

June 14, 2010

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, June 14, 2010, preceded by two closed sessions beginning at 5:00 p.m., at the District Office, 500 Davidson Street, Novato.

At 5:10 p.m. President Di Giorgio announced the Board would meet in closed session to discuss the following matters on the Closed Session Agenda:

FIRST CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – ONE CASE:

Existing litigation pursuant to Subsection (c) of Government Code Section 54956.9. County of Marin Superior Court Case Number 1001855: Complaint for Refund of \$181,927.54 Plus Interest under Commercial Code §11204).

BOARD MEMBERS PRESENT FOR FIRST CLOSED SESSION: President Michael Di Giorgio, Members James D. Fritz, William C. Long, George C. Quesada, and Dennis Welsh.

STAFF PRESENT: Manager-Engineer Beverly B. James.

ALSO PRESENT: Geoffrey Spellberg, Attorney, Meyers Nave Riback Silver & Wilson.

The first Closed Session ended at 5:23 p.m.

SECOND CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION – ONE CASE:

Potential exposure to litigation pursuant to Subsection B of Government Code Section 54956.9.

BOARD MEMBERS PRESENT FOR SECOND CLOSED SESSION: President Michael Di Giorgio, Members James D. Fritz, William C. Long, George C. Quesada, and Dennis Welsh.

STAFF PRESENT: Manager-Engineer Beverly B. James.

ALSO PRESENT: Sky Woodruff, Attorney, Meyers Nave Riback Silver & Wilson.

The second Closed Session ended at 6:13 p.m.

Open session began at 6:30 p.m.

BOARD MEMBERS PRESENT: President Michael Di Giorgio, Members James D. Fritz, William C. Long, George C. Quesada, and Dennis Welsh.

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal, Administrative Services Manager June Brown, and attorney Sky Woodruff.

ALSO PRESENT: Phil Tucker, California Healthy Communities Network, Martinez  
John F. O'Hare, Veolia Water North America  
John Bailey, Veolia Water North America  
Brant Miller, Novato resident  
Dean L. Heffelfinger, Novato resident  
Jo Heffelfinger, Novato resident  
Jerry Peters, Novato resident  
Deanna Pierce, Novato resident  
Tom Pierce, Novato resident  
Sonia Tanner, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL:

*On motion of Member Quesada, seconded by Member Long, and carried unanimously, the agenda was approved as mailed.*

REPORT FROM CLOSED SESSIONS: Attorney Sky Woodruff stated that the Board met in closed session and gave direction to legal counsel. No other reportable action was taken.

PUBLIC COMMENT:

Dean Heffelfinger, Novato resident, stated he received a notice from the District regarding the public hearing at noon on July 12<sup>th</sup> to consider a potential sewer service charge increase. Mr. Heffelfinger indicated that while he understood the time constraints faced by the District in transmitting necessary information to the County of Marin for the collection of sewer service charges on the tax rolls, he recommended that the District change the time of the hearing to another date and time that would be convenient to the general public.

BOARD MEMBER REPORTS:

There were no Board Member reports.

REVIEW OF MINUTES:

Consider approval of minutes of the May 24<sup>th</sup>, 2010 meeting.

*On motion of Member Quesada, seconded by Member Long, and carried unanimously, the minutes of the May 24<sup>th</sup>, 2010 Board meeting were approved.*

CONSENT CALENDAR:

*On motion of Member Long, seconded by Member Fritz and carried unanimously, the following Consent Calendar items were approved:*

- a. Approval of Annual Statement of Investment Policy.
- b. Approval of regular disbursements in the amount of \$653,344.07, project account disbursements in the amount of \$25,508,152.82, Board Member disbursements in the amount of \$2,878.97, and ratification of May payroll and payroll related disbursements in the amount of \$249,310.14.

In response to a question by Member Long, the Administrative Services Manager confirmed that there were no changes to the Annual Statement of Investment Policy.

COLLECTION SYSTEMS IMPROVEMENTS PROJECT 72706, PHASE E – IGNACIO BLVD. SEWER REHABILITATION PROJECT:

- Review bids received and authorize contract award to the lowest qualified responsive bidder – Team Ghilotti: The Manager reported that bids were received for the Ignacio Blvd. Sewer Rehabilitation Project on June 8<sup>th</sup>. She reported on the bid results as follows:

Team Ghilotti	\$ 84,643.00
Maggiora & Ghilotti	\$ 94,449.00
GD Neilson Construction	\$ 95,042.00
WR Forde & Associated	\$ 95,716.00
J & M, Inc.	\$129,171.25

The engineer's estimate for the project was \$90,000. Staff recommends that the Board authorize award of the contract to the lowest responsive bidder, Team Ghilotti.

Member Welsh pointed out that the location of the project is in the vicinity of a busy intersection near Alameda del Prado and Ignacio Blvd. He asked if any of the work will be performed at night. The Deputy Manager-Engineer responded that no night work is planned but traffic control will be in place.

On motion of Member Long, seconded by Member Quesada, and carried unanimously, the Board authorized award of the contract for the Ignacio Blvd. Sewer Rehabilitation Project to Team Ghilotti, for their bid amount of \$84,643.00.

BUDGET:

- Presentation of Preliminary Budget for fiscal year 2010-11: The Manager presented the Draft Preliminary Budget for 2010-11. The operating budget is based on District operation of the treatment facilities and includes a proposed sewer service charge increase of \$40. Operating expenses are estimated at \$10,496,937, with operating revenue at \$10,026,789. Expenditures include:

- Funding for future retiree health benefits.
- Increased gas and electricity costs.
- Operational assistance for completion of a number of tasks required for the upgraded treatment facilities, including Standard Operating Procedures (50 are currently under production and an additional 150-200 remain to be produced), and lockout/tagout procedures for approximately 800 pieces of new equipment to comply with CalOSHA requirements.
- Permits and fees have increased significantly for treatment plants. This item also includes fines for past violations.
- The expense item for software maintenance is for costly software licenses and support.
- The cost of operating chemicals is expected to decrease.
- A reduction in cost of operating the District's Reclamation Facilities is also anticipated because much of the responsibility is now passed to the rancher.
- Lab. research and monitoring costs are increasing because of the necessity to undertake a number of special studies as a requirement of the District's new NPDES permit.
- A reallocation of employee time to appropriate cost centers results in an increase in operation costs for pump stations and collection system and a reduction in administration and engineering.

Capital budget revenue is projected to be approximately \$100,000 less than 2009-10. Property taxes are not expected to increase because of property re-assessments. Connection charges will be lower because the Whole Foods build-out is complete and no new developments are projected. Interest earnings are less because rates have dropped and most of the reserves have been used to repay the Zions First Bank line of credit now that State Revolving Loan funds have been received.

Capital improvement projects include Wastewater Facilities Treatment Plant Upgrade Contract 'C', Phase 1, approved by the Board at their May 10<sup>th</sup> Board meeting. Also budgeted is Wastewater Treatment Plant Upgrade Contract 'D' – Recycled Water Project in the amount of \$3,000,000. The Manager explained that there is potential,

through the North Bay Water Re-Use Authority, for a portion of the cost to be paid through the federal Bureau of Reclamation.

The Manager reported that when the upgrade project commenced, it was anticipated that the District would be issuing bonds for \$20 million. It now appears that it will be only \$5 million.

Member Quesada asked about lubricants for the blowers at the new treatment facilities. After brief discussion with John Bailey, Veolia Water, the consensus of the Board was to follow manufacturer's recommendations.

President Di Giorgio opened the meeting for public comment. Receiving no comment, he called for Board comments.

Member Long commented on the budgeted amount for gas and electricity and how it might be reduced. The Manager responded that the budget was based on only one month's experience with the new facilities and it was the best estimate based on the information available.

Adoption of the Preliminary Budget was scheduled for June 28<sup>th</sup>.

#### STAFF REPORTS:

- North Bay Watershed Association: The Manager reported that the NBWA Board met at the District Office on June 4<sup>th</sup>. The budget for the next fiscal year was reviewed. NBWA is attempting to hold their budget close to last year.

Uniform Public Construction Cost Accounting Act Report: The Deputy Manager presented the UPCCA report for fiscal year 2009-10. The report is required as a condition of utilizing cost accounting procedures under Public Contracts Code Section 22000 et seq.

For fiscal year 2009-10 the District utilized the Act provisions to complete 3 projects:

1. Account 72803 – Collection System. Total amount \$176,734, utilizing 8 contractors.
2. Account 72804 – Reclamation Facilities. Total amount \$95,641, utilizing 4 contractors.
3. Account 72805 – Treatment Plant and Pump Stations. Total amount \$102,223, utilizing 5 contractors.

The Manager noted that although the Act allows alternative bidding up to \$125,000, the District generally doesn't use it for projects more than \$50,000.

MANAGER'S ANNOUNCEMENTS:

- The Manager reminded the Board that the North Bay Water Reuse Authority is holding a Plenary Session on June 30<sup>th</sup> from 9:15 a.m. to 12:15 p.m. The session will be held at the Inn Marin Hotel in Novato.
- A public tour of the treatment facility will be conducted on June 19<sup>th</sup> at 10:00 a.m. Tours will also be conducted in July and August.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 7:20 p.m.

Respectfully submitted,

Beverly B. James  
Secretary

June Brown, Recording