

## NOVATO SANITARY DISTRICT

### Board Meeting Minutes

Meeting Date: December 12, 2016

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:10 p.m., Monday, December 12, 2016, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Pro-tem Carole Dillon-Knutson, Jean Mariani, William Long, and Brant Miller. President Jerry Peters arrived at 6:22 p.m.

President Pro-tem Carole Dillon-Knutson began the meeting at 6:10 p.m.

STAFF PRESENT: General Manager-Secretary Sandeep Karkal and Administrative Secretary Julie Hoover.

ALSO PRESENT: John Bailey, Project Manager, Veolia Water  
John O'Hare, Pretreatment Programs Manager, Veolia Water  
Brian Exberger, Assistant Project Manager, Veolia Water  
Erik Brown, Technical Services Manager, Novato Sanitary District  
Steve Krautheim, Field Services Manager, Novato Sanitary District  
Laura Creamer, Finance Officer, Novato Sanitary District  
Vikki Rodriguez, Maze and Associates

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

Consider approval of minutes of the November 14, 2016 meeting.

*On motion of Director Mariani, seconded by Director Miller, and carried unanimously by those Directors present, the Board meeting minutes of November 14, 2016, were approved.*

CONSENT CALENDAR:

President Pro-tem Dillon-Knutson called for a motion on the Consent Calendar items as follows:

- a. Approve Board member disbursements in the amount of \$779.26, capital project disbursements in the amount of \$5,441,331.72, and regular disbursements in the amount of \$417,527.01. Ratification of November 28<sup>th</sup> capital project disbursements in the amount of \$54,813.15, and regular disbursements in the amount of \$36,951.49.
  - b. Ratify November 2016 payroll and payroll related disbursements in the amount of \$224,347.94.
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- c. Receive Deposit Summary, November 2016.
- d. Cancel Board meeting of January 23, 2017.
- e. Authorize General Manager-Chief Engineer to approve a holiday schedule with closure of District offices on Friday, December 23, 2016, and Friday, December 30, 2016.
- f. Approve Director Long and the General Manager-Chief Engineer to attend the California Association of Sanitation Agencies (CASA) Annual Washington DC conference, February 27 - March 1, 2017.
- g. Re-adopt District Policy Regarding the Provision of Service to Residential Developments with Affordable Housing Units, and ratify District Resolution No. 2951 which adopted the policy.
- h. Approve the Household Hazardous Waste Grant Agreement with the Marin County Hazardous & Solid Waste Joint Powers Authority (JPA) for Fiscal Year FY16-17.
- i. Receive Fixed Asset Deletion Report for Fiscal Year (FY) 2015-16.

*On motion of Director Mariani, seconded by Director Long, and carried unanimously by those Directors present, the above listed Consent Calendar items were approved.*

#### FINANCE COMMITTEE:

- Receive report from the District's independent external auditor, Maze and Associates.  
The General Manager stated that the District's annual financial audit for the year ended June 30, 2016, had been completed by the District's independent external auditors, Maze and Associates. He stated that the District's Finance Committee with Members Long and Peters, met on December 5<sup>th</sup>, and reviewed the Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2016 and 2015. Further, the Committee received and reviewed the draft "Memorandum on Internal Control and Required Communications for year ended June 30, 2016, also prepared by Maze and Associates. The General Manager introduced Ms. Vikki Rodriguez, Maze and Associates, who was present at the meeting to present the audit findings and opinion to the Board.

Ms. Rodriguez presented an overview of the District's Annual Audit and stated that Maze and Associates had concluded, based on their audit, that there was a reasonable basis for rendering an unmodified (unqualified) opinion. She stated that the District's financial statements for the fiscal year ended June 30, 2016 are fairly presented, and conform to Generally Accepted Accounting Principles (GAAP). Ms. Rodriguez noted that the unmodified opinion is the highest rating given (cleanest possible opinion). She stated that there were no significant accounting policies, and that the District adopted three provisions of the Governmental Accounting Standards Board (GASB) Statement, which became effecting during the year ended June 30, 2016. She stated that there were no major reporting changes, no new pronouncements, and no material weaknesses when internal controls were reviewed.

- Receive Finance Committee report and recommendation, and accept the Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2016 and 2015, including: Fiscal Year FY15-16 audit, and audited financial statements for the years ended June 30, 2016 and 2015.

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*On motion of Director Mariani, seconded by Director Long, and carried by those Directors present, the Board accepted the Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2016 and 2015, including: Fiscal Year FY15-16 audit, and audited financial statements for the years ended June 30, 2016 and 2015.*

*On motion of Director Mariani, seconded by Director Long, and carried by those Directors present, the Board received and accepted the "Memorandum on Internal Control and Required Communications for Year ended June 30, 2016" from the District's independent outside auditor, Maze and Associates.*

President Jerry Peters arrived at 6:22 p.m. and the meeting continued under his authority.

- Authorize staff to submit the District's CAFR to the Government Finance Officers Association (GFOA) for consideration of the GFOA's Certificate of Achievement for Excellence in Financial Reporting. The General Manager recommended that the Board authorize staff to submit the District CAFR to the GFOA for its Certificate of Achievement for Excellence in Financial Reporting (CAFR Award). He stated that, if approved, this will be the sixth year in a row that the District has submitted an application for the award. He stated that the District has received this recognition from the GFOA for the last five years.

*On motion of Director Dillon-Knutson, seconded by Director Long, and carried unanimously, the Board authorized staff to submit the District's CAFR to the Government Finance Officers Association (GFOA) for consideration of the GFOA's Certificate of Achievement for Excellence in Financial Reporting.*

- Receive update on implementation of the combined Post-Employment Benefits Trust to address the District's liabilities related to Governmental Accounting Standards Board Statement No. 45 ("GASB 45") for Post-Employment Benefits Other than Pensions, and GASB 68 for Net Pension Liability (NPL), and provide further direction, if any. The General Manager noted that at its November 14, 2016 meeting, the District Board approved implementing a combined Post-Employment Benefits Trust with Public Agency Retirement Services (PARS), Newport Beach, CA, to address the District's GASB 45 and 68 liabilities. The General Manager stated that PARS has provided the District with the necessary agreements and legal documents to implement the District's trust program. District Counsel has reviewed these documents and they are now ready to be executed by the District. He noted that at its November 14, 2016 meeting, the Board authorized the General Manager to serve as the Plan Administrator and execute all required legal and administrative plan documents on the District's behalf. He stated that unless otherwise directed, he will execute these documents over the next few weeks.

The General Manager continued, stating that at the November 14, 2016 meeting, the Board also authorized funding the combined trust program with an initial partial discretionary amount of \$900,000 from the projected unencumbered available cash balance of about \$2.0 million (as of July 1, 2017) in the Operating Fund. Furthermore, he stated that the \$900,000 amount was to be divided into contributions of \$700,000 to the GASB 45 portion of the trust program, and \$200,000 to the GASB 68 portion of the program, with both contributions invested on a monthly, "dollar-cost averaging" basis. The General Manager noted that as explained in further detail in the Board Agenda packet, PARS offers two "conservative" strategies that fit the Board's desired 3%-5% long term investment goal for the District's

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combined PARS trust fund, i.e. Highmark PLUS, and Index PLUS. Of these two options, the Highmark PLUS has an active investment approach utilizing actively managed mutual funds, while the Index PLUS has a passive investment approach utilizing well known index-based securities, including exchange traded funds (ETFs). The Index PLUS thus appears to be the more conservative of the two options. He stated that unless otherwise directed by the Board, District funds will be directed to the Index PLUS option, consistent with prior Board direction.

Ms. Rodriguez left the meeting at 6:40 p.m.

#### WASTEWATER OPERATIONS:

- Receive Wastewater Operations Report, November 2016. The General Manager introduced Veolia Project Manager John Bailey who provided an overview of the Treatment Facilities Monthly Operations Report for November. The Project Manager reviewed the treatment plant performance summary and noted that there were no excursions or violations for the month. He outlined the safety training that was completed in November, and stated that safety performance was excellent with a total of 2,381 accident-free days. He reported that the average flow was 4.84 MGD (million gallons/day) with a peak hourly flow of 12.5 MGD on November 19<sup>th</sup>. The Project Manager stated that recycled water was produced only on one day, to top off the North Marin Water District (NMWD) Plum Creek recycled water tank. He reviewed the period's key events, and monthly safety and training topics. He noted that there were no neighborhood contacts in November. The Project Manager was also pleased to report that at the CWEA Redwood Empire Section awards dinner in November, Novato Sanitary District employee Aaron Hendricks received the Collection System Person of the Year 2016 award. The Board congratulated Mr. Hendricks. The General Manager and the Field Services Manager stated that Mr. Hendricks was well deserving of the award.

Field Services Manager Steve Krautheim summarized the Collection System Operations report for November 2016. He stated that the Collections department cleaned 68,399 lineal feet of sewers. He discussed the annual root treatment program that was completed by an outside contractor in August. He stated that during routine follow-up maintenance in November, staff identified 19 line segments that were in need of re-treatment. The contractor completed this additional work under warranty at no charge. The Field Services Manager stated that 17 main lines were televised, totaling 4,261 feet, and that staff conducted 62 sewer main inspections, totaling 10,731 feet. He further stated that there were no lost time accidents in November for a total of 2,089 accident-free days, and noted that there were no sanitary sewer overflows (SSOs) in November.

The Field Services Manager then summarized the Reclamation Facilities report for November 2016. He stated that the rancher moved all operations off site this month and that repairs and improvements were completed at the two drainage pump stations. He stated that there were no irrigation activities in November.

#### BOARD MEMBER REPORTS AND REQUESTS:

Director Miller commented on his attendance at the North Bay Watershed Association (NBWA) meeting held on December 2<sup>nd</sup> at the Petaluma Community Center in Petaluma. He discussed two presentations that were given: "Pharmaceuticals and Personal Care

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Products”, by Meg Sedlak of the San Francisco Estuary Institute, and “North Bay Trash Amendments/Storm Water Planning Project Update”, by Rob Carson, Coordinator for the Marin County Storm Water Program.

**GENERAL MANAGER’S REPORT AND ANNOUNCEMENTS:**

The General Manager had the following reports and announcements:

- As mentioned earlier by Mr. Bailey) Collection Systems Department staff member, Aaron Hendricks had received the 2016 Collection System Worker of the Year Award from the CWEA Redwood Empire Section, and congratulated Mr. Hendricks on the achievement.
- Board meeting start time: the Board periodically reviews its Board meeting start time. The current start time is 6:00 p.m., and the last time the meeting time was reviewed and adjusted was in 2012. This topic will be agendized for discussion at a future Board meeting in January or February, 2017.
- CASA Winter Conference in Palm Springs January 18 through January 20, 2017. He noted that there are no available rooms at the conference hotel, so per CASA recommendation, rooms will be reserved at the Hard Rock Hotel.
- The District will be closed on Friday, December 23<sup>rd</sup> through Monday, December 26<sup>th</sup>, and Friday, December 30<sup>th</sup> through Monday, January 2<sup>nd</sup>.
- As in prior years, there will be no Board meeting in the second half of December.
- The next Board meeting is Monday, January 9, 2017, at 6:00 p.m.

**ADJOURNMENT:** There being no further business to come before the Board, President Peters adjourned the meeting at 7:01 p.m.

Respectfully submitted,

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Sandeep Karkal  
Secretary

Julie Hoover, Recording

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