

# NOVATO SANITARY DISTRICT

## Board Meeting Minutes

Meeting Date: August 12, 2019

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Monday, August 12, 2019, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: Directors William Long, Tim Fuelle, Jean Mariani, and Jerry Peters. President Carole Dillon-Knutson arrived at 5:52 p.m.

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

ALSO PRESENT: Erik Brown, Deputy General Manager, Novato Sanitary District  
John O'Hare, Project Manager, Veolia  
Dale Thrasher, Administrative Services Officer, Novato Sanitary District  
Jeff Boheim, Field Services Manager, Novato Sanitary District  
Dee Johnson, Solid & Household Hazardous Waste Program Coordinator  
Laura Creamer, Finance Officer, Novato Sanitary District  
Steven Gortler, Registered Municipal Advisor  
Garen Kazanjian, Waste Zero Specialist, Recology Sonoma/Marin  
Fred Stemmler, General Manager, Recology Sonoma/Marin

In the absence of President Dillon-Knutson, President Pro-tem William Long began the meeting.

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

- Consider approval of minutes of the August 8, 2019 regular meeting.

*On motion of Director Peters, seconded by Director Mariani, and carried by the following vote, the August 8, 2019 Board meeting minutes were approved. Ayes: Long, Mariani, Peters. Abstain: Director Fuelle. Absent: President Dillon-Knutson.*

CONSENT CALENDAR:

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

- a. Approve disbursements as follows:
  1. Board fees, June 2019: \$1,847.53
  2. Board fees, July 2019: \$1,431.93
  3. Safety Recognition FY 18-19: \$926.38
  4. Operating expenditures, June 24: \$117,191.21
  5. Operating expenditures, July 8: \$457,176.96
  6. Operating expenditures, July 22: \$559,819.23
  7. Operating expenditures, Aug. 8-12: \$578,899.09
  8. Capital project expenditures, June 24: \$93,930.68

9. Capital project expenditures, July 8: \$128,593.46
  10. Capital project expenditures, July 22: \$334,955.50
  11. Capital project expenditures, July 30-Aug. 12: \$843,974.31
- b. Ratify payroll and payroll related disbursements for June 2019 in the amount of \$259,398.39, and July 2019 in the amount of \$290,879.70.
  - c. Receive deposit summary, June and July 2019.
  - d. Receive 4<sup>th</sup> Quarter Investment Report, Fiscal Year (FY) 18-19.
  - e. Receive 4<sup>th</sup> Quarter Financial Report, FY 18-19.
  - f. Receive Accounts Receivable (A/R) Summary Report as of June 30, 2019.
  - g. Approve transfer of \$93,757 from unspent funds in the "Salaries and Benefits" categories of the FY 18-19 Operating Budget as of June 30, 2019, to the District's Public Agency Retirement Services (PARS) Trust account.
  - h. Approve transfer of \$25,990 from the Capital Fund to the Operating Fund for staff time spent on Capital Fund projects in FY 18-19.
  - i. Approve Subordination Request from the Successor Agency to the Dissolved Redevelopment Agency of the City of Novato.
  - j. Authorize the General Manager-Chief Engineer to renew the District issued Class I Non-Domestic Temporary Discharge Permit No. ExxonMobil-031.

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

#### CLEAN WATER STATE REVOLVING FUND (CWSRF) LOAN REFINANCING:

-Receive update on refinancing process from financing team. The General Manager stated that at the June 10<sup>th</sup> meeting, the Board directed staff to proceed with the refinancing process for the balance of the CWSRF loan with no extension of the repayment period. He stated that Mr. Steven Gortler was present to provide an update as well as the final results of the bond refinancing process.

Mr. Steven Gortler addressed the Board. He stated that on July 24<sup>th</sup>, eleven favorable bids were received, and that the District subsequently awarded the bid to J.P. Morgan Securities LLC, for a low bid rate of 1.405070%. Mr. Gortler stated that the favorable refinancing outcome could have been due in part to the S&P Global Rating increase, declared on July 9<sup>th</sup>, upgrading the District's debt from a 'AA+' to 'AAA' rating. He discussed the debt service savings due to the refinancing, stating that the net present value (NPV) savings/refunded par amount was 5.36% which translated to a NPV savings to the District of approximately \$2,976,527 over the remainder of the life of the CWSRF loan. He continued, and provided a breakdown of the estimated refinancing costs, which were in the amount of \$291,583.13.

The Board thanked Mr. Gortler for his hard work, and for achieving this beneficial outcome to the CWSRF loan refinancing.

-Receive Standard and Poor's Global Ratings Letter and Report on its "AAA" rating for the District's Series 2019 Revenue Refunding Bonds, and raising its rating on the District's 2017 outstanding Series 2017 Revenue Refunding Bonds to "AAA" from "AA+." The General Manager stated that as discussed in the previous agenda item, S&P Global Ratings issued a letter on July 9, 2019, raising the District's credit rating on the Series 2019 Revenue Refunding Bonds from a "AA+" rating to a "AAA" rating. He stated that the rating reflects the combination of an extremely strong enterprise risk profile and an extremely strong financial risk profile. He stated that these comments reflect very positively on the District's current and future stability.

ANNUAL BUDGET: FINAL FISCAL YEAR (FY) 19-20 BUDGET:

- Receive and adopt the Final FY 19-20 District Annual Budget. The General Manager stated that this Final Budget was similar to the draft budget that was presented at the June 10<sup>th</sup> Board meeting. He reviewed details of the budget, outlining operating expenditures and anticipated capital revenues.

*On motion of Director Peters, seconded by Director Mariani, and approved by those Directors present, the Final Budget for Fiscal Year 2019-20, and Preliminary Budget for Fiscal Year 2020-21, was adopted.*

- Adopt Resolution No. 3139 establishing appropriations limit for FY 19-20. The General Manager stated that under the Gann Spending-Limitation Initiative, the District is required to annually adopt a resolution setting an appropriations limit for the upcoming year. He stated that based on growth factors provided by the State Department of Finance, staff recommends the appropriations limit be set at \$6,804,989.

*On motion of Director Peters, seconded by Director Mariani, and approved by those Directors present, Resolution No. 3139: A Resolution of the Novato Sanitary District Correcting and Amending Prior Calculations and Making Determination and Establishing the 2019-20 Appropriation Limit.*

SOLID WASTE OPERATIONS:

The General Manager stated that the Solid Waste Operation reports would be addressed by Dee Johnson, Garen Kazanjian, and Fred Stemmler.

- Receive Recology 1<sup>st</sup> and 2<sup>nd</sup> Quarter 2019 reports. Garen Kazanjian, Waste Zero Specialist, began an overview of Recology's 1<sup>st</sup> and 2<sup>nd</sup> quarter reports for 2019. He discussed the composting/green waste collection program, stating that some of the newly established compost collection accounts included Trader Joes, Marriott Hotel, and I-Hop restaurant. He outlined Recology's Waste Zero outreach events, discussed highlights of the activities, and stated that 60 commercial accounts were contacted for site audits and presentations during the first and second quarter. Garen Kazanjian and Fred Stemmler responded to questions from the Board.

President Dillon Knutson arrived at 5:52 p.m. She stated that she was delayed due to an accident in Santa Rosa.

- Receive verbal report on Marin County JPA and Local Task Force. Dee Johnson, Household Hazardous Waste Coordinator, discussed her attendance at the Marin County JPA Board meeting held on May 23<sup>rd</sup> where discussion took place regarding the FY 19-20 Zero Waste Grant Program and the FY 19-20 budget for the Marin County Hazardous & Solid Waste Management JPA. Ms. Johnson also discussed her attendance at the Marin County AB939 Local Task Force meeting which was held on August 7<sup>th</sup>. She stated that there are several new members, and that Delynn Keis, Environmental Representative, has resigned.

- Receive verbal report on SB 1383 (Lara) regulations. Ms. Johnson stated that the regulations for SB 1383 have not been finalized, and therefore she did not have any additional information.

She anticipates that final regulations will be issued by the end of 2019, and she will bring updates to the Board as they are available.

- Receive Annual 2018, and 1<sup>st</sup> Quarter 2019 AB 939 Disposal/Diversion reports; and 1<sup>st</sup> & 2<sup>nd</sup> Quarter 2019 Recology Disposal/Diversion reports. Ms. Johnson provided a verbal report of the City of Novato and the District's AB939 Disposal and Diversion Monitoring activities, stating that the annual diversion rate was 49.71%. She reviewed Recology's 2019 disposal/diversion calculations, and was pleased to state that in the first quarter of 2019, a diversion rate of 50.24% was obtained. Ms. Johnson and Mr. Stemmler discussed the continued issue of contaminated recycling materials and the efforts to increase recycling compliance for both residential and commercial accounts.

- Receive Per Capita Diversion Calculation report for 2018. Ms. Johnson stated that in 2009, the state adopted SB 1016 which changed the reporting requirements of waste goal measurements from a diversion-based system to a disposal-based indicator – the 'per capita disposal rate'. She stated that the system uses only 2 factors: a jurisdiction's population and its disposal, as reported by disposal facilities. She stated that, based on these calculations, Novato's disposal target rate is 7.04 pounds per person per day. Ms. Johnson stated that in 2018, Novato's actual disposal rate was 4.04 pounds per person per day, which was well under the target rate.

- Receive 2019 Household Hazardous Waste (HHW) and E-Waste reports. Ms. Johnson provided an overview of participation at the HHW facility, stating that July was a very busy month, and that overall participation continues to increase. She stated that approximately 23% of participants are bringing only electronics to the facility. She stated that the North Bay Conservation Corp (NBCC) continues to offer free e-waste pickup services to Novato residents, and discussed current outreach and upcoming e-waste events sponsored by NBCC.

At 6:34 p.m., President Dillon-Knutson declared a short recess.

The following individuals left the meeting: Dee Johnson, Laura Creamer, Steven Gortler, Garen Kazanjian, and Fred Stemmler.

At 6:45 p.m., President Dillon-Knutson reconvened the meeting.

#### WASTEWATER OPERATIONS:

- Receive draft Collection System Master Plan (CSMP) document, and set a special meeting at 4:00 p.m., September 9, 2019, for a workshop presentation on the CSMP. The General Manager stated that in July 2016, the District contracted with RMC Water and Environment (RMC) to develop a Collection System Master Plan (CSMP). He stated that RMC (now Woodard and Curran) had completed the majority of its work and had prepared a draft CSMP. He stated that for review, hard copies of the draft report were available if any Director would like a copy. He also stated that the electronic version was posted on the District website. All Directors requested and were presented with a hard copy of the document.

The General Manager recommended that the Board receive the draft document and set a Special Board meeting at 4:00 p.m., September 9, 2019, for a workshop presentation on the CSMP, at which time Woodard and Curran staff would be present, along with District staff, to address any questions or comments from the Board.

*On motion of Director Long, seconded by Director Peters, and carried unanimously, the Board received the draft Collection System Master Plan (CSMP) document, and set a special meeting at 4:00 p.m., September 9, 2019, for a workshop presentation on the CSMP.*

- Receive Wastewater Operations Reports, June and July 2019.

Collection System Report: The General Manager stated that the Collection System Superintendent was on vacation, and therefore Deputy General Manager Erik Brown would provide the Collection System Reports for June and July.

The Deputy General Manager began with the Collections System Report for June 2019. He stated that 70,717 lineal feet of sewer pipelines were cleaned by staff, and that 34,577 feet of sewer pipelines were root treated (foamed) by an outside contractor. He stated that staff completed 368 maintenance work orders, leaving zero (0) work orders outstanding. Further, he noted that staff conducted 154 lift station inspections and completed maintenance inspections on five (5) air relief/vacuum valves. The Deputy General Manager then outlined the training provided in June, stating that Collection Department staff attended four (4) safety tailgate meetings, and participated in one specialized training event: Lock-out/Tag-out. He stated that there were no lost time accidents in the month, and concluded the June report, noting that there were no sanitary sewer overflows (zero SSOs).

The Deputy General Manager continued with the July 2019 report, stating that 51,424 lineal feet of sewer pipelines were cleaned by staff, and that 17,861 feet of sewer pipelines were root treated (foamed) by an outside contractor. He stated that 7,742 feet of sewer main were televised, and that the CCTV (closed circuit TV) work did not identify any areas that required follow-up maintenance. He stated that staff completed 288 maintenance work orders, conducted 171 lift station inspections, and completed maintenance inspections on thirteen (13) air relief/vacuum valves. The Deputy General Manager then outlined the training provided in July, noting that the Collection Department staff attended five (5) safety tailgate meetings, and participated in two (2) specialized training events. He concluded his report, stating that there were no lost time accidents, and no sanitary sewer overflows (zero SSOs) in July.

Treatment Facilities Report: Veolia Project Manager John O'Hare provided the June and July 2019 Treatment Facilities Monthly Operations Reports (MOR). Beginning with the June report, the Project Manager reviewed the treatment plant performance, stating that the average flow was 3.90 MGD (million gallons per day). He stated that there were no discharge violations in the month, and that the Recycled Water Facility (RWF) produced 24.399 million gallons of recycled water. The Project Manager stated that Veolia staff participated in weekly tailgates, and that all employees participated in annual hearing tests. 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. The Project Manager discussed pretreatment and pollution prevention activities, and concluded the June report, stating that no odor contacts were received in June.

The Project Manager continued with the July report, stating that it was another light month and that the average flow was 3.57 MGD (million gallons per day). He stated that there were no discharge violations in the month, and that the Recycled Water Facility (RWF) produced 27.042 million gallons of recycled water. The Project Manager stated that Veolia staff participated in weekly tailgates, and that all employees participated in crane safety training. 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. The Project Manager discussed pretreatment and pollution prevention activities, and concluded the July report, stating that no odor contacts were received.

Reclamation Facilities Report: Field Services Manager Jeff Boheim summarized the Reclamation Facilities reports for June and July. Beginning with the June report, he stated that drainage pump stations No. 3 and 7 pumped approximately 600,000 gallons and 900,000 gallons, respectively. He stated that District staff continued to work with staff at Auburn Ravine Ranch, Inc. to complete the Ranch Lease agreement. The Field Services Manager stated that Fahy Tree Service completed the removal of over sixty (60) fallen eucalyptus trees at Site 2, removing the wood chips off site to a cogeneration plant for energy production. He stated that no irrigation took place in any of the parcels in June.

The Field Services Manager continued with the July report, stating that Auburn Ravine Ranch moved in tractors, mowers, and several staff to mow the areas in between the sprinkler heads in preparation for cattle stocking and irrigation this season. He stated that by the end of July, all of Site 7 and portions of Site 3 were mowed. The Field Services Manager stated that Marin Sonoma Mosquito and Vector Control sprayed various areas of District reclamation land. He concluded his report, stating that no irrigation of any parcels occurred in July.

RECLAMATION: SLUDGE DISPOSAL, ACCOUNT NO. 63115:

- Approve contract with Custom Tractor Services (CTS) for biosolids disposal and sludge lagoons cleaning in a not-to-exceed amount of \$211,450, and authorize the General Manager-Chief Engineer to execute it. The General Manager stated that for the past several years, the District has contracted with Custom Tractor Service (CTS) of Petaluma to perform biosolid disposal to the District's dedicated land disposal (DLD) site off Highway 37. He stated that staff requested and received a proposal from CTS to perform these services for 2019 for a lump sum amount of \$142,200. The General Manager stated that additionally, the District requested a proposal from CTS to excavate and spread accumulated biosolids from the bottom of the lagoons to the DLD using a manure spreader. He stated that CTS had performed this work the previous three years for \$62,250, and has agreed to perform the work this year for the same amount.

*On motion of Director Peters, seconded by Director Long, and carried unanimously, the Board approved a contract with Custom Tractor Services for biosolids disposal and sludge lagoons cleaning in a not-to-exceed amount of \$211,450, and authorized the General Manager-Chief Engineer to execute it.*

CAPITAL PROJECTS:

- Annual Treatment Plant Improvements, Account No. 72805: Approve a proposal from Veolia Water in the amount of \$175,256 to perform the cleaning of Digester No. 1 at the Novato Treatment Plant, as "Additional Services" under Section 8 of the 2014 Amended and Restated Contract Service Agreement (Agreement), and authorize the General Manager-Chief Engineer to execute an Addendum to the Agreement in the not-to-exceed amount of \$175,256. The General Manager stated that digester No. 1 is in need of recommended maintenance, which requires the digester be taken out of service, cleaned, and its contents disposed in accordance with regulations. Veolia has provided a proposal, and will assume the responsibility to clean and appropriately dispose of the contents of digester No. 1. He stated that additionally, Veolia's proposal was explicit in that Veolia shall be solely responsible for the means and methods

employed for accomplishing the cleaning and sludge disposal. The General Manager stated that to prepare their proposal, Veolia developed specifications and solicited bids from five companies, and ultimately negotiated a contract with Wastewater Solids Management Co. (WSM) for the required cleaning and disposal services. The General Manager provided a break-down of the total costs, and recommended that the Board approve the Veolia proposal.

*On motion of Director Peters seconded by Director Mariani, and carried unanimously, the Board approved a proposal from Veolia Water in the amount of \$175,256 to perform the cleaning of Digester No. 1 at the Novato Treatment Plant, as "Additional Services" under Section 8 of the 2014 Amended and Restated Contract Service Agreement (Agreement), and authorized the General Manager-Chief Engineer to execute an Addendum to the Agreement in the not-to-exceed amount of \$175,256.*

- Collection System Improvements, Account No. 72706 - Golden Gate Rush Creek Sewer Phase II Project: Review bids received, and authorize the General Manager-Chief Engineer to award the construction contract to JMB Construction, Inc., and to execute it in the bid amount of \$618,281. The General Manager stated that at its June 10, 2019 meeting, the District Board authorized him to accept plans and specifications and to advertise for bids for the Golden Gate Rush Creek Sewer Project. He stated that on July 23<sup>rd</sup>, seven (7) bids were received, and initially, W.R. Forde Associates had the apparent lowest bid of \$438,646. On July 30<sup>th</sup> however, the District received a formal request from W.R. Forde to retract their bid due to a clerical error. He stated that after consulting with District Counsel, the District allowed W.R. Forde to retract their bid and the resultant apparent lowest bidder was JMB Construction Inc. with a bid amount of \$618,281. The General Manager stated that JMB's bid documents were reviewed and he recommended the Board award the construction contract to JMB Construction Inc.

*On motion of Director Mariani, seconded by Director Peters, and carried unanimously, the Board authorized the General Manager-Chief Engineer to award the construction contract for the Golden Gate Rush Creek Sewer Phase II Project to JMB Construction, Inc., and to execute it in the bid amount of \$618,281.*

- Collection System Improvements, Account No. 72706 - Redwood Blvd. Sewer Rehab. Project: Review bids received, and authorize the General Manager-Chief Engineer to award the construction contract to KJ Woods Construction, Inc., and to execute it in the bid amount of \$888,000. The General Manager stated that at its June 10, 2019 meeting, the District Board authorized him to accept plans and specifications and to advertise for bids for the Redwood Blvd. Sewer Rehabilitation Project. He stated that on July 31<sup>st</sup>, three (3) bids were received, and KJ Woods Construction submitted the apparent lowest bid of \$888,000. The General Manager stated that KJ Wood's bid documents were reviewed and he recommended the Board award the construction contract to KJ Woods Construction, Inc.

*On motion of Director Peters, seconded by Director Long, and carried unanimously, the Board authorized the General Manager-Chief Engineer to award the construction contract for the Redwood Blvd. Sewer Rehabilitation Project to KJ Woods Construction, Inc., and to execute it in the bid amount of \$888,000.*

- Receive Capital Projects Update, June and July 2019. The Deputy General Manager provided an update of the Capital Improvement Program capital projects.

### STAFF REPORTS: (INFORMATION ONLY)

- Receive report on CalPERS Health Plan Premium Rates for 2019. The General Manager stated that the District has received notification of its health plan premiums for calendar year 2020 from CalPERS. He stated that the rates for regular health coverage increased slightly at 0.03%, and that Medicare rates increased by 4.85%. He stated that the District's preliminary FY 19-20 budget had projected an increase of 8% across both sets of rates, and stated that the final FY 19-20 budget had been revised to reflect these actual rates.

- Receive report on Fiscal Year (FY) 18-19 Capacity Charges, California Government Code (CGC) §66013. The General Manager stated that this report was prepared to comply with California Government Code 66013, detailing the amount of capacity charges received by the District in FY 18-19, and how those charges were used to fund wastewater facilities capital-related projects.

- Receive report on Uniform Public Construction Cost Accounting Act (UPCCAA) implementation for Fiscal Year (FY) 18-19. The General Manager stated that the District has utilized the relevant provisions of the Act to allow the District to complete projects with less administrative effort while maintaining work quality. He noted that the District has been utilizing provisions of the Act for nearly 13 years. He stated that the total amount of work performed under the Act provisions in FY 18-19 was \$663,085.

### BOARD OF DIRECTORS:

- Presidential appointment of Board members to Board Committees, FY 19-20. President Dillon-Knutson stated that the Board committee assignments would remain unchanged, except that all positions held by former Director Brant Miller would be filled by Director Tim Fuelle. Director Fuelle accepted the positions as follows:

#### Standing Committees:

- Joint City/District Solid Waste Committee: Alternate
- Wastewater Operations Committee: Member
- Capital Improvements Committee: Alternate

#### Regular Committees:

- California Association of Sanitation Agencies: Member
- California Sanitation Risk Management Authority: Alternate

### BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Watershed Association (NBWA) meeting, July 12, 2019. Director Mariani discussed her attendance at the NBWA meeting held on July 12<sup>th</sup> at the Petaluma Community Center. She stated that Ken Schwarz and Patrick Donaldson provided a presentation on One Water Strategy. She encouraged Board members to visit the NBWA website and download the presentation for further information.

Director Long proposed that a future agenda item and staff report be prepared to address the District's preparedness for future PG&E power outage events. The General Manager stated that he would provide a report and presentation for a future Board meeting.

GENERAL MANAGER'S REPORTS AND ANNOUNCEMENTS:

- Reports:
  - The General Manager discussed his attendance at the National Association of Clean Water Agencies (NACWA) Annual Utility Leadership Conference held in Minneapolis, MN, July 16 -19, 2019. He stated that the District received the Platinum 7 Peak Performance Award, for seven (7) consecutive years of 100% NPDES permit compliance.
- Announcements:
  - Bob Stiles, Collection System Worker II, was recognized by California Water and Environment Association (CWEA) as a 2019 Emerging Leader in the wastewater field. The Board expressed their appreciation and congratulations of Mr. Stiles achievement.
  - California Association of Sanitation Agencies (CASA) will host their 64<sup>th</sup> Annual Conference August 14-16<sup>th</sup>. All Directors are scheduled to attend.
  - The next Board meeting will be held on Monday, September 9<sup>th</sup>, at 5:30 p.m., preceded by a Special meeting at 4:00 p.m. to receive a presentation regarding the Collection System Master Plan.

ADJOURNMENT: There being no further business to come before the Board, President Dillon-Knutson adjourned the meeting at 7:48 p.m.

Respectfully submitted,

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Sandeep Karkal  
Secretary

Julie Hoover, Recording