

June 11, 2012

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, June 11, 2012, at the District Office, 500 Davidson Street, Novato.

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

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

ALSO PRESENT: John O'Hare, Veolia Water
John Bailey, Project Manager, Veolia Water
Dasse de longh, NSD employee, Novato resident
Tom Gaffney, Bartle Wells Associates
Austin Gooder, Novato resident
Brant Miller, Novato resident
Mike Gozaskte, Novato resident
Ortensia Gozaskte, Novato resident
Manuel Gomez, Novato resident
Peter Auphney, Novato resident
June Penn Brown, NSD employee

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as written.

PUBLIC COMMENT: None.

PUBLIC HEARING PURSUANT TO ARTICLE 13(D) OF THE CALIFORNIA CONSTITUTION-INCREASED SEWER SERVICE CHARGES:

Staff report. The Manager gave a PowerPoint presentation which reviewed and summarized the financial analysis as prepared by Bartle Wells Associates. She reviewed information on borrowing costs, capital costs, replacement costs, and operating expenses. The presentation included tables which summarized the plan for ongoing District financing and showed the potential impacts to future sewer service charges. The Manager stated that the operating expenses are projected to increase by 3% annually.

The Manager noted that the charge for average water use residential customers is proposed to increase to \$495 in 2012-13, \$514 in 2013-14, \$533 in 2014-15, and \$552 in 2015-16.

The Manager introduced Tom Gaffney, Principal, Bartle Wells Associates. Mr. Gaffney discussed fixed and variable wastewater expenses stating that 92% of the District's costs are fixed and 8% are variable. Using the water usage of an average household, he outlined sewer charges for the 100% Variable Sewer Rate method, the 50% Fixed / 50% Variable Sewer Rate method and the Flat Sewer Rate method. Currently, the District uses a modified Flat Sewer Rate method with three tiers.

Open Public Hearing. President Long opened the Public Hearing at 6:45 p.m.

Receive public comments. None.

Receive and tally written protests. The Manager stated that the District had received and tallied a total of 25 protests in opposition to the proposed sewer service charge increase.

The Manager reported that Proposition 218 Notices were mailed to all individuals on the most recent Novato Sanitary District property tax roll which was updated in November 2011. A total of 20,188 notices were mailed on April 24, 2012: 18,559 residential properties received the Residential Notice and 1,629 commercial properties received the Non-Residential Notice. The Manager reported that the legal Notice of Public Hearing was published in the Marin Independent Journal on May 25, 2012 and on June 1, 2012.

President Long closed the Public Hearing at 6:47 p.m.

REVIEW OF MINUTES:

Consider approval of minutes of the May 29, 2012 meeting.

On motion of Member Di Giorgio, seconded by Member Peters, and carried unanimously, the minutes of the May 29, 2012 Board meeting was approved.

CONSENT CALENDAR:

Member Welsh requested item b: *Consider approval of regular disbursements*, be removed from the Consent Calendar for further discussion.

Member Welsh questioned the disbursements to R.P. Adams Corp from the operating check register in the amount of \$37,694.50 and also from the capital project check register in the amount of \$37,694.50. He questioned what the payments were for.

The Manager explained that the payments were for repairs of an irrigation strainer. She stated that she would review the charges and provide further information as to why the charges were allocated to both operating and capital project expenses.

On motion of Member Welsh, seconded by Member Peters and carried unanimously, the following Consent Calendar items were approved:

- a. Approval of proposal from DLJ Associates to provide consulting services for the administration of the Household Hazardous Waste Programs for the 2012-13 fiscal year for an amount of \$106,761.
- b. Approval of regular disbursements in the amount of \$258,770.48, project account disbursements in the amount of \$295,600.46, and approval of Board Member disbursements in the amount of \$3,379.87.
- c. Review of Accounts Receivable Report.

BUDGET:

- Presentation of Preliminary Budget for fiscal year 2012-13. The Manager reviewed the draft Preliminary Budget for fiscal years 2012-13 and 2013-14. She gave an overview of the operating revenues and expenditures and of the capital revenues.

Member Mariani requested that future budget presentations combine expenses and revenues of both the operating and capital accounts.

- Approval of revised schedule for approval of 2012-13 Preliminary and Final Budget, Appropriation Limit, and Sewer Service Charges. The Manager requested the Board approve the revised schedule and noted that the Public Hearing for adoption of a resolution confirming the sewer service charge report and collection on County tax rolls will be held on July 9, 2012 at the regular Board meeting.

On motion of Member Mariani, seconded by Member Peters, and passed unanimously, the Board approved the revised schedule for approval of the 2012-13 Preliminary and Final Budget, Appropriation Limit and Sewer Service Charges.

SEWER SERVICE CHARGES:

- Set public hearing for July 9, 2012 for public hearing on individual sewer service charges and adoption of resolution confirming report on sewer service charges. The Manager stated that the July 9th Hearing will provide an opportunity for customers to review and question their individual sewer service charge.

On motion of Member Di Giorgio, seconded by Member Mariani and passed unanimously, the Board set the public hearing for July 9, 2012: Public Hearing on Individual Sewer Service Charges and Adoption of Resolution Confirming Report on Sewer Service Charges.

ANNUAL COLLECTION SYSTEM REPAIRS PROJECT 72803:

- Review bids received, consider accepting the lowest responsive bid and authorizing the Manager-Engineer to execute a Contract with WR Forde & Associates for the Group 2 Sewer Repairs. The Deputy Manager-Engineer discussed the Sewer Repairs Group 2 Project. He stated that the project was at locations where the District had experienced overflows due to severe sags or root intrusion into the sewer main or areas in need of repair due to broken pipes or offset joints.

He stated that on May 24th, four bids were received for the project with WR Forde of Richmond submitting the lowest responsive bid of \$83,910. He requested the Board authorize staff to award the contract to WR Forde & Associates and authorize the Manager-Engineer to execute the contract.

On motion of Member Di Giorgio, seconded by Member Peters and carried unanimously, the Board awarded the Annual Collection System Repairs - 2012 Sewer Repairs, Group 2; Project 72803-11-06 to WR Forde and Associates in the amount of \$83,910 and authorized the Manager-Engineer to execute the contract.

COLLECTION SYSTEM IMPROVEMENTS PROJECT 72706:

- Consider approval of proposal for engineering design services from Nute Engineering and authorize the Manager-Engineer to execute a contract. The Deputy Manager-Engineer stated that the District has identified sewer improvements which would reduce the risk of potential sewer system overflows into the Novato Creek and other waterways. He stated that the preliminary estimate to construct the proposed sewer improvements is \$650,000 and that the District has received a proposal from Nute Engineering for design/engineering services in the amount of \$52,500. He recommends the Board approve the proposal from Nute Engineering.

Member Welsh questioned why the engineering contracts were not being let out for bid. The Manager explained that Nute Engineering had consistently provided value for their services and possessed the best knowledge of the District's collection systems.

Member Mariani suggested that the District request bids for an "as needed" list of consultants to be used to bid on projects throughout the year.

District Counsel Kent Alm stated that the interpretation of the law in regards to public agency bidding requirements for engineering services states that projects can be awarded not based on price but based on expertise and knowledge.

The Manager stated that she will review the possibility of soliciting multiple proposals for future design projects.

On motion of Member Mariani, seconded by Member Peters and carried unanimously, the Board approved the proposal for engineering design services from Nute Engineering for the Center Road Sewer Project - No. 72706, Phase H in the amount of \$52,500 and authorized the Manager Engineer to execute the contract.

WASTEWATER TREATMENT PLANT UPGRADE PROJECT 73002:

- Consider approval of a proposal to prepare an Operations and Maintenance Manual and Operations Plan for the Recycled Water Treatment Facility. The Manager stated that the State Health Department requires the District to have an approved Operations Plan prior to the delivery of recycled water from the facility. She noted that staff requested a proposal from Veolia Water to prepare an *Operations and Maintenance Manual*, and *Start Up and Operations Plan* for the new facility. She stated that Veolia proposes to do the work on a time and materials basis for a total not-to-exceed amount of \$48,030.

On motion of Member Di Giorgio, seconded by Member Peters and carried with the following vote, the Board approved the proposal from Veolia Water N.A. to prepare an Operations and Maintenance Manual and Operations Plan for the Recycled Water Treatment Facility in a not-to-exceed amount of \$48,030. Ayes: Long, Di Giorgio, Mariani and Peters. Noes: Welsh.

- Consider adopting Resolution No. 3045, A Resolution Adopting Novato Sanitary District's Labor Compliance Program for a Project Funded by Proposition 84 Funds, Recycled Water Project. The Manager explained that to fully comply with the Proposition 84 grant agreement, each recipient of grant funds is required to adopt a Labor Compliance Program pursuant to Labor Code Section 1771.5. She stated that Resolution No. 3045 authorizes the District to adopt and move forward with the implementation of the labor compliance program for the Recycled Water Project and designates District Finance Officer Laura Creamer as the contact person.

On motion of Member Peters, seconded by Member Mariani and passed unanimously, the Board approved Resolution No. 3045, A Resolution Adopting Novato Sanitary District's Labor Compliance Program for a Project Funded by Proposition 84 Funds, Recycled Water Project.

- Consider approval of a letter of support for AB 2398: Recycled Water Act of 2012. The Manager stated that the District is a strong proponent for the appropriate use of recycled water as addressed in Assembly Bill 2398 (AB 2398), introduced by Assemblymember Hueso and co-sponsored by Assemblymember Huffman. She noted that AB 2398 created the necessary framework to expand the use of recycled water throughout California and the Manager requested the Board send a letter of support for AB 2398 to Assemblymember Huffman and State Senator Leno.

On motion of Member Peters, seconded by Member Di Giorgio and carried unanimously, the Board approved the draft letter of support for Assembly Bill 2398 - The Water Recycling Act of 2012.

STAFF REPORTS:

- Comprehensive Annual Financial Report Award. The Manager stated that the District had submitted their Comprehensive Annual Financial Report for fiscal years ended June 30, 2010 and 2011 to the Government Finance Officers Association for review. She was pleased to announce that the submitted report qualified for a Certificate of Achievement for Excellence in Financial Reporting.

President Long congratulated District employees Laura Creamer and June Brown for their efforts in preparing the report and presented each with an Award of Financial Reporting Achievement (AFRA).

The Manager stated that she would prepare a press release announcing the award and will make a formal presentation when the Certificate of Achievement plaque is received at the District.

BOARD MEMBER REPORTS:

President Long discussed the summer 2012 Ross Valley District newsletter, *The Pipeline*.

MANAGER'S ANNOUNCEMENTS:

- The Wastewater Operations Committee meeting will be held on June 18th at 2:00 p.m. at the District office.

- A meeting of the North Marin Water District, Las Gallinas Valley Sanitary District and the Novato Sanitary District Recycled Water Committee will be held on June 19th at 10:00 a.m. at the District office.

ADJOURNMENT: There being no further business to come before the Board, President Long adjourned the meeting at 7:55 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Swoboda, Recording