

October 27, 2014

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:00 p.m., Monday, October 27, 2014, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Jean Mariani, Directors Jerry Peters, Gary Butler, William Long and Brant Miller.

STAFF PRESENT: Manager-Engineer-Secretary Sandeep Karkal, District Counsel Kent Alm, and Administrative Secretary Julie Swoboda.

ALSO PRESENT: John Bailey, Project Manager, Veolia  
Brian Exberger, Assistant Project Manager, Veolia  
Dave Coffman, Asset Management Specialist, Veolia  
Melissa Dempsky, Asset Management Specialist, Veolia  
Dee Johnson, Household Hazardous Waste Program Coordinator  
Steve McCaffrey, Director of Governmental Affairs,  
Novato Disposal Services  
John Warren, Controller, Novato Disposal Services  
Delynn Kies, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as written.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

Consider approval of minutes of the October 13, 2014 meeting.

*On motion of Director Peters, seconded by Director Butler, and carried unanimously, the October 13, 2014 Board meeting minutes were approved.*

CONSENT CALENDAR:

*On motion of Director Peters, seconded by Director Long, and carried unanimously, the following Consent Calendar items were approved:*

- a. Approval of regular disbursements in the amount of \$256,627.84, project account disbursements in the amount of \$152,528.58, and payroll and payroll related disbursements in the amount of \$212,747.72.
- b. Approval of application from AU Energy, LLC. Authorized Manager-Engineer to issue a one-time, temporary, Class I non-domestic discharge permit for

discharge of excavation water from removal of underground fuel tanks at former Novato Shell station, 2085 Novato Boulevard.

## SOLID WASTE

- Receive Solid Waste Committee report: President Mariani stated that the Solid Waste Committee meeting report for the meeting of October 21, 2014 had been included in the Board Agenda packet. There was no discussion.

- Receive report on Calendar Year (CY) 2015 solid waste rate adjustments, and consider staff recommendations. President Mariani pointed out that this item was for discussion and to provide direction to staff; no action would be taken by the Board at this meeting.

As background, it was discussed that the District's Franchise Agreement with Novato Disposal Services (NDS) provides for an annual rate adjustment. NDS had proposed a +1.95% Refuse Rate Index (RRI) adjustment for CY 2015 and the District retained R3 Consulting Group, Inc. (R3) of Sacramento to assist with the rate review. R3 prepared its own independent opinion on NDS's proposed rate and concluded that a +1.94% (RRI) adjustment was appropriate.

Further, NDS had requested an additional adjustment of +2.46% to address the revenue impacts of account migration to smaller carts. R3 calculated the value of the additional adjustment at +1.85%. District staff negotiated an amount of +1.06% for the account migration for a total recommended rate adjustment of +3.00% for calendar year 2015.

Directors Miller and Butler discussed with District Counsel Kent Alm the proposed annual solid waste rate adjustment for calendar year 2015 and the proposed migration adjustment. Mr. Alm provided background to the Franchise Agreement, and said that there is adequate basis both in the Agreement and in terms of the Board's legal authority to consider the rate adjustment (including account migration), and grant it.

The Manager-Engineer stated that the Franchise Agreement includes a full rate review option which would address the migration issue, along with other costs and revenue issues. He stated that staff is not recommending a full rate review at this time given the small amount of the increase. He stated that the overall rate structure continues to be competitive with the market.

The Manager-Engineer stated that the Solid Waste Committee, at its October 21, 2014 meeting, considered District staff's recommendation. After discussion, the Committee forwarded the request without recommendation to the full Board of Directors for its consideration at the October 27, 2014 meeting.

Director Long stated that he was in agreement with the rate increase. He suggested that provisional language could be added to the contract to address the cart migration,

and that a contract amendment might provide specific parameters to allow for making these adjustments in the future.

Director Peters stated that most of his questions had already been answered by District Counsel and that he was comfortable with the proposal as presented.

Noting that all Directors had addressed the issue, President Mariani opened the item for discussion to those in the audience.

Steve McCaffrey, Director of Governmental Affairs, Novato Disposal Services, stated that he appreciated working with the District and felt that the proposed +3.00% adjustment was fair and equitable. He requested the District move forward on the +3.00% increase.

John Warren, Controller, Novato Disposal Services, discussed historical rate increases.

Hearing no further comments, President Mariani stated that the Public Hearing to set Calendar Year 2015 Maximum Allowable Solid Waste Rates was set for November 10, 2014 at 6:00 p.m.

President Mariani called for a recess at 6:47 p.m.

Dee Johnson, Steve McCaffrey, John Warren, and Delynn Kies left the meeting.

At 6:54 p.m., President Mariani reconvened the meeting.

#### WASTEWATER OPERATIONS:

- Receive Wastewater Operations Committee Report. The Manager-Engineer stated that the Wastewater Operations Committee met on October 20<sup>th</sup> at 2:00 p.m. at the District office. He introduced Veolia Plant Manager John Bailey. The Plant Manager gave an overview of the Monthly Operations Report for September 2014 as presented to the Wastewater Operations Committee. He stated that the water quality performance was excellent and he discussed the routine maintenance activities performed at the NTP and the Ignacio Transfer Pump Station.

The Manager-Engineer gave a report of the District's odor control and landscaping. He discussed the odor control biofilter media beds and noted that natural settlement has apparently taken place. He stated that the beds are functioning as intended and that additional bio-filter material will be added to the media beds to bring the level of media to its original design depth.

The Manager-Engineer gave a report on the Collections Department and the Reclamation Facility. He noted that staff cleaned a total of 71,429 ft of sewer mains and that 12,090 feet of sewer lines were televised with the closed circuit television van. He stated that there were no lost time accidents in September for a total of 1,295 accident

free days. At the reclamation facility, the Manager-Engineer stated that work began to empty the sludge lagoons, transferring approximately 2.6 MG of sludge into the dedicated land disposal site. He noted that 33.77 MG of treated effluent was used for irrigation in September.

- Receive Criticality Assessment update. The Manager-Engineer introduced Dave Coffman, Veolia, to provide the Asset Management and Criticality Report.

Dave Coffman, Asset Management Specialist, Veolia, gave a PowerPoint presentation titled: "Mission for Asset Management: The Asset Management Model." The presentation discussed the following key areas of Asset Management at the District: Criticality Analysis, Criticality Analysis Ranking, and Condition Based Maintenance. He discussed the formal criticality efforts that Veolia is performing including thermography, oil analysis, and vibration analysis.

Melissa Dempsky, Asset Management Specialist, Veolia, stated that Veolia will be replacing its current JobCal Plus asset management system with a new asset management program called Oracle Work and Management Program (Oracle WAM). She stated that Veolia should have the new software implemented at the District in early 2015.

At 7:41, President Mariani declared a short recess.

Dave Coffman and Melissa Dempsky left the meeting.

At 7:44, President Mariani reconvened the meeting.

#### CAPITAL PROJECTS:

- WWTP Upgrade - Contract C (Digester No. 2/Solids Handling), Account No. 73001: Grant Final Acceptance of the Project, and authorize staff to file the Notice of Completion. The Manager-Engineer stated that on May 13, 2013, the District's Board of Directors awarded the contract for the WWTP Upgrade, Contract C - Digester No. 2 Upgrade Project, to R.E. Smith Contractor, Inc. for a low bid amount of \$2,814,928. He stated that work began on the project on June 17, 2013 and substantial completion was granted on August 26, 2014. He stated that the final cost of the project was \$2,794,254 or \$20,674 below the bid amount.

The Manager-Engineer recommended that final acceptance be granted and that staff be authorized to file the Notice of Completion on the above referenced project.

*On motion of Director Peters, seconded by Director Long, and carried unanimously, the Board granted final acceptance of the WWTP Upgrade – Contract C Upgrade Project and authorized staff to file the Notice of Completion.*

STAFF REPORTS:

- Regional Monitoring Program (RMP) 2014 Annual Meeting. The Manager-Engineer discussed his attendance at the annual meeting of the Regional Monitoring Program for Water Quality in San Francisco Bay (RMP) which was held on Tuesday, October 14, 2014 at the David Brower Center in Berkeley, CA. He stated that the theme was an update on four principal program areas: status and trends monitoring, small tributary loads, nutrients, and chemicals of emerging concern.

BOARD MEMBER REPORTS:

- North Bay Watershed Association (NBWA) Meeting. Director Miller discussed his attendance at the NBWA meeting which was held on October 3<sup>rd</sup> at the Petaluma Community Center, Petaluma. He discussed the presentations by guest speakers Chuck Weir, NBWRA, and Robert Dickenson, Argos.

MANAGER'S ANNOUNCEMENTS:

- The Standard and Poors rate review took place via a conference call with the Manager-Engineer and Finance Officer Laura Creamer on October 23<sup>rd</sup>. Standard and Poors will issue their rating in the near future. Last rating from Standard and Poors was 'A+ with a stable outlook'.

- The District's annual audit by Maze and Associates was performed at the District between October 20<sup>th</sup> and October 22<sup>nd</sup>. More information will be provided to the Board as it becomes available.

- The next Board meeting will be on November 10<sup>th</sup>, and include the Public Hearing to set calendar year 2015 maximum allowable Solid Waste Rates. This will also be the only Board meeting in November.

ADJOURNMENT: There being no further business to come before the Board, President Mariani adjourned the meeting at 8:01 p.m.

Respectfully submitted,

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Sandeep Karkal  
Secretary

Julie Swoboda, Recording