guinan, Novato resident
Joe Carlomagno, Novato resident
Dasse de longh, NSD employee, Novato resident
John Bailey, Project Manager, Veolia Water
Brant Miller, Novato resident
Steve McCaffrey, Novato Disposal Service
Dan Ryan, Veolia Water North America
John O'Hare, Veolia Water North America

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: President Long approved the agenda as written.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

Consider approval of minutes of the June 11, 2012 meeting.

Member Mariani noted that her comments on page 4, paragraph 6 were inaccurate. She requested the minutes be revised to read: "**Member Mariani suggested that the District request bids for an "as needed" list of consultants to be used to bid on projects throughout the year.**"

On motion of Member Di Giorgio, seconded by Member Peters, and carried unanimously, the minutes of the June 11, 2012 Board meeting were approved as amended.

CONSENT CALENDAR:

On motion of Member Di Giorgio, seconded by Member Peters and carried unanimously, the following Consent Calendar item was approved:

- a. Approval of regular disbursements in the amount of \$154,277.42, capital project disbursements in the amount of \$731,332.11, and payroll and payroll-related disbursements in the amount of \$232,038.50.

SEWER SERVICE CHARGES:

- Consider adoption of Ordinance No. 116 setting the sewer service charges for fiscal years 2012-13 through 2015-16: The Manager gave a summary of the Public Hearing that was held at the June 11th Board meeting and noted that no verbal protests were received. She stated that the District had received 25 written protests.

The Manager presented the Board and audience with a revised copy of Ordinance 116, noting that District Counsel had included a paragraph which outlined the progression of this Ordinance adoption (page 1, 5th *Whereas*). The Manager stated that adoption of Ordinance No. 116 approves and sets forth the specific sewer service charge rates for fiscal years 2012-13, 2013-14, 2014-15 and 2015-16.

District Counsel Kent Alm discussed Ordinance No. 116, *Table 2 - Non-Residential Rates* which illustrates the background information necessary to establish the non-residential sewer service rates. He requested that *Table 2 - Non-Residential Rates* be included as part of the official record of the June 25, 2012 Board meeting minutes.

Member Mariani requested that Board action for Ordinance No. 116 be suspended until after discussion of agenda item No. 9a: *Consider adoption of Preliminary Budget for fiscal year 2012-13.*

President Long moved agenda item No. 9a. for immediate discussion.

BUDGET:

- Consider adoption of Preliminary Budget for fiscal year 2012-13. The Manager stated that revisions were made to the Preliminary Budget and she presented the Board and audience with corrections for the following pages of the Budget: page 1: *Summary of Working Capital and Capital Improvement Reserve Fund Balances*; page 2: *2012-14 Preliminary Operating Budget Revenue Summary*; and page 20: *Capital Improvement Budget-Revenue Summary*. Board discussion followed.

Member Mariani noted that the required debt coverage ratio is 1.2% but currently the District's debt coverage ratio is at 1.4%. She stated that she felt the District's reserves were high and that the District could reduce their reserves and still be adequately funded.

The Board discussed the option of dropping the initial sewer service charge rate increase to 6% instead of the proposed increase of 6.7% which would lower the District's reserves to 1.2%. The Manager stated that the 0.7% rate decrease would equate to a sewer service charge reduction of approximately \$3 per year per homeowner.

On motion of Member Di Giorgio, seconded by Member Peters and carried with the following vote, the Board approved the Preliminary Budget for Fiscal Years 2012-14: Ayes: Di Giorgio, Long, Peters, Welsh. Noes: Mariani.

President Long stated that the Board would now return to Agenda Item 6a.

SEWER SERVICE CHARGES:

- Consider adoption of Ordinance No. 116 setting the sewer service charges for fiscal years 2012-13 through 2015-16: District Counsel Kent Alm reviewed the proposed maximum rate increases as outlined in Ordinance No. 116 which are as follows: 6.7% in 2012-13, 3.8% in 2013-14, 3.7% in 2014-15, and 3.6% in 2015-16.

On motion of Member Di Giorgio, seconded by Member Peters and carried with the following vote, the Board approved the proposed sewer service charge increase and adopted Ordinance No. 116: AN ORDINANCE OF THE NOVATO SANITARY DISTRICT ESTABLISHING SEWER SERVICE CHARGES FOR FISCAL YEARS 2012-13, 2013-14, 2014-15, 2015-16. Ayes: Di Giorgio, Long, Peters, Welsh. Noes: Mariani.

SOLID WASTE:

- Report on route reorganization. The Manager introduced Steve McCaffrey, Director of Governmental Affairs, Novato Disposal. Mr. McCaffrey stated that Novato Disposal had recently streamlined their route collections to Novato customers and noted that this change has minimized the time that collection trucks are on the Novato streets. He discussed the economic, safety and environmental benefits of the route changes.

WASTEWATER OPERATIONS:

- Wastewater Operations Committee report. The Manager reviewed the May 2012 Operations Report for the wastewater treatment, collection and reclamation facilities. She gave an update on the landscaping at the Lea Drive neighborhood area. The Manager stated that she has received a report from Mr. Scofield, Exponent, Inc., and that the report will be placed on the District website. She stated that odor consultant Mr. James Joyce visited the District to evaluate the biofilter odor beds. She noted that the District has not yet been provided with the results of the testing and stated that the report will be posted on the District website when it is available.

A resident questioned what the District intended to do about the aeration basin odors and stated he felt the basins are the primary source of odors. The Manager stated that the District is still proceeding with the Mr. Joyce's proposed plans. She stated that no secondary action will be taken until Mr. Joyce's initial recommendations have been completed.

- Progress report on implementation of an Environmental Management System at the Novato Wastewater Treatment Facility. The Manager introduced Dan Ryan, EVP, Veolia Water. Mr. Ryan gave a PowerPoint presentation of Veolia's Management Systems and Health & Safety program. He stated that Veolia's integrated environmental management system contains all elements within the ISO 14001 certification, except the actual certification process. The Board discussed the details of the program with Mr. Ryan.

- Consider transferring electricity accounts from PG&E to Marin Clean Energy. The Manager stated that the District was investigating transferring electrical services from PG&E to Marin Clean Energy. She stated that the District was not in a position to make the transfer at this time because a requested rate analysis from both PG&E and Marin Clean Energy has not been received. She requested the Board delay the decision to change providers until the analyses are completed.

On motion of Member Di Giorgio, seconded by Member Welsh and carried unanimously, the Board directed staff to remain with the current electrical provider, PG&E, until an accurate cost comparison with Marin Clean Energy can be completed.

BUDGET:

- Staff report on property taxes. The Manager outlined the County of Marin's methodology for property tax revenue calculations and distributions.

BOARD OF DIRECTORS:

- Election of officers for 2012-13.

Member Peters nominated Member Di Giorgio as President. Vote as follows:
Ayes: Di Giorgio, Long, Peters. Abstain: Welsh, Mariani.

Member Welsh nominated Member Mariani as President. Vote as follows:
Ayes: Welsh. Abstain: Di Giorgio, Long, Mariani, Peters.

Member Di Giorgio nominated Member Mariani as President Pro-tem. Vote: all ayes.

Appointment of Secretary/Treasurer and Secretary/Treasurer Pro-tem for 2012-13.

Member Peters nominated Manager Beverly James as Secretary/Treasurer and Administrative Secretary Julie Swoboda as Secretary/Treasurer Pro-tem. Vote: all ayes.

DESIGNATE AND AUTHORIZE BOARD AND STAFF MEMBERS TO SIGN DISTRICT CHECKS:

The Manager stated that the Board typically authorizes District check signers at the same meeting in which officers are elected. She requested that Deputy Manager-Engineer Sandeep Karkal become an authorized check signer in place of Administrative Services Manager June Penn Brown.

Member Di Giorgio requested Member Mariani be added as an authorized check signer.

On motion of Member Mariani, seconded by Member Peters and carried unanimously, the Board authorized the following individuals as District check signers:

Manager-Engineer Beverly B. James

Deputy Manager-Engineer Sandeep Karkal

Board Member Michael Di Giorgio

Board Member Jean Mariani

Board Member Dennis Welsh

RECYCLED WATER PROJECT:

- New Facilities Committee report on joint Recycled Water Subcommittee meeting. The Manager stated that the Las Gallinas Valley Sanitary District and the Novato Sanitary District projects are scheduled to be completed and delivering recycled water to some customers by the grant deadline of September 30, 2012. She noted that dedication ceremonies at each of the treatment facilities will be coordinated with North Marin Water District. The Manager discussed the project's funding provisions based on the North Bay Water Reuse Authority Memorandum of Understanding.

- Consider approval of a proposal from Veolia Water to provide systemization and operation and maintenance services for 2012. The Manager stated that the Adhoc Wastewater Treatment Plant Services Agreement Update Committee met on June 14th to review a proposal from Veolia Water to provide systemization, operations and maintenance, and annual shutdown of the new Novato Recycled Water Facility. She stated that Veolia Water has submitted a proposal for Board approval for the above services on a time and materials basis for an amount not to exceed \$37,620. The Manager confirmed that the costs would be tracked and billed separately from the current Veolia treatment plant operation contract. She explained that North Marin Water would pay all of the District's operational costs of the recycled water facility and that the capital costs would be the District's responsibility.

On motion of Member Peters, seconded by Member Mariani and passed unanimously, the Board approved a proposal from Veolia Water for time and materials in an amount not to exceed \$37,620 to provide systemization and operation and maintenance services for the Novato Recycled Water Facility for 2012.

PUMP STATION REHABILITATION PROJECT 72403:

- Consider authorizing agreement for water main relocation. The Deputy Manager-Engineer stated that in order to complete Pump Station Rehabilitation Project Unit 4, a 12-inch North Marin Water District water main must be relocated. The Deputy Manager-Engineer stated that the cost of relocation is estimated at \$51,687. He requested the Board authorize staff to execute the agreement to allow for the relocation construction.

On motion of Member Peters, seconded by Member Di Giorgio and carried unanimously, the Board authorized the Manager-Engineer to execute an Agreement with North Marin Water District (NMWD) in the amount of \$51,687 for NMWD to relocate a 12-inch water main to enable District construction of Pump Station Rehabilitation Project Unit 4.

BOARD MEMBER REPORTS:

Member Mariani discussed a recent *New York Times* article that she would like included in the Board meeting packet on July 9th. The article discussed public/private partnerships.

Member Peters commented that he was recently walking in the Lea Drive neighborhood and noted that the vegetation on District property at Lea Dr. was much improved. He also noted that there was little noise from the treatment facility.

President Long thanked the Board members for their support during his term as Board President.

Members of the Board and staff thanked President Long for his years of dedicated service as Board President.

MANAGER'S ANNOUNCEMENTS:

- The District office will be closed in observance of the July 4th Holiday.
- The North Bay Watershed Association will hold a meeting at the Marin Community Foundation on July 6th at 9:30 a.m.

ADJOURNMENT: There being no further business to come before the Board, President Long adjourned the meeting at 9:02 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Swoboda, Recording