

NOVATO SANITARY DISTRICT

April 27, 2009

A regular meeting of the Board of Directors of the Novato Sanitary District will be held at 4:30 p.m., Monday, April 27, 2009, at the District Office, 500 Davidson Street, Novato.

Materials related to items on this agenda are available for public inspection in the District Office, 500 Davidson Street, Novato, during normal business hours.

AGENDA

1. PLEDGE OF ALLEGIANCE:

2. AGENDA APPROVAL:

3. PUBLIC COMMENT:

This item is to allow anyone present to comment on any subject not on the agenda, or to request consideration to place an item on a future agenda. Individuals will be limited to a three-minute presentation. No action will be taken by the Board at this time as a result of any public comments made.

4. BOARD MEMBER REPORTS:

5. REVIEW OF MINUTES:

- a. Consider approval of minutes of April 13, 2009 meeting.

6. CONSENT CALENDAR:

The Manager-Engineer has reviewed the following items. To her knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.

- a. Meeting schedule – May 11th and 26th, June 8th and 22nd, July 13th and 27th.
- b. Accept Hamilton Landing Sewer Main Extension.
- c. Receive Quarterly Investment Report for Quarter Ended March 2009
- d. Approve disbursements.

7. DISTRICT BOARD MEMBER ELECTION:

- a. Discuss schedule for Board Member election.
- b. Consider adoption of a resolution proposing an election requesting the County Elections Department to Conduct Election Services.

8. RECYCLED WATER

- a. Consider approval of the Revised Interagency Agreement for Recycled Water between Novato Sanitary District and North Marin Water District.

9. LOCAL AGENCY FORMATION COMMISSION (LAFCO)

- a. Review fiscal year 2009/10 draft LAFCO budget.

10. BUDGET WORKSHOP:

- a. Discussion of long-term capital improvement plan.
- b. Discussion of 2009-10 capital improvement budget.

11. STAFF REPORTS:

- a. Corrosion protection at Reclamation Facility.
- b. North Bay Water Reuse Authority meeting.

12. MANAGER'S REPORTS:

13. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION:

- Decision to initiate litigation pursuant to Subsection (c) of Government Code Section 54956.9: One case

14. ADJOURNMENT:

Next resolution no. 3004

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 892-1694 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

April 13, 2009

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 4:30 p.m., Monday, April 13, 2009, at the District Office, 500 Davidson Street, Novato.

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

BOARD MEMBERS ABSENT: Member Arthur T. Knutson.

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal, and Administrative Secretary Julie Borda. District Counsel Kent Alm arrived at 4:50 p.m.

ALSO PRESENT: Jason Dow, Manager of Central Marin Sanitation Agency
Paul Eisenhardt, The Eisenhardt Group
Jim Bewley, The Eisenhardt Group
Wayne Griffith, The Eisenhardt Group
Heidi Heffelfinger, Novato Resident
Jo Heffelfinger, Novato Resident
Dean L. Heffelfinger, Novato Resident
John Quinley, Sustainable Novato, Novato Resident
Erik Vonblankenburg, Novato Resident
Lynn Gleason, Novato Resident
John Gleason, NSD Employee, Novato Resident
Art Ribbel, Novato Resident
Pat Ribbel, Novato Resident
Tony Silva, NSD Employee, Novato Resident
Amy Silva, Novato Resident
Norman Stone, Novato Resident
Cory Kremlachek, Novato Resident
Norm Longman, NSD Employee
Angel Medina, NSD Employee
Dean B. Heffelfinger, NSD Employee, Novato Resident
Pam Welsh, Novato Resident
Dennis Welsh, Former NSD Employee, Novato Resident
Jim Henderson, Novato Resident
Jim Lynch, NSD Employee
John Ribbel, former NSD Employee, Novato Resident
Gary Wettstein, Novato Resident

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:

Norman Stone, a 20 year Novato resident, stated that it's a bad idea for a public entity to become dependent on a corporate interest.

BOARD MEMBER REPORTS:

Member Long commented on an article that was published in the Independent Journal on Sunday, April 12th in which a District employee who was interviewed in the story stated he did not speak out in opposition to the private contract operations for fear of retribution. Member Long stated that no employee should ever feel afraid to express their opinion to the Board. He stressed that all employees' opinions are valued and their employment would not be jeopardized due to their comments.

Member Fritz commented that he had toured the waste water treatment facility in Petaluma and that "they did a beautiful job". The Manager-Engineer pointed out that their sewer service charge rates are higher than ours.

Member Quesada stated that the District is faced with difficult decisions.

REVIEW OF MINUTES:

Consider approval of minutes of the March 20th Special Board meeting and the March 23, 2009 Regular Board meeting:

On motion of Member Fritz, seconded by Member Quesada, and carried unanimously by those members present, the minutes of the March 20th and March 23rd, 2009 meetings were approved as written.

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 waiver of Conducting Authority & Consent for Boundary Change, Lands of Harting.
- b. Adoption of Resolution #3002 accepting Grant of Easement from Steve Benesi – Benesi Land Division, 611 McClay Rd.
- c. Approval of consulting services agreement with AquaScience Laboratory for chronic toxicity screening.
- d. Approval of consulting services agreement with Oakley Water Strategies for NPDES Permit Renewal assistance.

- e. Approval of regular disbursements in the amount of \$617,869.53, March payroll and payroll related disbursements in the amount of \$326,589.56 and upgrade project disbursements in the amount of \$1,882,183.01.

WORKERS' COMPENSATION INSURANCE:

Receive report on projected workers' compensation insurance premium increase for 2009-10: The Manager-Engineer stated that our workers' compensation insurance carrier, CSRMA, has informed the District of a significant increase in our rates. The District's Experience Modification Factor will increase from 0.85% to 1.26% or an increase in premiums of 48%. She went on to explain how the experience modification factor is determined and how it relates to the District's insurance premium rates. She stated it is estimated that the District's annual workers' compensation insurance premium will increase from \$58,766 to approximately \$88,515.

WASTEWATER FACILITY UPGRADE PROJECT:

Authorize staff to issue a request for proposals from the three most qualified firms for contract operations. The Manager-Engineer stated the District is currently investigating the best way to obtain the necessary resources, systems and expertise to manage the operation and maintenance of the new \$90 million treatment facility to achieve District objectives and to protect ratepayers. She then read a detailed report she prepared for the Board of Directors titled: "Novato Wastewater Treatment Plant Upgrade: Managing Start Up Operation and Maintenance".

The Manager-Engineer read a letter from Councilman Nathaniel Bates from the City of Richmond who spoke of his support for Veolia Water and public-private partnerships.

Member Long clarified the time-frame involved if the Board directs staff to issue a Request for Proposals (RFP): the responses should be received by early July; a detailed review and interview process would occur in July; and if a qualified contract operator is found, final negotiations would occur in August. The contract operator could begin managing the plant as soon as September with current District operations and maintenance staff being transferred to the contract operator at that time.

Member Quesada asked if issuing an RFP would commit the District to moving forward with the contract operator option.

The Manager-Engineer stated that the Board is not obligated to move forward with the contract operator option.

Member Long asked what is the length of contract the Board is seeking in the RFP.

The Manager-Engineer stated a five year contract is preferred.

President Di Giorgio opened Public Comment on this agenda item at 5:05 p.m.

Art Ribbel, Novato resident and instrument technician, stated he had reviewed the Eisenhardt Report and disagreed with the statements that current employees are not familiar with the start-up process. He gave a few examples of new equipment he had experience with and the methods needed during a startup process.

Pat Ribbel, Novato resident, discussed Paul Eisenhardt's experience as stated on his website. She stated the Eisenhardt Report was biased to private contract operators. She suggested the District contact a firm such as HDR Engineering Inc. to receive an unbiased opinion of the cost of hiring consultants for the startup phase of the new treatment facility.

Lynn Gleason, Novato resident, stated she does not support private contract operations for the new facility. She stated the Novato residents should have been notified earlier of the possibility of private contract operators.

John Quinley, Novato resident of 32 years discussed his background in California public utilities. He stated he would like to be part of a panel made up of the Board and the Manager-Engineer to discuss options other than private contract operators. He outlined alternative methods which could be used to achieve a smooth startup of the new facility.

Dean L. Heffelfinger, 30 year Novato resident, discussed the Board's responsibilities and stated their degree of objectivity appeared to be questionable. He asked the Board: if the District does go with private contract operators, what level of management would be needed due to the decrease in the number of Novato Sanitary District employees?

Erik Vonblankenburg, Novato resident, stated he is concerned that the District gets the best level of quality sanitation for the best rate for the tax payers. He appreciates the level of commitment the District shows to the citizens of Novato and hopes they continue.

Cory Kremlachek, Novato resident, stated he feels it is a good idea to hire a private contract operator to work with a public agency. He noted that under a private contract operator, liability shifts from the District to the private operator. He also stated that District employees should understand that job security is not guaranteed in any employment situation.

Jim Henderson, Novato resident, referred to a letter he received on behalf of the District which stated consultants would carry higher costs than contract operators with no guarantees of regulatory compliance. He posed a question to the Board: if a

consultant is being considered for retention for a period of 12 to 18 months, why should a private contract operator have a five year contract? He stated he fails to see the cost benefits of a private contract operator. He asked the Manager-Engineer for a reply on work to be done on Elm Street.

Pam Welsh, Novato resident, gave an example of other waste water treatment plants that have employed private contract operators with disagreeable outcomes. She asked the Board to provide a public forum to allow employees and residents to speak to the issue.

Dean Heffelfinger, Novato Sanitary District employee and Novato resident, stated he believes the District has an obligation to provide the best possible service at the lowest possible cost. He referred to The Eisenhardt Group website, quoting some items there.

Gary Wettstein, a waste water treatment plant operator, pointed out that the District employees have been loyal throughout past storm events, always taking care of all aspects of the treatment facility. He stated that loyal employees are a great asset to the District. He gave examples of his own experience working with private contract operators and said they did not seem to have the same level of commitment as their non-contract counterparts. He wanted to clarify that violations are not always the fault of the operators; sometimes they are due to management's decision not to repair infrastructure.

Jim Lynch, NSD employee, expressed his dissatisfaction with the District for considering a private contract operator as it relates to his accumulation of PERS retirement credit. He also discussed his experience working with other agencies who were run by contract operators.

Tony Silva, NSD employee and Novato resident, invited the Board to visit a website, watermakesmoney.org, to view additional information on Veolia Water. He stated he does not agree that publicly owned entities and their equipment should be controlled by private operators.

John Gleason, former NSD employee and Novato resident, gave examples of how the District could save money by reducing the number of vehicles available for employee use. He felt only the collections and operations crew should have District provided vehicles.

The Manager-Engineer read an email from Clark Blasdell which was received on April 10th. In the email, he congratulated the District on their pending accomplishments and encouraged the Board to issue a joint RFP/RFQ. He stressed the importance of securing the widest gathering of information before making a decision about utilization of public assets.

The Manager-Engineer read an email from Sarah Larroque, Novato resident, which was received on April 9th. In the email, she stated she would like guarantees that her rates will not go up if some of the new machinery fails and felt a private contractor bears the responsibility for such failures thus reducing present and future liabilities. She urged the District to move forward with private contract operators.

Mr. Marrios, Novato resident of 38 years, stated that no one is guaranteed employment in these economic times. He is pleased the District is guaranteeing two years of employment for the operations and maintenance staff who would become employed by the private contract operator.

Mr. Wright stated he likes the idea of getting quotes from private contract operators.

Member Long asked for clarification on the issue of hiring three additional employees for a period of three years, as outlined in The Eisenhardt Report. Mr. Jim Bewley of The Eisenhardt Group stated that during the transitional startup period extra staff would be needed because the existing equipment would still be operating while the new equipment comes online. Mr. Eisenhardt stated that RMC Water and Environment, Inc., designers of the new facility, designated the need for the additional employees to augment existing staff.

President Di Giorgio confirmed with The Eisenhardt Group that once the contract is signed with the private contract operator, The Eisenhardt Group's services will no longer be needed. He discussed the benefits of a private contract operator vs. the hiring of consultants in regard to the new facility operating in the most cost effective manner.

Mr. Eisenhardt outlined the agencies their firm has assisted as outlined on their website.

Member Quesada asked what is the minimum grade an Operator must have in order to operate the new facility. The Manager-Engineer stated a Grade 4 operator was needed in a supervisory position with Grade 3, Grade 2 and Grade 1 operators in support positions.

Member Fritz discussed his observations at various other waste water treatment plants that have employed private contract operators and their use of extensive computerized systems. Mr. Eisenhardt commented that the District's upgraded plant will be run more efficiently. Member Fritz and Mr. Eisenhardt discussed employee training through Standard Operating Procedure (SOP) manuals.

President Di Giorgio commented on some of the Public Comments that were made.

Jim Lynch, NSD employee, discussed his past work experience with Veolia Water in 2003.

Angel Medina, NSD employee, commented on a discussion item from the December 22nd, 2008, Board meeting. The Manager-Engineer clarified that the discussion item was referring to the start-up of the headworks portion of the facility and the decision to seek a private contract operator is to assist with all of the new facilities equipment and operation.

Dennis Welsh, former NSD employee and Novato resident, stated he disagrees with the transition concept as presented in The Eisenhardt Group report. He stated his experience shows that the shut-down of an existing plant and the start-up of the new plant is not complicated.

John Ribbel, former NSD employee and Novato resident noted his concerns regarding the large amount of dirt and exposed rebar located near the District office.

President Di Giorgio closed public comment at 6:34 p.m.

On motion of Member Fritz, seconded by Member Long, and carried unanimously by those members present, staff was authorized to issue a request for proposals from the three most qualified firms for contract operations.

Member Quesada commented that this vote would in no way commit the District to any further action. The options are still open as to whether to choose a private contract operator versus employ consultants.

At 6:40 p.m. President Di Giorgio called for a 10 minute recess.

The Board meeting reconvened at 6:50 p.m.

RECLAMATION FACILITY LEASE:

Consider adoption of a resolution approving and authorizing execution of a pasture lease agreement – Sites 2,3 and 7. The Manager-Engineer gave a brief explanation of the District's desire to lease Sites 2, 3 and 7 to Ron and Dee Hayden. She stated that lease proposals were provided to three interested parties, but only Ron and Dee Hayden Ranches responded, accepting all of the conditions to the lease. She noted the Hayden's have been leasing Site 7 since 1994 and have done a good job of maintaining the pastures. She recommends awarding the lease to the Haydens.

On motion of Member Fritz, seconded by Member Long, and carried unanimously by those members present, the Board adopted Resolution No. 3003: A Resolution Approving and Authorizing Execution of Pasture Lease Agreement.

LIABILITY CLAIM:

Consider rejection of claim received from attorney Ronald P. Schneider on behalf of Mark Lafferty, 213 Caribe Isle, Novato, concerning traffic collision on February 16, 2009. The Manager requested the Board deny a Claim for Damages received from Mr. Lafferty's attorney in the amount of \$2,000,000. She noted that staff has discussed the matter with the District's claims adjuster at Carl Warren and Co.

On motion of Member Fritz, seconded by Member Quesada, and carried unanimously by those members present, the Board denied the \$2,000,000 Claim for Damages as received from attorney Ronald P. Schneider on behalf of Mark Lafferty.

MANAGER'S ANNOUNCEMENTS:

The Deputy Manager discussed two small overflows that occurred since the Board meeting on March 23rd. He stated both overflows were under 100 gallons and were completely and thoroughly cleaned; all waste was recovered. These violations will be reported with the monthly Sewer Monitoring Reports (SMR's).

The Manager discussed the upcoming Spring CASA conference which will be held in Napa. Member Fritz noted that he will not be in attendance for this CASA conference.

President Di Giorgio discussed The Eisenhardt Group and the District's decision to seek a private contract operator. He stated the process had been very transparent when, beginning in October, the Board overwhelmingly voted to proceed with The Eisenhardt Group as a consultant in this matter.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 7:00 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Borda, Recording

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

**TITLE: Consent Calendar: Hamilton Landing.
(Hangers # 7 & 9) SME Acceptance.**

MEETING DATE: April 27, 2009

AGENDA ITEM NO.: 6 b.

RECOMMENDED ACTION: Accept SME of Hamilton Landing (Hangers # 7 & 9)

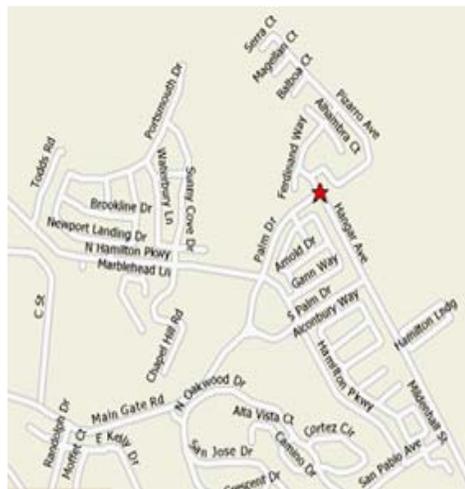
SUMMARY AND DISCUSSION:

This commercial office project called Hamilton Landing is located on Hanger Avenue in the Hamilton Field area. The project's sewer main extension was constructed to the District's Bay Mud Standards, (BMS). At the completion of the bay mud settlement the resulting slope is anticipated to be 0.88%. This will result in a slope that is 0.03% less than BMS allows for 6" sewer main. This deficiency is unavoidable due to the site topography and the depth of the existing sewer system. The Owner/ Developer have acknowledged this fact and have pledged to take responsibility for any maintenance or performance issues that may arise in the future.

The Engineer of record is CSW/Stuber Stroeh, Novato.
The Developer is Barker Pacific Group, BPG LLC.
The following items were constructed for this project;

- 170 LF of 6" sewer main (BMS)
- 30 LF of 6" lateral.
- 2 Standard Manholes.(BMS)
- 22 LF Re-grade existing 6" Main.(BMS)

A Sanitary Sewer Easement has been granted (to NSD) to provide access and maintenance to the proposed sewer improvements.



Vicinity Map

ALTERNATIVES: Do not accept the project improvements.

BUDGET INFORMATION: Increase of District assets by \$38,550.00

DEPT.MGR.:

MANAGER:

QUARTERLY INVESTMENT REPORT -- For Quarter Ended March 2009

INVESTMENT	ACTIVITY	Jan	Feb	March	QTR TOTAL
STATE TREASURER'S	Total deposits/transfers in	6,130,000	570,000	200,000	6,900,000
INVESTMENT FUND	Total transfers out	2,403,000	3,933,000	3,552,000	9,888,000
	Minimum daily balance	31,604,193	31,880,356	28,528,356	28,528,356
Current Yield	Maximum daily balance	35,518,356	35,518,356	31,880,356	35,518,356
1.82%	Interest earned	0	0	147,744	147,744
The LAIF Pooled Money Investment Account Report is attached as specified in California Government Code Section 53646(e)					
CHECKING ACCOUNTS					
Interest Rate	<u>Regular Warrants Account</u>				
0.045%	Total deposits & transfers in	9,032,293	4,323,988	3,931,810	17,288,091
	Total checks & transfers out	9,073,209	4,312,534	4,034,914	17,420,657
	Minimum daily balance	88,269	25,506	24,763	24,763
	Maximum daily balance	571,783	3,406,367	2,463,885	3,406,367
	Interest earned	9	11	11	31
	<u>Payroll Account</u>				
	Total transfers in	165,501	162,000	174,101	501,602
	Total checks & transfers out	163,271	162,686	167,803	493,760
	Minimum daily balance	2,592	2,539	2,533	2,533
	Maximum daily balance	167,793	164,539	176,633	176,633
	Interest Earned	1	0	1	2
	<u>Project Account</u>				
	Total transfers in	8,696,174	3,068,005	2,980,312	14,744,491
	Total checks & transfers out	8,560,697	3,141,714	2,253,079	13,955,490
	Minimum daily balance	2,601	2,625	2,582	2,582
	Maximum daily balance	6,692,332	2,907,959	2,089,216	6,692,332
	Interest earned	7	5	12	24

NOTES: (1) The above investments are consistent with the annual Statement of Investment Policy submitted to the District Board of Directors on July 9, 2008.

The District has the ability to meet six months cash needs.

(2) LAIF interest rate is currently 1.82% which is a significant decrease from 2.35% in December 2008, 2.77% in September 2008, 3.11% in June 2008, and 4.18% in March 2008.

Bill Lockyer, State Treasurer
Inside the State Treasurer's Office
Local Agency Investment Fund (LAIF)



SAVE THE DATE: LAIF ANNUAL CONFERENCE, OCTOBER 21-22, 2009

PMIA Performance Report

Date	Daily Yield	Quarter to Date Yield	Average Maturity (in days)
4/10/2009	1.65	1.67	187
4/11/2009	1.65	1.67	187
4/12/2009	1.65	1.67	187
4/13/2009	1.65	1.67	185
4/14/2009	1.65	1.67	185
4/15/2009	1.62	1.66	183
4/16/2009	1.61	1.66	182
4/17/2009	1.59	1.66	184
4/18/2009	1.59	1.65	184
4/19/2009	1.59	1.65	184
4/20/2009	1.57	1.64	183
4/21/2009	1.57	1.64	182
4/22/2009	1.56	1.64	181
4/23/2009	1.55	1.63	180

LAIF Performance Report

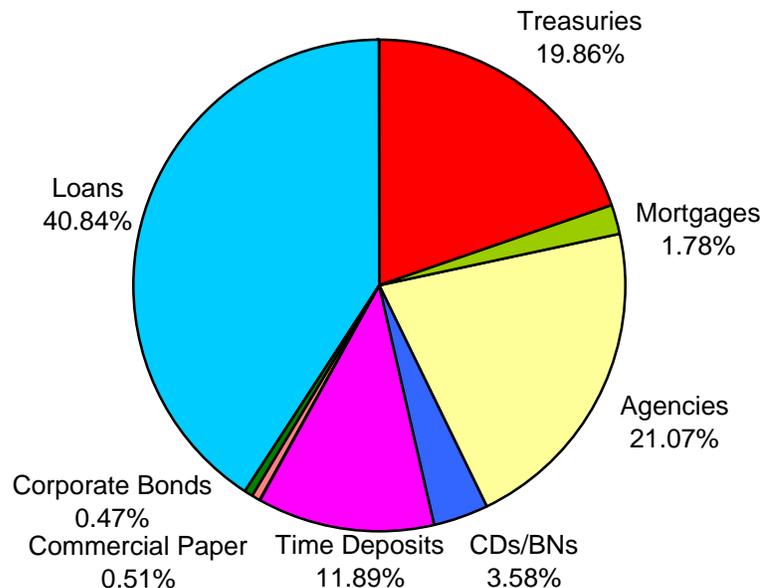
Quarter ending 3/31/2009

Apportionment Rate: 1.91%
 Earnings Ratio: .00005227211614311
 Fair Value Factor: 1.001829532

PMIA Average Monthly Effective Yields

Mar 2009 1.822%
 Feb 2009 1.869%
 Jan 2009 2.046%

Pooled Money Investment Account
Portfolio Composition
\$58.7 Billion
03/31/09



**State of California
Pooled Money Investment Account
Market Valuation
3/31/2009**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 7,897,019,502.10	\$ 7,959,223,855.36	\$ 7,986,696,000.00	NA
Notes	\$ 3,752,600,545.54	\$ 3,752,557,276.30	\$ 3,755,620,000.00	\$ 39,686,153.00
Federal Agency:				
SBA	\$ 557,638,901.06	\$ 557,627,148.83	\$ 542,785,017.08	\$ 568,103.04
MBS-REMICs	\$ 1,043,042,206.55	\$ 1,043,042,206.55	\$ 1,069,110,446.51	\$ 4,956,050.22
Debentures	\$ 3,016,009,515.37	\$ 3,015,359,515.37	\$ 3,057,371,840.00	\$ 41,798,886.24
Debentures FR	\$ 5,298,435,580.60	\$ 5,298,435,580.60	\$ 5,306,024,370.00	\$ 6,455,480.38
Discount Notes	\$ 3,489,866,519.49	\$ 3,536,196,366.69	\$ 3,555,815,400.00	NA
FHLMC PC	\$ 602.87	\$ 602.87	\$ 613.08	\$ 10.73
GNMA	\$ 133,692.26	\$ 133,692.26	\$ 150,733.25	\$ 1,322.16
CDs and YCDs FR	\$ -	\$ -	\$ -	\$ -
Bank Notes	\$ 250,000,000.00	\$ 250,000,000.00	\$ 250,000,000.00	\$ 16,666.67
CDs and YCDs	\$ 1,850,002,527.72	\$ 1,850,002,527.72	\$ 1,849,981,446.00	\$ 109,361.13
Commercial Paper	\$ 299,983,750.02	\$ 299,998,750.00	\$ 300,000,000.00	NA
Corporate:				
Bonds FR	\$ 220,326,060.58	\$ 220,326,060.58	\$ 217,038,047.62	\$ 313,556.97
Bonds	\$ 58,030,060.39	\$ 58,030,060.39	\$ 57,876,325.60	\$ 637,013.82
Repurchase Agreements	\$ -	\$ -	\$ -	NA
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 6,974,500,000.00	\$ 6,974,500,000.00	\$ 6,974,500,000.00	NA
AB 55 & GF Loans	\$ 23,962,770,665.76	\$ 23,962,770,665.76	\$ 23,962,770,665.76	NA
TOTAL	\$ 58,670,360,130.31	\$ 58,778,204,309.28	\$ 58,885,740,904.90	\$ 94,542,604.36

Fair Value Including Accrued Interest \$ 58,980,283,509.26

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

The value of each participating dollar equals the fair value divided by the amortized cost (1.001829532). As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$20,036,590.64 or \$20,000,000.00 x 1.001829532.

PAR VALUES MATURING BY DATE AND TYPE
Maturities in Millions of Dollars

ITEM	1 day to 30 days	31 days to 60 days	61 days to 90 days	91 days to 120 days	121 days to 150 days	151 days to 180 days	181 days to 210 days	211 days to 270 days	271 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 year/out	
TREASURY	\$ 200	\$ 400	\$ 2,100	\$ 2,400	\$ 1,200	\$ 1,800	\$ 500	\$ 1,700	\$ 300	\$ 800	\$ 300			
REPO														
TDs	\$ 3,219	\$ 1,973	\$ 1,742	\$ 41										
AGENCY	\$ 558	\$ 2,182	\$ 2,375	\$ 1,150	\$ 1,470	\$ 290	\$ 200	\$ 1,391	\$ 1,940	\$ 1,361	\$ 439	\$ 775	\$ 333	
BAs														
CP	\$ 300													
CDs + BNs	\$ 2,100													
CORP BND		\$ 50	\$ 25		\$ 22	\$ 68	\$ 25		\$ 64	\$ 25				
TOTAL	\$ 35,817	\$ 6,377	\$ 4,605	\$ 6,241	\$ 3,591	\$ 2,692	\$ 2,158	\$ 725	\$ 3,091	\$ 2,304	\$ 2,186	\$ 739	\$ 775	\$ 333
PERCENT	17.8%	12.9%	17.4%	10.0%	7.5%	6.0%	2.0%	8.6%	6.4%	6.1%	2.1%	2.2%	0.9%	

Notes:

1. SBA Floating Rate Securities are represented at coupon change date.
2. Mortgages are represented at current book value.
3. Figures are rounded to the nearest million.
4. Does not include AB55 and General Fund loans.

Novato Sanitary District Check Register

April 27, 2009

Date	Num	Name	Credit
Apr 27, 09			
4/27/2009	42222	Covello Group, The	33,374.81
4/27/2009	42241	Meyers, Nave, Riback, Silver ...	20,544.72
4/27/2009	42263	Team Ghilotti	17,163.60
4/27/2009	42252	Olin Chlor Alkali Products	12,000.73
4/27/2009	42258	PSC	11,508.15
4/27/2009	42224	Cummins West Inc	11,016.00
4/27/2009	42261	Summerhill Construction	10,643.00
4/27/2009	42213	Ashland E & PS	6,489.86
4/27/2009	42215	Atherton Ranch LLC	6,367.00
4/27/2009	42250	Novato, City	5,297.23
4/27/2009	42217	Basic Chemical Solutions	4,515.46
4/27/2009	42242	Mike Brown Electric *	4,270.00
4/27/2009	42230	Fort Dearborn Life Insurance	3,991.83
4/27/2009	42239	Maggiora & Ghilotti Inc.	3,488.79
4/27/2009	42266	Water Components & Building	3,483.57
4/27/2009	42220	Centex Homes	3,000.00
4/27/2009	42243	Milani's Autocraft	2,912.49
4/27/2009	42231	G & K Services	2,617.92
4/27/2009	42251	Oakley Water Strategies, Inc.	2,393.75
4/27/2009	42238	Kaiser Permanente	2,072.76
4/27/2009	42218	California Diesel & Power	1,965.43
4/27/2009	42247	North Marin Water District	1,669.55
4/27/2009	42228	Edd Clark & Associates, Inc.	1,462.25
4/27/2009	42216	Autoworld	1,361.55
4/27/2009	42267	WaterSavers Irrigation Inc.	1,252.90
4/27/2009	42212	Aquatic Biosystems Inc.	1,041.00
4/27/2009	42234	Harrington Plastics, Inc.	880.56
4/27/2009	42233	Groeniger & Company	830.27
4/27/2009	42219	CDW Government, Inc.	793.00
4/27/2009	42235	Hawkins Traffic Safety Inc.	684.73
4/27/2009	42214	AT&T-SAC	621.93
4/27/2009	42237	Johnson Controls, Inc.	598.00
4/27/2009	42236	Hertz Corporation	596.78
4/27/2009	42232	Grainger	419.87
4/27/2009	42226	Dennis O'Dea	377.00
4/27/2009	42256	Pitney Bowes Reserve Account	300.00
4/27/2009	42221	Claremont EAP	295.00
4/27/2009	42260	Siemens Water Tech Corp.	272.00
4/27/2009	42264	Teeters & Schacht Auto Glas...	268.81
4/27/2009	42211	American Society of Civil En...	245.00
4/27/2009	42229	Electrical Equipment Company	235.99
4/27/2009	42225	Datco Billing Inc.	191.10
4/27/2009	42259	Randall Bros. Auto Inc.	166.90
4/27/2009	42255	Pape Material Handling	132.71
4/27/2009	42265	Verizon California	129.90
4/27/2009	42210	All Star Rents LLP	125.81
4/27/2009	42209	AirGas-NCN	122.84
4/27/2009	42227	Division of Drinking Water & ...	120.00
4/27/2009	42240	Marin Sanitary Service	112.00
4/27/2009	42208	3T Equipment Company Inc.	105.00
4/27/2009	42245	North Bay Portables	89.64
4/27/2009	42253	Orkin Pest Control	69.00
4/27/2009	42262	TAP Plastics, Inc.	54.43
4/27/2009	42248	Novato Brushless Car Wash	47.96
4/27/2009	42246	North Marin Auto Parts	45.86
4/27/2009	42249	Novato Builders Supply	45.53
4/27/2009	42223	CSK Auto Inc.	39.85
4/27/2009	42244	North Bay Gas & Weld	38.15
4/27/2009	42257	Power Industries	26.41
4/27/2009	42254	Pacific, Gas & Electric	14.78
Apr 27, 09			<u>185,001.16</u>

04/24/09

Novato Sanitary District Check Register

April 27, 2009

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
Apr 27, 09			
4/27/2009	1350	Covello Group, The	163,855.54
4/27/2009	1356	RMC Water & Environment, I...	99,367.06
4/27/2009	1349	Carollo Engineers, Inc	30,616.00
4/27/2009	1351	Eisenhardt Group, Inc.	16,376.82
4/27/2009	1355	HDR Engineering Inc	5,582.84
4/27/2009	1354	Harmony Press	3,450.00
4/27/2009	1357	Verizon California Inc	1,100.00
4/27/2009	1352	Empire Mini Storage - Novato	730.00
4/27/2009	1353	Guarantee Mailing Services, ...	386.58
Apr 27, 09			<u>321,464.84</u>

04/27/09

Novato Sanitary District Check Register

April 27, 2009

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
Apr 27, 09			
4/27/2009	42268	Caltest Analytical Lab Inc.	7,330.20
4/27/2009	42271	Oratech Controls, Inc.	1,183.41
4/27/2009	42270	Environmental Resource Ass...	375.00
4/27/2009	42269	County of Marin, Dept. Health	90.00
4/27/2009	42272	VWR International Inc.	58.40
Apr 27, 09			<u>9,037.01</u>

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: : District Board of Directors: November 2009 election	MEETING DATE: April 27, 2009 AGENDA ITEM NO.: 7 b.
RECOMMENDED ACTION: Adopt a Resolution proposing that an election be held and that it be consolidated with other elections.	
SUMMARY AND DISCUSSION: The terms for three members of the District's Board of Directors end in 2009: Michael Di Giorgio, Arthur Knutson, and William Long. In order to be included in the general election to be held on November 3, 2009, the District Board must adopt the attached resolution and submit it to the Marin County Registrar of Voters by May 6, 2009. The filing period is July 13 th to August 7 th , 2009. If all incumbents do not file, the filing period is extended to August 12, 2009 for non-incumbents only.	
ALTERNATIVES: NA	
BUDGET INFORMATION: The cost of the election is approximately \$1.50 - \$2.50 per registered voter and will be included in the 2009-10 budget.	
DEPT.MGR.:	MANAGER:

RESOLUTION NO.

RESOLUTION OF THE GOVERNING BODY OF THE

NOVATO SANITARY DISTRICT

PROPOSING AN ELECTION BE HELD IN ITS JURISDICTION;
REQUESTING THE BOARD OF SUPERVISORS TO CONSOLIDATE WITH ANY
OTHER ELECTION CONDUCTED ON SAID DATE, AND REQUESTING
ELECTION SERVICES BY THE REGISTRAR OF VOTERS

WHEREAS, it is the determination of said governing body that the Consolidated
School, District and Municipal Election to be held on the 3rd day of November, 2009, at
which election the issue to be presented to the voters shall be:

To elect members to the Board

Number of Regular Term Positions (4 year) 3

Number of Short Term Positions (2 year)

BE IT FURTHER RESOLVED that the Board of Supervisors of the County of
Marin is hereby requested to:

- 1) Consolidate said election with any other applicable election conducted on
the same day;
- 2) Authorize and direct the Registrar of Voters at District expense, to provide
all necessary election services and to canvass the results of said election.

PASSED AND ADOPTED this _____ day of _____, _____ by the
following vote, to wit:

AYES:

NOES:

ABSENT:

PRESIDENT, BOARD OF DIRECTORS

ATTEST: _____
Secretary

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Recycled Water: Revised Agreement with North Marin Water District	MEETING DATE: April 27, 2009 AGENDA ITEM NO.: 8 a.
RECOMMENDED ACTION: Approve Revised Interagency Agreement for Recycled Water Between Novato Sanitary District and North Marin Water District	
SUMMARY AND DISCUSSION: <p>In December 2004, North Marin Water District and the Novato Sanitary District entered into an interagency agreement to jointly construct and operate a Recycled Water System serving the Stonetree Golf Course and other users along Atherton Avenue. North Marin Water District took the lead, obtaining funding through the SRF program to construct the treatment and distribution facilities. The December 2004 agreement provided for Novato Sanitary District to operate the Recycled Water Treatment Plant and to be reimbursed for the costs of its operation. It was anticipated that once the recycled water treatment plant was constructed, ownership would transfer to Novato Sanitary District. However, SRF program requirements does not allow for the transfer.</p> <p>The District's Adhoc Recycled Water Committee has met twice with the NMWD's committee to discuss modifying the agreement so that NMWD will be responsible for operation of the Recycled Water Treatment Facility. They recommend approving the attached agreement which implements this change for the following reasons:</p> <ul style="list-style-type: none"> • NMWD is the permittee with regulatory responsibility for the Recycled Water treatment and distribution; • NMWD owns the Recycled Water Treatment Facility; • The technology used for producing the recycled water more closely resembles that for water treatment not wastewater treatment. 	
ALTERNATIVES: Do not authorize the revised Agreement	
BUDGET INFORMATION: The District has been operating the Recycled Water Treatment Plant under the previous Agreement with North Marin Water District. The 2008-09 Budget was \$99,391. Actual expenses are reimbursed by North Marin Water District so the net effect of transferring the operation to North Marin Water District should be zero.	
DEPT.MGR.:	MANAGER:

**REVISED INTER AGENCY AGREEMENT
FOR RECYCLED WATER
BETWEEN
NOVATO SANITARY DISTRICT
AND
NORTH MARIN WATER DISTRICT**

April 2009

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- 1 H. The RWTF is permitted by the State of California San Francisco Bay Regional Water
2 Quality Control Board to distribute and use treated effluent as recycled water.
- 3 I. Recycled water to be delivered by Producer/ Distributor will be disinfected tertiary
4 recycled water, in accordance with the provisions of Title 22 of the California Code of
5 Regulations and applicable requirements of the California Department of Health
6 services.
- 7 J. Producer/Distributor wishes to acquire from Supplier the quantity of secondary
8 treated wastewater effluent (secondary effluent) for production of recycled water
9 which it can sell to End Users (as defined below).

10 **AGREEMENT PROVISIONS**

11 For and in consideration of the foregoing recitals and of the mutual promise and covenants
12 herein contained, the Parties hereto agree as follows:

13 **ARTICLE A. INTRODUCTORY PROVISIONS**

14 **1 Definitions**

15 When used in this Agreement, the following terms shall have the meanings
16 hereinafter set forth:

- 17 a) "End User" shall mean the ultimate user of recycled water.
- 18 b) "Fiscal Year" shall mean each 12-month period during the term of this
19 Agreement commencing July 1 of one year and terminating June 30 of the
20 next succeeding year, both dates inclusive.
- 21 c) "Operation and Maintenance Costs" shall mean the actual cost of: labor
22 (including general and administrative overhead plus tools and supplies
23 normally applied), equipment and vehicle charges, consumables (such as
24 chemicals and electrical power), and spare parts and/or replaced
25 components necessary to reliably deliver recycled water to the End User
26 pursuant to this agreement. Operation and Maintenance Costs shall not
27 include costs for major capital replacement or process changes.
- 28 d) "Point of Connection" shall mean a secondary effluent connection between
29 the Supplier's sewerage system pipeline to its effluent storage pond site and
30 the Producer/Distributor's RWTF and distribution system. See Exhibit "A"
31 attached hereto and incorporated herein by this reference.

32 **2. Term and Renewal**

33 This Agreement shall commence on the Effective Date and be in force for
34 twenty (20) years. Following the original twenty (20) year Agreement term, the
35 Agreement term shall be automatically renewed and extended for consecutive
36 one (1) year terms, unless terminated in accordance with the provisions of
37 Article E herein.

38

39 **ARTICLE B. RECYCLED WATER SERVICE PROVISIONS**

40 **1 Recycled Water Delivery Limitations**

- 41 a) Producer/Distributor understands and acknowledges that Supplier is
42 charged with the responsibility to operate its sewerage system in a manner

1 which it reasonably determines to be most beneficial to the users thereof.
2 The rights of Producer/Distributor to secondary effluent under this
3 Agreement pertain only to that actually used to produce recycled water at
4 the RWTF. Nothing contained herein shall be construed to qualify in any
5 manner Supplier's right to operate the wastewater treatment effluent storage
6 pond system at such rates of flow as Supplier reasonably determines to be
7 appropriate so as to comply with Supplier's NPDES permit.

- 8 b) Nothing herein shall be construed to commit any portion of the recycled
9 water from the RWTF beyond that which will be delivered by
10 Producer/Distributor to its customers for reasonable beneficial uses.
11 Supplier to give to Producer/Distributor at least 30 days advance written
12 notice of any non-emergency planned reduction that would reduce the
13 availability of secondary effluent to Producer/Distributor.
14 Producer/Distributor shall have ample opportunity to meet and confer with
15 the Supplier on the issue of reduced availability of secondary effluent.
- 16 c) Any circumstances beyond Supplier's control which cause an unplanned
17 reduction in the supply of secondary effluent available for treatment at the
18 RWTF may, at the discretion of Supplier, result in a temporary decrease in
19 recycled water treatment capacity available to Producer/Distributor under
20 this Agreement. The reduced availability of secondary effluent will continue
21 in effect until such time as the sewerage system has been restored to
22 normal operations, provided the Supplier must use its reasonable best
23 efforts to restore the sewerage system to normal operations as soon as
24 possible. Supplier shall inform Producer/Distributor on a weekly frequency
25 regarding status of restoration of the sewerage system to normal operation.
- 26 d) The Parties acknowledge that in unusual conditions, an emergency
27 discharge of recycled water by Producer/Distributor to the Supplier's effluent
28 storage pond may be necessary, and such discharge shall not be deemed a
29 violation of this Agreement.

30 **2 Recycled Water Delivery Quantities**

- 31 a) Subject to the provisions herein, Supplier agrees to make available to
32 Producer/Distributor each Fiscal Year during the term hereof, secondary
33 effluent of sufficient quantity for recycled water production at the RWTF in
34 the anticipated minimum annual delivery quantity (the "Annual Delivery
35 Quantity").
- 36 b) Annually, Supplier and Producer/Distributor shall meet and confer in good
37 faith to mutually determine the Annual Delivery Quantity and anticipated
38 production schedule for each month for the ensuing Fiscal Year and to
39 project minimum Annual Delivery Quantities for the next ensuing three Fiscal
40 Years. The purpose of this determination is to inform Supplier of the
41 Producer/Distributor intended plan of production at the RWTF.
- 42 c) Supplier and Producer/Distributor acknowledge that circumstances such as
43 drought may require additional Annual Delivery Quantities at the RWTF and
44 agree to use reasonable best efforts to meet such additional requirements.
- 45 d) Producer/Distributor shall make reasonable efforts to provide back-up
46 source(s) of water for the distribution system that will provide a reliable flow
47 of water to End Users in the event that circumstances beyond Supplier's

1 control cause a reduction or temporary loss of flow of secondary effluent
2 from Supplier.

3 **3. Metering and Measurement of Flows**

4 Producer/Distributor will measure all secondary effluent water delivered to
5 Producer/Distributor from Supplier. This delivery (master) metering will be in
6 addition to any retail (customer) metering conducted by the Producer/Distributor
7 and/or End Users (collectively, the "Customer Metering"). The sum total of the
8 Customer Metering shall govern billings to Producer/Distributor and shall also
9 be used for reporting Producer/Distributor's recycled water usage to regulatory
10 agencies. Where either Supplier or Producer/Distributor acts as End Users,
11 they shall also report usage by metering.

12 **4. Secondary Effluent Water Quality and Pressure**

13 a) All secondary effluent water to be delivered by Supplier to Producer/
14 Distributor pursuant to the terms of this Agreement will be of such quality
15 that the same may be treated at the RWTF by Producer/Distributor and
16 subsequently used for all purposes from time to time allowed for disinfected
17 tertiary recycled water. The recycled water to be produced and delivered
18 pursuant to this Agreement shall conform to the quality requirements set
19 forth in the then current disinfected tertiary recycled water quality and
20 monitoring regulations specified in Title 22, Division 4, Chapter 3:
21 Wastewater Reclamation Criteria (California Code of Regulations), as further
22 regulated by the State of California Regional Water Quality Control Board,
23 the California Department of Health Services and all other federal, state and
24 local agencies having jurisdiction over recycled water quality.

25 b) The Parties recognize that factors beyond the control of Supplier could
26 cause operational difficulties at the Secondary Treatment Facilities resulting
27 in the temporary production of secondary effluent which does not meet the
28 current requirements referenced in the previous subparagraph for the
29 influent to the RWTF. In such cases, Supplier shall temporarily suspend
30 deliveries of secondary effluent. Supplier shall use its best efforts to
31 reestablish the production of secondary effluent of a suitable quality.

32 c) Producer/Distributor shall immediately notify Supplier if secondary effluent
33 does not meet the applicable regulatory requirements for influent to the
34 RWTF and its acceptance of secondary effluent will be temporarily
35 suspended. Such notice shall be given to Supplier, via control system alarm,
36 e-mail (robinm@novatosan.com) or telephone (415) 892-1694

37 d) The Parties recognize that factors beyond the control of Producer/Distributor
38 could cause operational difficulties at the RWTF resulting in the temporary
39 production of recycled water which does not meet the current requirements
40 referenced in the previous subparagraph for the intended uses of the End
41 Users. In such cases, Producer/Distributor shall temporarily suspend
42 deliveries of recycled water. Producer/Distributor shall use its best efforts to
43 reestablish the production of recycled water of a suitable quality and
44 pressure as soon as reasonably possible and shall reestablish distribution
45 of supply of such water accordingly.

46 e) Producer/Distributor shall provide reasonable notice to Supplier if recycled
47 water from the RWTF does not meet the currently applicable regulatory

1 requirements and its deliveries of recycled water will be temporarily
2 bypassed. Such notice shall be given to Supplier, via control system alarm,
3 e-mail (robinm@novatosan.com) or telephone (415) 892-1694 .

4 **5. Recycled Water Limitations of Use**

5 Producer/Distributor agrees to provide the recycled water it treats hereunder
6 only for the use of those End Users who have obtained the appropriate permits
7 to use recycled water.

8 **6. Permits**

9 This Agreement is based on the necessary permitting requirements under the
10 San Francisco Regional Water Quality Control Board Order 96-011 General
11 Water Reuse Requirements for Wastewater and Water Agencies and the
12 Department of Public Health Title 22 water reuse criteria relating to the use of
13 recycled water and the development and construction of a recycled water
14 production and distribution system. Producer/Distributor will act as lead agency
15 in obtaining, complying with and maintaining the permits that are applicable to
16 the construction and initial permitting of the RWTF and distribution system.
17 Producer/Distributor will act as lead agency in obtaining, complying with, and
18 maintaining the permits that are applicable to the operation of the RWTF.

19
20 **ARTICLE C. RECYCLED WATER FACILITIES**

21 **1 Initial Construction**

22 a) The Parties have worked together to develop planning, permitting and
23 engineering design for a RWTF and distribution system to serve the Stone
24 Tree Golf Course as the first End User.

25 **2. Master Plan**

26 a) The Parties have worked together to create and approve a focused master
27 plan (the "Master Plan") for contemplated expanded distribution and/or
28 treatment facilities for the distribution of recycled water in the service area of
29 Producer/Distributor (the "Expanded Facilities"). The expanded facilities are
30 described in the May 2002 Recycled Water Implementation Plan and North
31 San Pablo Bay Restoration and Reuse Project (North Bay Water Recycled
32 Program) Environmental Impact Report/Environmental Impact Statement.
33 The Parties intend that the focused Master Plan shall promote the use of
34 recycled water throughout the service area of Producer/Distributor, and shall
35 be consistent with Producer/Distributor's overall water supply planning. The
36 cost of outside consultants to prepare the focused Master Plan has been
37 split evenly by the Parties.

38 Arrangements between the parties relating to permitting, design and
39 construction of Expanded Facilities shall be addressed in one or more future
40 agreements.

41 **3. Construction of Facilities**

42 a) Secondary Effluent water delivered to Producer/Distributor pursuant to this
43 Agreement shall be provided by Supplier from its sewerage system. Initial
44 construction shall be administered and managed by Producer/Distributor and
45 financed by the Producer/Distributor with a California State Water Resources

1 Control Board State Revolving Fund low interest loan or grant funding.
2 Repayment of said financing shall be pursuant to an agreement between the
3 End User and Producer/Distributor. Producer/Distributor shall assist with the
4 construction inspection of Initial Construction of RWTF.

5 b) Expansion of the RWTF and Expanded Distribution Facilities will be
6 undertaken from time to time as subject to any other future agreements
7 executed between Supplier and Producer/Distributor. Costs for expansion of
8 the RWTF and Expanded Distribution Facilities shall be paid from Recycled
9 Water Connection Fees paid by End Users, State or Federal Grant and Loan
10 Proceeds or when available, the Recycled Water Capital Replacement and
11 Expansion Fund.

12 **4. Ownership, Operation and Maintenance of Facilities**

13 Producer/Distributor shall own, operate and maintain at no cost to Supplier, all
14 of its treatment and distribution facilities from the Point of Connection up to the
15 End User meter.

16 Supplier shall own, operate and maintain at no cost to Producer/Distributor all of
17 the sewerage system up to the Point of Connection. At Producer/Distributor's
18 request or as necessary to comply with permit conditions of state or federal law,
19 Supplier may assist with the maintenance and emergency repair of
20 Producer/Distributor's treatment and distribution facilities. Producer/Distributor
21 shall reimburse Supplier for reasonable and necessary expenses incurred in
22 carrying out such maintenance or repair.

23 Supplier leases the property on which the RWTF is located from the Marin
24 County Flood Control and Water Conservation District. This lease expires on
25 July 1, 2023 with an option to extend it for an additional ten years.

26 Supplier agrees to provide the Producer/Distributor the uninterrupted right of
27 ingress to and egress from the RWTF and recycled water pipeline route on
28 Supplier's property and the right at all times to enter in, over and upon and to
29 use said RWTF and recycled water pipeline route and every part thereof for all
30 purposes connected with the laying down, constructing, reconstructing,
31 expanding, replacing, removing, repairing, maintaining, operating and using said
32 treatment and distribution facilities.

33 Supplier agrees not to do anything which may interfere with
34 Producer/Distributor's full rights for the purposes noted above including without
35 limitation the following: placing or permitting to be placed on said RWTF and/or
36 recycled water pipeline route any building or structure (including without
37 limitation new fences not approved by Distributor) or deck(s), tree(s), large
38 shrub(s), or rock(s) weighing more than 50 pounds;

39 Subject to the foregoing provisions, Supplier may excavate or change the grade
40 of the surface of said recycled water pipeline right of way for the Supplier's
41 continued operation and maintenance of the existing wastewater disposal ranch
42 operations, provided that before making any such change, Supplier shall notify
43 Producer/Distributor of the proposed change and enable Producer/Distributor
44 the opportunity to raise or lower distribution facilities as solely determined by
45 Producer/Distributor if Producer/Distributor determines in its sole discretion that
46 the change of the grade necessitates that any Producer/Distributor facilities be
47 raised or lowered.

1 Supplier may cultivate and landscape the surface of said recycled water pipeline
2 route and may construct a roadway thereon provided that such actions do not in
3 any way conflict with or violate any of the preceding limitations.

4 Supplier reserves the right to change the location of said recycled water pipeline
5 route on Supplier's property to a new location agreeable to Producer/Distributor,
6 provided that the full expense of relocating the recycled water pipeline and
7 appurtenant facilities to the new location shall be funded from the Recycled
8 Water Capital Replacement and Expansion Fund.

9 Producer/Distributor shall be under no obligation to install or maintain a roadway
10 or pavement or other surfacing upon the recycled water pipeline route except
11 such as may be convenient for its own purposes. (Any surface changes, such
12 as paving, need to be approved by Supplier.)

13 Planned capital improvements or replacements projects to the RWTF shall be
14 coordinated with Supplier sufficiently in advance to ensure adequate property is
15 available to carry out said projects.

16 **5. Monitoring**

17 Supplier's responsibility for management and monitoring the secondary effluent
18 water delivered hereunder shall cease upon delivery to Producer/Distributor at
19 the Point of Connection. Operation, management, maintenance and monitoring
20 of facilities under the control of the Producer/Distributor shall be the sole
21 responsibility of Producer/Distributor. Producer/Distributor shall be fully
22 responsible for conforming to all monitoring, reporting, and any other
23 requirements assigned to the "recycled water agency" in Title 22 of the
24 California Code of Regulations, all applicable regulations of the State of
25 California Regional Water Quality Control Board and the California Department
26 of Health Services and Order 96-011 (General Water Reuse Requirements for
27 Municipal Wastewater and Water Agencies).

28 **6. Reporting**

29 As a condition of, and to provide assistance sufficient to enable
30 Producer/Distributor to carry out this reporting responsibility undertaken by
31 Producer/Distributor, Producer/Distributor shall provide Supplier with the
32 following reporting information:

- 33 a) Quarterly (or annual, at Producer/Distributor's option) recycled water
34 production and monitoring records pursuant to Exhibit B within 30 days of
35 the close of each fiscal quarter (or Fiscal Year, as the case may be) to the
36 extent permissible by law.
- 37 b) Adequate notifications of Producer/Distributor inspections, start-ups,
38 shutdowns and disconnections.

39 **ARTICLE D. PAYMENT PROVISIONS**

40

1 **1. Obligation to Pay for Available Secondary Effluent Water**

2 Producer/Distributor shall pay Supplier one dollar (\$1.00) for the Annual
3 Delivery Quantity of secondary effluent water for each Fiscal Year.

4 **2. Time and Method of Payment for Available Electrical Power**

5 Producer/Distributor shall pay Supplier for the Annual Quantity of electrical
6 power for RTWF operation for each Fiscal Year as estimated by Supplier and
7 agreed upon by Producer/Distributor. Supplier shall bill Producer/Distributor at
8 the close of each quarter (or each Fiscal Year) for the estimated quantity of
9 electrical power consumed by Producer/Distributor during that quarter (or Fiscal
10 Year).

11 **3. Obligation to Pay for Site**

12 Producer/Distributor shall pay Supplier for the Annual Lease of the site for the
13 RTWF a sum of \$20.00.

14 Payments shall be made by Producer/Distributor in response to, and within 30
15 days of, billing by Supplier.

17 **ARTICLE E. TERMINATION**

18 **1. General**

19 This Agreement may be terminated upon the occurrence of the events
20 described in the following paragraphs.

21 **2. Non-Renewal**

22 Following the expiration of the original 20-year term of this Agreement, either
23 Party may serve upon the other no later than 30 days prior to the next occurring
24 anniversary of the Effective Date a notice of intent to terminate this Agreement.
25 Such termination shall become effective upon said next occurring anniversary of
26 the Effective Date.

27 **3. Cause**

28 This Agreement may be terminated by either Party at any time for good cause
29 upon 60-days' written notice to the other Party. However, if the good cause is
30 the breach of the other Party, this Agreement may not be terminated under this
31 section unless such breach is not cured by the breaching Party during such 60-
32 day period. Notwithstanding the foregoing, if a cure of any such breach by any
33 Party hereto cannot practicably be affected within such 60-day period, and the
34 breaching Party, upon receiving such written notice, promptly initiates efforts to
35 cure such failure within such 60-day period, and diligently pursues such cure,
36 this Agreement may not be terminated under this section.

37 **4. Failure to Approve Annual Funding**

38 The Parties acknowledge that each Party undergoes an annual budgeting
39 process and that neither Party is obligated to expend additional funds or to
40 construct additional facilities in any given year unless the applicable Party's
41 governing board has budgeted money for that purpose. Notwithstanding the
42 foregoing, failure to budget such funds may constitute good cause for
43 termination of this Agreement under paragraph 4 above.

1 **5. Decision by Producer/Distributor to Cease Distributing Recycled Water**

2 This Agreement shall be terminated in the event that Producer/Distributor
3 determines that it no longer intends to be a purveyor of recycled water within its
4 service area. Such termination shall be effective at the end of the Fiscal Year
5 following the Fiscal Year in which notice of Producer/Distributor's desire to
6 terminate this Agreement pursuant to this Paragraph is furnished to
7 Producer/Distributor.

8
9 **6. Buyout Upon Termination**

10 If this Agreement is terminated in accordance with the provisions of Paragraphs
11 3, 4, 5 or 6 of this Article, then Supplier shall have the option to purchase from
12 Producer/Distributor those portions of the Production/Distribution Facilities
13 (along with any appurtenances necessary to treat and distribute recycled water
14 in Supplier's service area) that have been constructed or are then under
15 construction from Producer/Distributor, including easements and any associated
16 real estate required for their use or maintenance. Supplier may exercise this
17 option on the following terms:

- 18 a) Supplier shall give written notice of its intent to purchase said facilities
19 within 180 days following the effective date of the termination.
- 20 b) The purchase price shall be equal to the newly reconstructed cost
21 (determined as of the date of the notice in paragraph 8.a) less depreciation
22 (RCNLD) of Producer/Distributor's improvements. Upon request,
23 Producer/Distributor shall furnish appropriate accounting data and
24 information to Supplier to establish the purchase price.
- 25 c) Producer/Distributor shall assign to Supplier all water delivery contracts
26 with End Users using the Distribution Facilities along with any applicable
27 consulting or construction contracts.

28 **ARTICLE F. GENERAL PROVISIONS**

29 **1. Amendments**

30 This Agreement may be amended at any time by mutual written agreement of
31 the Parties. The Parties agree that in the event of action by an outside
32 governmental body producing a prospective change in the volume or use of
33 recycled water by Producer/Distributor's customers, the Parties will make such
34 amendments to this Agreement as the circumstance may reasonably and
35 equitably require.

36 **2. Notices**

37 All notices or other writings in this Agreement to be given by either Party to the
38 other, shall be deemed to have been given or when made in writing and either
39 (i) delivered personally, or (ii) sent by facsimile transmission to the Fax numbers
40 set forth below with the original deposited in the U.S. mail, postage pre-paid,
41 first class, addressed as set forth below, or (iii) deposited in the United States
42 mail, registered, or certified, postage prepaid, and addressed as follows:

43 To Producer/Distributor

44 General Manager

1 North Marin Water District
2 P.O. Box 146
3 Novato, CA 94948-0146

4
5 FAX: (415) 892-8043
6

7 To Supplier

8 Manager/Engineer
9 Novato Sanitary District
10 500 Davidson Street
11 Novato, CA 94945

12
13 FAX: (415) 898-2279

14 The address of either Party may be changed upon written notice given by such
15 Party as above provided. Notices shall also be deemed given when delivered
16 by personal delivery, with a confirmation copy by first class mail.

17 **3. Severability**

18 If any one or more of the covenants or agreements set forth in this Agreement
19 on the part of Supplier or Producer/Distributor, or either of them, to be
20 performed should be contrary to any provision of law or contrary to the policy of
21 law to such extent as to be unenforceable in any court of competent jurisdiction,
22 then such covenant or covenants, agreement or agreements, shall be null and
23 void and shall be deemed severable from the remaining covenants and
24 agreements and shall not affect the validity of this Agreement.

25 **4. Paragraph Headings**

26 Paragraph headings in this Agreement are for convenience only and are not to
27 be construed as part of this Agreement or any way limiting or amplifying the
28 provisions here.

29 **5. Successors and Assigns**

30 Subject to the provisions of the succeeding Paragraph hereof, this Agreement
31 and all the terms, covenants, agreements, and conditions herein contained shall
32 inure to the benefit of and be binding upon the successors and assigns of the
33 Parties hereto.

34 **6. Assignment**

35 No assignment or transfer by Producer/Distributor of this Agreement or any part
36 hereof, or of any rights hereunder or interest herein of Producer/Distributor, shall
37 be valid unless approved by Supplier, which approval shall not be unreasonably
38 withheld.

39 No assignment or transfer by Supplier of this Agreement or any part hereof, or
40 of any rights hereunder or interest herein of Supplier, shall be valid unless
41 approved by Producer/Distributor, which approval shall not be unreasonably
42 withheld.

1 **7. Remedies**

2 By reason of the specialized nature of the recycled water service to be
3 rendered, and for the further reason that the extent of any damage caused to a
4 party by any breach of this Agreement by the other party may be extremely
5 difficult to determine in monetary terms, it is agreed by the Parties hereto that an
6 action for monetary damages is an inadequate remedy for any breach, and that
7 specific performance, without precluding any other remedy available in equity or
8 at law, will be necessary to furnish either Party hereto with an adequate remedy
9 for the breach hereof.

10 **8. Indemnification**

11 Supplier shall save Producer/Distributor, its officers, agents and employees, free
12 and harmless from any and all cost liability, damages or health-related claims
13 arising out of: 1) any act or omission to act, including any negligent act, by
14 Supplier, its officers, agents or employees arising out of the Supplier's
15 performance of its obligation under this Agreement and 2) Producer/Distributor's
16 use of Supplier's property for RWTF treatment and distributing facilities along
17 the recycled water pipeline route, except for damage actually caused by the
18 active negligence of the Producer/Distributor. Producer/Distributor shall save
19 Supplier, its officers, agents and employees, free and harmless from any and all
20 cost liability, damages or health-related claims arising out of any act or omission
21 to act, including any negligent act, by Producer/Distributor, its officers, agents or
22 employees arising out of the Producer/Distributor's performance of its obligation
23 under this Agreement.

24 **9. Dispute Resolution**

25 Any controversies between the Parties regarding the construction or application
26 of this Agreement, and claims arising out of this Agreement or its break, shall be
27 submitted to mediation within 30 days of the written request of a Party after the
28 service of that request on the other Party. The Parties may agree on one
29 mediator. If they cannot agree on one mediator, the Party demanding mediation
30 shall request that the Presiding Judge of the Superior Court of Marin County
31 appoint a mediator. The mediation meeting shall not exceed one day (eight
32 hours), unless the Parties agree to extend said time. The cost of the mediator
33 shall be borne by the Parties equally. Mediation under this section is a condition
34 precedent to filing an action in any court.

35 The Parties shall make good faith efforts to resolve all claims and disputes
36 related to this Agreement at the lowest possible cost. Unless the Parties agree
37 upon an alternative forum of dispute resolution, any litigation concerning claims
38 and disputes related to this Agreement shall be filed in and timely prosecuted to
39 conclusion in the Superior Court in and for Marin County, and each party hereby
40 waives its right to move to change venue.

41 **10. Governing Law**

42 This Agreement shall be governed, construed and enforced in accordance with
43 the laws of the State of California.

44 **11. Further Assurances**

45 Each of the Parties agrees to execute, and deliver to the other parties, such
46 documents and instruments, and take such actions, as may reasonably be

1 required to effectuate the terms and conditions of this Agreement; provided,
2 however, such covenant shall not have the effect of increasing the obligations of
3 any Party pursuant to this Agreement or require any representations and
4 warranties by any Party in addition to those of such party set forth herein.

5 **12. Waiver**

6 No waiver of any right or obligation of any of the parties shall be effective unless
7 in writing, specifying such waiver, executed by the party against whom such
8 waiver is sought to be enforced. A waiver by any of the parties of any of its
9 rights under this Agreement on any occasion shall not be a bar to the exercise
10 of the same right on any subsequent occasion or of any other right at any time.

11 **13. Presumptions**

12 Because all of the parties have participated in preparing this Agreement, there
13 shall be no presumption against any party on the ground that such party was
14 responsible for preparing this Agreement or any part hereof.

15 **14. Counterparts**

16 This Agreement may be executed in two or more counterparts, each of which
17 shall be deemed an original, but all of which shall constitute one and the same
18 instrument.

19 **15. Entire Agreement**

20 This Agreement constitutes the entire agreement between the parties regarding
21 the subject matter hereof and thereof, and supersedes all prior or
22 contemporaneous negotiations, understandings or agreements of the parties,
23 whether written or oral, with respect to such subject matter.

24 **16. Insurance**

25 Each Party shall be responsible for requiring all contractors that it retains for the
26 construction and construction-related tasks related to this Agreement to provide
27 insurance in the amounts and with the coverages consistent with its policies and
28 practice for projects involving similar construction costs and risks. Each Party
29 shall be responsible for obtaining from each such contractor a certificate of
30 insurance evidencing such coverage, and policy endorsements adding both
31 Parties, and their respective directors, officers, employees, agents, and
32 authorized volunteers as additional insureds to the contractor's Commercial
33 General Liability and Comprehensive Automobile Liability insurance policies,
34 which shall be provided to both Parties prior to the commencement of the
35 construction and/or construction-related tasks.

36 IN WITNESS WHEREOF, Supplier and Producer/Distributor have caused this
37 Agreement to be executed by their respective duly authorized officers effective as of the day
38 and year first herein written below.

39 **SUPPLIER**

NOVATO SANITARY DISTRICT

By:

Board President

PRODUCER/DISTRIBUTOR

NORTH MARIN WATER DISTRICT

By

Board President

Dated: _____

Dated: _____

Attest:

Attest:

Board Secretary

Board Secretary

Approved as to Form:

Approved as to Form:

Novato Sanitary District Attorney

North Marin Water District Attorney

- 1
- 2
- 3
- 4
- 5

EXHIBITS:

Exhibit A Point of Connection Detail

Exhibit B Producer's Schedule of Sampling and Analysis

1
2
3
4
5
6

EXHIBIT B

PRODUCER/DISTRIBUTOR'S SCHEDULE OF SAMPLING & ANALYSIS

Constituent (units)	Limit	Type of sample	Frequency
Flow Rate (gallons/day)	500,000	Observation	Daily
Total Coliform (MPN/100 ml)	2.2 median	Grab (7 days)	Daily
	23 maximum	Grab (in any 30 day period)	Daily
Turbidity (NTU)	2 maximum	Daily average	Continuous
	5 maximum	5% of time	Continuous
	10 maximum	Any time	
Dissolved Oxygen (mg/l)	1.0 minimum	Grab	3/week
Dissolved Sulfide (mg/l)	0.1 maximum	Grab	3/week

R:\NON JOB No ISSUES\Recycled Water Operations\NMWD NSD revised InterAgency Agmt 3-09.doc

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: LAFCO: Review FY2009-10 Proposed Budget	MEETING DATE: April 27, 2009 AGENDA ITEM NO. : 9 a.
RECOMMENDED ACTION: Give direction to staff	
SUMMARY AND DISCUSSION: LAFCO's Proposed Budget for Fiscal Year (FY) 2009-10 projects a 12.7% decrease in revenues and expenditures over 2008-09. Total revenues and expenditures are projected to be \$340,163, as compared to the final FY2008-09 budget of \$389,498. A copy of the Proposed budget is attached for your review. The public hearing for the LAFCO budget will be held May 14, 2009, when the Commission will consider adoption of the proposed budget. Any questions or comments may be presented at the hearing, or directed to LAFCO staff prior to the hearing.	
ALTERNATIVES: NA	
BUDGET INFORMATION: NA	
DEPT. MGR. :	MANAGER'S APPROVAL:

MARIN LAFCO
Project Budget FY 09-10
Summary

EO Full Time; Clerk 3/4 time

3/5/2009

REVENUE SUMMARY

	Budget 07-08	Budget 08-09	Projected 08-09	Estimated Balance	Proposed 09-10	% Chg
Application Fees 4640333	35,000	35,000	2,000	33,000	25,000	-28.6
Appropriated from Designated Reserve	32,006	19,400	19,400	0	13,574	-30.0
Contribution 5211835	335,098	335,098	335,098	0	301,589	-10.0
TOTALS	402,104	389,498	356,498	33,000	340,163	-12.7

EXPENDITURE SUMMARY

	Budget 07-08	Budget 08-09	Projected 08-09	Estimated Balance	Proposed 09-10	% Chg
Salaries/Related Items	281,854	259,548	231,869	27,679	233,613	-10.0
Administrative Costs	47,650	47,650	38,000	9,650	44,150	-7.3
Supplies, Services & Facilities	72,600	72,300	63,425	8,875	60,400	-16.5
Fixed Assets		10000	10,000	0	2,000	-80.0
TOTALS	402,104	389,498	343,294	46,204	340,163	-12.7

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Staff Report: Receive update on Cathodic Protection (CP) systems at the Reclamation facilities.	MEETING DATE: 4/27/2009 AGENDA ITEM NO. : 11 a.
RECOMMENDED ACTION: No action required – information only.	
SUMMARY AND DISCUSSION: <p>At its April 14, 2008 meeting, staff had informed the Board that Associated Corrosion Engineers (ACE) had completed an analysis of the District's corrosion protection systems at its Reclamation facilities off of Highway 37. ACE's analysis had recommended replacement of: (a) rectifiers at the Irrigation Pump Station, the Decant Pump Station and Drainage Pump Station No. 7, and (b) high silicon chromium cast iron (HSCI) anodes in the two effluent storage ponds. Staff also informed the Board at that time, that by separate staff action internally, the Manager-Engineer authorized the purchase of these items via District purchase order under the limits of her purchasing authority as set by the District's Purchasing Policy in the amount of \$19,500, which was within the then (FY07-08) budgeted amount of \$20,000.</p> <p>At this time, the above work is substantially complete. Additionally, staff requested, and ACE subsequently provided, an additional proposal in the amount of \$7,308 to cover the following:</p> <ol style="list-style-type: none"> 1. Post installation verification and testing of the HSCI anodes and replacement rectifiers, and 2. A written report outlining test results with recommendations for maintaining proper cathodic protection for the piping system <p>The additional \$7,308 will bring the total authorized amount for ACE's services to \$13,608. Again, by separate staff action internally, staff is requesting that the Manager-Engineer authorize an amendment to ACE's existing contract under the limits of her authority as set by District Policy.</p> <p>In the April 14, 2008 staff report, staff had indicated that any further expenses to implement the replacements would be brought to the Board for action at future Board meetings as needed. Accordingly, this item is being presented as an information item to keep the Board apprised as to costs and staff's progress on this project.</p>	
ALTERNATIVES: This is an information item only.	
BUDGET INFORMATION: The FY08-09 budget includes \$60,000 for anode replacement under Account No. 63151 – Unusual Equipment Maintenance.	
DEPT. MGR. :	MANAGER'S APPROVAL: