

NOVATO SANITARY DISTRICT

Board Meeting Minutes

Meeting Date: November 13, 2017

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Monday, November 13, 2017, 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, District Counsel Kent Alm, and Administrative Secretary Julie Hoover.

ALSO PRESENT: John Bailey, Project Manager, Veolia Water
Erik Brown, Technical Services Manager, Novato Sanitary District
Dale Thrasher, Admin. Services/Safety Officer, Novato Sanitary District
Laura Creamer, Finance Officer, Novato Sanitary District
Joe Moreno, Collections System Worker I, Novato Sanitary District
Dee Johnson, Solid & Household Hazardous Waste Program Coordinator
William Schoen, Principal, R3 Consulting Group
Jim Salyers, Vice President, Novato Disposal Service
Delynn Keis, Novato resident
Steven Gortler, Municipal Financial Advisor
Celia Furber, Waste Zero Manager, Recology
Fred Stemmler, General Manager, Recology
Ed Farewell, Group Manager, Recology
Rick Powell, General Manager, Novato Disposal

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

Consider approval of minutes of the October 23, 2017 meeting.

On motion of Director Mariani, seconded by Director Miller, and carried unanimously, the October 23, 2017 Board meeting minutes were approved.

CONSENT CALENDAR:

Director Miller requested that item 5.e: "Approve an Agreement with the Marin County Flood Control and Water Conservation District..." be removed from the Consent Calendar for further discussion.

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

- a. Approve Board member disbursements in the amount of \$1,816.29, regular disbursements in the amount of \$364,077.65, and capital project disbursements in the amount of \$35,548.14.
- b. Receive deposit summary, October 2017.
- c. Receive 1st Quarter Investment Report, Fiscal Year (FY) 2017-18.
- d. Receive 1st Quarter Financial Report, FY2017-18 (unaudited).
- f. Authorize the General Manager-Chief Engineer to approve an application from Pacific Gas & Electric Company (PG&E) and issue a one-time, temporary, Class I non-domestic discharge permit for discharge of groundwater and hydro-test water, for PG&E Pipeline In-Line Inspection Upgrade Projects I-446 and I-451.

On motion of Director Miller, seconded by Director Mariani, and carried unanimously, the above listed Consent Calendar items were approved.

President Peters stated that the Board would now review Consent Calendar item 5e:

- Approve an Agreement with the Marin County Flood Control and Water Conservation District authorizing their use of the District's storm water pump stations to convey flows from Simmons Slough, and authorize the Board President and General Manager-Chief Engineer to execute it.

Director Long recused himself, stating that he is on the Flood Control Advisory Board and that his participation on this item may pose a conflict of interest.

Director Miller stated that he would like the Board to know that the District is not insured against possible losses due to participation in Flood Control activities which this item enters the District into. He stated that he believed that the contract has been drafted in such a way that the contract provisions will protect the District, and he invited District Council to provide additional information if he deemed necessary.

District Counsel Kent Alm stated that the Reciprocal Indemnity Clause was modified to indemnify the District based on activities that arise out of the contract and the essential use of the designated pump stations, and not just the other party's negligence.

Director Miller stated that with this clarification, he was ready to move forward with the item.

Director Long returned to the meeting.

On motion Director Miller, seconded by Director Dillon-Knutson, and carried with the following vote, the Board approved an Agreement with the Marin County Flood Control and Water Conservation District authorizing their use of the District's storm water pump stations to convey flows from Simmons Slough, and authorized the Board President and General Manager-Chief Engineer to execute it. Ayes: Dillon-Knutson, Mariani, Miller, Peters. Abstain: Long.

REFINANCING OF 2011 CERTIFICATES OF PARTICIPATION (COPs) AND ISSUANCE OF 2017 WASTEWATER REVENUE REFUNDING BONDS:

- Receive final results on refinancing of the 2011 COPs and closing of 2017 refunding bonds, from the District's Financial Advisor, Mr. Steven Gortler. The General Manager

stated that Mr. Steven Gortler would make a presentation on the final results of the recent refinancing of the 2011 COP's and closing of the 2017 refunding bonds.

Mr. Gortler provided details of the bond sale, noting that the final results were very favorable for the District. He stated that a competitive sale was conducted on October 24th, and that 9 bids were received, ranging from 2.15% to 2.03%. He stated that the winning bid was submitted by Citigroup, for a True Interest Cost (TIC%) of 2.03%. Mr. Gortler detailed the debt service savings, noting that the aggregate savings from bond issuance through bond completion would provide a Net Present Value (NPV) savings of approximately 12.1%, or a cumulative savings of \$2,345,121. He stated that there were several factors which attributed to the favorable outcome, one being that the District's Standard & Poor's bond rating was raised from a "AA-" to a "AA+" rating.

A general discussion followed between Mr. Gortler, Board members, and the General Manager. Director Mariani and the Board thanked Mr. Gortler for his time, and Director Mariani expressed her appreciation for his hard work on behalf of the District.

SOLID WASTE – ASSIGN “AMENDED AND RESTATED AGREEMENT BETWEEN NOVATO SANITARY DISTRICT AND NOVATO DISPOSAL SERVICE, INC. FOR SOLID WASTE COLLECTION, PROCESSING, DIVERSION AND DISPOSAL” TO RECOLOGY SONOMA MARIN:

The General Manager stated that the following agenda item seeks to assign the amended and restated agreement from Novato Sanitary District and Novato Disposal, to Recology. He introduced Celia Furber from Recology Sonoma Marin

- Receive presentation on Public Education and Outreach Plan from Ms. Celia Furber, Waste Zero Manager, Recology Sonoma Marin. Ms. Furber stated that she is the Zero Waste Manager for Recology Sonoma Marin, and will be providing public education and outreach services for both Sonoma and Marin Counties. She presented a PowerPoint presentation, which outlined Recology's outreach efforts through its website, newsletters, mailers, waste audits, signage, brochures, driver tags, school presentations, and waste zero events. A brief discussion followed between Ms. Furber, District Counsel, and the Board members, relating mostly to Recology's public education and outreach capabilities.

- Receive Solid Waste Committee report and recommendation, meeting of November 1, 2017. The General Manager stated that the Solid Waste Committee met on November 1, 2017, with Directors Peters and Mariani in attendance. He stated that the Committee reviewed the 2017 Household Hazardous Waste and E-waste program reports and the 2017 disposal/diversion reports.

Ms. Johnson reviewed the Solid Waste Committee Agenda packet, noting that there has been a steady increase in E-waste participation events. She stated that the October 7th, 8th, and 10th event collected 34,336 pounds of e-waste from 705 residents. (She noted that the event was rescheduled from October 9th to the 10th due to the fires in Sonoma County.) Ms. Johnson provided additional details and information from the Committee meeting.

- Consent to Assign to Recology Sonoma Marin, approve the “Assignment and Assumption Agreement – AMENDED AND RESTATED AGREEMENT BETWEEN NOVATO SANITARY

DISTRICT AND NOVATO DISPOSAL SERVICE, INC. FOR SOLID WASTE COLLECTION, PROCESSING, DIVERSION AND DISPOSAL”, and authorize the Board President, the General Manager-Chief Engineer, and District Counsel to execute it. The General Manager stated that the Solid Waste Committee also received the presentation from Recology, similar to that which Ms. Furber presented earlier to the Board. He stated that the Committee also reviewed material relating to a potential assignment of the Solid Waste Franchise Agreement from Novato Disposal Service (NDS) to Recology Sonoma Marin (RSM) with District Counsel Kent Alm and staff. The General Manager stated that the Committee subsequently directed staff and District Counsel to: 1) Work with RSM to prepare a final draft Assignment and Assumption Agreement for the District Board’s consideration and approval at the next Board meeting, and 2) Provide recommendation to the Board to receive the “AMENDED AND RESTATED AGREEMENT BETWEEN NOVATO SANITARY DISTRICT AND NOVATO DISPOSAL SERVICE, INC. FOR SOLID WASTE COLLECTION, PROCESSING, DIVERSION AND DISPOSAL” and approve an “Assignment and Assumption Agreement” that is acceptable to the District.

A discussion on items in the existing franchise agreement and the proposed assignment agreement followed between the Board, District Counsel, William Schoen, and the General Manager. Director Long had questions on the nature of the asset purchase agreement, and District Counsel provided the responses. Director Long also questioned the mandated diversion rate, and District Counsel and William Schoen responded.

Director Mariani noted that Recology’s recycling efforts in San Francisco appear to be more focused, and stated that she anticipates future rate impacts to Novato residents from improved recycling/diversion efforts.

Director Miller discussed the contract and noted that he expects Recology to request a detailed rate review in the future after a cost history/pattern of solid waste collection has been established. He noted that Recology is a large company with 42 subsidiaries, and this may make a detailed rate review more challenging.

On motion of Director Miller, seconded by Director Dillon-Knutson, and carried unanimously, the Board approved the Assignment and Assumption Agreement – Amended and Restated Agreement between Novato Sanitary District and Novato Disposal Service, Inc. for Solid Waste Collection, Processing, Diversion and Disposal, and authorized the Board President, the General Manager-Chief Engineer, and District Counsel to execute it.

At 6:46 p.m., President Peters declared a ten minute recess.

At 6:59 p.m., President Peters reconvened the meeting.

A number of audience members left at the recess; those remaining in audience after recess: Erik Brown, Joe Moreno, Dale Thrasher, and John Bailey.

WASTEWATER OPERATIONS:

- Receive Wastewater Operations Reports, October 2017: Collection System; Treatment Facilities; Reclamation Facilities.

The Technical Services Manager provided the Collection Systems Report for October 2017. He stated that the Collections department cleaned 73,012 lineal feet of sewer pipelines and completed 389 maintenance work orders of the 599 that were generated. He stated that 2 line segments were televised, totaling 539 feet, and that staff conducted 16 sewer main inspections, totaling 3,176 feet, using the push camera. The Technical Services Manager stated that a Collection System Worker I has been hired recently, Brennan Duke, and that he is completing his training with staff. He stated that there were no lost time accidents in October for a total of 2,424 accident-free days. He stated that there were zero (0) sanitary sewer overflows (SSOs) in October.

Veolia Project Manager John Bailey then provided an overview of the Treatment Facilities Monthly Operations Report for October. The Project Manager reviewed the treatment plant performance summary. He stated that there were no excursions or violations for the month, noting that this completes the sixth year with no violations. He outlined the safety training that was completed in October, and stated that safety performance was excellent with a total of 2,716 accident-free days. He reviewed the period's key events, and monthly safety and training topics. He stated that Veolia employees Liz Falejczyk, John Bailey, and Lynda Farmery attended the North Bay Science Discovery Day in Sonoma County and commented that it was a very successful outreach event. He stated that there were three neighborhood contacts in October.

The Technical Services Manager then summarized the Reclamation Facilities report for October 2017. He stated that the contractor completed the removal of the fallen Eucalyptus trees on Site 2. He stated that the District resumed bay discharge in October. He stated that the storage ponds were drawn down to a minimal level and that sludge disposal operations began in October. He stated that Custom Tractor Service of Petaluma completed cleaning of the sludge lagoons and placement of sludge into the District's dedicated land disposal site.

The Technical Services Manager noted a revision to page 234 "Reclamation Facility – Monthly Statistics for Calendar Year 2017, as of August October 2017", and noted that Pond 1&2 gage readings for the month of October were omitted but should all read as 3ft.

CAPITAL PROJECTS:

- Admin Building Upgrade/Maint. Building, Account No. 73003: Make CEQA findings that the project is categorically exempt; authorize the General Manager-Chief Engineer to accept plans and specifications developed by staff, and advertise for bids – Maintenance Building Phase 3 – Modular Building; Project No. 73003-2016-1. The General Manager stated that this item was for the construction of a Modular Building, which would be located to the east of the administration building at the District.

On motion of Director Long, seconded by Director Mariani, and carried unanimously, the Board made CEQA findings that the Maintenance Building Phase 3 – Modular Building; Project No. 73003-2016-1, is categorically exempt. The Board also authorized the General Manager-Chief Engineer to accept plans and specifications developed by staff, and directed him to advertise for bids.

COLLECTION SYSTEM OPERATIONS:

- Authorize purchase of a closed circuit television (CCTV) van, and authorize the General Manager-Chief Engineer to execute a purchase order with National Auto Fleet Group in the amount of \$172,934.34 (including estimated sales tax and fees). The General Manager stated that the District's closed circuit television (CCTV) van is in need of replacement. He stated that the fiscal year 2017/18 budget includes a vehicle replacement budget amount of \$390,000, which currently has an anticipated unencumbered balance of approximately \$180,000. He recommended that the Board authorize staff to complete the purchase of a new CCTV van.

Director Long asked what is anticipated for the existing CCTV van. The General Manager stated that it will be held as a secondary unit, then disposed of as per District protocol, typically through auction.

On motion of Director Mariani, seconded by Director Dillon-Knutson, and carried unanimously, the Board authorized the purchase of a closed circuit television (CCTV) van, and authorized the General Manager-Chief Engineer to execute a purchase order with National Auto Fleet Group in the amount of \$172,934.34 (including estimated sales tax and fees).

ADMINISTRATION:

- Establish Construction Inspector I-II job classification, approve the job description and salary ranges, and authorize the General Manager-Chief Engineer to recruit for a position in this classification. The General Manager requested that the Board establish a new job classification: Construction Inspector I-II. He noted that the District made a meet-and-confer offer to the Teamsters, and considers it has met its obligation under applicable law regarding this new job classification and pay rate.

On motion of Director Mariani, seconded by Director Dillon-Knutson, and carried unanimously, the Board established the Construction Inspector I-II job classification, approved the job description and salary ranges, and authorized the General Manager-Chief Engineer to recruit for a position in this classification.

BOARD MEMBER REPORTS AND REQUESTS:

Director Miller discussed his attendance at the North Bay Watershed Association meeting, which met on November 2nd. He discussed the presentations which were given on soil composition after a fire, and on weather micro-forecasting.

Director Long stated that the North Bay Water Reuse Authority meeting of November 8th was postponed until January 22, 2018.

GENERAL MANAGER'S ANNOUNCEMENTS:

- A Finance Committee meeting is anticipated for the first week of December. Directors Mariani and Long will be contacted for availability.

- The General Manager discussed his attendance at the Water Environment Research Foundation (WERF) in Denver on November 7th. He attended as a guest of WEF (Water Research Foundation)/WERF, and provided a brief report on the workshop event.
- The Novato City Manager has extended an invitation to the District to make a presentation to the Novato City Council. A tentative date of January 9th has been established. President Peters and General Manager-Chief Engineer Sandeep Karkal can present jointly. Directors Dillon-Knutson and Long expressed interest in attending.
- The California Association of Sanitary Agencies (CASA) Winter Conference is being held in Palm Springs, January 24-26, 2018. Directors are requested to confirm their attendance with the Administrative Secretary.
- The next Regular Board meeting is scheduled for Monday, December 11, 2017 at 5:30 p.m.

ADJOURNMENT: There being no further business to come before the Board, President Peters adjourned the meeting at 7:39 p.m.

Respectfully submitted,

Sandeep Karkal
Secretary

Julie Hoover, Recording