

October 27, 2008

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 4:30 p.m., Monday, October 27, 2008, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Michael Di Giorgio, Members James D. Fritz, Arthur T. Knutson, William C. Long, and George C. Quesada.

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

ALSO PRESENT: Sam Renati, former Novato Sanitary District Board Member
William Schoen, R3 Consulting
Stephen & Marla Tom, Novato residents
Gene Malkemus, Novato resident
Steve Wrightson, The Covello Group
Steve McCaffrey, Novato Disposal Service
Jim Salyers, Novato Disposal Service
John Warren, Novato Disposal Service
Delyn Kies, Kies Strategies
Jason Dow, Central Marin Sanitation Agency

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: *On motion of Member Quesada, seconded by Member Fritz, and carried unanimously, the agenda was approved as mailed.*

PUBLIC COMMENT:

Mr. Gene Malkemus addressed the Board regarding his annual sewer service charge. He thought the Board did a great job with the letters and notifications sent out to the Novato residents explaining the sewer service charges and the increase in rates. He explained that he uses a lot of water in the winter months for power washing and irrigation and knows that this contributes to his sewer service charges being in the "high water user" tier. He asked the Board to reconsider his charges due to the fact that the water he uses in the winter is not going into the District's sewer system. The Manager-Engineer took his contact information and will set up a meeting with Mr. Malkemus to discuss the issue further.

Stephen and Marla Tom addressed the Board to discuss a District mandated lateral replacement for an accessory dwelling located on their property. Staff had indicated they would need to replace a portion of the lateral with District compliant materials. The General-Manager clarified for the Board which portion of the lateral needed replacement and will set up a meeting to discuss the issue with Mr. and Mrs. Tom at their convenience.

BOARD MEMBER REPORTS: Member Fritz reported on a Collection System Committee meeting he attended with President Di Giorgio, Manager-Engineer Beverly James, and RMA Engineering. Mr. Fritz stated he was very appreciative of the work RMA Engineering has been doing. President Di Giorgio commented on RMA's completed appraisal and testing evaluation of the collection system and stated that the study allows the District to pinpoint projects that need to be completed. He was also very impressed with the work RMA has been doing.

REVIEW OF MINUTES:

Consider approval of minutes of the October 13, 2008 meeting: Member Quesada asked for the minutes to include contribution amount details the District will pay to the stated employees 401(a) program. Board Recorder, Julie Borda, will make those changes.

On motion of Member Long, seconded by Member Quesada, and carried unanimously, minutes of the October 13th meeting were approved as amended.

CONSENT CALENDAR: *On motion of Member Long, seconded by Member Quesada, and carried unanimously, the following consent calendar items were approved:*

- a. Acceptance of quarterly investment report for period ending September 30, 2008.
- b. Approval of expenditure of \$26,000 for hauling biosolids from the Ignacio Treatment Plant to the District's reclamation facility.
- c. Acceptance of Adrienne Street Sewer Main Extension (Gateway Office complex).
- d. Approval of the following meeting schedule: November 10th and 24th, December 8th and 22nd, January 12th and 26th.
- e. Approval of regular disbursements in the amount of \$290,231.87, project upgrade disbursements in the amount of \$6,896.00. and employee related expenses in the amount of \$263,940.94.

SOLID WASTE:

- Consider setting a public hearing date for establishing the maximum charges for refuse collection and disposal services: The Manager-Engineer discussed the franchise agreement between Novato Disposal and Novato Sanitary District. The agreement provides for adjusting the Company's compensation annually based on a detailed rate review for purpose of setting the rates for calendar years 2008 and 2013, and a Refuse Rate Index (RRI) adjustment for purposes of setting the rates for all other years of the agreement, including 2009.

William Schoen from R3 Consulting addressed the Board and discussed R3's Draft Letter Report, dated October 24, 2008. Mr. Schoen stated that Novato Disposal had applied for a rate increase of 9.51% for 2009 on August 28th, 2008. R3 Consulting reviewed the requested rate increase and through subsequent findings, recommended a rate increase of 8.0%.

Staff recommends scheduling a Public Hearing for the regular District Board meeting of December 8, 2008 to consider increasing the rates as of January 1, 2009 by 8.0%.

On motion of Member Quesada, seconded by Member Knutson, and carried unanimously, the Board set the date of December 8, 2008, for a public hearing to establish the maximum charges for refuse collection and disposal services.

Member Quesada asked if Novato Disposal Service was considering the implementation of vehicles using compressed natural gas as a fuel option. John Warren of Novato Disposal

explained what fuel type and combustion system is currently being used in the new vehicles and discussed the benefits of this system over that of compressed natural gas.

The Manager-Engineer expressed her appreciation to all who worked so diligently on the rate adjustment.

WASTEWATER FACILITY UPGRADE PROJECT:

- Progress report: Steve Wrightson of The Covello Group gave a full update of the Wastewater Facility Upgrade Project. The current contract completion date is September 11, 2010 and he stated the project is 43% complete with 42% of the budget spent. Mr. Wrightson discussed progress on the various components noting that the gravity belt thickener is in operation. He also reviewed with the Board the construction contract cost summary noting that change orders are at a negative 0.1% to date. He pointed out that the percent total of firm and pending changes is only at 1.6%.

Member Long asked for clarification of how change orders are issued and negotiated. Mr. Wrightson gave a full explanation to the Board. Member Long stated he was very impressed with how The Covello Group has managed the project and communicated the progress with the Board.

- Consider approval of a proposal to prepare an electronic Operations and Maintenance manual: The Manager-Engineer discussed with the Board the proposal details stating that the manual will be in an electronic version. The web-based version is an advantage for the Operators as it will be easy to use and interface with. The manual will cover all current and proposed operations including the Novato Treatment Plant, Ignacio Transfer Pump Station, and the Conveyance Force Main. Staff received proposals from three firms and recommends HDR Engineering perform the work on a time and materials basis for a not to exceed amount of \$215,000.

On motion of Member Fritz, seconded by Member Quesada, and carried unanimously, the Board approved a proposal by HDR Engineering, Inc. to prepare an electronic Operations and Maintenance manual for a not to exceed amount of \$215,000.

- Consider approval of a proposal to prepare a start up plan: The Manager-Engineer discussed the critical need for a plant operation and maintenance organization plan during the transition from the existing treatment facility to the new upgraded facility. The District has engaged Eisenhardt Group, Inc. to assess the current staffing and operation and maintenance resources and to develop alternatives for adjusting to future needs. They have completed Phase I of the investigation and have submitted a proposal for Phase II. Staff recommends the District accept their proposal of up to \$36,000 for Phase II.

President Di Giorgio stated the start-up plan is imperative to begin now so that efficiency can be achieved during the critical periods of the new plant's change over and operation.

On motion of Member Fritz, seconded by Member Quesada, and carried unanimously, the Board approved a proposal by Eisenhardt Group, Inc. to complete Phase II of the District's Upgrade Start-up Plan in an amount not to exceed \$36,000.

The Manager-Engineer discussed with the Board a Novato Sanitary District vision statement she would like to adopt. The Board members discussed some changes and revisions to the statement, and Member Long felt the vision statement was moving.

PRETREATMENT – BIOMARIN PHARMACEUTICAL: The Deputy Manager-Engineer discussed BioMarin's current discharge permit noting that their upper limit relief of pH is 10.5 at their 46 Galli Drive facility. BioMarin is currently seeking the same pH limit at its 300 Bel Marin Keys (BMK) Boulevard facility. The permit language will read: "pH - the permittee shall maintain the pH within the range of 5.5 to 10.5". The Deputy Manager-Engineer discussed with the Board BioMarin's past pH excursions and the impact on the treatment facility. He recommends the Board approve the requested relief and adopt a resolution that documents approval and sets the revised pH limits.

On motion of Member Long, seconded by Member Fritz, and carried unanimously, the Board approved the application for relief on pH limits for BioMarin's 300 Bel Marin Keys Blvd. facility.

On motion of Member Fritz, seconded by Member Long, and carried unanimously, the Board adopted Resolution No. 2994, Approving Relief on pH Limits, and Setting Revised pH Limits and Time Limitations for BioMarin Pharmaceutical Co., 300 Bel Marin Keys Blvd., Novato.

NPDES PERMIT:

- Consider approval of acceptance and waiver for mandatory minimum penalties: The Manager-Engineer asked the Board to accept the Conditional Resolution and Waiver of Right to Hearing for mandatory minimum penalties of \$39,000 for 13 violations of effluent limits between January 1, 2001 and February 29, 2008. She discussed with the Board the reason for the violations and explained that these penalties aren't likely to occur in the future due to the upgrades within the sanitary district facility.

On motion of Member Fritz, seconded by Member Long, and carried unanimously, the Board approved the acceptance and waiver for mandatory minimum penalties by the Regional Water Quality Control Board.

BIOSOLIDS:

- Consider approval of a letter regarding biosolids use as an alternative daily cover. The Manager-Engineer introduced Jason Dow, General Manager of the Central Marin Sanitation Agency (CMSA). He discussed with the Board the details of a letter his agency prepared for Marin County Environmental Health Services addressing concerns with the proposed Redwood Landfill Limitations on biosolids use as alternate daily cover. Mr. Dow stated that this limitation would require sanitation agencies such as Central Marin to haul biosolids out of the county resulting in a regional increase in truck traffic and other fuel related emissions. He stated he is looking to other agencies to partner with CMSA to show their support and provide a greater

voice in their request. Mr. Dow feels other agencies would benefit in the future if Marin County Environmental Health Services would allow the use of biosolids as alternative daily cover.

On motion of Member Fritz, seconded by Member Long, and carried unanimously, the Board approved the Manager-Engineer to sign the letter to the Marin County Environmental Health Services on the issue of biosolids use as alternative daily cover, to benefit Central Marin Sanitation Agency, as prepared by Jason Dow, General Manager CMSA.

STAFF REPORTS

- Health and dental plan premium modifications: The Manager-Engineer gave a brief overview of the District's health and dental plan premium modifications. She noted the Board member Kaiser Health plan rates will increase 9.08% 1/1/09 and the PERS Health plan (Kaiser North rates) will increase by 8%. The Delta Dental plan however had no increase in rates.

- Adhoc Collection System Committee meeting: This item was addressed during Board Reports at the beginning of the Board meeting.

- North Bay Watershed Association (NBWA) Private Lateral Model Ordinance Committee: The Manager-Engineer discussed her attendance at the NBWA meeting on October 24th. She stated that NBWA is developing elements that will go into the Lateral Model Ordinance. Rauch Communications will be soliciting public comment and will attend a December Board meeting to share details on the development of the model ordinance.

MANAGER'S ANNOUNCEMENTS: The Manager-Engineer updated the Board regarding the Public Employee Retirement System (PERS) Program and the current financial situation. She noted PERS has experienced a significant loss to their investments as of September 30th.

The Manager-Engineer stated that Governor Arnold Schwarzenegger has announced that he will bring back the legislators for a special session to discuss the budget they passed in September. The Cabinet members will be brought back sometime after Election Day and before November 30th.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 6:30 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Borda, Recording