

# NOVATO SANITARY DISTRICT

## Board Meeting Minutes

Meeting Date: September 14, 2020

A regular meeting of the Board of Directors of the Novato Sanitary District was held via Zoom® conferencing at 5:30 p.m., Monday, September 14, 2020.

BOARD MEMBERS PRESENT AS NOTED BY ROLL CALL<sup>(1)</sup>: President Carole Dillon-Knutson<sup>(2)</sup>, Directors Tim Fuelle, William Long, Jean Mariani, and Jerry Peters.

STAFF PRESENT AT 500 DAVIDSON STREET\*: General Manager-Secretary Sandeep Karkal, Administrative Secretary Julie Hoover, Finance Officer Laura Creamer, and Administrative Services Officer Dale Thrasher.

ALSO PRESENT<sup>(1)</sup>: John O'Hare, Project Manager, Veolia  
Erik Brown, Deputy General Manager, Novato Sanitary District  
Jeff Boheim, Field Services Manager, Novato Sanitary District  
Jeff Andress, Collection System Superintendent, Novato Sanitary District  
G. Craig Hill, Principal, NHA Advisors  
Mike Meyer, Vice Principal, NHA Advisors  
Jeff Land, Executive Director, Brandis-Tallman, a division of Oppenheimer  
Steven Gortler, Registered Municipal Advisor  
James Wawrzyniak, Bond Counsel, Jones/Hall  
Garen Kazanjian, Waste Zero Specialist, Recology  
Dee Johnson, Solid and Hazardous Waste Program Coordinator  
Delyn Keis, Novato resident  
Celia Furber, Waste Zero Manager, Recology

<sup>(1)</sup> All via Zoom® teleconferencing.

<sup>(2)</sup> Due to technical difficulties, President Dillon-Knutson joined the meeting at 5:42 p.m. President Pro-Tem Long presided over the meeting from 5:30 p.m. to 5:42 p.m.

### PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: No public comments were submitted via email prior to the meeting, and no public comments were brought forth during public comment.

### REVIEW OF MINUTES:

- Consider approval of minutes of the August 10, 2020 regular meeting.

*On motion of Director Peters, seconded by Director Mariani, and carried unanimously by roll call of those Directors present, the August 10, 2020 Regular Board meeting minutes were approved.*

### CONSENT CALENDAR:

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

- a. Approve Board member disbursements in the amount of \$1,337.92, Safety Recognition disbursements in the amount of \$344.94, capital project disbursements in the amount

of \$600,208.75, and regular disbursements in the amount of \$352,418.84. Ratification of July Board member disbursements in the amount of \$606.79. Ratification of August 24<sup>th</sup> capital project disbursements in the amount of \$15,483.58, and regular disbursements in the amount of \$641,697.90.

- b. Ratification of August payroll and payroll related disbursements in the amount of \$290,025.50.
- c. Receive deposit summary, August 2020.
- d. Review and ratify District Statement of Investment Policy, Policy No. 3120 - Investment of District Funds.
- e. Receive notification on receiving the Award of Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the 9<sup>th</sup> year in a row.
- f. Receive notification on receiving the Platinum Peak8 Performance Award from the National Association of Clean Water Agencies (NACWA), for 8 years of 100% permit compliance.

The General Manager acknowledged and congratulated staff on the GFOA and the NACWA award achievements. Board members extended their thanks to management and staff as well.

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

#### SOLID/HOUSEHOLD HAZARDOUS WASTE OPERATIONS:

The General Manager stated that Solid and Hazardous Waste Program Coordinator Dee Johnson would report on the following agenda items:

- Receive Recology 1<sup>st</sup> and 2<sup>nd</sup> Quarter 2020 Operations reports. Ms. Johnson introduced Garen Kazanjian, Waste Zero Specialist, Recology Sonoma-Marín (RSM), and he began an overview of RSM's 1<sup>st</sup> and 2<sup>nd</sup> Quarter 2020 Operations. He reported that commercial waste volume has decreased while residential waste volume has increased, and that residential bulky item pick-up requests have increased. He also stated that the Recycling/Buy-Back Center had reopened, with a "by appointment" system, and he reported that residents using the facility have provided favorable comments.

(President Dillon-Knutson joined the meeting during Mr. Kazanjian's presentation.)

- Receive 1<sup>st</sup> and 2<sup>nd</sup> Quarter 2020 Recology Disposal/Diversion report. Ms. Johnson provided a verbal review of RSM's 1<sup>st</sup> and 2<sup>nd</sup> Quarter disposal/diversion report. She reported that total waste diverted was at nearly 50% in the second quarter, up from 47% in calendar year 2019, and that there was an 8% increase in overall waste generated from the first to second quarter in 2020.

President Dillon-Knutson stated that she was aware of recycling misinformation being circulated through media outlets. Ms. Johnson and Mr. Kazanjian addressed Ms. Dillon-Knutson's comments, and also provided details of RSM's outreach efforts, such as educational Zoom® meetings, and virtual Waste Zero Resources available for K-12 students. Director Mariani stated that she had viewed some of RSM's outreach resources and found them to be very informative and well done.

- Receive verbal report on Marin County JPA and Local Task Force (information only). Ms. Johnson stated that she attended at the Marin County JPA/Task Force, which met on August 13<sup>th</sup> via Zoom®, and noted that there have been no local task force meetings since the beginning of the COVID-19 pandemic.

- Receive verbal report on SB1383 (Lara) regulations (information only). Ms. Johnson stated that CalRecycle's rulemaking for SB1383 regulations is anticipated to be completed by the end 2020, and that only minor corrections are still pending. She anticipates that within the next several months she will be able to provide a more detailed presentation on SB1383 and its requirements.

- Receive status update on Household Hazardous Waste (HHW) facility, and 2020 HHW reports (information only). Ms. Johnson stated that on March 17, 2020, the HHW facility shut down and had remained closed for 2 months due to the COVID-19 pandemic. She noted that subsequently, in order to reopen safely for both residents and HHW facility workers, it was decided to reopen the facility to the public at the end of May, by appointment only. She stated that the appointment system had been working very well, and as of September 1<sup>st</sup>, over 1,415 appointments have been processed. She reported that she has received positive feedback from residents.

- Receive verbal report on status of Calendar Year (CY) 2021 solid waste rate adjustment request from Recology Sonoma-Marín (RSM), (information only – no action at this time). The General Manager stated that the District had timely received the Solid Waste Adjustment Request from Recology, and as in the past, the District has retained the R3 Consulting Group (R3) to prepare a rate review report. He stated that upon completion of the R3 report, he will schedule a Solid Waste Committee meeting (Members Mariani and Peters) to review R3's report and recommendations.

- Review proposed Schedule, and draft Notice of Intent and Public Hearing, and set public hearing date of November 9, 2020, to consider modifications and establish maximum solid waste service charges for Calendar Year (CY) 2021. The General Manager requested that the Board set a Public Hearing date of November 9, 2020.

*On motion of Director Peters, seconded by Director Fvette, and carried unanimously by roll call, the Board set the Public Hearing date of November 9, 2020, to consider modifications and establish maximum solid waste service charges for Calendar Year (CY) 2021.*

#### ADMINISTRATION/FINANCE:

The General Manager stated that the District currently has a CalPERS unfunded accrued liability (UAL) of about \$6.65 million, which CalPERS will amortize at an interest rate of 7% through 2045. He stated that at the August 10<sup>th</sup> Board meeting, NHA Advisors LLC advised that the Board could refinance this CalPERS UAL/Loan balance with a lower interest rate and a shorter term that would realize considerable savings for the District. At that time, the Board unanimously directed staff and NHA to proceed with the UAL refinancing, to be initially modeled on a 16-year maturity, and through a private placement bank sale. He stated that the NHA team prepared and distributed a Request for Proposals to 26 potential bank lenders on August 28, 2020. He stated that the NHA team would now give a presentation including bid results and a recommended refinancing option with California Bank and Trust (CB&T).

The General Manager stated that Mike Meyer of NHA Advisors, the District's financial advisor for the proposed issuance, would discuss the recent bid results and the recommended course of action. He also recognized Bond Counsel for the proposed issuance James Wawrzyniak of the Jones/Hall law firm and stated that he was also in attendance to respond to any questions the Board may have.

- Receive update presentation titled "2020 Refinancing – CalPERS UAL" from finance team, including bids received from potential lenders, and available refinancing options. Mike Meyer began the presentation and provided a recap of the information presented at the August 10<sup>th</sup> Board meeting. He stated that since that time, staff and its financing team had further refined options per Board guidance, drafted financing documents, and distributed a Lender RFP. He stated that three maturity options were presented in the Lender RFP, 15, 18, and 21-year maturities, along with a request for a short "call feature" to allow the District to pay off debt in as early as five (5) years.

Mr. Meyer provided the indicative bids received, comparing the lowest bid by option and estimated savings. He stated that California Bank and Trust (CB&T) returned the most attractive bid on the 15-year and 18-year options. Additionally, he stated that CB&T required no legal fees, and that the loan is callable anytime with a 30-day notice. He compared the 15-year vs 18-year options and stated that NHA was recommending the 18-year maturity. He requested that the Board direct staff to execute the 18-year refinancing option with CB&T, approve the financing team (NHA Advisors, Brandis Tallman, and Jones Hall), approve the form of financing documents, and grant authority to the Board President and General Manager-Chief Engineer to execute final documents.

The General Manager noted that from District staff's perspective, the 18-year refinancing option was preferred as it balances optimizing District cash flow and timeline to loan repayment.

Director Long asked as to why the District did not consider using the District's reserve funds, currently at \$30.2 million, to pay-in-full the UAL CalPERS debt balance of \$6.65 million. Mr. Meyers noted that NHA did provide that as an option at the August 10<sup>th</sup> Board meeting, and that the direction provided by the Board at that time was to proceed with the refinancing option.

Director Long asked what the total interest cost would be for the issuance of the 18-year refinancing option. Mr. Meyer stated that the interest cost would be approximately \$1.7 million, compared to \$5.4 million for the current CalPERS UAL.

Director Long addressed the Board, stating that he was in support of paying off the District's PERS liability, but did not support additional borrowing to do so. He stated that the District's reserve funds have increased over \$1 million per year for the last several years. He stated that he believes funds collected from past ratepayers should be used to cover the liabilities incurred on those ratepayers' behalf. He recommended that the Board conduct an in-depth discussion of the reserve policies and financial needs before proceeding with the proposed UAL refinancing. Director Long stated that the process for reaching this decision was not well served, stating that the District Finance Committee and the Board should have started with a discussion about what was an appropriate amount of reserves, what plans does the District have for these reserves, and then work backwards to determine how to pay-off the CalPERS debt obligation. Director Long stated, that for this reason, he would vote no on the proposed UAL refinancing option.

*On motion of Director Mariani, seconded by Director Peters, and carried with the following vote by roll call, the Board approved the 18-year Maturity Refinancing Option with California Bank & Trust (CB&T) and adopted Resolution No. 3145, "Authorizing the Refinancing of the District's*

*CalPERS Unfunded Actuarial Accrued Liability (UAL) in an amount not to exceed \$6,800,000 and Approving Related Agreements and Actions". Ayes: Dillon-Knutson, Fvette, Mariani, Peters. Noes: Long*

- Adopt Resolution No. 3145: "Authorizing the Refinancing of the District's CalPERS Unfunded Actuarial Accrued Liability (UAL) in an amount not to exceed \$6,800,000 and Approving Related Agreements and Actions", which approves the finance team; approves the form of Indenture of Trust; and authorizes the refinancing transaction on the terms set forth therein.

Director Long stated that he would like to join with the other member of the Finance Committee, as well as with the General Manager, to discuss the interpretation of the District's reserve policies and the projection of the District's long-term expense needs. He proposed that the Finance Committee look at this issue and report back to the Board.

President Dillon-Knutson noted that while discussion of a Finance Committee meeting was not on the current agenda, it could be placed on a future Board meeting agenda. By acclamation, the Board provided direction to place Director Long's request on the October 12<sup>th</sup> Board meeting agenda for further discussion.

President Dillon-Knutson, and Directors Mariani and Peters, commended Mike Meyer (NHA Advisors) and James Wawrzyniak (Jones/Hall) for their exceptional work. The General Manager also expressed his appreciation of NHA Advisors and Brandis-Tallman for securing such a high level of favorable bids for the District's UAL refinancing.

*On motion of Director Peters, seconded by Director Fvette, and carried with the following vote by roll call, the Board adopted Resolution No. 3145: A Resolution of the Novato Sanitary District Authorizing the Refinancing of the District's CalPERS Unfunded Actuarial Accrued Liability (UAL) in an amount not to exceed \$6,800,000 and Approving Related Agreements and Actions. Ayes: Dillon-Knutson, Fvette, Mariani, Peters. Noes: Long*

#### WASTEWATER OPERATIONS:

- Receive Wastewater Operations Reports, August 2020.

Collection System Report: Deputy General Manager Erik Brown provided the August 2020 Collections System Report. He noted that the Collection Department cleaned 53,473 lineal feet of sewer pipelines and televised 22,588 feet of sewer main. He noted that CCTV (closed circuit TV) did not identify any new structural issues. He stated that staff completed 269 maintenance work orders, leaving zero work orders outstanding. Further, he noted that staff conducted 189 lift station inspections and completed maintenance inspections on six (6) air relief/vacuum valves.

The Deputy General Manager then discussed miscellaneous projects performed by the Collection staff, and stated that the new Vactor sewer cleaning truck was delivered on August 28<sup>th</sup>. He outlined the training provided in August, noting that Collection Department staff attended ten (10) safety tailgate meetings. He stated that due to COVID-19 social distancing guidelines, staff continues to work a modified split shift, and practices appropriate measures for COVID-19 prevention. He concluded the report, stating that there were no lost time accidents, and no sanitary sewer overflows in August.

Treatment Facilities Report: Veolia Project Manager John O'Hare provided the August 2020 Treatment Facilities Monthly Operations Report (MOR). He reviewed the treatment plant

performance, stating that August's average flow remained low at about 3.40 MGD (million gallons per day), and that treatment efficiency was very good. He stated that the Recycled Water Facility (RWF) produced 33.995 million gallons in August, and that there were no violations or excursions in the month.

The Project Manager then 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. He noted that the lab continues to provide influent composite samples at the request of the Berkeley Water Center at the University of California, Berkeley. He stated that due to the continuing COVID-19 situation, Operations staff has remained working in two groups, with John Bailey supervising one group, and himself supervising the second group. He concluded his report, stating that no odor contacts were received in August.

Reclamation Facilities Report: The Deputy General Manager summarized the Reclamation Facilities report for August 2020. He stated that the treatment plant was in reclamation discharge mode for the entire month, and that approximately 70.15 million gallons of treated water flowed to storage ponds 1 and 2. He continued, stating that 1.1 million gallons of reclaimed water was utilized by the California State Coastal Conservancy's Bel Marin Keys V levee construction project. He stated that approximately 220 cows and calves grazed Sites 2, 3, and 7. He concluded his report, stating that drainage pump stations at Sites 3 and 7 did not pump any water during August, and that no biosolids activities took place in August, but will be starting up in September.

#### CAPITAL PROJECTS:

- Collection System Improvements, Account No. 72706-Air Release Valve and Vault Rehabilitation Project: Grant Final Acceptance of the Project and authorize staff to file Notice of Completion. The Deputy General Manager stated that Glosage Engineering, Inc. was awarded the project for a low bid amount of \$410,212.50, and that the Notice to Proceed was issued on March 2, 2020. He stated that substantial completion was reached on/about July 12, 2020. He stated that due to unforeseen circumstances, Glosage Engineering requested change orders in the amount of \$24,268.87, which were authorized under the General Manager-Chief Engineer authorization limits. He stated that the final cost of the project was \$412,073.87, and he recommended that the Board grant final acceptance and authorize staff to file the Notice of Completion (NoC).

*On motion of Director Peters, seconded by Director Fvette, and carried unanimously by roll call, the Board granted Final Acceptance of the Air Release Valve and Vault Rehabilitation Project, and authorized staff to file the Notice of Completion.*

- Receive Capital Projects Update August 2020 (information only). The Deputy General Manager provided an update of the Capital Improvement Program capital projects for August.

#### BOARD MEMBER REPORTS AND REQUESTS:

- California Association of Sanitation Agencies (CASA) 2020 Annual Virtual Conference, August 2020. Director Mariani commented on her attendance at the CASA 2020 annual virtual conference held August 12<sup>th</sup>-13<sup>th</sup>, and stated that the event was well put together, informative, and successful. She stated that two presentations were a highlight of the event: "National Economic Forecast in the Wake of COVID-19" by Larry Adams, and "Leading Consciously: an Implicit Economic Primer", by Cassandra Pye.

Director Long commented on his attendance at the CASA event as well. He stated that the roundtable discussions, particularly with Erik Saperstein, were very informative, and possibly more productive than previous 'in-person' roundtable discussions.

- North Bay Watershed Association (NBWA) meeting, September 2020. Director Mariani discussed her attendance at the NBWA meeting held on Friday, September 11<sup>th</sup>, via Zoom®. She stated that Judy Kelly, NBWA Executive Director has retired and been replaced by Andy Rogers (West-Yost Associates). She stated that NBWA made the decision to make a one-time 20% dues reduction, at the NBWA agencies' option.

#### INFORMATIONAL ITEMS:

- Receive Marin Independent Journal article dated August 26, 2020, titled "Novato waste maneuver could boost revenues, rates".

- Receive Marin Independent Journal editorial dated September 6, 2020, titled "When Novato revamps garbage plan, who pays extra?".

The General Manager stated that these two items were for informational purposes only. Director Mariani noted that a future Board meeting should have an agenda item to discuss the potential reassignment of Recology Sonoma-Marin's Solid Waste Franchise Agreement to the City of Novato. President Dillon-Knutson agreed and requested that the General Manager place this item on the October 12<sup>th</sup> Board meeting agenda.

#### GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:

- Reports:
  - The District continues participation in the Berkeley Water Center (BWC) Project at the University of California at Berkeley, that analyzes wastewater to detect the presence of the COVID-19 virus. He stated that the BWC invited a number of agencies from around the Bay Area to participate in their study, and that the District was designated as one of the North Bay representative agencies. He stated that the District has begun sampling wastewater as per the Project's protocols, and all funding for the additional testing is currently being provided by the BWC Project.
  - COVID-19 update:
    - The District's Safety Officer and senior staff continue to maintain situational awareness on this issue. The District Safety Officer and the joint CMSA/NSD Safety Program Manager are in communication with the County Health Department and will continue to stay current on the situation. The General Manager stated that other than switching the Team A/Team B schedules in August there have been no major changes in the District's protocols.
    - Administratively, the General Manager will continue to review and modify District operations as needed, based on best available information, as the COVID-19 situation continues to evolve.
  - The District will schedule a Solid Waste Committee meeting (Directors Mariani and Peters) to discuss Recology Sonoma-Marin's request for an annual rate increase. The meeting is tentatively scheduled for Monday, October 5<sup>th</sup>, at 4:00 p.m.

- Announcements:

- The next regular Board meeting is currently scheduled for Monday, October 12<sup>th</sup>, at 5:30 p.m. Current events will dictate if the meeting will be conducted by remote conference calling.

ADJOURNMENT: There being no further business to come before the Board, President Dillon-Knutson adjourned the meeting at 7:56 p.m.

Respectfully submitted,

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Sandeep Karkal  
Secretary

Julie Hoover, Recording