

November 14, 2011

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, November 14, 2011, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President William C. Long, Members Michael Di Giorgio, Jean Mariani, George C. Quesada, and Dennis Welsh.

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal, Finance Officer Laura Creamer and Administrative Secretary Julie Swoboda.

ALSO PRESENT: Paul Kaymark, Auditor, Charles Z. Fedak and Company  
Brant Miller, Novato resident  
Bob & Pat Guinan, Novato resident  
Jose & Lesa Chakkalake, Novato resident  
Joe Carlomagno, Novato resident  
Mary Moore, Novato resident  
Jerry Peters, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL:

The Manager noted that residents from the Lea Drive neighborhood are expected to arrive at approximately 7:30 p.m., and she requested the agenda order be flexible to facilitate their presentation during item #8: Staff report on odor control system re-work timeline. The Board agreed.

*On motion of Member Quesada, seconded by Member Di Giorgio, and carried unanimously, the agenda was approved.*

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

Consider approval of minutes of the October 10<sup>th</sup> and 24<sup>th</sup>, 2011 meetings.

*On motion of Member Quesada, seconded by Member Mariani, and carried unanimously, the minutes of the October 10<sup>th</sup> and 24<sup>th</sup>, 2011 meetings were approved.*

CONSENT CALENDAR:

*On motion of Member Di Giorgio, seconded by Member Mariani and carried unanimously, the following Consent Calendar items were approved:*

- a. Accept a Grant of Easement from the City of Novato for the Hamilton Nursery Project.
- b. Approval of regular disbursements in the amount of \$348,555.53, project account disbursements in the amount of \$100,687.26, and Board Member disbursements in the amount of \$3,520.59.

2010-11 AUDITED FINANCIAL STATEMENTS:

- Presentation of Audited Financial Statements for fiscal year ended June 30, 2011, by Paul Kaymark, Charles Z. Fedak & Company: The Manager introduced Paul Kaymark who was present to review the District's Audit. She stated that the Ad-Hoc Audit Committee had suggested the Board receive the full audit report instead of a report summary.

Mr. Kaymark gave an overview of the audit process and discussed the Comprehensive Annual Financial Audit Report as prepared for fiscal years ended June 30, 2011 and 2010. He noted that State law requires that all special districts publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Mr. Kaymark stated that this was the first year that the District had submitted its Comprehensive Annual Financial Report (CAFR) for the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*. He noted that to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. He stated that the Audit would be submitted to the GFOA to determine its eligibility for the *Certificate of Achievement for Excellence*.

Mr. Kaymark discussed and summarized the District's financial highlights, revenue sources and expenditures. The Board reviewed the report and discussed the audit.

Member Di Giorgio stated he would like the Novato Sanitary District Organizational Chart to show the first item as "Voters" followed by "Board of Directors" and so on. He also requested that next year the Board be given the draft audit several weeks in advance so they have time to review it prior to the submission of the final report.

Member Mariani expressed her appreciation that the audit was prepared to the CAFR standards and specifications.

The Board thanked Mr. Kaymark, Manager Beverly James, Finance Officer Laura Creamer and Administrative Services Manager June Brown for their attentive efforts in preparing the audit.

ADMINISTRATION:

- Consider adoption of District Policy No. 4040, "Board President": The Manager reviewed policy No. 4040 with the Board. President Long stated that an additional item should be included in item 4040.3: *The Manager shall act as spokesperson for the District.* The Manager pointed out that this policy was for the Board President and that there is another policy which relates to the obligations of the District Manager. Member Mariani requested this policy be deferred until the Board can review the section which relates to management and the spokesperson for the District. She stated she would like the Board to review both policies at the same time.

No action was taken on this item and it will be revisited at a future Board meeting.

- Receive Investment Report for period ended September 30, 2011: The Manager reviewed the Quarterly Investment Report. She noted that the Local Agency Investment Fund (LAIF) balance is decreasing as expected because the District has continued to pay off various capital projects. She noted that the LAIF interest rate is currently at .38%. The Manager stated that the proceeds from the sale of the Certificate of Participation (COP) bonds are currently at the Bank of New York Mellon in a trust account.

- Receive Revenue and Expenditure Report for period ended September 30, 2011. The Manager reviewed the Revenue and Expenditure Report. She noted that the District has only received 2% of its total operating revenues and that the District will receive its first half of property tax and sewer service revenues in December. The Manager stated that operating expenses are approximately 20% of budget with 25% of the year complete. She reviewed the significant variances in the expense accounts.

President Long requested a consolidated expense report be prepared quarterly for Board review. Currently the consolidated report is prepared annually.

- Review Accounts Receivable. The Manager stated that this report is a new item and will be presented at the first meeting of each month for Board review.

- Consider setting meeting dates of November 28 and December 12, 2011. The Manager requested that the regular Board meeting scheduled for December 26<sup>th</sup> be cancelled. She stated that if necessary, a Special Meeting could be called. She requested the Board approve meeting dates as follows: November 28<sup>th</sup>, December 12<sup>th</sup>, January 9<sup>th</sup> and 23<sup>rd</sup>.

*On motion of Member Di Giorgio, seconded by Member Mariani, and carried unanimously, the Board accepted the meeting dates as follows: November 28<sup>th</sup>, December 12<sup>th</sup>, January 9<sup>th</sup> and 23<sup>rd</sup>.*

President Long moved item 8: **Wastewater Facility Upgrade Project 72609**, until 7:30 p.m. at which time the Lea Drive Neighborhood residents would be present.

ANNUAL COLLECTION SYSTEM REPAIRS PROJECT 72803:

- Review bids received and consider accepting the lowest responsive bid and authorize the Manager-Engineer to execute the contract. Deputy Manager-Engineer Sandeep Karkal noted that District staff, using the informal bid provisions of the Uniform Public Construction Cost Accounting Act, requested bids for the installation of 479 feet of sewer main on Michele Circle, Sutro Ave. and Erica Court. He stated that the purpose of the project was to prevent the sewer main on Michele Circle from overflowing to a nearby creek when the downstream sewer main experiences a stoppage. He reviewed the bids received, stating that W.R. Forde of Richmond submitted the lowest responsive bid at \$107,039.00. The Deputy Manager-Engineer recommended that the Board accept the bid and award the project to W.R. Forde.

*On motion of Member Di Giorgio, seconded by Member Mariani and carried unanimously, the Board accepted the bid by W.R. Forde and authorized the Manager-Engineer to execute the Contract for the Annual Collection System Repairs – Michele Circle Sewer Project, Project 72803-11-02 for a contract amount of \$107,039.00.*

STAFF REPORTS:

- North Bay Watershed Association meeting. The Manager stated that in place of Member Di Giorgio, she and the Deputy Manager-Engineer were present at the North Bay Watershed Association meeting held on November 4<sup>th</sup>. She noted that the Association discussed storm water mitigation and stream bank restoration projects. She stated that the bi-annual conference is scheduled for April 13, 2012 at the Petaluma Sheraton and that the topic will be Climate Change Adaptation.

- Marin Association of Realtors Government Affairs Committee Meeting. The Manager noted that she was invited to speak at the Marin Association of Realtors (MAR) Governmental Affairs Committee on November 4<sup>th</sup>. She discussed how sewer service charge rates are calculated and noted that the District plans to review the sewer service charge rates and rate structure for apartment dwellings in Spring 2012. She noted that at that time, the District will take into account the comments received from constituents.

President Long noted that the Board would address item #8: Wastewater Facility Upgrade Project after a five minute recess. The time was 7:32 p.m.

President Long resumed the Board meeting at 7:37 p.m.

WASTEWATER FACILITY UPGRADE PROJECT 72609:

- Staff report on odor control system re-work timeline. The Manager noted that a number of residents from the Lea Drive neighborhood were present for the discussion of the odor control system. She noted that the Board of Directors, at their October 10<sup>th</sup> meeting, directed staff to prepare a timeline for the re-work of the odor control system as an urgent matter to address the odors impacting the Lea Drive neighborhood. She stated that the design team is taking responsibility for the re-work and is committed to completing the work as expeditiously as possible. The Manager referred to the Odor Control Implementation Plan which was included in the Board packet and noted that the plan details the schedule for the implementation of the recommendations.

The Manager stated that on or around November 14<sup>th</sup> the District, with Veolia, will be adding an enzyme and bioxide to the sewage flows to reduce odor generation. She stated that specific construction to address the remaining odor control is expected to be completed by the end of January 2012. She stated that the District is proposing to construct a fence or screen to help disperse the odors from the aeration basin and to visually screen the treatment plant from the neighborhood. She noted that some of the plantings have been completed and she anticipates the final plantings and fence to be completed by January 31, 2012.

The Board discussed the odor control system with the audience. Bob Guinan stated that the odors have affected the resident's lives and consumed much of their time. He commended John Bailey for his quick responses to the odor complaint calls, and expressed his appreciation to the Board for reaching out to the odor expert Jim Joyce. Mr. Guinan presented a PowerPoint presentation detailing the neighborhood concerns. He discussed the following priority/goals he hopes the District will focus on: 1) Odor abatement; 2) Noise abatement; 3) Landscaping implementation; 4) Nighttime lighting elimination except as needed; 5) Better placement of temporary construction buildings.

He provided the following recommendations: 1) The NSD commit to all the recommendations to correct the odor problems listed in the "Odor Control Implementation Plan" report by Jim Joyce; 2) Re-evaluation of the Landscaping Plan for effectiveness; 3) Repositioning of the temporary construction buildings; 4) Night lighting be eliminated – operated on as needed basis; 5) Regular progress/change updates to the neighborhood residents – monthly or as changes occur; 6) Implementation of a Working Committee consisting of a member(s) of the Board, Plant management experts and affected neighborhood residents.

At the close of the presentation, President Long expressed his appreciation for the effort in putting together the PowerPoint presentation. He suggested the District use plantings that will grow aggressively to quickly conceal the treatment facility. He

requested the District bring in noise experts to investigate which equipment is making the noise and how to conceal it more effectively. He suggested the Wastewater Operations Committee meet during the evening hours so that the neighbors could attend.

BOARD MEMBER REPORTS:

- The North Bay Water Reuse Authority. The Manager stated that the North Bay Water Reuse Authority elected representatives met at the District on November 14<sup>th</sup> to discuss phase one and phase two.
- Member Di Giorgio commended President Long for his Leadership Award from the North Bay Business Leadership Counsel.

MANAGER'S ANNOUNCEMENTS:

- The District office will be closed on November 24<sup>th</sup> and 25<sup>th</sup> in observance of Thanksgiving. Board packets for the November 28<sup>th</sup> meeting will be distributed on Wednesday, November 23<sup>rd</sup>.
- A Board Strategic Planning Workshop is scheduled for Tuesday, November 15<sup>th</sup>, from 9 a.m. until approximately 3:30 p.m.
- A Wastewater Operations Committee meeting will be held at the District on Wednesday, November 16<sup>th</sup> at 2 p.m.

ADJOURNMENT: There being no further business to come before the Board, President Long adjourned the meeting at 8:53 p.m.

Respectfully submitted,

Beverly B. James  
Secretary

Julie Swoboda, Recording