

NOVATO SANITARY DISTRICT

Board Meeting Minutes

Meeting Date: September 17, 2018

A special meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Monday, September 17, 2018, at the District Office, 500 Davidson Street, Novato.

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

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

ALSO PRESENT: Dee Johnson, Solid and Household Hazardous Waste Program Coordinator
Erik Brown, Deputy General Manager, Novato Sanitary District (NSD)
John O'Hare, Project Manager, Veolia
Jeff Andress, Collection System Superintendent, NSD
Drew McIntyre, General Manager, North Marin Water District
Justin Kudo, Deputy Director of Account Services, MCE Clean Energy
Gary Butler, Novato resident
Jeff Boheim, Field Services Manager, NSD
Ed Mainland, Sustainable Novato
Fred Stemmler, General Manager, Recology Sonoma-Marin
Sarah Loughron, San Rafael resident, Clean Energy advocate
James Lonergan, Consultant, Enovity, Inc.
Garen Kazanjian, Waste Zero Specialist, Recology Sonoma-Marin
William Schoen, Project Director, R3 Consulting Group

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: approved as presented.

PUBLIC COMMENT: Sarah Loughron, a San Rafael resident and Clean Energy advocate, addressed the Board on the topic of 100% renewable energy. President Peters noted that this item was an approved agenda item, and asked that Ms. Loughron hold her comments until this agenda item was addressed.

Ed Mainland, Sustainable Novato, addressed the Board on the topic of using deep green renewable energy sources. President Peters again noted that this item was an approved agenda item, and asked that Mr. Mainland hold his comments until this agenda item was addressed.

REVIEW OF MINUTES:

- Consider approval of minutes of the August 27, 2018 regular meeting.

Director Long requested an *addition* to the August 27th meeting minutes, page 7, second paragraph, as follows:

“Also, on request by Director Long, the Board members agreed to revisit the question of the Board meeting start time again in December. *The General Manager requested that a staff preference for a 4:30pm start time to minimize overtime impacts be considered when the topic is revisited in December.*”

On motion of Director Miller, seconded by Director Dillon-Knutson, and carried unanimously, the August 27, 2018 Regular meeting minutes were approved as modified.

CONSENT CALENDAR:

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

- a. Approve August Board member disbursements in the amount of \$1,430.95.
Approve September 10, 2018 regular disbursements in the amount of \$480,641.83, and capital project disbursements in the amount of \$544,907.70.
- b. Receive deposit summary, August 2018.

On motion of Director Long, seconded by Director Miller, and carried unanimously, the above listed consent calendar items were approved.

SOLID WASTE – INFORMATIONAL ITEMS:

The General Manager stated that the following items were for information only, and were provided as an update on the current recycling markets.

- Marin Independent Journal article dated August 19, 2018: “US-China trade war hits Marin recycling market”.

- Marin Independent Journal article dated August 19, 2018: “China dispute tied to garbage rate hikes”.

- Marin Independent Journal article dated August 23, 2018: “Supervisors back garbage rate hike”.

SOLID WASTE OPERATIONS:

The General Manager stated that item 7.a. and 7.b. would be considered as one item.

- Receive report on Calendar Year (CY) 2019 solid waste rate adjustment from R3 Consulting Group, and its recommendation for a maximum rate increase of 3.35 percent (informational item only – no action at this time).

- Review proposed Schedule, and draft Notice of Intent and Public Hearing, and set public hearing date of November 13, 2018, to consider modifications and establish maximum solid waste service charges for Calendar Year (CY) 2019. The General Manager stated that the District’s Franchise Agreement with Recology Sonoma Marin (RSM) provides for an annual rate adjustment based on changes in the Refuse Rate Index (RRI), and noted that RSM has timely submitted a rate review request for Calendar Year (CY) 2019. He stated that as in previous years, the District had retained R3 Consulting Group, Inc. (R3), to assist with the

rate review and to prepare its own independent analysis for a proposed rate adjustment for CY 2019. The General Manager noted that William Schoen from R3 was in attendance to address any questions. He continued, stating that after their analysis, R3 recommended an RRI rate adjustment of +3.35 percent, which was equal to the rate adjustment amount calculated by RSM in its Rate Adjustment Application.

The General Manager continued, stating that the proposed schedule for establishing the CY 2019 maximum solid waste rates as well as a copy of the proposed Notice of Intent and Public Hearing was included in the packet for Board review. He recommended that the Board receive the R3 report, review the proposed Notice of Intent and Public Hearing language, and set the date for the public hearing to establish the CY 2019 maximum solid waste rates for its meeting on November 13, 2018.

The General Manager stated that as part of the proposed schedule, the Solid Waste Committee would be meeting on September 25, 2018 at 3:00 p.m., to consider the R3 rate review report and make a recommendation to the Board of Directors at their October 8, 2018 regular meeting.

On motion of Director Mariani, seconded by Director Miller, and carried unanimously, the Board set the Public Hearing date of November 13, 2018, to consider modifications and establish maximum solid waste service charges for calendar year 2019.

- Approve termination of Recyclables Material Balancing Account in the District's solid waste franchise agreement with Recology Sonoma-Marín (RSM), approve the draft termination letter as prepared by R3 Consulting Group, Inc., and direct the General Manager-Chief Engineer to transmit the approved termination letter to RSM. The General Manager stated that this item addresses the Recyclables Material Balancing Account in the District's solid waste franchise agreement with RSM. He stated that Article 6.4 of the Amended and Restated Agreement between Novato Sanitary District and Novato Disposal Service (Agreement), which was assigned to RSM, establishes a Recyclable Materials Balancing Account (Balancing Account). He noted that Exhibit 7 of the Agreement (included in the Board packet) provides for termination of the Balancing Account.

The General Manager requested that the Board approve termination of the Balancing Account, review the draft termination letter as prepared by R3, and direct the General Manager to transmit the approved termination letter to RSM. The General Manager introduced William Schoen, R3, and stated that he would discuss this item in more detail.

Mr. Schoen provided an overview and a history of the Recyclables Material Balancing Account. He also discussed current events that are creating a downturn in the recyclable buyback markets. He stated that in the past 6 to 12 months, the Chinese market, which has been the primary market for recycled materials from California and elsewhere, has basically discontinued the flow of mixed paper to their facilities. He noted that mixed paper comprises the majority of the balancing account revenue in terms of the impact. He stated that mixed paper has gone from what had been a very positive net revenue per ton, to a somewhat less than zero, or cost, to get rid of that paper. Mr. Schoen stated that given the uncertainty of those markets in the future, and given the fact that the balancing account is now in a negative deficit for the first time in over ten years, he recommended the District move forward with dissolving the balancing account to protect the ratepayers.

The General Manager stated that Recology's General Manager, Fred Stemmler, and Waste Zero Specialist, Garen Kazanjian, were present to answer any questions.

Discussion followed between William Schoen, Fred Stemmler, and the Board members. After discussing impacts to Novato rate payers and to Recology when/if the Balancing Account is terminated, Mr. Schoen stated that any deficit in future recyclable revenue could potentially be recouped by Recology as a rate adjustment when the next detailed rate review is requested.

On motion of Director Dillon-Knutson, seconded by Director Mariani, and carried unanimously, the Board approved termination of the Recyclables Material Balancing Account in the District's solid waste franchise agreement with Recology Sonoma-Marin (RSM), and directed the General Manager-Chief Engineer to transmit the approved termination letter to RSM.

At 6:21 p.m., President Peters declared a short break.

The following individuals left the meeting: Dee Johnson, Fred Stemmler, Garen Kazanjian, William Schoen, and Drew McIntyre.

At 6:32 p.m., President Peters reconvened the meeting.

MARIN CLEAN ENERGY (MCE):

- Receive presentation from Marin Clean Energy (MCE) staff on switching District electricity accounts from Pacific Gas & Electric Co. (PG&E) to MCE.

- Receive presentation and recommendations from Enovity, Inc. on switching District electricity accounts from PG&E, Inc. to MCE, and provide direction.

The General Manager stated that this item was to examine the District's current electrical energy cost and determine if a cost savings can be realized by switching electricity accounts from PG&E to MCE. He stated that Justin Kudo of MCE would present the results of their recently completed electricity rate comparison study for the District's facilities. He stated that following Mr. Kudo's presentation, the District's consultant, James Lonergan, of Enovity Inc., would present the results of their independent electricity rate comparison study, and make recommendations regarding switching District electricity accounts from PG&E to MCE. The General Manager welcomed Mr. Kudo and Mr. Lonergan to the meeting, and invited Mr. Kudo to make his presentation.

Mr. Kudo stated that to focus on the cost comparison, MCE performed an evaluation of costs between MCE's Light Green program and PG&E's current service. He provided a cost comparison summary, noting that by using MCE's Light Green program, the District could realize an annual savings of \$26,703.42 (3.3%) over PG&E's current service rates. He also discussed MCE's Deep Green program and noted that utilizing the Deep Green option would currently result in an additional cost to the District.

The General Manager then invited Mr. Lonergan to make his presentation.

Mr. Lonergan stated that he had performed an independent analysis of the PG&E and MCE rates. He compared MCE and PG&E's rate schedules for each meter to determine the lowest cost rate, and noted that MCE was cheaper in all cost categories. In closing, he stated that his results supported the previous presentation by MCE and stated that, when looking at the District's accounts and specifically at the main energy use (i.e. the Novato treatment facility), cost savings would be realized by switching to MCE's light green option.

Director Mariani recommended that the Board receive the presentations, and include them in the next Board meeting agenda packet, with an update to include the calculations for "deep green" energy costs. Director Miller requested that the Board receive information comparing the electrical power generation mix for PG&E and by MCE, but not make a decision at this point.

Directors Miller and Long requested that information on MCE's Deep Green option, specifically the difference of carbon intensity of Deep Green and Light Green, and the electric power generation mix for PG&E and MCE, be presented at the next Board meeting. Director Long noted that the Deep Green option will potentially result in an additional cost of about \$19,000/year over MCE's Light Green energy costs. Director Dillon-Knutson stated that she supported the recommendation to receive additional information at the next Board meeting, prior to making a decision to switch electrical providers. She asked if the actual reduction of carbon emissions was adequate to support the cost to the District by going to the Deep Green energy program. Director Mariani stated that she felt the District's cost savings of going to one Board meeting per month would justify the additional cost of the Deep Green program.

President Peters called for public comment.

Sarah Loughron, Clean Energy advocate in Marin, stated that she has been working with colleagues to persuade other public entities to purchase deep green renewable energy. She discussed why other entities have chosen to use Deep Green, and provided the Board with a list of Marin Government Agencies who are currently MCE Deep Green Customers.

Ed Mainland, Sustainable Novato, stated that he hoped the District would use Deep Green energy which would help fulfill the City of Novato's climate change goals. He urged the District to begin implementing solar power production where applicable, as well as the use of the District's biogas for power generation.

Director Miller questioned if switching to MCE would affect the District's efforts in exploring PG&E's On-Bill Financing (OBF) program to finance energy minimization and optimization measures. The General Manager stated that per Enovity, Inc. there would be no impact to the District's eligibility to participate in the OBF program if the District opts to switch to MCE.

On motion of Director Mariani, seconded by Director Miller, and carried unanimously, the Board directed District staff to do the following: provide additional information comparing the MCE Deep Green and Light Green options; include the presentations by MCE and Enovity, Inc. in the October 8th Board agenda packet; and address Board member questions from the meeting in the October 8, 2018 Board meeting agenda packet.

At 7:12 p.m., President Peters declared a short break.

The following individuals left the meeting: Justin Kudo, Ed Mainland, Sarah Loughron, and James Lonergan.

At 7:20 p.m., President Peters reconvened the meeting.

WASTEWATER OPERATIONS:

- Receive Wastewater Operations Reports, August 2018.

Collection System Report: The Collection System Superintendent provided the Collections System Report for August 2018. He stated that the Collection Department cleaned 54,553 lineal feet of sewer pipelines. He stated that staff completed 310 maintenance work orders, leaving zero work orders outstanding, and that 10,170 feet of sewer main were televised using the District's CCTV equipment. He stated that the CCTV work did not identify any new structural damages or areas that would require a change in sewer line maintenance operations. He continued, stating that staff conducted 254 lift station inspections and completed maintenance inspections on seven (7) air relief/vacuum valves.

The Collection System Superintendent then outlined the training provided in August, noting that the Collection Department staff attended three (3) specialized training events, and attended four (4) safety tailgate meetings. He reported that there were no lost time accidents, and no sanitary sewer overflows (SSOs) during the month of August 2018.

Treatment Facilities Report: Veolia Project Manager, John O'Hare, provided the August Treatment Facilities Monthly Operations Report (MOR). He reviewed the treatment plant performance, and noted that the average flow for August was low, at 3.46 million gallons/day. He continued, stating that there were no violations or excursions in August. He stated that the Recycled Water Facility (RWF) was running at peak performance and produced 28.965 million gallons of recycled water during the month. Mr. O'Hare reviewed the monthly routine inspections and maintenance activities for the Novato treatment facility, the Ignacio transfer pump station, and the recycled water facility. He stated that Laboratory Technician Kurt Hawkyard performed troubleshooting of the laboratory drying oven, ordered the replacement parts, and made the final repairs. He stated that this work extended the life of the unit and preclude the need for its immediate replacement. He discussed pretreatment and pollution prevention activities. He concluded his presentation, stating that no odor contacts were received in August.

Reclamation Facilities Report: The Field Services Manager summarized the Reclamation Facilities report for August. He stated that District staff continues to irrigate pastures, and noted that a potable water leak was located and repaired at Site 2. He provided an update of the irrigation pump station, stating that approximately 53.4 MG (million gallons) of reclaimed water were applied to the pastures during August. He concluded his presentation by stating that Veolia laboratory staff performed sludge sampling in preparation for sludge handling services, projected for October.

CAPITAL PROJECTS:

- Recycled Water Facility Expansion, Account No. 73005: Approve a contract amendment in the amount of \$66,201 with Woodard and Curran (W&C) on a time and expense basis to

provide additional Engineering Services During Construction for this project, and increase the overall contract amount to \$279,477; and authorize the General Manager to execute the amendment. The Deputy General Manager stated that at its September 11, 2017 meeting, the District Board approved a contract with Woodard and Curran (W&C) to perform engineering services during construction on the Recycled Water Facility Expansion project. He stated that the original scope of work included four distinct tasks, and that the original contract budget amount was \$213,276. He continued, stating that as the expansion project is nearing completion, the original scope of work needs to be expanded to accommodate additional activities, for an additional cost of \$66,201. The Deputy General Manager stated that he had reviewed W&C's estimate for the additional activities, believed it to be fair, and recommended the Board approve the contract amendment.

On motion of Director Miller, seconded by Director Long, and carried unanimously, the Board approved a contract amendment in the amount of \$66,201 with Woodard and Curran (W&C) on a time and expense basis to provide additional Engineering Services During Construction for the Recycled Water Facility Expansion project; and increased the overall contract amount to \$279,477; and authorized the General Manager-Chief Engineer to execute the amendment.

- Receive Capital Projects Update, August 2018. The Deputy General Manager provided an overview and update of the various Capital Improvement Program capital projects.

BOARD OF DIRECTORS:

- Adopt Resolution No. 3127 to change the District Board of Directors' regular meetings from the second and fourth Mondays of each calendar month to the second Monday of each calendar month, and approve changes to Policy No. 5010 – Board Meetings. The General Manager stated that this item was a follow-up to action taken at the August 27, 2018 Board meeting. He noted that at that meeting, the Board decided to change its meeting dates from the second and fourth Mondays of each calendar month to the second Monday of each calendar month, and directed staff to bring forward the appropriate enabling Resolution and Policy updates. He stated that staff has prepared the draft Resolution and updated Policy No. 5010 for Board approval and adoption.

On motion of Director Long, seconded by Director Dillon-Knutson, and carried unanimously, the Board adopted Resolution No. 3127: A Resolution Changing Date of Meeting of the Board of Directors; and approved updated District Policy No. 5010.

BOARD MEMBER REPORTS AND REQUESTS:

Director Long commented on an article in the Marin Independent Journal on September 17th titled, "Diesel free by 2033". Discussion followed regarding the District's diesel engine vehicles and generators.

GENERAL MANAGER'S REPORTS AND ANNOUNCEMENTS:

- Reports:
 - The General Manager represented the District at the North Bay Watershed Association (NBWA) meeting on September 7, 2018. A presentation was given

by Bruce Wolfe, Executive Officer of the San Francisco Bay Regional Water Quality Control Board (RWQCB). Mr. Wolfe also announced his retirement from the SF Bay RWQCB at the end of the year. Lori Lewis, facilitator of the NBWA strategic planning effort, gave a brief outline of the process she will take the NBWA through over the next two meetings.

- Announcements:

- A Solid Waste Committee meeting will be held on Tuesday, September 25, 2018 at 3:00 p.m. Directors Mariani and Peters are the Committee members.
- The next Regular Board meeting will be held on Monday, October 8, 2018 at 5:30 p.m.

ADJOURNMENT: There being no further business to come before the Board, President Peters adjourned the meeting at 7:59 p.m.

Respectfully submitted,

Sandeep Karkal
Secretary

Julie Hoover, Recording