

December 8, 2008

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 4:30 p.m., Monday, December 8, 2008, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Michael Di Giorgio, Members James D. Fritz, and George C. Quesada. Member William C. Long arrived at 4:40 p.m.

BOARD MEMBERS ABSENT: Member Arthur T. Knutson

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

ALSO PRESENT: Steve McAffrey, Director of Governmental Affairs, Novato Disposal Service
Jim Salyers, Vice President, Novato Disposal Service
John Warren, CPA, Novato Disposal Service
William Schoen, R3 Consulting
Delyn Kies, Kies Strategies, Novato

PLEDGE OF ALLEGIANCE:

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

PUBLIC COMMENT: Steve McCaffrey of Novato Disposal discussed a recent incident involving a Novato Disposal employee and a Novato Disposal garbage collection truck. He also explained that following the incident, the entire crew was retrained on the company's Lock-out/Tag-out procedures.

BOARD MEMBER REPORTS: None.

REVIEW OF MINUTES:

Consider approval of minutes of the November 24, 2008 meeting: The Manager-Engineer pointed out a change: the minutes inaccurately stated that Steve McCaffrey of Novato Disposal was present at the meeting when in fact he was not. The Board members were provided with a corrected copy of the minutes in which Mr. McCaffrey does not show as being present. *On motion of Member Quesada, seconded by Member Fritz, and carried unanimously by those members present, minutes of the November 24th meeting were approved as modified.*

PUBLIC HEARING:

- Consider recommendations of the Board's Ad Hoc Rate Review Committee for modifications to refuse collection rates.

President Di Giorgio declared the Public Hearing open at 4:35 p.m.

The Manager-Engineer noted that the franchise agreement between Novato Disposal and the District provides for adjusting the Company's compensation annually based on a detailed rate review for the 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. Novato Disposal applied for a rate increase of 9.51% for 2009 in August of 2008. R3 Consulting Services was contracted to review the requested rate increase and report back to the District with its findings.

Mr. William Shoen of R3 Consulting Services discussed R3's report which recommended a rate increase of 8%. He discussed the factors which contributed to the increase including the recent fuel cost increase, the additional costs for providing free trash pick up at parks and from sidewalk containers, and an adjustment to the calculated rate impact of the elimination of free services to public agencies.

Mr. Jim Salyers of Novato Disposal discussed the immediate impact of the decline in revenue due to the down-turn in the recyclable materials market. He noted the company is still able to sell their recyclable materials to markets overseas and within the U.S., however the prices have dropped.

The Manager-Engineer summarized the Rate Review Committee findings and discussed the new refuse collection rates which will become effective January 1, 2009.

No written or oral comments were received from the public.

President Di Giorgio closed the Public Hearing at 4:48 p.m.

On motion of Member Fritz, seconded by Member Long and carried unanimously by those members present, Resolution No. 2996: a Resolution Setting Maximum Refuse Fees for Novato Disposal Company in Novato Sanitary District, was passed.

John Warren of Novato Disposal discussed briefly the current trend in fuel costs versus future rate increases and decreases.

Mr. Jim Salyers, Mr. John Warren, Mr. Steve McCaffrey, and Mr. William Shoen left the meeting at 4:50 p.m.

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

- a. Approve holiday schedule: closing the District office on December 24th, 25th, 26th and January 1st, and 2nd.

- b. Approve regular disbursements in the amount of \$240,510.39, and upgrade project disbursements in the amount of \$2,756,762.13.

LOCAL AGENCY FORMATION COMMISSION (LAFCO):

- Consider nomination for Special District Member: The Manager-Engineer noted that nominations are open for the Special District representative to LAFCO and stated that the District is not required to submit a nomination. President Di Giorgio and the Board members discussed LAFCO's functions and the qualifications of Einar Asbo, the representative who seeks to be re-elected.

Member Quesada put forth a motion to delay any decisions on nomination until the January 12th 2009 Board meeting. There was no second. Motion was not carried.

No action was taken on this item.

NORTH BAY WATERSHED AUTHORITY:

- Review proposed letter and give direction to staff: The District has been working with other Marin County Agencies to draft a model ordinance regulating the repair and maintenance of private sewer laterals. The Manager-Engineer discussed a proposed Op-Ed article that will be submitted to the Marin Independent Journal to introduce the public to this issue. The Board reviewed the proposed article, making some grammatical changes and discussed the importance of homeowners taking responsibility for their lateral sewer lines. The Manager-Engineer stated she will make the noted changes and submit the article.

Member Fritz stated he would like the District to identify and map areas that are most likely to have lateral problems. He stated a systematic approach to lateral repair is a more prudent plan than the adoption of a mandatory inspection only when a property is bought or sold.

President Di Giorgio pointed out that the Private Sewer Lateral Committee of CASA (California Sanitation Agencies) is looking at the issue of how to pay for lateral repairs. He stated CASA will be forthcoming with an Ordinance to mandate lateral inspections and repairs. This Committee is also trying to pass legislation to require a full disclosure clause on real estate agreements asking the seller if they are aware of any lateral problems.

Member Long stated that he favors inspections in targeted areas where the District has deemed there may be potential lateral failure and/or leaks.

Member Quesada asked if it were possible for the District to televise lateral lines with the resident's permission. The Manager-Engineer stated that the District does not have the proper equipment to televise private lateral lines due to the various size of some laterals as well as access issues.

On motion of Member Long, seconded by Member Fritz and carried unanimously by those members present, the President of the Board of Directors was authorized to sign the Op-Ed article as amended.

STAFF REPORTS

- Water Environment Research Foundation (WERF) Forum: The Manager-Engineer discussed her attendance at the WERF Forum in Clearwater, Florida from December 1st through the 4th. She discussed several sessions she attended including a discussion on trace organics and their effect on nature; how risk is communicated; and the collection system operations and grease removal.

The Manager-Engineer also discussed the collection of data and reports WERF has available to member agencies noting they have completed extensive sessions on climate change and sustainability.

MANAGER'S ANNOUNCEMENTS:

The Manager-Engineer discussed a complimentary letter received from a Novato resident regarding the actions of several Novato Sanitary District employees. President Di Giorgio requested the Manager to write a commendation letter to the employees mentioned: Timothy O'Connor, Paco Sandoval, Kevin Craig, and Steve Krauthem.

The Manager-Engineer discussed the financial soundness of the District's bank, Bank of Marin, in response to an inquiry from President Di Giorgio regarding the Bank's participation in the Department of the Treasury's voluntary Capital Purchase Program. In a phone conversation with June Brown, Bank of Marin officials stated they were "in a strong financial position". The Manager discussed our role with Bank of Marin.

Senator Carol Migden was appointed to the Solid Waste Management Board.

The California Special Districts Association discussed the state of the California economy and the California General Fund. The Manager discussed the impact of California's economic position on the District's construction loan.

The Manager discussed a letter the District received from the Public Employees Retirement System which reviewed hypothetical investment returns in light of the current financial situation and the potential impact for increased public employer rates.

The Water Foundation has released their Water Tours for 2009 and of particular interest is a tour at the Russian River Water Treatment Plant on August 6th and 7th. The Manager stated she will remind the Board closer to the date of the tour for scheduling purposes.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 5:47 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Borda, Recording