

# NOVATO SANITARY DISTRICT

September 14, 2009

**A regular meeting of the Board of Directors of the Novato Sanitary District will be held at 6:30 p.m., Monday, September 14, 2009, at the District offices, 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 (PLEASE OBSERVE A THREE-MINUTE TIME LIMIT):**

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 July 20<sup>th</sup>, 2009 Board meetings.

**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. Schedule a meeting for September 21, 2009 at 6:30 PM.
- b. Approve regular and project account disbursements and ratify August payroll disbursements.
- c. Approve Sewer Main Extension Plans for "The Landing " Subdivision.

**7. COLLECTION SYSTEM IMPROVEMENTS PROJECT 72706:**

- a. Consider approval of a construction management agreement.

**8. 2009-10 ANNUAL DISTRICT BUDGET:**

- a. Presentation of final 2009-10 annual District budget.
- b. Consider adoption of final District budget.

**9. WASTEWATER TREATMENT FACILITY OPERATION:**

- a. Consider approval of task order for professional services for transition preparation.

**10. COLLECTION SYSTEM OPERATION AND MAINTENANCE**

- a. Consider approval of a contract for root control.

**11. STAFF REPORTS**

- a. Pollution Prevention outreach
- b. North Bay Watershed Association meeting

**12. MANAGER'S ANNOUNCEMENTS:**

**13. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL – EXPOSURE TO LITIGATION – ONE MATTER:**

Significant exposure to litigation pursuant to Subsection (b) of Government Code Section 54956.9:

**14. ADJOURNMENT:**

Next resolution no. 3009

***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.***

July 20, 2009

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, July 20, 2009, at the Hill Community Room, Margaret Todd Senior Center, 1560 Hill Road, Novato.

BOARD MEMBERS PRESENT: President Michael Di Giorgio, Members James D. Fritz, William C. Long and George C. Quesada. Member Arthur T. Knutson arrived at 6:34 p.m.

STAFF PRESENT: Manager-Engineer Beverly James, Deputy Manager- Engineer Sandeep Karkal, District Counsel Kent Alm and Administrative Secretary Julie Borda.

ALSO PRESENT: Martin Rauch, Rauch Communications  
Paul Eisenhardt, The Eisenhardt Group  
Wayne Griffith, The Eisenhardt Group  
Bill Mitchell, The Eisenhardt Group  
Jim Bewley, The Eisenhardt Group  
Nat Bates, Novato resident  
Dennis Welsh, former NSD employee, Novato resident  
Pam Welsh, Novato resident  
Phil Tucker, CA Healthy Communities Network  
Jim Good, Veolia Water  
John Quinley, Novato resident  
Dean Heffelfinger, Novato resident  
Jim Lynch, NSD employee  
Alison  
Margaret Ballow  
Gary Ghiliotti  
Heidi Heffelfinger, Novato resident  
Eric Ruby, Novato resident  
Jo Heffelfinger, Novato resident  
Dean B. Heffelfinger, NSD employee, Novato resident  
Lisa Maldonado  
Brian McGrane, NSD employee  
Frank Egger, North Coast Rivers Alliance  
Steven Montoya, Novato resident  
Jeff Hendricks, Veolia Water employee  
Rudy Ouarsara, Veolia Water employee  
Corinne Kremlacek, Novato resident  
Brian Nagle, Novato resident  
Chris DeGabriele, North Marin Water District, Novato resident  
Tom Pierce, ACC of Novato, Novato resident  
Deanna Pierce  
Marie Scully, Novato resident  
Bill Scully, Novato resident  
Laura Levine, Novato resident

Clark Blasdell, Novato resident  
Art Ribbel, Novato resident  
Pat Ribbel, Novato resident  
Sarah Nagle, ACC of Novato, Novato resident  
Winter King, Shute Mihaly & Weinberger, representing ACC of Novato  
Norman Stone  
Lynn Wasley, Novato resident  
Peter Tiernin, Novato resident  
Scott Pariani, Novato Disposal Service  
Jesse Perez, Novato Disposal Service  
Steve McCaffrey, Novato Disposal Service  
Todd Smith, Novato resident  
LaMonte Bishop, on behalf of Senator Leno  
Barbara Mathis, Novato resident  
Don E. Garcia, Teamsters Local 315  
Jan Quinley, Novato resident  
Adam Scow, Food and Water Watch  
Dennis Fishwick, Novato resident  
Suzanne Brown Crow

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL:

*On motion of Member Quesada, seconded by Member Fritz, and carried by the following vote, the Agenda was approved as mailed. Ayes: Di Giorgio, Long, Fritz, Quesada. Noes: none. Absent: Knutson.*

PUBLIC COMMENT: None. (See item 3 below.)

WASTEWATER FACILITY UPGRADE PROJECT:

Review proposals received to operate and maintain the treatment facility.

Staff Report: Martin Rauch gave a brief overview of the meeting format and discussed the procedure to be used for the public question and answer period. He noted that this portion of the meeting was designed to give members of the public an opportunity to obtain answers to their questions and to address the Board of Directors on the proposals to operate and maintain the District's wastewater treatment facility. He requested all those who wished to speak to fill out a speaker's card and cards may be turned in until the end of the comment period. He stated each card would be read aloud and the author would then have an opportunity to comment verbally and/or ask questions. He noted the time limit for each speaker would be three minutes. In addition, he asked that all participants conduct themselves in a fair and civil manner, being respectful of others opinions and comments. He stated personal attacks, foul language or disparaging comments would not be allowed.

The Manager gave a Power Point presentation titled "How Best to Prepare for and Operate the New Treatment Plant, Keys to a successful Start Up and Operations Program". She gave an overview of the Novato treatment facility and the public sewer lines serviced by the District's Collections Department. She discussed the District's aging treatment facilities and why an upgraded facility was necessary to serve the residents of Novato. She pointed out the new facilities challenges and briefly discussed the two options for operating the new treatment facility: hiring of consultants to assist existing District staff or hiring of an outside contract operator. She noted the District objectives and the due diligence process the District Board and staff completed with regards to evaluating the best operating options. She summarized the proposal results and discussed the benefits of Veolia Water's proposal. She discussed the job guarantees and benefits the relocated District employees will have with the private contractor. She outlined the areas in which the District would maintain control and listed the functions that would still be under District charge. She discussed Veolia Water's proposal. The Manager recommended to the Board that they authorize her at the meeting on July 27<sup>th</sup> to negotiate an agreement with Veolia Water to operate and maintain the District's wastewater treatment facilities including the Novato Treatment Plant, the Ignacio Treatment Plant, the supernatant return, the Dechlorination Facility, and the Ignacio Transfer Pump Station and Equalization basins.

Paul Eisenhardt of the Eisenhardt Group, discussed the scope of work the Eisenhardt Group provides. He discussed his report "Novato Sanitary District, RFP for Contract Operations Proposal Evaluations" (RFP). He introduced the team he worked with in the determination process: Wayne Griffith, Bill Mitchell, and Jim Bewley. These three gentlemen discussed their background and the input they provided in completing the RFP report. Mr. Eisenhardt stated that proposals were received on June 26, 2009, in response to the District's RFP for provision of professional services for "District WWTP Operations, Maintenance, and Management Services" issued May 5, 2009 by the District. Three pre-qualified firms were invited to submit proposals. He noted that proposals were received from two firms: United Water and Veolia Water and he discussed the assessment tools that were used to rate them. He stated that after interviewing the two firms, the Evaluation Committee determined Veolia Water was the most appropriate choice.

Martin Rauch gave a brief overview of the rules that would be in place for the public comment portion of the Board meeting.

At 7:17 p.m., President Di Giorgio announced a short recess.

At 7:25 p.m., President Di Giorgio called the Meeting back to order.

Public question and answer:

Nat Bates, Council Member for the City of Richmond, stated that the City of Richmond's Wastewater treatment plant currently contracts with Veolia Water. He stated his experience with Veolia Water has been favorable and he discussed the decline in violations since Veolia contracted with the City of Richmond facility.

Dennis Welsh, Novato resident and former NSD employee, directed questions to the Board. He questioned what the response time was going to be for Veolia employees during emergency conditions, stating that the current NSD employee response time in emergencies is thirty minutes. The Manager referenced a chart which showed a substantial amount of Veolia employees within the required distance to the District. Member Fritz responded that the emergency response time would be one half hour. The Manager stated that it would be the same as always.

Pam Welsh, Novato resident and Chairperson for the ACC of Novato, discussed the FBI/EPA investigation and its impact on the District. She requested the Board postpone any decision regarding the contract operator option and if they did move forward, urged the Members to vote no.

Phil Tucker, Project Director of the CA Healthy Communities Network, discussed his concern of the bank fraud/theft and the pending FBI/EPA investigation. He stated this is the first Novato Sanitary District Board Meeting where the public has been allowed to speak extensively regarding the Board's pending decision. He questioned why the rush and requested more time before the Board makes a final decision. Regarding the bank fraud investigation, the Manager noted that Bank of Marin experienced similar fraudulent activities with at least two other clients at approximately the same time as the District. She noted that we have recovered all funds except approximately \$70,000 and she stated the fraudulent activity occurred through an external computer attack. In regards to the FBI/EPA investigation, she stated that the investigation appears to be concerned with events that took place in 2006 and 2007 and that the District is cooperating fully with the investigation.

John Bailey, proposed Veolia Project Manager, introduced himself and stated he has thirty-three years working in the public service sector and one and a half years working in the private service sector.

John Quinley asked where the nearest operating Veolia Water facility is located that is most similar to the Novato Sanitary District operations. Jim Good of Veolia Water noted that Veolia operates the wastewater treatment facilities in Burlingame, Richmond, Discovery Bay, and Rio Vista. Mr. Quinley asked what the penalty is for early termination of the Veolia contract. The Manager stated the penalties for early termination with Veolia Water are at \$500,000 for termination in the first year and is pro-rated for each subsequent year that the contract proceeds. Mr. Quinley asked if an experienced Operator would be designated on call during emergency situations, particularly the thirty minute emergency on-call condition that exists currently for District employees. The Manager stated that there will be a certified Operator on call responding within the thirty minutes. In addition, this Operator will have a laptop computer which will connect him to the District's SCADA system. Mr. Quinley stated that Veolia's bid appears to be very low. The Manager noted that the District is very familiar with the management of large contracts.

Dean L. Heffelfinger, Novato resident, discussed other districts that went from private operations back to public operation and the reasons for the change.

Jim Lynch, NSD employee and ACC of Novato member, discussed his past work experience with Veolia Water and Richard Luthy who was hired by the District as an independent investigator. District Counsel Kent Alm stated he hired Richard Luthy due to his past professional experience as well as his knowledge of the subject matter he was asked to review.

Alison Longman commented on the presentation and discussed the liability of fines. She questioned how Veolia Water was able to put a guaranteed cap on expenses. Paul Eisenhardt responded.

Margaret Ballow asked how the proposed \$7.2 million savings by Veolia Water would be materialized. The Manager stated that Veolia Water was able to share resources through purchasing and through personnel sharing over multiple plants. She referenced the graphs displayed on the wall of the meeting center. Ms. Ballow discussed employee training and asked how Veolia will achieve this training. Jim Good, Veolia Water, discussed the significant employee training that Veolia Water offers its employees.

Gary Ghilotti discussed his experience as a contractor who employees union workers. He discussed his experience with sewer agencies and commended the management at the Novato Sanitary District.

Eric Ruby, Novato resident, discussed the large discrepancy in operating costs between the contract operator option and the hiring of consultants to train District employees.

Heidi Heffelfinger, Novato resident and ACC of Novato member questioned why the District would need consultants for five years. She stated she considers these figures inflated. She urged the Board to vote no on the hiring of a private contract operator. The Manager responded to Ms. Heffelfinger's questions and noted that the estimate for consultants was based on a scope of work and they will likely complete this work in three years or less.

Jo Heffelfinger, Novato resident and ACC of Novato member discussed the newsletter publication that was sent out by the Novato Sanitary District. She disagreed with the statements and requested the Board vote no on the hiring of a private contract operator.

Dean B. Heffelfinger, NSD employee and Novato resident discussed previous storm events at the District and how the employees worked together to alleviate the problem and get the plant back to normal operating status. He commended his fellow employees for their dedication. District Counsel Kent Alm responded to Mr. Heffelfinger's comments.

Lisa Maldonado, North Bay Labor Council, expressed her concern over the disrespect the Board has shown during past Board meetings. She strongly opposed the contract

operator option. She asked who had paid for the public service television ads and the public service messages distributed by mail. The Manager briefly discussed the District's methods of public outreach. Ms. Maldonado questioned the Manager regarding the response time as stated in the RFP as being two hours. She noted however, that previously the Board stated the response time was thirty minutes. The Manager stated that the Board has made it clear that they wanted to preserve the thirty minute response time and she noted the on-call operator will be available within a thirty minute response time. She stated that contractually, in the event of a large emergency, such as an earthquake, the response time conceivably could be longer. In addition, the Manager stated that employee benefits for those transitioning to Veolia would be equivalent to benefits they currently have as District employees.

Brian McGrane, NSD employee, discussed a fallacy that was stated in a public outreach document and said the District has distorted the truth. He stated the District has stopped employee training on the new equipment.

Frank Egger, North Coast Rivers Alliance, discussed recycled water usage and urged the Board to reject contract operations.

Steve Montoya, Novato resident and subcontractor to Veolia Water, discussed his positive work experience with Veolia Water.

Jeff Hendricks discussed his experience as a Veolia employee, stating it has been a good and positive experience.

Rudy Ouarsara, Veolia employee, gave some background on his employment with Veolia, stating it has been a very positive experience.

Corinne Kremlacek, Novato resident, wrote a comment that stated, "I support the District's decision to bring in a company to teach the operation of the new plant."

Brian Nagle, Novato resident, felt the public should be involved in the decisions and feels there are on-going concerns. He requested all television advertisements and public outreach be discontinued.

Chris DeGabriele, North Marin Water District and Novato employee, discussed the similarities between the Water District's start up of the Stafford Lake Plant and the Novato Sanitary District new facility start up. He believes the District's decision to use a contract operator is sound, but also feels the employees should be protected. He understands that employee interests are key.

The Manager responded to an anonymous comment which asked how a private company would not put their bottom line profit margins above community needs. Jim Good, Veolia Water, explained the value system of Veolia and referred to the charts which showed safety records and environmental compliance. He gave an overview of Veolia's priorities.

Tom Pierce, ACC of Novato, discussed the Board's apparent lack of interest in full disclosure to the public. He questioned why the Board would go forward with a decision that has so much negative public outcry. The Manager pointed out that the Evaluation Report is available and outlines the cost estimates.

Marie Scully, Novato resident, spoke in support of the Board and the Manager-Engineer.

Laura Levine, Novato resident, stated she greatly appreciated the careful due diligence of staff in considering a range of important considerations. She stated she fully supports the staff's recommendations.

Clark Blasdell, Novato resident, stated his support of the staff recommendation and urges the Board to get all the facts as they move forward with a decision.

Art Ribbel, Novato resident, stated the Eisenhardt Report was not an unbiased report. He stated that even though the District knew that new equipment would be implemented, they did not send out the employees for training. He stated Veolia Water's compensation should include employee retirement and vesting as the District currently offers. Mr. Ribbel asked for clarification on how a private contractor could operate the District less expensively than the way the District is currently operated. The Manager explained that Veolia Water is able to share resources with their other facilities and thus achieve a greater savings. In addition, she addressed the validity of the Eisenhardt Report.

Sarah Nagle, Novato resident, discussed the City of Richmond's treatment facility and an overflow that was not responded to while Veolia Water was in charge. She stated the overflow severely flooded an elderly woman's home. The Manager responded to the Richmond overflow incident stating that Veolia Water will not be in charge of Novato Sanitary District's Collection System; thus the overflow response call would go to District employees.

Winter King, Law offices of Shute, Mihaly & Weinberger representing Alliance of Concerned Citizens of Novato, requested more time for the public to review the documents leading to the Board decision to hire a private contract operator. She urged the Board to wait thirty days for public review before making a final decision. She asked for clarification regarding the Board Agenda for July 27<sup>th</sup>. District Counsel Kent Alm stated that the July 27<sup>th</sup> meeting would provide an Addendum to the 2005 EIR along with a discussion. In addition, Mr. Alm stated the Board wanted to issue the Addendum prior to any final decision the Board would make regarding private contract operations.

Norman Stone discussed the current financial markets and questioned what is the District's plan if Veolia Water runs into financial problems and files for bankruptcy. He urged the Board to vote no. The Manager briefly discussed how the District would enforce the contract if Veolia Water became insolvent.

Lynn Wasley had a written comment which was read by Mr. Rauch: "No outsourcing."

Peter Tiernin, Novato resident, had a written comment which was read by Mr. Rauch: "Keep public service public."

Scott Pariani, employee of Novato Disposal, expressed his support of the District in their decision, stating that Novato Disposal and the Novato Sanitary District have been partners for many years.

Jesse Perez, employee of Novato Disposal, discussed the private contract between Novato Disposal and Novato Sanitary District. He said privatization does work.

Steve McCaffrey, Director of Governmental Affairs at Novato Disposal, discussed innovations Novato Sanitary District has implemented and stated public/private partnerships do work.

Todd Smith, Novato resident, had a written comment which was read by Mr. Rauch: "Cost analysis: how will privatization save the District \$1 million each year?"

LaMonte Bishop, representing Senator Mark Leno, read a statement on behalf of Senator Mark Leno. He urged Novato Sanitary District to continue to work closely with the Novato residents to ensure a solution with which the community can unite.

Barbara Mathis, resident of Novato, asked if the Veolia Water contract has been reviewed by independent legal counsel specializing in contracts. District Counsel Kent Alm stated that the actual, final contract has not been agreed to; however there have been many layers of review. He stated he would look at the contract very closely to ensure the rate payers achieve what they are expecting.

Don E. Garcia, Official from Teamsters Local 315, asked how long the District has been considering the contract operator option. He stated that fair treatment of staff is the only way to operate a successful treatment facility.

Adam Scow, Food and Water Watch, stated he has researched Veolia Water's record and urges the public to determine if Veolia is a good fit for their District needs. He urges the District to take more time to make a decision. John Good, Veolia Water, addressed comments regarding Veolia Water's past records.

Dennis Fishwick, Novato resident, questioned whether the contract will be done by Resolution or Ordinance. He requested this decision be put on the November ballot so the public would have the opportunity to vote. District Counsel Kent Alm responded that the Contract may be adopted by Resolution or by Order of the Board.

Suzanne Brown Crow discussed the District's advertisements and outreach publications. She felt more time is needed to come to a final decision. She felt the Eisenhardt Report was goal oriented. She urged the Board to listen to public comment and if decision must

be made now, urges the Board to vote no. She asked for the number of Veolia Water employees that are retained after three years. Jim Good, Veolia Water, responded that the situation varies depending on circumstances and is possibly 80%. In addition, he outlined how Veolia Water can privately operate treatment facilities at a cost savings over treatment plants that are under public operation.

Martin Rauch expressed his appreciation for all those who commented.

President Di Giorgio closed Public Comment.

Additional individuals who did not speak in Public Comment but were present at the Board meeting:

Alice Dow  
Ron Viner, Novato resident  
Dee Johnson, NSD Household Hazardous Waste Coordinator  
Lee Hamovitz, Novato resident  
Oritta Hardy-Sayle, Novato resident  
Lee Harms, Novato resident  
John Bailey, Veolia Water  
Chris McAuliffe, Veolia Water  
John Gleason, former NSD employee, Novato resident  
Carl Sanchez  
Richard Farah, Novato resident  
Beth Garber  
Richard Riner, Novato resident  
Ron and Anne Thomas, Novato resident  
Jeffrey & Rebecca Baker  
Phil Yberrolaza  
Rosemary Yberrolaza  
Molly Farquist  
Mario Martinez  
John Bottali  
Tony Silva, Novato employee, Novato resident  
Amy Silva, Novato resident

Board Comments:

President Di Giorgio thanked all those who attended the meeting.

Member Long thanked the audience. He discussed the public outreach efforts the District had made and thanked Veolia Water for their competitive bid. He discussed the Board's decision noting that the District employees who are transitioning to Veolia Water are being offered comparable compensation.

Member Fritz discussed his visits to other wastewater treatment facilities. He noted that opinions he drew from these visits are completely different from the opinions of the attendees at the meeting.

Member Quesada gave a review of his Novato political history stating that in June, 1974, he was elected to the Novato Sanitary District Board of Directors. He stated he has not made a decision as to how he will vote.

Member Di Giorgio stated he has not yet made a decision as to how he will vote. He discussed the current financial situation and how it affects the District. He addressed several issues that residents brought before the Board.

Review Environmental Impact Report Addendum.

District Counsel Kent Alm gave a brief overview of the addendum to the 2005 Environmental Impact Report ("2005 EIR") for the Novato Sanitary District Wastewater Facility Plan Project ("Project") and reviewed the environmental effects if the District moves forward with a private contract operator. He noted that District staff had determined that the operation, maintenance and management for the Project Facilities by Contractor falls within the existing facilities exemption set forth in the California Environmental Quality Act (CEQA) Guidelines section 15301 because the Project has been finally approved based on the 2005 EIR. In addition, he stated, the operation, maintenance and management of the Project Facilities by Contractor involves no expansion of use beyond that considered in the 2005 EIR. Mr. Alm stated the addendum will be available for review and comment at the next Board meeting. He stated that there is no action required by the Board at this time.

Frank Egger, North Coast Rivers Alliance, discussed the appropriateness of the CEQA filing in regards to the upgraded facility being operated by a private contractor.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 10:03 p.m.

Respectfully submitted,

Beverly B. James  
Secretary

Julie Borda, Recording

# Novato Sanitary District Check Register

September 14, 2009

| Date              | Num   | Name                              | Credit     |
|-------------------|-------|-----------------------------------|------------|
| <b>Sep 14, 09</b> |       |                                   |            |
| 9/14/2009         | 42969 | JMB Construction Inc.             | 190,796.00 |
| 9/14/2009         | 43002 | Sonoma County Water Agency        | 104,529.00 |
| 9/14/2009         | 42949 | Carollo Engineers, Inc            | 30,660.00  |
| 9/14/2009         | 42986 | Nute Engineering Inc.             | 26,080.42  |
| 9/14/2009         | 43012 | Veolia Water North America        | 13,262.63  |
| 9/14/2009         | 42988 | Olin Chlor Alkali Products        | 10,722.61  |
| 9/14/2009         | 42957 | Covello Group, The                | 10,586.34  |
| 9/14/2009         | 42996 | Risk Management Solutions         | 8,986.75   |
| 9/14/2009         | 43022 | Whitley Burchett & Associates ... | 8,953.85   |
| 9/14/2009         | 42971 | Johnson, Dee                      | 7,564.15   |
| 9/14/2009         | 42953 | Clarence & Dyer LLP               | 6,987.00   |
| 9/14/2009         | 43019 | Water Components & Building       | 6,916.08   |
| 9/14/2009         | 42942 | Ashland E & PS                    | 6,489.86   |
| 9/14/2009         | 42979 | North Bay Watershed Assoc.        | 5,907.82   |
| 9/14/2009         | 42958 | CSRMA-                            | 5,523.80   |
| 9/14/2009         | 43011 | Vavrinek, Trine, Day & Co. LLP    | 5,300.00   |
| 9/14/2009         | 42950 | CDW Government, Inc.              | 5,283.37   |
| 9/14/2009         | 42993 | Preferred Benefit                 | 4,750.20   |
| 9/14/2009         | 42997 | Royal Petroleum Company           | 4,413.92   |
| 9/14/2009         | 42951 | CED Santa Rosa, Inc               | 2,904.39   |
| 9/14/2009         | 42944 | BakerCorp                         | 2,733.75   |
| 9/14/2009         | 43007 | Thomas & Associates, Inc.         | 2,733.11   |
| 9/14/2009         | 42982 | North Marin Water District 2      | 2,667.32   |
| 9/14/2009         | 42987 | Oakley Water Strategies, Inc.     | 2,306.25   |
| 9/14/2009         | 42956 | Core Utilities, Inc.              | 2,220.00   |
| 9/14/2009         | 42999 | Shape Incorporated                | 2,173.62   |
| 9/14/2009         | 42975 | Municipal Maintenance, Inc.       | 2,038.73   |
| 9/14/2009         | 42947 | Cagwin & Dorward Inc.             | 1,914.00   |
| 9/14/2009         | 43000 | Sideman & Bancroft, LLP           | 1,887.75   |
| 9/14/2009         | 43014 | Verizon California                | 1,791.51   |
| 9/14/2009         | 43001 | Soil & Plant Laboratory, Inc.     | 1,687.70   |
| 9/14/2009         | 42939 | Able Tire & Brake Inc.            | 1,684.96   |
| 9/14/2009         | 42998 | SC Live Inc.                      | 1,562.28   |
| 9/14/2009         | 42974 | Miller Pacific Engineering, Inc.  | 1,534.80   |
| 9/14/2009         | 42970 | Johnson Controls, Inc.            | 1,212.57   |
| 9/14/2009         | 43020 | Whitley Burchett & Associates ... | 1,105.00   |
| 9/14/2009         | 42981 | North Marin Water District        | 1,090.39   |
| 9/14/2009         | 42954 | Comet Building Maintenance, I...  | 1,090.00   |
| 9/14/2009         | 42984 | Novato Disposal-                  | 1,072.99   |
| 9/14/2009         | 42966 | IEDA, INC                         | 1,000.00   |
| 9/14/2009         | 42976 | Nextel Communications             | 930.63     |
| 9/14/2009         | 43017 | W.R. Forde                        | 900.00     |
| 9/14/2009         | 42940 | Alpha Analytical Lab              | 834.00     |
| 9/14/2009         | 43015 | Vision Service Plan               | 767.28     |
| 9/14/2009         | 43006 | Teeters & Schacht Auto Glass ...  | 759.00     |
| 9/14/2009         | 43003 | Southland Electrical Supply, Inc. | 600.64     |
| 9/14/2009         | 42967 | Independent Journal               | 555.48     |
| 9/14/2009         | 43018 | WasteManagement                   | 534.96     |
| 9/14/2009         | 42946 | BoundTree Medical, LLC            | 530.18     |
| 9/14/2009         | 43004 | Special District and Local Gov... | 525.00     |
| 9/14/2009         | 43008 | U.S. Bank Card (1)(Bev)           | 518.40     |
| 9/14/2009         | 42991 | Pini Hardware                     | 468.38     |
| 9/14/2009         | 42938 | 3T Equipment Company Inc.         | 442.84     |
| 9/14/2009         | 42948 | Caltest Analytical Lab Inc.       | 440.80     |
| 9/14/2009         | 43016 | VWR International Inc.            | 432.81     |
| 9/14/2009         | 42945 | Banner Enterprises Inc.           | 393.75     |
| 9/14/2009         | 42943 | AT&T Mobility                     | 391.78     |
| 9/14/2009         | 42995 | Randall Bros. Auto Inc.           | 352.56     |
| 9/14/2009         | 42941 | Aqua Science                      | 350.00     |
| 9/14/2009         | 42980 | North Marin Auto Parts            | 312.86     |
| 9/14/2009         | 42994 | Press Democrat                    | 307.40     |
| 9/14/2009         | 42990 | Petty Cash                        | 302.91     |
| 9/14/2009         | 42989 | Pacific Power, Inc.               | 294.00     |
| 9/14/2009         | 42963 | Fort Docs                         | 258.33     |
| 9/14/2009         | 42972 | Koffler Electrical Mech, Inc.     | 240.89     |
| 9/14/2009         | 42964 | Fritz, James D.                   | 231.62     |

09/11/09

# Novato Sanitary District Check Register

September 14, 2009

| <u>Date</u>       | <u>Num</u> | <u>Name</u>                       | <u>Credit</u>     |
|-------------------|------------|-----------------------------------|-------------------|
| 9/14/2009         | 42959      | Deasy, Craig                      | 202.14            |
| 9/14/2009         | 43009      | U.S. Bank Card (2)(June)          | 199.02            |
| 9/14/2009         | 42965      | Fuel Oil Polishing Company        | 190.00            |
| 9/14/2009         | 43021      | Whitney, Larry                    | 170.00            |
| 9/14/2009         | 43013      | Verizon Business                  | 161.41            |
| 9/14/2009         | 42968      | Interstate Batteries              | 152.38            |
| 9/14/2009         | 42961      | East Bay Muni Utility District    | 152.00            |
| 9/14/2009         | 42952      | Central Marin Sanitation District | 150.00            |
| 9/14/2009         | 42977      | North Bay Gas & Weld              | 108.00            |
| 9/14/2009         | 42962      | Federal Express                   | 100.40            |
| 9/14/2009         | 42985      | Novato, City                      | 100.00            |
| 9/14/2009         | 42978      | North Bay Portables               | 89.64             |
| 9/14/2009         | 43010      | US Bank Corporate Trust           | 67.44             |
| 9/14/2009         | 42973      | MarinScope                        | 55.00             |
| 9/14/2009         | 42955      | Cook Paging                       | 49.44             |
| 9/14/2009         | 42960      | Don Johnsons Pool Service         | 49.04             |
| 9/14/2009         | 42983      | Novato Builders Supply            | 35.78             |
| 9/14/2009         | 43005      | T-Mobile                          | 22.27             |
| 9/14/2009         | 42992      | Power Industries                  | 20.32             |
| <b>Sep 14, 09</b> |            |                                   | <b>516,875.70</b> |

09/14/09

# Novato Sanitary District Check Register

September 14, 2009

| <u>Date</u>       | <u>Num</u> | <u>Name</u>                    | <u>Credit</u>              |
|-------------------|------------|--------------------------------|----------------------------|
| <b>Sep 14, 09</b> |            |                                |                            |
| 9/14/2009         | 1409       | Monterey Mechanical, Inc.      | 2,545,699.75               |
| 9/14/2009         | 1412       | Zions Bank                     | 651,135.21                 |
| 9/14/2009         | 1406       | Covello Group, The             | 139,111.36                 |
| 9/14/2009         | 1411       | RMC Water & Environment, Inc.  | 123,516.59                 |
| 9/14/2009         | 1405       | Black John Ranch, LLC          | 18,590.00                  |
| 9/14/2009         | 1407       | HDR EngineeringInc             | 10,000.00                  |
| 9/14/2009         | 1410       | Rauch Communication Consult... | 7,960.00                   |
| 9/14/2009         | 1408       | ModSpace Corporation           | 361.38                     |
| <b>Sep 14, 09</b> |            |                                | <b><u>3,496,374.29</u></b> |

# Novato Sanitary District Payroll and Payroll Related Check Register

August 25 through September 9, 2009

| Date                      | Name                              | Credit                   |
|---------------------------|-----------------------------------|--------------------------|
| <b>Aug 25 - Sep 9, 09</b> |                                   |                          |
|                           | August Payroll Checks             | 194,361.53               |
| 08/25/2009                | PERS Retirement                   | 44,440.86                |
| 08/25/2009                | CalPers Health                    | 35,953.90                |
| 08/28/2009                | United States Treasury            | 32,072.16                |
| 08/28/2009                | EDD                               | 8,831.66                 |
| 09/02/2009                | United States Treasury            | 7,862.90                 |
| 08/25/2009                | Lincoln Financial Group           | 4,565.00                 |
| 08/25/2009                | Lincoln Financial Group-401a Plan | 4,288.35                 |
| 08/25/2009                | Lincoln Financial Group-401a Plan | 3,802.88                 |
| 09/02/2009                | EDD                               | 2,343.67                 |
| 08/25/2009                | State Street Bank & Trust         | 2,200.00                 |
| 08/25/2009                | Retiree-Coates                    | 1,220.58                 |
| 08/25/2009                | Retiree-Griffin                   | 1,220.58                 |
| 08/25/2009                | Retiree-Cordeiro                  | 915.60                   |
| 08/25/2009                | Retiree-Dimarco                   | 915.60                   |
| 08/25/2009                | Retiree-Goldfarb                  | 915.60                   |
| 08/25/2009                | Retiree-Perucchi                  | 915.60                   |
| 08/25/2009                | Retiree-Welsh                     | 915.60                   |
| 08/25/2009                | Retiree-Healon                    | 749.70                   |
| 08/25/2009                | Retiree-Bayles                    | 687.46                   |
| 08/25/2009                | Retiree-Green                     | 687.46                   |
| 08/25/2009                | Local Union 315                   | 560.00                   |
| 08/25/2009                | Marin Employ Federal Credit Union | 542.00                   |
| 08/25/2009                | Retiree-Bolick                    | 459.32                   |
| 08/25/2009                | Retiree-Macleod                   | 459.32                   |
| 08/25/2009                | Retiree-Neighbors                 | 459.32                   |
| 08/25/2009                | Retiree-O'Shea                    | 459.32                   |
| 08/25/2009                | Retiree-Sproul                    | 459.32                   |
| 08/25/2009                | Di Giorgio, Mike                  | 459.05                   |
| 08/25/2009                | Retiree-Gibby                     | 179.16                   |
| 08/25/2009                | Retiree-Jackson                   | 179.16                   |
| 08/25/2009                | Retiree-Murphy                    | 179.16                   |
| 08/25/2009                | Retiree-Rotnicki                  | 179.16                   |
| 08/25/2009                | ACS                               | 80.00                    |
| 08/25/2009                | North Bay Children's Center       | 40.00                    |
| <b>Aug 25 - Sep 9, 09</b> |                                   | <b><u>354,560.98</u></b> |

09/14/09

# Novato Sanitary District Check Register

September 14, 2009

| <u>Date</u>       | <u>Num</u> | <u>Name</u>      | <u>Credit</u>          |
|-------------------|------------|------------------|------------------------|
| <b>Sep 14, 09</b> |            |                  |                        |
| 9/14/2009         | 43023      | Di Giorgio, Mike | 1,175.59               |
| 9/14/2009         | 43025      | Long, William C. | 1,018.90               |
| 9/14/2009         | 43024      | Fritz, James D.  | 450.00                 |
| <b>Sep 14, 09</b> |            |                  | <b><u>2,644.49</u></b> |

## NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

|   |   |
|---|---|
| <b>TITLE: Consent Calendar: Board Approval of Hangar Ave SME – The Landing Subdivision</b>  | <b>MEETING DATE: 09/14/2009</b><br><br><b>AGENDA ITEM NO. : 6 c</b> |
| <b>RECOMMENDED ACTION: Approve plans for Hangar Avenue Sewer Main Extension (SME) – The Landing Subdivision project.</b>  |   |
| <b>SUMMARY AND DISCUSSION:</b><br><br><p>This Sewer Main Extension (SME) project is designed to construct a public sewer to serve a twenty seven-lot subdivision located near the southerly end of Hangar Avenue. This project is located on a five-acre parcel that is south of the Coast Guard hangars at Hamilton Field.</p> <p>The project proposes to develop a twenty seven-lot subdivision that will be served by an all gravity sewer system. The project was initially proposed to construct a small pump station that would discharge into the District's gravity system within Hangar Ave. During the District's review process, it was determined that the project could make a gravity connection through an easement to the adjoining Southgate Subdivision and utilize that development's pump station. To accomplish the all gravity design alternative, the Barker Pacific Group purchased a property within the Southgate Subdivision. Barker Pacific Group has provided a dedication of a sanitary sewer easement to the District as required for plan approval.</p> <p>The Engineer of record is CSW Stuber-Stroeh Engineering Group Inc, Novato.<br/>The Developer is Barker Pacific Group, Novato CA, they are the owners of record.</p> <p>The following items will be constructed to complete this project;</p> <ul style="list-style-type: none"> <li>• 1,234 Linear feet of 8" PVC Sewer Main ( to Bay Mud Standards).</li> <li>• 8 Manholes</li> <li>• 775 linear feet of 4" PVC Laterals</li> <li>• 1 each Remodel existing manhole<br/>at point of connection</li> </ul> <p>District staff estimates the cost of construction to be \$190,375.00</p> |   |
| <b>ALTERNATIVES: Do not approve Sewer Main Extension plans for The Landing Subdivision.</b>   |   |
| <b>BUDGET INFORMATION:</b> The acceptance of this project will Increase District's assets by \$240,455.00   |   |
| <b>DEPT. MGR. :</b>   | <b>MANAGER'S APPROVAL:</b>  |

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

|  |  |
|--|--|
| <b>TITLE: Collection System Improvements; Project 72706</b>  | <b>MEETING DATE: September 14, 2009</b><br><br><b>AGENDA ITEM NO.: 7 a</b> |
| <b>RECOMMENDED ACTION:</b> Approve a contract in the amount of \$266,400 with the Covello Group for construction management services on a time and materials basis.  |  |
| <b>SUMMARY AND DISCUSSION:</b><br><br><p>At its August 31, 2209 meeting the Board awarded construction contracts for Phase A (Center/Wilson Road Sewer) and Phase B (State Access Road Sewer). There are three more phases (Phase C – Chase/Olive Sewer; Phase D – Ignacio Blvd Sewer; and Phase E- San Ramon Sewer) to this project that will be brought forward sequentially. The total estimated construction value of the projects is about \$2.5 million.</p> <p>Given the current bidding climate and staff workload, feedback was requested on current construction management practices from the engineering group of the Bay Area Clean Water Agencies (BACWA). The feedback confirms that our industry is finding that the current bidding climate is intensely competitive. Combined with the broad nature of the “low bid” provisions of the California Public Contract Code for legally acceptable construction bids, this could be resulting in construction firms capturing bids that may not be sufficiently well versed in industry practices and regulatory requirements, and consequently require more intensive and detailed oversight during construction.</p> <p>Accordingly, staff requested a proposal from The Covello Group (TCG) to provide construction management services on all the above phases of the project, and negotiated a not-to-exceed fee on a time-and-materials basis of \$266,400. This fee includes sub-consultant costs for required or mandated coatings testing, materials testing, and shoring reviews for the project, and is about 10.67% of the estimated construction costs for the projects. This number is consistent with the current range of 8%-12% for construction management services obtained from the BACWA engineering group for agencies in our industry, and staff recommends that the Board approve the contract with the Covello Group and authorize the Manager-Engineer to execute a contract.</p> |  |
| <b>ALTERNATIVES:</b> Do not approve the contract.  |  |
| <b>BUDGET INFORMATION:</b> This work will be funded from the budget for the Collection System Improvements Project, Project 72706, which has a FY2009-10 preliminary budget of \$3,000,000.  |  |
| <b>DEPT.MGR.:</b>  | <b>MANAGER:</b>  |



## **NOVATO SANITARY DISTRICT**

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500 DAVIDSON STREET • NOVATO • CALIFORNIA 94945 • PHONE (415) 892-1694 • FAX (415) 898-2279  
[www.novatosan.com](http://www.novatosan.com)

# ***FINAL BUDGET***

***FOR***

***FISCAL YEAR 2009-10***

**Adopted September 2009**

**NOVATO SANITARY DISTRICT  
2009-10 BUDGET  
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**SECTION I**

**LETTER OF TRANSMITTAL**

**AND**

**OPERATING FUND SUMMARY SCHEDULES**



# NOVATO SANITARY DISTRICT

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500 DAVIDSON STREET • NOVATO • CALIFORNIA 94945 • PHONE (415) 892-1694 • FAX (415) 898-2279  
www.novatosan.com

BEVERLY B. JAMES  
Manager-Engineer-Secretary

KENTON L. ALM  
Legal Counsel

September 11, 2009

Honorable Board of Directors  
Novato Sanitary District  
Novato, California 94945

Dear Board Members:

The proposed District Budget for the 2009-10 fiscal year is attached for your consideration and approval. This letter provides an analysis of the budget and an overview of the various budget funds.

## OVERVIEW OF FISCAL YEAR 2009-10 DISTRICT ACTIVITIES

The issues that affect the Operating Budget include:

- Planned transition of the treatment facilities to contract operations;
- State property tax shift and reallocation of sewer service charges between Operating and Capital budgets.

The issues that significantly affect the Capital Budget include:

- Long-term financing plan;
- On-going major capital projects, including Treatment Facilities Upgrade Project, Pump Station Rehabilitation, and Collection System Repair Project.

## BUDGET STRUCTURE

The Budget is divided into six main parts: Operating, Vehicle Replacement Reserve, Self-Insurance Reserve, Other Reserve Funds, Capital Improvements, and Loan Repayment. The Operating portion of the budget is now financed primarily from operating service charges. As of 2009-10 we have allocated a larger percentage of sewer service charges to the Operating Budget and assigned all of the estimated property tax revenue to the Capital Budget. This year's annual sewer service charge is \$462 per service unit, with \$281 (61%) allocated to Operating, and \$181 (39%) allocated to Capital. Sewer service charges, property tax revenue, connection charge revenues, and interest earnings finance the Capital Improvement Program and line of credit interest payments. The Vehicle Replacement Fund is supported by annual charges to the various operating divisions in order to spread vehicle costs in rough proportion to usage. Transfers from the Operating Fund and interest earnings fund the Self-Insurance Reserve Fund.

## OPERATING BUDGET

The proposed 2009-10 Expenditure Budget is \$520,894 (6.10%) more than last year's budget. A detailed summary of all budget items showing the amount and percentage over or under last year's expenditures is included as part of the budget. The most significant differences in expected expenditures between this budget and that of last year are:

- (1) **New cost center for Contract Operations (\$2,121,000).** The cost of contract operations of the District's upgraded treatment facilities is included for nine months of the fiscal year – October 2009 through June 2010. This includes salaries and benefits for the 7 District employees transitioning to the contract operator.
- (2) **A decrease in Employee Salaries (-\$464,240).** The decrease is primarily the result of employees transitioning to contract operations and the elimination of two Maintenance Worker positions. No cost-of-living adjustments for fiscal year 2009-10 have been awarded although the budget includes a possible COLA increase across-the-board of 0.3% (April/April CPI ), and a possible COLA of 3.2% for the represented group pending union negotiations.
- (3) **Decrease in Employee Benefits (\$-190,413).** Again, this decrease is due to the transition of several employees to contract operations. The District's PERS retirement plan contribution increased on July 1st from 12.431% to 13.033% of salary in addition to 7% Employer Paid Member Contributions. In addition, the 2009-10 budget anticipates a modest increase in medical, dental, and vision benefit costs.
- (4) **Retiree Health Benefits (\$255,255).** This year's budget includes funding of retiree health benefits under GASB 45. This legislation requires agencies to report the cost of providing other post-employment benefits (OPEB) such as retiree health benefits. \$180,000 is allocated for retiree health benefits for 2009-10, and an additional \$251,000 for funding future costs.
- (5) **Election Expense (\$40,000).** Three Board member terms expire this year and there was no election last year.
- (6) **Decrease in Operating Chemicals (-\$276,500).** The purchase of chemicals for the treatment facilities is included in the cost of contract operations.
- (7) **Attorney Fees (\$117,098).** Attorney fees are increased to cover legal defense costs associated with the EPA investigation.
- (8) **Outside Consulting (\$130,000).** This year's budget includes \$25,000 for public outreach; an additional \$40,000 for NPDES permit assistance; and an additional \$65,000 for joint safety coordinator and training programs.
- (9) **Decrease in Repairs and Maintenance (-\$240,000).** Wastewater treatment facility preventive maintenance is included in the fixed fee for contract operations. The budget includes an allowance for corrective maintenance of the older, existing treatment facilities. Corrective maintenance up to \$10,000 is included in the contract operations fixed fee for the new facility. There is also an allowance in the budget for repairs and maintenance of the collection system, pump stations, and reclamation facilities.

- (10) **Decrease in Unusual Equipment Maintenance (-\$105,000).** The only unusual equipment maintenance expenditure in this year's budget is \$75,000 for irrigation valve replacement and pump repairs at the Reclamation facility.
- (11) **Decrease in Pollution Prevention/Public Education (-\$80,500).** Last year's budget included an expenditure for a private lateral replacement program as part of the River Watch agreement. These funds were expensed in 2008-09 and are not included in this year's budget.
- (12) **Decrease in Gas and Electricity (-\$518,000).** The contract operator will assume the bulk of energy costs for the treatment facilities.
- (13) **Decrease in Capital Outlay (-\$124,500).** This decrease is because no capital outlay expenditures will be needed for the upgraded treatment facilities.

Figure 1 shows the breakdown of proposed operating expenditures by cost center. The relative share for treatment facilities, laboratory, and reclamation facilities has decreased slightly, and that of pump stations, collection system, administration and engineering has increased.

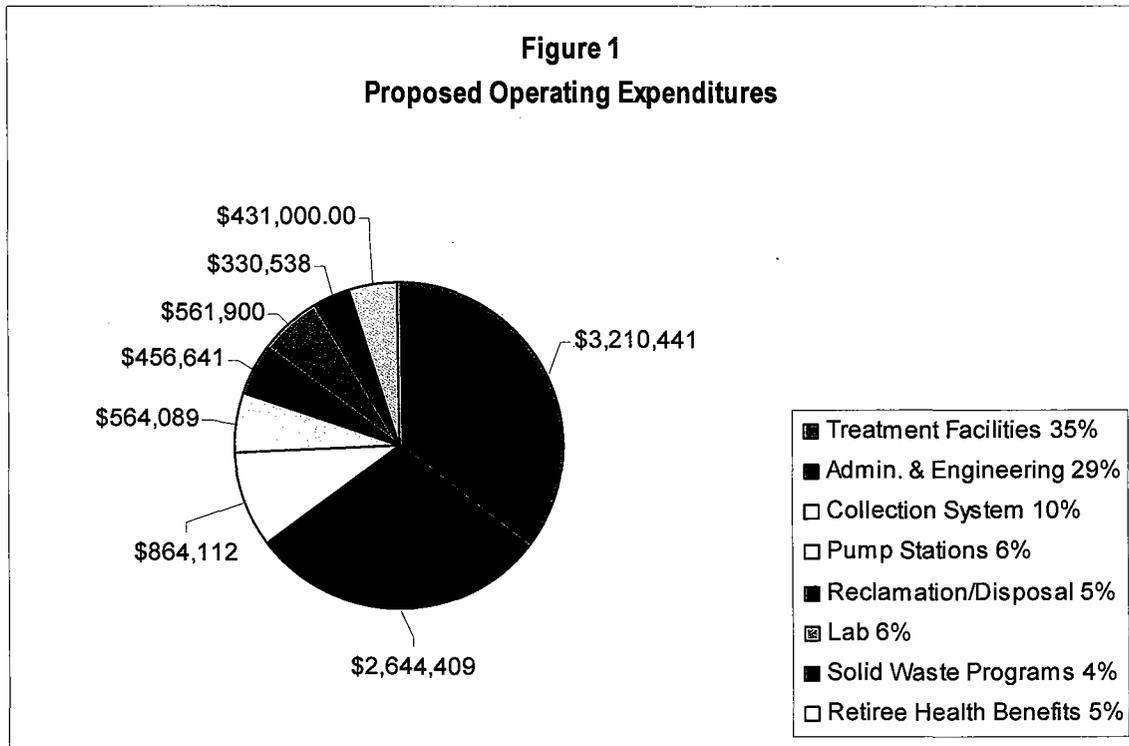


Figure 2 below shows proposed expenditures by expenditure type. Figure 2 shows that 45.14% of the budget involves personnel-related costs, including salaries, benefits, training, and memberships. The great majority of the remaining areas of expense are related either directly or indirectly to required maintenance and operation of facilities necessary to meet water quality and solid waste program mandates.

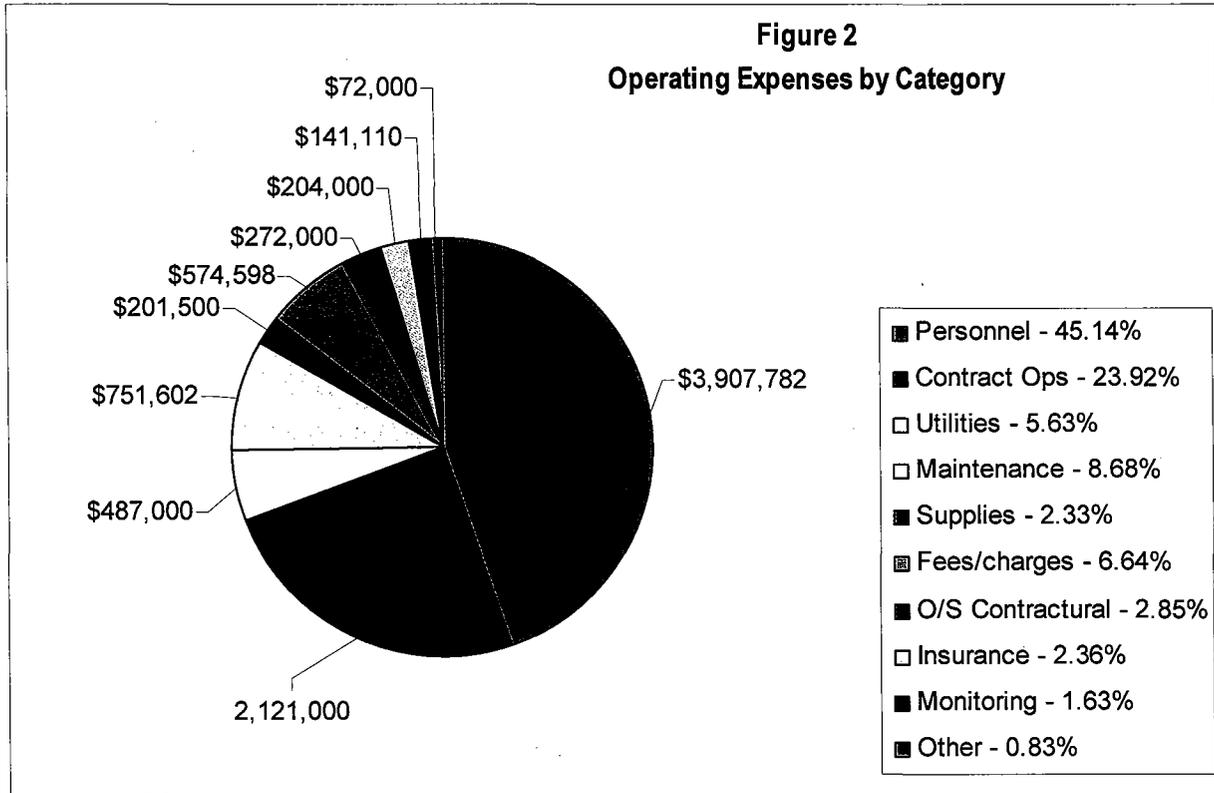
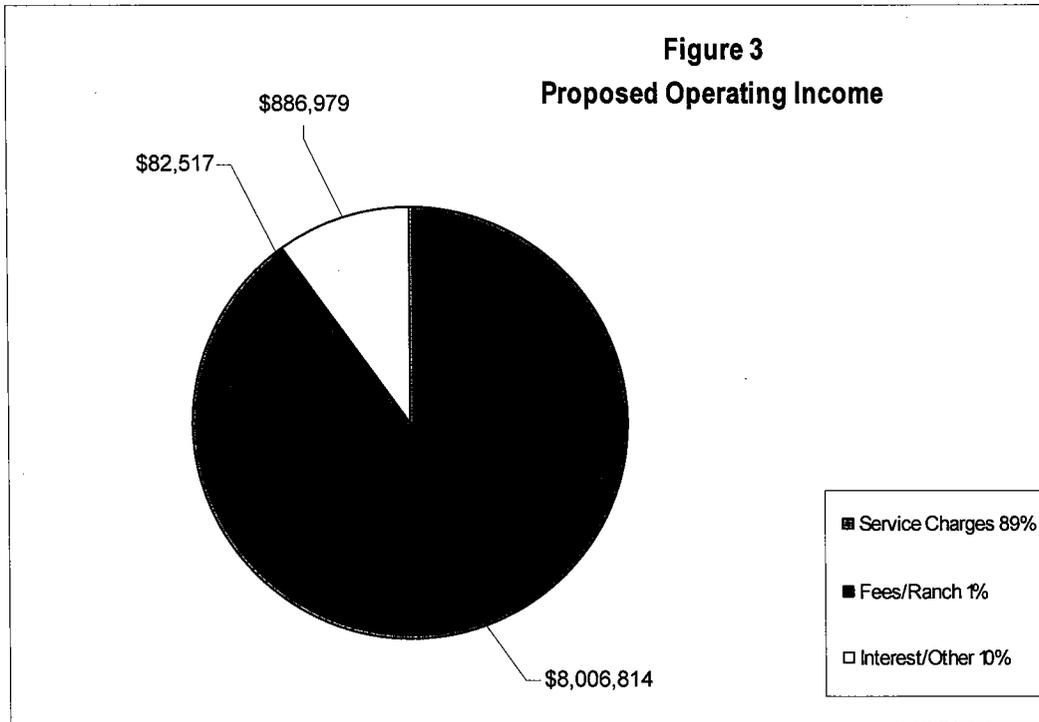


Figure 3 shows the breakdown of proposed operating revenues by source. Property taxes have been shifted to the Capital budget. The chart below reflects the proposed increase in sewer service charges.



### OPERATING SERVICE CHARGE RATE

The proposed Operating Budget will require an operating service charge of \$281.00 per service unit. This represents an increase of \$82.00 per service unit, or 41% over the previous rate of \$199 per service unit. It should be noted that the District's sewer service charge rate is increasing by \$40 for fiscal year 2009-10, with the total increase allocated to the Operating Budget. In addition, \$42 per service unit has been transferred from the Capital Revenue Budget to the Operating Revenue Budget to offset the anticipated reduction in property tax revenue. All property tax revenue for 2009-10 will be allocated to the Capital Revenue Budget.

Table 1 shows the estimated fund flow based on actual 2008-09 expenditures and projected expenditures for 2009-10 through 2012-13.

**Table 1**  
**PROJECTED FLOW OF OPERATING FUNDS TO FY 2012-13**

| ANTICIPATED FLOW OF FUNDS          | Actual<br>2008-09 | Projected<br>2009-10 | Projected<br>2010-11 | Projected<br>2011-12 | Projected<br>2012-13 |
|------------------------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| <b>OPERATING</b>                   |                   |                      |                      |                      |                      |
| Beginning Balance                  | 6,611,702         | 7,829,747            | 8,939,779            | 9,921,692            | 10,317,732           |
| Revenues Other Than SC/PT          | 1,018,708         | 1,018,708            | 1,049,269            | 1,080,747            | 1,113,170            |
| Property Taxes                     | 2,527,507         | 0                    | 0                    | 0                    | 0                    |
| Service Charge Revenue             | 5,492,949         | 7,912,443            | 7,937,733            | 7,963,023            | 7,988,313            |
| <b>Fund Transfers</b>              |                   |                      |                      |                      |                      |
| From Self Insurance Reserve        | 77,909            | 77,909               | 77,909               | 77,909               | 77,909               |
| To Self Insurance Reserve          | (100,000)         | (100,000)            | (50,000)             | (50,000)             | (50,000)             |
| From Rate Stabilization Fund       | 0                 | 0                    | 0                    | 0                    | 0                    |
| To Emergency Repair Reserve        | 0                 | 0                    | 0                    | 0                    | 0                    |
| From Southgate Reserve             | 0                 | 0                    | 0                    | 0                    | 0                    |
| From Capital Imp. Reserve          | 0                 | 0                    | 0                    | 0                    | 0                    |
| Expenditures                       | (7,799,028)       | (7,799,028)          | (8,032,999)          | (8,675,639)          | (8,935,908)          |
| Ending Bal - Working Capital       | 7,829,747         | 8,939,779            | 9,921,692            | 10,317,732           | 10,511,216           |
| Vehicle Replacement                | 231,565           | 276,565              | 295,565              | 315,565              | 335,565              |
| Self-Insurance Reserve             | 151,915           | 103,415              | 95,283               | 86,989               | 78,529               |
| Rate Stabilization Fund            | 600,000           | 600,000              | 600,000              | 600,000              | 600,000              |
| Emergency Repair Reserve Fund      | 600,000           | 600,000              | 600,000              | 600,000              | 600,000              |
| Southgate Reserve Fund             | 678,989           | 678,989              | 678,989              | 678,989              | 678,989              |
| <b>Total Operating Reserves</b>    | <b>10,092,216</b> | <b>10,519,759</b>    | <b>12,191,529</b>    | <b>12,599,275</b>    | <b>12,804,299</b>    |
| Operating Service Units            | 26,380            | 28,495               | 28,585               | 28,675               | 28,765               |
| Operating Service Charge Rates     | 199               | 281                  | 281                  | 281                  | 281                  |
| <br>                               |                   |                      |                      |                      |                      |
| <b>Increase over Previous Year</b> | <b>8.0%</b>       | <b>41.2%</b>         | <b>0.0%</b>          | <b>0.0%</b>          | <b>0.0%</b>          |

SIF = Self-Insurance Fund  
RSF = Rate Stabilization Fund  
ERR = Emergency Repair Reserve  
SRF = Southgate Reserve Fund

The projections assume continuation of the policy of maintaining total operating fund reserves in accordance with the reserve policy adopted by the Board of Directors in 2001. That policy establishes specific reserve levels for operating cash flow, service charge stabilization, and emergency repairs.

**HISTORY OF OPERATING TAX AND SERVICE CHARGE LEVIES**

Table 2 below summarizes information on the District's operating property tax and service charge levies for the past fifteen years.

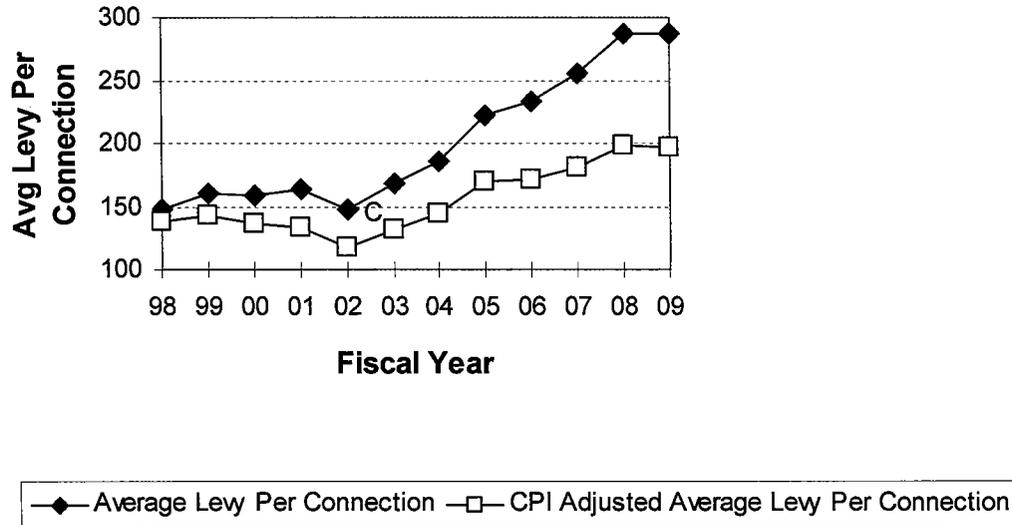
**Table 2  
HISTORY OF OPERATING CHARGES AND PROPERTY TAX LEVIES**

| Fiscal Year     | Property Taxes | Operating Service Unit Charges | County Collection Fee | Total Levy | Equivalent Connections July 1 | Average Levy Per Connection | Increase or Decrease |
|-----------------|----------------|--------------------------------|-----------------------|------------|-------------------------------|-----------------------------|----------------------|
| 1995-96         | 905,622        | 2,401,940                      | 26,000                | 3,333,562  | 22,350                        | 149.15                      | -0.4%                |
| 1996-97         | 906,030        | 2,404,215                      | 26,000                | 3,336,245  | 21,931                        | 152.12                      | 2.0%                 |
| 1997-98         | 892,507        | 2,334,401                      | 26,000                | 3,252,908  | 22,044                        | 147.56                      | -3.0%                |
| 1998-99         | 962,326        | 2,393,993                      | 26,000                | 3,382,319  | 21,153                        | 159.90                      | 8.4%                 |
| 1999-00         | 1,061,125      | 2,356,051                      | 26,000                | 3,443,176  | 21,728                        | 158.47                      | -0.9%                |
| 2000-01         | 1,246,000      | 2,375,000                      | 27,000                | 3,648,000  | 22,262                        | 163.87                      | 3.4%                 |
| 2001-02         | 1,308,000      | 2,422,500                      | 27,700                | 3,758,200  | 25,500                        | 147.38                      | -10.1%               |
| 2002-03         | 1,375,000      | 2,965,140                      | 27,700                | 4,367,840  | 26,010                        | 167.93                      | 13.9%                |
| 2003-04         | 1,430,000      | 3,376,107                      | 30,529                | 4,836,636  | 26,010                        | 185.95                      | 10.7%                |
| 2004-05         | 1,558,715      | 4,236,000                      | 30,529                | 5,825,244  | 26,150                        | 222.76                      | 19.8%                |
| 2005-06         | 1,621,000      | 4,471,000                      | 30,529                | 6,122,529  | 26,300                        | 232.80                      | 4.5%                 |
| 2006-07         | 1,678,180      | 5,006,204                      | 30,529                | 6,714,913  | 26,345                        | 254.88                      | 9.5%                 |
| 2007-08         | 1,995,120      | 5,532,446                      | 30,529                | 7,558,095  | 26,380                        | 286.51                      | 12.4%                |
| 2008-09         | 2,527,507      | 5,492,949                      | 47,200                | 8,067,656  | 28,076                        | 287.35                      | 0.3%                 |
| <b>Proposed</b> |                |                                |                       |            |                               |                             |                      |
| 2009-10         | 0              | 8,006,814                      | 47,200                | 8,054,014  | 28,494                        | 282.66                      | -1.6%                |

The proposed 2009-10 levy per connection represents an increase of 89% in the past fifteen years. During the same period of time, the cost of living index increased 45.45%.

Figure 4 illustrates this point. In the figure, the adjusted average levy per connection – the lower line in the graph – factors out inflation as indicated by the San Francisco Bay Area Consumer Price Index (All-Urban Index) since 1995.

**Figure 4  
 Operating Levy History**



**CAPITAL SERVICE CHARGE RATE**

\$42 of the capital service charge rate is being allocated to the Operating Budget, thereby reducing the Capital service charge rate from \$223 to \$181 per year per service unit. This transfer will be offset by the reallocation of property taxes from Operating to Capital revenue. The capital revenues will be used to fund ongoing capital projects, and debt service for the Facility upgrade project.

**TOTAL ANNUAL SERVICE CHARGE RATE**

The budget, as proposed, will require an operating service charge rate of \$281.00 and a capital service charge rate of \$181.00, for a total annual rate of \$462.00 per service unit.

In addition, it is anticipated that the County will establish a charge of \$2.00 per account billed to collect the service charges on the tax roll. This means that the typical single family residential homeowner in the District will pay a total annual charge of \$464.00 for sewer service.

Under District regulations, non-residential sewer users will pay a sewer service charge based on building size, water use, and strength factors of the wastewater discharged.

It is of interest to compare the District's proposed rate with those of other nearby sanitation agencies. The following table makes possible such a comparison. For the most part, the rates for other agencies are those projected for the 2009-10 fiscal year.

**COMPARISON OF ANNUAL SEWER SERVICE CHARGES  
LEVIED BY NEIGHBORING AGENCIES**

| <b>AGENCY</b>                   | <b>RATE (\$/yr)</b> |
|---------------------------------|---------------------|
| City of Santa Rosa              | 855                 |
| City of Petaluma                | 755                 |
| Sausalito-Marín City San Dist   | 603                 |
| San Rafael Sanitation Dist      | 594                 |
| City of Larkspur                | 572                 |
| City of Rohnert Park            | 539                 |
| Sanitary District No. 1         | 504                 |
| City of Corte Madera            | 498                 |
| Las Gallinas Valley San Dist    | 493                 |
| <b>NOVATO SANITARY DISTRICT</b> | <b>462</b>          |
| Vallejo San & Flood Dist        | 434                 |
| Napa Sanitation Dist            | 421                 |
| Central Contra Costa San Dist   | 311                 |
| City of Mill Valley             | 297                 |

**VEHICLE REPLACEMENT BUDGET**

The District maintains a Vehicle Replacement Fund in order to spread the cost of replacing vehicles over time and by various District departments. The fund balance at June 30, 2009 is \$231,565. The proposed 2009-10 additions from the Operating Budget accounts total \$80,200. This year it is planned to dispose of two vehicles and to purchase a crane truck as detailed on Page 16 of the budget at a net cost estimated at \$40,000. Revenue from the sale of the surplus vehicles is anticipated to total \$4,800. This will result in an anticipated fund balance on June 30, 2010 of about \$276,565.

**SELF-INSURANCE RESERVE FUND**

The District purchases general and auto liability coverage through the California Sanitation Risk Management Authority (CSRMA). Coverage for Errors and Omissions is included in the CSRMA pooled liability insurance program. The District also purchases property insurance through CSRMA to cover buildings, structures and equipment.

The District has elected to reduce the deductibles in its comprehensive liability policy from \$100,000 to \$25,000 per occurrence to reduce liability for claims in excess of \$25,000. The Self-Insurance Reserve Fund is maintained to cover claims losses within the deductible amounts of these policies and to cover insurance contingencies.

The June 30, 2009 fund balance is \$151,915. This includes a transfer of \$100,000 from the Operating Fund to cover losses in 2008-09. With the anticipated interest earned in this fund, and the amount proposed to be transferred back to the Operating Fund to reimburse for claims this year, the projected June 30, 2010 balance is \$103,415.

#### **RATE STABILIZATION AND EMERGENCY REPAIRS RESERVE FUNDS**

The proposed budget includes \$600,000 in each of these two funds. These funds were created by the Board policy on operating reserves adopted in September, 2001.

#### **CAPITAL IMPROVEMENT BUDGET**

The proposed Capital Improvement Budget for 2009-10 totals \$24,618,270 or \$19,352,000 less than last year. The decrease is due to the fact that the wastewater facility upgrade project is nearing completion.

#### **ZION'S BANK CREDIT LINE and STATE REVOLVING FUND**

The Capital Improvement Budget includes an annual interest payment of \$1,302,270 for the Zion's Bank Credit Line. Payment of the State Revolving Fund does not begin until one year after completion of the Facilities Upgrade Project.

#### **RECLAMATION FACILITY RANCH OPERATION**

In April 2009, the District entered into a new 10-year lease for Sites #2, #3 and #7 Ron and Dee Hayden Ranches. The lease revenues during FY 2009-10 will be calculated based on the quantity and price of hay and the total number of Animal Unit Months (AUM's).

#### **AB 939 SOLID WASTE PROGRAMS**

The District and the City of Novato have set up a joint City/District Solid Waste Committee to make recommendations to both agencies on State mandated AB 939 Solid Waste Programs. The cost of the programs is financed by the District and reimbursed by annual billing to Novato Disposal Service.

Sincerely,



BEVERLY B. JAMES  
Manager-Engineer

| SUMFINB                  |                                | 2009-10 FINAL BUDGET |         |         |            |          |          |           |           | Today:  | 11-Sep-09 | Page xi |            |
|--------------------------|--------------------------------|----------------------|---------|---------|------------|----------|----------|-----------|-----------|---------|-----------|---------|------------|
| Novato Sanitary District |                                |                      |         |         |            |          |          |           |           |         |           |         |            |
| 2009-10 Budget           |                                | OVER/UNDER           |         |         |            |          |          |           |           |         |           | %       |            |
|                          |                                | Treatment            |         |         | Collection | Pump     | Recycled |           |           |         | % OF      | 2008-09 | OVER/UNDER |
|                          |                                | Facilities           | RECL    | L-M     | System     | Stations | Water    | A-E       | TOTAL     | TOTAL   | BUDGET    | BUDGET  | BUDGET     |
| -000                     | Contract Operations            | 2,121,000            |         |         |            |          |          |           | 2,121,000 | 23.35%  | 2,121,000 |         | N/A        |
| -010                     | Salaries and Wages             | 398,842              | 20,656  | 251,748 | 437,313    | 215,393  | 0        | 983,540   | 2,307,492 | 25.40%  | (464,240) |         | -16.75%    |
| -020                     | Employee Benefits              | 173,496              | 8,985   | 112,142 | 192,799    | 93,696   | 0        | 465,171   | 1,046,290 | 11.52%  | (190,413) |         | -15.40%    |
| -030                     | Directors' Fees                |                      |         |         |            |          |          | 42,000    | 42,000    | 0.46%   | 4,200     |         | 11.11%     |
| -040                     | Election Expense               |                      |         |         |            |          |          | 40,000    | 40,000    | 0.44%   | 40,000    |         | 100.00%    |
| -060                     | Gasoline, Oil & Fuel           | 6,000                | 10,000  | 2,000   | 15,000     | 4,000    | 0        | 8,000     | 45,000    | 0.50%   | (43,225)  |         | -48.99%    |
| -070                     | Insurance                      |                      |         |         |            |          |          | 154,000   | 154,000   | 1.70%   | 14,633    |         | 10.50%     |
| -071                     | Ins Claims Expense             |                      |         |         |            |          |          | 50,000    | 50,000    | 0.55%   | (50,000)  |         | -50.00%    |
| -075                     | Agency Dues                    |                      |         |         |            |          |          | 45,000    | 45,000    | 0.50%   | 5,000     |         | 12.50%     |
| -080                     | Memberships                    |                      |         |         |            |          |          | 6,000     | 6,000     | 0.07%   | (3,000)   |         | -33.33%    |
| -090                     | Office Expense                 |                      |         |         |            |          |          | 25,000    | 25,000    | 0.28%   | (2,000)   |         | -7.41%     |
| -091                     | Software Maint                 | 1,000                | 2,500   | 13,000  | 25,000     | 2,500    | 0        | 0         | 44,000    | 0.48%   | (53,500)  |         | -54.87%    |
| -100                     | Operating Supplies             | 8,000                | 3,500   | 30,000  | 17,000     | 10,000   | 0        | 9,000     | 77,500    | 0.85%   | (51,500)  |         | -39.92%    |
| -101                     | Operating Chemicals            | 50,000               | 0       |         | 0          | 4,000    | 0        |           | 54,000    | 0.59%   | (276,500) |         | -83.66%    |
| -111                     | Radio Maintenance              |                      |         |         |            |          |          |           | 0         | 0.00%   | 0         |         | 0.00%      |
| -112                     | Janitorial Services            | 14,000               |         |         |            | 0        | 0        |           | 14,000    | 0.15%   | (6,000)   |         | -30.00%    |
| -113                     | Grounds Maintenance            | 1,000                |         |         |            | 0        |          |           | 1,000     | 0.01%   | (4,000)   |         | -80.00%    |
| -115                     | Sludge Disposal-Contractual    | 45,000               | 60,000  |         |            |          |          |           | 105,000   | 1.16%   | 0         |         | 0.00%      |
| -121                     | Accounting & Auditing          |                      |         |         |            |          |          | 25,000    | 25,000    | 0.28%   | 0         |         | 0.00%      |
| -122                     | Attorney                       |                      |         |         |            |          |          | 277,098   | 277,098   | 3.05%   | 117,098   |         | 73.19%     |
| -123                     | Outside Consulting             |                      |         |         |            |          |          | 272,000   | 272,000   | 2.99%   | 130,000   |         | 91.55%     |
| -124                     | IT/Misc Electrical             |                      |         |         |            |          |          | 40,000    | 40,000    | 0.44%   | (14,000)  |         | 0.00%      |
| -130                     | Printing & Publication         |                      |         |         |            |          |          | 12,000    | 12,000    | 0.13%   | 4,000     |         | 50.00%     |
| -150                     | Repairs & Maintenance          | 65,000               | 90,000  | 7,500   | 55,000     | 100,000  | 0        | 13,000    | 330,500   | 3.64%   | (240,000) |         | -42.07%    |
| -151                     | Unusual Equipment Maint        | 0                    | 75,000  |         | 0          | 0        |          |           | 75,000    | 0.83%   | (105,000) |         | -58.33%    |
| -152                     | Small Tools                    | 500                  | 1,000   |         | 2,500      | 2,000    |          |           | 6,000     | 0.07%   | (7,500)   |         | -55.56%    |
| -153                     | TV Inspection/Outside Services |                      |         |         | 70,000     |          |          |           | 70,000    | 0.77%   | 0         |         | 0.00%      |
| -157                     | Ditch Dike Maintenance         |                      | 25,000  |         |            |          |          |           | 25,000    | 0.28%   | 0         |         | 0.00%      |
| -160                     | Research & Monitoring          |                      |         | 116,610 |            |          |          |           | 116,610   | 1.28%   | 20,000    |         | 20.70%     |
| -170                     | Travel, Mtgs & Train.          |                      |         |         |            |          |          | 75,000    | 75,000    | 0.83%   | 0         |         | 0.00%      |
| -170(2)                  | Poll. Prev/Public Education    |                      |         | 24,500  |            |          |          |           | 24,500    | 0.27%   | (80,500)  |         | -8.58%     |
| -191                     | Gas & Electricity              | 190,000              | 145,000 |         |            | 85,000   | 0        |           | 420,000   | 4.62%   | (518,000) |         | -55.22%    |
| -192                     | Water                          | 4,000                | 6,000   |         | 4,000      | 10,000   |          |           | 24,000    | 0.26%   | 1,500     |         | 6.67%      |
| -193                     | Telephone                      | 5,000                |         |         | 1,000      | 25,000   |          | 12,000    | 43,000    | 0.47%   | 500       |         | 1.18%      |
| -200                     | Other                          | 77,602               |         |         | 1,500      |          |          |           | 79,102    | 0.87%   | 69,357    |         | 711.72%    |
| -201                     | Permits & Fees                 | 50,000               | 2,000   | 3,000   | 8,000      | 2,500    | 0        | 0         | 65,500    | 0.72%   | (13,200)  |         | -16.77%    |
| -202                     | Co. Collection Fees            |                      |         |         |            |          |          | 57,000    | 57,000    | 0.63%   | 900       |         | 1.60%      |
| -250                     | Ser. Chg. System Exp           |                      |         |         |            |          |          | 8,000     | 8,000     | 0.09%   | 500       |         | 6.67%      |
| -290                     | Vehicle Replacement            | 21,200               | 7,000   | 1,400   | 35,000     | 10,000   | 0        | 5,600     | 80,200    | 0.88%   | 0         |         | 0.00%      |
| -300                     | Capital Outlay                 | 0                    | 0       | 0       | 0          | 0        |          | 20,000    | 20,000    | 0.22%   | (124,500) |         | -86.16%    |
|                          | SUBTOTAL:                      | 3,231,641            | 456,641 | 561,900 | 864,112    | 564,089  | 0        | 2,644,409 | 8,322,792 |         |           |         |            |
| -021                     | Retiree Health Benefits        |                      |         |         |            |          |          | 431,000   | 431,000   | 4.74%   | 255,255   |         | 145.24%    |
| -400                     | AB 939 Solid Waste Programs    | 0                    | 0       | 0       | 0          |          |          | 330,538   | 330,538   | 3.64%   | 5,229     |         | 1.61%      |
|                          | TOTAL:                         | 3,231,641            | 456,641 | 561,900 | 864,112    | 564,089  | 0        | 3,405,947 | 9,084,330 |         | 542,094   |         | 6.35%      |
|                          |                                | 35.57%               | 5.03%   | 6.19%   | 9.51%      | 6.21%    | 0.00%    | 37.49%    | 100.00%   | 100.00% |           |         |            |



**Operating Budget - REVENUE SUMMARY**

| Acct Number   | Item                                     | Budget 2008-09   | Revenues Thru April | Est Rev 2008-09  | Actual Rev 2008-09 | 2009-10 Budget   |                  |
|---------------|--|------------------|---------------------|------------------|--------------------|------------------|------------------|
|               |  |                  |                     |                  |                    | Prelim           | Final            |
| 41010         | Service Chgs (1)                         | 5,693,197.00     | 5,433,187           | 5,500,000        | 5,492,949          | 6,605,527        | 8,006,814        |
| 41020         | County Ser Chg Collect Fees              | 47,200           | 47,200              | 47,200           | 0                  | 0                | 0                |
| 41030         | Pub Sewer Plan Chk/Insp Fees             | 2,500            | 12,352              | 15,000           | 12,412             | 2,500            | 2,500            |
| 41040         | Conn Permit/ Insp Fees                   | 25,000           | 9,892               | 25,000           | 10,977             | 25,000           | 25,000           |
| 41050         | Property Tax Allocation (2)              | 1,841,000        | 1,752,693           | 2,444,885        | 2,527,507          | 0                | 0                |
| 41060         | Interest Earn                            | 250,000          | 185,144             | 385,144          | 224,428            | 250,000          | 200,000          |
| 41070         | Annex Fees Leg/File/Engr                 | 0                | 0                   | 0                | 0                  | 0                | 0                |
| 41080         | Engr/AdminChgs                           | 175,000          | 0                   | 175,000          | 163,731            | 250,000          | 175,000          |
| 41090         | Non-Domestic Permit Fees (3)             | 2,000            | 3,099               | 4,000            | 4,019              | 2,000            | 4,000            |
| 41100         | Garbage Franchise Fee                    | 45,000           | 45,000              | 45,000           | 45,000             | 45,000           | 45,000           |
| 41105         | AB939 Collector Fees                     | 271,862          | 271,862             | 271,862          | 271,862            | 271,862          | 277,299          |
| 41107         | Oil/Bev/Tire Grants/ JPA Reimb. Fees (4) | 59,278           | 60,845              | 60,845           | 60,845             | 63,080           | 63,080           |
| 41110         | Sludge Disp Charges(NMWD)                | 0                | 0                   | 0                | 0                  | 0                | 100              |
| 41130         | Ranch Income                             | 82,517           | 0                   | 82,517           | 82,517             | 82,517           | 82,517           |
| 41135         | Recycled Water Fac.                      | 102,544          | 60,168              | 71,800           | 74,736             | 0                | 20,000           |
| 41140         | Other Rev (5)                            | 160,000          | 47,276              | 52,000           | 63,428             | 160,000          | 75,000           |
| 41142         | Asset Disposal                           | 0                | 0                   | 4,962            | 4,752              | 0                | 0                |
| <b>TOTALS</b> |  | <b>8,757,098</b> | <b>7,928,718</b>    | <b>9,185,215</b> | <b>9,039,164</b>   | <b>7,757,486</b> | <b>8,976,310</b> |

- (1) Service charge revenue is based on the assumption that operating service charges will increase from \$199 to \$281. All of the property tax income is being transferred to the Capital Budget.
- (2) Property tax revenue projection based on County of Marin property tax assessment rolls and increased growth. Property tax revenue this year has been allocated to the Capital Improvement Project budget.
- (3) Includes application fees, permits, and monitoring charges.
- (4) Oil/Bev/Tire Grants \$22,725; JPA Reimb. Fees \$40,355.
- (5) Other revenue includes septic tank hauling fees and other miscellaneous revenue.

**APPROPRIATIONS LIMITATION**

The appropriations limitation, pursuant to Article XIIIB of the California Constitution, will be determined prior to submission of the final budget in August.

**FLOW OF FUNDS - OPERATING AND WORKING CAPITAL RESERVE FUNDS**

|  |  | 2009-10 Budget |       |
|--|--|----------------|-------|
|  |  | Prelim         | Final |

**OPERATING FUND**

|  |  |             |             |
|--|--|-------------|-------------|
|  | FUND BALANCE 6/30/08 . . . . .                               | 0           | 0           |
|  | Actual Revenues 2008-09                                      | 9,185,215   | 9,039,164   |
|  | Actual Expenditures 2008-09                                  | (8,033,381) | (7,799,028) |
|  | Transfer from Self-Insurance Fund<br>for Claims              | 76,500      | 77,909      |
|  | Transfer to Self-Insurance Reserve Fund                      | (100,000)   | (100,000)   |
|  | Transfer to Working Capital<br>Reserve Fund                  | (1,128,334) | (1,218,045) |
|  | FUND BALANCE 6/30/09 . . . . .                               | 0           | 0           |
|  | Anticipated Revenues 2009-10                                 | 7,757,486   | 8,976,310   |
|  | Anticipated Expenditures 2009-10                             | (9,186,887) | (9,084,330) |
|  | Anticipated Transfer from Self-Insurance Fund for Claims     | 100,000     | 50,000      |
|  | Anticipated Transfer to GASB 45 Fund                         | 0           |             |
|  | Anticipated Transfer from Southgate Reserve Fund             | 0           | 0           |
|  | Anticipated Transfer to/from Working<br>Capital Reserve Fund | 1,329,401   | 58,020      |
|  | ANTICIPATED FUND BALANCE 6/30/10 . . . . .                   | 0           | 0           |

**WORKING CAPITAL RESERVE FUND**

|  |  |             |           |
|--|--|-------------|-----------|
|  | FUND BALANCE 6/30/08 . . . . .                         | 5,553,939   | 6,611,702 |
|  | Transfer from Operating<br>Fund 2008-09                | 1,128,334   | 1,218,045 |
|  | Transfer to Rate Stabilization Reserve                 | 0           | 0         |
|  | Transfer to Emergency Repair Reserve                   | 0           | 0         |
|  | FUND BALANCE 6/30/09 . . . . .                         | 6,682,273   | 7,829,747 |
|  | Anticipated Transfer to/from<br>Operating Fund 2009-10 | (1,329,401) | (58,020)  |
|  | ANTICIPATED FUND BALANCE 6/30/10 . . . . .             | 5,352,872   | 7,771,726 |
|  | TODAY 11-Sep-09  |             |           |



## **SECTION II**

### **OPERATING FUND BUDGET**





| Novato Sanitary District                                      |                        |                              |                    |                    |                       |                | Page 7  |
|---|------------------------|------------------------------|--------------------|--------------------|-----------------------|----------------|---------|
| 2009-10 Budget  |                        |                              |                    |                    |                       |                |         |
| Operating Budget - WASTEWATER RECLAMATION/DISPOSAL FACILITIES |                        |                              |                    |                    |                       |                |         |
| Account Number  | Item                   | Budget 2008-09               | Expends Thru April | Est Expend 2008-09 | Actual Expend 2008-09 | 2009-10 Budget |         |
|   |                        |                              |                    |                    |                       | Prelim         | Final   |
| 63010   | Salaries/Wages         | 45,565                       | 33,489             | 40,187             | 44,152                | 44,897         | 20,656  |
| 63020   | Employee Benefits      | 19,821                       | 15,139             | 18,167             | 18,470                | 19,530         | 8,985   |
| 63060   | Gas, Oil & Fuel        | 12,500                       | 9,414              | 11,297             | 9,183                 | 12,500         | 10,000  |
| 63091   | Software Maint         | 2,500                        | 2,410              | 2,410              | 2,410                 | 2,500          | 2,500   |
| 63100   | Oper Supplies          | 6,000                        | 3,033              | 5,000              | 3,212                 | 6,000          | 3,500   |
| 63101   | Oper Chemicals         | 2,500                        | 0                  | 0                  | 0                     | 0              | 0       |
| 63115   | Sludge Disposal        | 75,000                       | 54,979             | 60,000             | 54,979                | 75,000         | 60,000  |
| 63150   | Repairs & Maintenance  | 120,000                      | 54,759             | 80,000             | 87,467                | 120,000        | 90,000  |
| 63151   | Unusual Eq Maint       | 100,000                      | 38,702             | 60,000             | 46,802                | 10,000         | 75,000  |
| 63152   | Small Tools            | 2,500                        | 492                | 500                | 573                   | 2,500          | 1,000   |
| 63157   | Ditch/Dike Maintenance | 25,000                       | 0                  | 25,000             | 0                     | 25,000         | 25,000  |
| 63191   | Gas & Elect            | 120,000                      | 99,454             | 120,000            | 140,760               | 120,000        | 145,000 |
| 63192   | Water - Recl           | 6,000                        | 11,333             | 6,000              | 2,186                 | 6,000          | 6,000   |
| 63201   | Permits & Fees         | 1,500                        | 1,584              | 1,584              | 1,584                 | 1,500          | 2,000   |
| 63290   | Vehicle Repl           | 7,000                        | 0                  | 7,000              | 7,000                 | 7,000          | 7,000   |
| 63300   | Capital Outlay         | 63,000                       | 0                  | 63,000             | 4,116                 | 60,000         | 0       |
| Total - RECLAMATION/DISP. FACILITIES                          |                        | 608,886                      | 324,788            | 500,145            | 422,894               | 512,427        | 456,641 |
|   |                        |                              |                    |                    |                       |                | -25%    |
| UNUSUAL EQUIP. MAINT :  |                        | Pump Repairs (PPS 7)         |                    |                    |                       | 25,000         |         |
|   |                        | Irrigation Valve Replacement |                    |                    |                       | 50,000         |         |
| TODAY   |                        | 11-Sep-09                    |                    |                    |                       |                |         |

| Novato Sanitary District                     |                                     |  |                    |                     |                       |                | Page 8         |
|--|-------------------------------------|--|--------------------|---------------------|-----------------------|----------------|----------------|
| 2009-10 Budget                               |                                     |  |                    |                     |                       |                |                |
| Operating Budget - LABORATORY AND MONITORING |                                     |  |                    |                     |                       |                |                |
| Account Number                               | Item                                | Budget 2008-09   | Expends Thru April | Est. Expend 2008-09 | Actual Expend 2008-09 | 2009-10 Budget |                |
|  |                                     |  |                    |                     |                       | Prelim         | Final          |
| 64010  | Salaries/Wages                      | 220,363  | 193,131            | 231,757             | 230,603               | 235,165        | 251,748        |
| 64020  | Employee Benefits                   | 95,858   | 74,969             | 89,963              | 91,518                | 102,297        | 112,142        |
| 64060  | Gas, Oil & Fuel                     | 2,625  | 1,651              | 2,625               | 1,601                 | 2,625          | 2,000          |
| 64091  | Software Maint                      | 5,000  | 334                | 400                 | 334                   | 10,000         | 13,000         |
| 64100  | Oper Supplies                       | 35,000   | 18,611             | 30,000              | 27,493                | 35,000         | 30,000         |
| 64150  | Repairs & Maintenance               | 7,500  | 7,162              | 8,000               | 8,203                 | 7,500          | 7,500          |
| 64160  | Research & Monitoring (Contractual) | 96,610   | 54,269             | 80,000              | 96,360                | 116,610        | 116,610        |
| 64170  | Pollution Prev/Public Ed            | 105,000  | 7,187              | 10,000              | 78,221                | 105,000        | 24,500         |
| 64200  | Other                               | 0  | 0                  | 0                   | 0                     | 0              | 0              |
| 64201  | Permits & Fees                      | 3,000  | 2,359              | 2,400               | 2,359                 | 3,000          | 3,000          |
| 64290  | Vehicle Repl                        | 1,400  | 0                  | 1,400               | 1,400                 | 1,400          | 1,400          |
| 64300  | Capital Outlay                      | 20,000   | 6,411              | 20,000              | 6,411                 | 20,000         | 0              |
| <b>Total - LABORATORY AND MONITORING</b>     |                                     | <b>592,356</b>   | <b>366,084</b>     | <b>476,545</b>      | <b>544,503</b>        | <b>638,597</b> | <b>561,900</b> |
| <b>REPAIRS AND MAINTENANCE:</b>              |                                     | Air conditioning (\$1,000); weights & balance (\$1,000); glassware washer (\$1,000); microscope maintenance (\$500); autoclave preventive maintenance (\$700); Lab. truck (\$3,300).   |                    |                     |                       |                |                |
| <b>RESEARCH AND MONITORING:</b>              |                                     | Contract studies (\$15,000); Mo metals (\$12,000); Non-domestic monitoring (\$16,800); sludge regs. (\$4,510); Pretreatment (\$4,000); Reclamation monitoring (\$5,100); Priority pollutants (\$19,200); Blending tests (\$10,000); Consulting fees - sludge report, etc. (\$10,000) Pollution prevention: L. Whitney (\$20,000) |                    |                     |                       |                |                |
| <b>POLLUTION PREVENTION:</b>                 |                                     | Includes CMSA (\$20,000), EOA (\$2,500), Misc (\$2,000)  |                    |                     |                       |                |                |
| <b>SOFTWARE MAINTENANCE:</b>                 |                                     | Industrial Waste Pollution Prevention Software   |                    |                     |                       | 8,000          |                |
|  |                                     | LAD Upgrade  |                    |                     |                       | 5,000          |                |
| TODAY  | 11-Sep-09                           |  |                    |                     |                       |                |                |



**2009-10 Budget**  
**Operating Budget - COLLECTION SYSTEM**

| Account Number                   | Item                  | Budget 2008-09 | Expends Thru April | Est Expend 2008-09 | Actual Expend 2008-09 | 2009-10 Budget |                |
|----------------------------------|-----------------------|----------------|--------------------|--------------------|-----------------------|----------------|----------------|
|                                  |                       |                |                    |                    |                       | Prelim         | Final          |
| 60010                            | Salaries/Wages        | 334,145        | 280,405            | 336,486            | 314,783               | 329,248        | 437,313        |
| 60020                            | Employee Benefits     | 145,353        | 112,458            | 134,950            | 137,315               | 143,223        | 192,799        |
| 60060                            | Gas, Oil & Fuel       | 15,000         | 9,374              | 12,000             | 9,109                 | 15,000         | 15,000         |
| 60091                            | Software Maint        | 75,000         | 18,899             | 75,000             | 18,899                | 75,000         | 25,000         |
| 60100                            | Oper Supplies         | 17,000         | 10,491             | 17,000             | 14,923                | 17,000         | 17,000         |
| 60101                            | Oper Chemicals        | 0              | 0                  | 0                  | 0                     | 0              | 0              |
| 60113                            | Grounds Maint.        | 0              | 0                  | 0                  | 0                     | 0              | 0              |
| 60150                            | Repairs & Maintenance | 55,000         | 40,162             | 55,000             | 47,526                | 55,000         | 55,000         |
| 60151                            | Unusual Eq Maint      | 0              | 0                  | 0                  | 0                     | 6,000          | 0              |
| 60152                            | Small Tools           | 2,500          | 1,571              | 2,500              | 1,721                 | 2,500          | 2,500          |
| 60153                            | Outside Services      | 70,000         | 39,579             | 70,000             | 39,579                | 70,000         | 70,000         |
| 60191                            | Gas & Elect           | 0              | 0                  | 0                  | 0                     | 0              | 0              |
| 60192                            | Water                 | 4,000          | 2,419              | 4,000              | 3,045                 | 4,000          | 4,000          |
| 60193                            | Telephone             | 2,000          | 885                | 1,500              | 916                   | 2,000          | 1,000          |
| 60200                            | Other (Garbage Coll.) | 2,495          | 1,246              | 2,000              | 1,246                 | 2,495          | 1,500          |
| 60201                            | Permits & Fees        | 2,000          | 7,199              | 7,199              | 7,199                 | 8,000          | 8,000          |
| 60290                            | Vehicle Repl          | 35,000         | 0                  | 35,000             | 35,000                | 35,000         | 35,000         |
| 60300                            | Capital Outlay        | 12,500         | 8,406              | 9,000              | 11,933                | 43,000         | 0              |
| <b>Total - COLLECTION SYSTEM</b> |                       | <b>771,993</b> | <b>533,094</b>     | <b>761,635</b>     | <b>643,192</b>        | <b>807,466</b> | <b>864,112</b> |
| UNUSUAL EQUIP. MAINTENANCE       |                       |                |                    |                    |                       |                |                |
| TODAY                            | 11-Sep-09             |                |                    |                    |                       |                |                |

2009-10 Budget

Operating Budget - RECYCLED WATER

| Account Number  | Item                  | Budget 2008-09 | Expends Thru April | Est. Expend 2008-09 | Actual Expend 2008-09 | 2009-10 Budget |          |
|---|-----------------------|----------------|--------------------|---------------------|-----------------------|----------------|----------|
|   |                       |                |                    |                     |                       | Prelim         | Final    |
| 68010   | Salaries              | 30,377         | 22,326             | 25,000              | 24,591                | 0              | 0        |
| 68020   | Employee Benefits     | 13,214         | 10,093             | 12,000              | 10,093                | 0              | 0        |
| 68060   | Gas, Oil & Fuel       | 600            | 261                | 400                 | 293                   | 0              | 0        |
| 68091   | Software Maintenance  | 5,000          | 0                  | 0                   | 0                     | 0              | 0        |
| 68100   | Oper Supplies         | 1,000          | 165                | 1,200               | 165                   | 0              | 0        |
| 68101   | Oper Chemicals        | 15,000         | 24,448             | 25,000              | 30,052                | 0              | 0        |
| 68150   | Repairs & Maintenance | 25,000         | 2,876              | 3,000               | 2,876                 | 0              | 0        |
| 68191   | Gas & Electricity     | 8,000          | 4,000              | 4,000               | 6,667                 | 0              | 0        |
| 68201   | Permits & Fees        | 1,200          | 0                  | 1,200               | 0                     | 0              | 0        |
| 68290   | Vehicle Repl          | 0              | 0                  | 0                   | 0                     | 0              | 0        |
| <b>Total - Recycled Water</b>   |                       | <b>99,391</b>  | <b>64,169</b>      | <b>71,800</b>       | <b>74,737</b>         | <b>0</b>       | <b>0</b> |
| *   | .25fte                |                |                    |                     |                       |                |          |
| NOTE: The Recycled Water Facility is now operated by the North Marin Water District. Therefore, no funds have been allocated to this cost center for 2009-10. |                       |                |                    |                     |                       |                |          |
| TODAY   | 11-Sep-09             |                |                    |                     |                       |                |          |



| 2009-10 Budget                                    |                         |   |                    |                     |                       | Page 13          |                  |
|---|-------------------------|---|--------------------|---------------------|-----------------------|------------------|------------------|
| Operating Budget - ADMINISTRATION AND ENGINEERING |                         |   |                    |                     |                       |                  |                  |
| Account Number                                    | Item                    | Budget 2008-09  | Expends Thru April | Est. Expend 2008-09 | Actual Expend 2008-09 | 2009-10 Budget   |                  |
|   |                         |   |                    |                     |                       | Prelim           | Final            |
| 66010   | Salaries/Wages          | 1,032,529   | 839,784            | 1,007,741           | 1,005,155             | 1,066,708        | 983,540          |
| 66020   | Empl Benefits           | 480,150   | 398,244            | 477,893             | 421,233               | 525,672          | 465,171          |
| 66021   | Retiree Health Benefits | 175,745   | 134,109            | 164,109             | 148,185               | 175,744          | 180,000          |
| 66021   | GASB 45                 |   |                    |                     |                       |                  | 251,000          |
| 66030   | Director's Fees         | 37,800  | 33,856             | 38,000              | 40,381                | 37,800           | 42,000           |
| 66040   | Election Exp            | 0   | 0                  | 0                   | 0                     | 40,000           | 40,000           |
| 66060   | Gas, Oil & Fuel         | 11,000  | 6,934              | 11,000              | 6,826                 | 11,000           | 8,000            |
| 66070   | Insurance               | 139,367   | 131,016            | 135,000             | 131,049               | 154,000          | 154,000          |
| 66071   | Ins Claims Exp          | 100,000   | (24,324)           | 76,500              | 77,909                | 100,000          | 50,000           |
| 66075   | Agency Dues             | 40,000  | 37,909             | 38,000              | 42,813                | 40,000           | 45,000           |
| 66080   | M'Ships/Certification   | 9,000   | 6,934              | 8,000               | 8,088                 | 9,000            | 6,000            |
| 66090   | Office Expense          | 27,000  | 16,944             | 20,000              | 21,105                | 27,000           | 25,000           |
| 66091   | Software Maint.         | 0   | 0                  | 0                   | 0                     | 0                | 0                |
| 66100   | Engr Supplies           | 8,000   | 6,816              | 7,500               | 8,514                 | 8,000            | 9,000            |
| 66121   | Accounting/Audit        | 25,000  | 22,150             | 22,150              | 22,150                | 25,000           | 25,000           |
| 66122   | Attorney Fees           | 160,000   | 103,889            | 170,000             | 156,846               | 160,000          | 277,098          |
| 66123   | O/S Contractual         | 142,000   | 54,812             | 130,000             | 132,615               | 197,000          | 272,000          |
| 66124   | IT/Misc. Electrical     | 54,000  | 17,638             | 31,713              | 37,555                | 54,000           | 40,000           |
| 66130   | Print & Publ            | 8,000   | 6,983              | 8,000               | 7,789                 | 8,000            | 12,000           |
| 66150   | Repairs & Maintenance   | 13,000  | 9,934              | 13,000              | 10,126                | 13,000           | 13,000           |
| 66170   | Trav, Mtgs & Trn        | 75,000  | 60,218             | 65,000              | 62,691                | 75,000           | 75,000           |
| 66193   | Telephone               | 11,500  | 9,671              | 11,500              | 11,554                | 11,500           | 12,000           |
| 66201   | Permits & Fees          | 0   | 0                  | 0                   | 0                     | 0                | 0                |
| 66202   | Co. Collection Fees     | 56,100  | 56,164             | 56,164              | 56,164                | 56,100           | 57,000           |
| 66250   | Ser Chg Sys Exp         | 7,500   | 0                  | 0                   | 0                     | 7,500            | 8,000            |
| 66290   | Vehicle Repl            | 5,600   | 0                  | 5,600               | 5,600                 | 5,600            | 5,600            |
| 66300   | Capital Outlay          | 0   | 0                  | 0                   | 0                     | 0                | 20,000           |
| <b>Total - ADMINISTRATION AND ENGINEERING</b>     |                         | <b>2,618,291</b>  | <b>1,929,681</b>   | <b>2,496,870</b>    | <b>2,414,349</b>      | <b>2,807,624</b> | <b>3,075,409</b> |
| O/S CONTRACTUAL                                   |                         | Misc. engineering (incl. O/S mech/elect.) (\$25,000); Public Outreach (\$25,000) Standard specs. and drawings (\$25,000); records retention(\$10,000); labor relations (IEDA ongoing services inc. MOU development for 09-10 (\$12,000); misc. labor relations (IEDA) (\$5,000); NPDES permit assistance (\$60,000); safety (\$110,000) |                    |                     |                       |                  |                  |
| CAPITAL OUTLAY                                    |                         | Copier<br>Computers   |                    |                     |                       |                  |                  |
| TODAY   | 11-Sep-09               |   |                    |                     |                       |                  |                  |

| Novato Sanitary District            |  |       |       |           |                        | Page 14 |
|-------------------------------------|--|-------|-------|-----------|------------------------|---------|
| 2009-10 Budget                      |  |       |       |           |                        |         |
| Operating Budget - PERSONNEL DETAIL |  |       |       |           |                        |         |
| Number                              | Position   |       | Dept. | Pay Range | Total 2009-10 Salaries |         |
| 1.00                                | Manager-Engineer.....                                |       | A/E   |           | 168,132                |         |
| 1.00                                | Deputy - Manager Engineer.....                       |       | A/E   | MC122.5   | 148,128                |         |
| 1.00                                | Senior Engineer.....                                 |       | A/E   | MC116.5   | 104,858                |         |
| 1.00                                | Field Services Superintendent.....                   |       | A/E   | MC117     | 113,232                |         |
| 0.63                                | Administrative Services Manager.....                 |       | A/E   | MC117.5   | 72,540                 |         |
| 0.00                                | Administrative Assistant.....                        |       | A/E   | MC103.5   | 0                      |         |
| 1.00                                | Administrative Secretary.....                        |       | A/E   | MC106     | 60,048                 |         |
| 0.80                                | Finance Officer.....                                 |       | A/E   | MC112.5   | 72,366                 |         |
| 1.00                                | Staff Engineer.....                                  |       | A/E   | 47        | 81,864                 |         |
| 1.00                                | Construction Inspector.....                          |       | A/E   | 44.5      | 72,492                 |         |
| 1.00                                | Information System Specialist II.....                |       | A/E   | 43.5      | 64,965                 |         |
| 1.00                                | Laboratory Supervisor.....                           |       | L/M   | MC115.5   | 105,276                |         |
| 1.00                                | ECA I.....   |       | L/M   | 43        | 57,957                 |         |
| 1.00                                | ECA I.....   |       | L/M   | 43        | 66,820                 |         |
| 1.00                                | Instrument Technician/Electrician.....               |       | M/O   | 46.5      | 78,652                 |         |
| 1.00                                | Collection System Superintendent.....                |       | C/S   | MC115     | 102,708                |         |
| 0.75                                | Collection System Leadworker.....                    |       | C/S   | 47        | 61,398                 |         |
| 6.00                                | Collection System Worker II.....                     |       | C/S   | 40.5      | 342,833                |         |
| 1.00                                | Collection System Worker I.....                      |       | C/S   | 38.5      | 47,118                 |         |
| 0.25                                | Mechanical Maintenance Leadworker.....               |       | M/O   | 46        | 19,491                 |         |
| 0.50                                | Mechanical Maintenance Technician II.....            |       | M/O   | 43.5      | 34,518                 |         |
| 0.25                                | Wastewater Facilities Manager.....                   |       | M/O   | MC118.5   | 30,468                 |         |
| 0.25                                | Operations Leadworker.....                           |       | M/O   | 47        | 20,466                 |         |
| 0.75                                | WWTP Operator II.....                                |       | M/O   | 44.50     | 54,369                 |         |
| 0.17                                | WWTP Operator I.....                                 |       | M/O   | 43        | 11,226                 |         |
| 0.50                                | Reclamation Specialist.....                          |       | M/O   | 43        | 20,656                 |         |
| 1.00                                | Engineering Intern.....                              |       | A/E   | N/A       | 10,000                 |         |
| 2.00                                | Collection System Interns.....                       |       | C/S   | N/A       | 25,000                 |         |
| 0.40                                | Temporary Electrician.....                           |       | M/O   | N/A       | 40,000                 |         |
| 1.00                                | Lab. Intern.....                                     |       | L/M   | N/A       | 12,000                 |         |
|                                     | Allowance for Overtime.....                          |       | C/S   |           | 35,000                 |         |
|                                     | Allowance for Overtime.....                          |       | A/E   |           | 5,000                  |         |
|                                     | Allowance for Overtime.....                          |       | L/M   |           | 5,000                  |         |
|                                     | Allowance for Standby Duty Pay.....                  |       | C/S   |           | 21,000                 |         |
|                                     | CCSR.....  |       | C/S   |           | 1,500                  |         |
|                                     | Subtotal   |       |       |           | 2,167,081              |         |
|                                     | Allowance for Possible COLA - represented group..... | 3.20% |       |           | 27,971                 |         |
|                                     | Allowance for Possible COLA - across the board.....  | 0.30% |       |           | 5,526                  |         |
|                                     |  |       |       |           | 2,200,578              |         |
| 29.25                               |  |       |       |           |                        |         |
|                                     | NOTE: Doesn't include possible CSWI                  |       |       |           |                        |         |
|                                     | Administration and Engineering (A/E)                 |       | =     | 983,540   |                        |         |
|                                     | Laboratory and Monitoring (L/M)                      |       | =     | 251,748   |                        |         |
|                                     | Treatment Facilities                                 |       | =     | 291,950   |                        |         |
|                                     | Collection System                                    | 67%   | =     | 437,313   |                        |         |
|                                     | Pump Stations  | 33%   | =     | 215,393   |                        |         |
|                                     | Reclamation Facilities                               |       | =     | 20,656    |                        |         |
|                                     | Total/Check  |       |       | 2,200,578 |                        |         |
|                                     | NOTE: Added Collection System Leadworker eff. 10/09  |       |       |           |                        |         |
|                                     | Eliminated 2 Maintenance Worker positions            |       |       |           |                        |         |
| TODAY                               | 11-Sep-09  |       |       |           |                        |         |

2009-10 Budget

GASB 45 ACCRUED LIABILITY - OPEB (Other Post-Employment Benefits)

|  |  | 2009-10 Budget |         |
|--|--|----------------|---------|
|  |  | Prelim         | Final   |
| FUND BALANCE 6/30/08   |  | 0              | 0       |
| Interest Earned on Fund Balance  |  | 0              | 0       |
| Transfer to Operating Fund to Reimburse Fund for Retiree health premiums             |  | 0              | 0       |
| Transfer from Operating Fund to GASB 45 Fund   |  | 0              | 0       |
| FUND BALANCE 6/30/09   |  | 0              | 0       |
| Anticipated Interest Earned on Fund Balance  |  | 0              | 0       |
| Anticipated Transfer from Operating Fund to GASB 45 Fund for retiree health premiums |  | 0              | 251,000 |
| ANTICIPATED FUND BALANCE 6/30/10   |  | 0              | 251,000 |

To satisfy GASB 45 accounting standards, the District is required to account for the cost of providing Other Post-Employment Benefits. The District provides retiree health benefits and currently has an unfunded liability of \$5,733,000.00.

**SECTION III**

**VEHICLE REPLACEMENT FUND**

Operating Budget - VEHICLE REPLACEMENT FUND DETAIL

|                      |  | 2009-10 Budget |          |
|----------------------|--|----------------|----------|
|                      |  | Prelim         | Final    |
| <b>FLOW OF FUNDS</b> |  |                |          |
|                      |  |                |          |
|                      |  |                |          |
|                      | FUND BALANCE 6/30/08 . . . . .             | 146,613        | 146,613  |
|                      | Sale of Vehicle/s:                         |                |          |
|                      | 1997 Ford Ranger                           | 2,100          | 2,100    |
|                      | 1999 Dodge 4 x 4                           | 2,300          | 2,300    |
|                      | 1997 Ford Taurus sedan                     | 1,100          | 1,100    |
|                      | Minus Commissions                          | (748)          | (748)    |
|                      | Contributions from Operating Fund          |                |          |
|                      | Accounts 2008-09:                          | 80,200         | 80,200   |
|                      | Purchase of Vehicles:                      |                |          |
|                      |  |                |          |
|                      |  |                |          |
|                      | FUND BALANCE 6/30/09 . . . . .             | 231,565        | 231,565  |
|                      | Sale of Vehicles:                          |                |          |
|                      | 1990 Ford Van                              | 800            | 800      |
|                      | 1992 Ford diesel truck with crane          | 4,000          | 4,000    |
|                      | Anticipated Contributions from Operating   |                |          |
|                      | Accounts 2009-10                           | 59,000         | 80,200   |
|                      | Planned Purchase of Vehicles:              |                |          |
|                      | 1 Crane truck                              | (40,000)       | (40,000) |
|                      | ANTICIPATED FUND BALANCE 6/30/10 . . . . . | 255,365        | 276,565  |
|                      |  |                |          |
|                      | TODAY 11-Sep-09                            |                |          |

## **SECTION IV**

### **SELF-INSURANCE RESERVE FUND**

|   |  |                |          |
|---|--|----------------|----------|
| Novato Sanitary District  |  | Page 17        |          |
| 2009-10 Budget  |  |                |          |
| <b>FLOW OF FUNDS - SELF-INSURANCE RESERVE FUND</b>  |  |                |          |
|   |  | 2009-10 Budget |          |
|   |  | Prelim         | Final    |
| FUND BALANCE 6/30/08 . . . . .  |  | 127,906        | 127,906  |
| Interest Earned on Fund   |  |                |          |
| Balance   |  | 1,918          | 1,918    |
| Transfer to Operating Fund to   |  |                |          |
| Reimburse Fund for Claims   |  | (76,500)       | (77,909) |
| Transfer from Operating Fund to   |  |                |          |
| Self-Insurance Reserve Fund   |  | 100,000        | 100,000  |
| FUND BALANCE 6/30/09 . . . . .  |  | 153,324        | 151,915  |
| Anticipated Interest Earned on Fund   |  |                |          |
| Balance   |  | 1,500          | 1,500    |
| Anticipated Transfer to Operating Fund  |  |                |          |
| from Insurance Fund for Claims  |  | 100,000        | (50,000) |
| ANTICIPATED FUND BALANCE 6/30/10 . . . . .  |  | 254,824        | 103,415  |
| <p>** The District has general and automobile liability coverage in the amount of \$10,000,000 with a \$25,000 deductible through the California Sanitation Risk Management Authority (CSRMA). Coverage for Errors and Omissions is included in the CSRMA pooled liability insurance program.</p> <p>The District also has a property insurance policy through CSRMA to cover buildings, structures and equipment. This policy provides \$40,000,000 coverage with a \$25,000 deductible.</p> <p>The self-insurance reserve fund has been set up to cover possible District claims falling within the deductible amounts on these policies.</p> |  |                |          |
| TODAY 11-Sep-09   |  |                |          |

**SECTION V**

**RATE STABILIZATION,  
EMERGENCY REPAIRS,  
AND  
SOUTHGATE RESERVE FUNDS**

FLOW OF FUNDS - RATE STABILIZATION AND EMERGENCY REPAIRS RESERVE FUNDS

|  |  | 2009-10 Budget |         |
|--|--|----------------|---------|
|  |  | Prelim         | Final   |
| <b>RATE STABILIZATION FUND**</b>       |  |                |         |
| FUND BALANCE 6/30/08                   |  | 600,000        | 600,000 |
|  | Contribution to/from Operating Fund to Rate Stabilization Fund 2008-09   | 0              | 0       |
| FUND BALANCE 6/30/09                   |  | 600,000        | 600,000 |
|  | Anticipated Contribution to/from Operating Fund to Rate Stabilization Account 2009-10  | 0              | 0       |
| ANTICIPATED FUND BALANCE 6/30/10       |  | 600,000        | 600,000 |
| <b>EMERGENCY REPAIR RESERVE FUND**</b> |  |                |         |
| FUND BALANCE 6/30/08                   |  | 600,000        | 600,000 |
|  | Contribution to/from Operating Fund to Emergency Repair Reserve Fund 2008-09   | 0              | 0       |
| FUND BALANCE 6/30/09                   |  | 600,000        | 600,000 |
|  | Anticipated Contribution from Operating Fund to Rate Stabilization Account 2009-10   | 0              | 0       |
| ANTICIPATED FUND BALANCE 6/30/10       |  | 600,000        | 600,000 |
| **                                     | In October 2001, the District Board adopted an Operating Reserve Fund Policy that included establishing a Service Charge Rate Stabilization Fund in the amount of \$600,000 and an Emergency Repair Reserve Fund in the amount of \$600,000. |                |         |
| TODAY                                  | 11-Sep-09  |                |         |

2009-10 Budget

FLOW OF FUNDS - SOUTHGATE RESERVE FUND

|  |  | 2009-10 Budget |       |
|--|--|----------------|-------|
|  |  | Prelim         | Final |

|                                  |   |         |         |
|----------------------------------|---|---------|---------|
| <u>SOUTHGATE RESERVE FUND</u>    |   |         |         |
| FUND BALANCE 6/30/08             |   | 679,989 | 679,989 |
|                                  | Contribution from Southgate Reserve Fund to Capital Improvement Fund 2008-09  | 0       | 0       |
| FUND BALANCE 6/30/09             |   | 679,989 | 679,989 |
|                                  | Contribution from Southgate Reserve Fund to Capital Improvement Fund 2009-010 | 0       | 0       |
| ANTICIPATED FUND BALANCE 6/30/10 |   | 679,989 | 679,989 |

\*\* In March 2003, as part of the Settlement Agreement for acceptance of the Southgate Subdivision sewers, Southgate Partners deposited the sum of \$890,989 with the District for improvement and continued maintenance and operation of the sewer improvements.

## **SECTION VI**

# **CAPITAL IMPROVEMENT BUDGET**

| Acct Number   | Item                    | Budget 2008-09   | Revenues Thru April | Est Rev 2008-09  | Actual Rev 2008-09 | 2009-10 Budget   |                  |
|---------------|-------------------------|------------------|---------------------|------------------|--------------------|------------------|------------------|
|               |                         |                  |                     |                  |                    | Prelim           | Final            |
| 51010         | Service Chgs (1)        | 6,433,341        | 6,176,553           | 6,176,553        | 6,194,177          | 6,176,553        | 5,157,414        |
| 51010         | Property Taxes (2)      | 0                | 0                   | 0                | 0                  | 1,841,000        | 2,275,000        |
| 51020         | Connection Charges (    | 1,102,500        | 608,480             | 700,000          | 647,101            | 450,000          | 450,000          |
| 51030         | Collector Sewer Charges | 4,000            | 0                   | 4,000            | 0                  | 4,000            | 4,000            |
| 51040         | Special Equal Charges   | 4,000            | 1,067               | 4,000            | 1,250              | 4,000            | 4,000            |
| 51050         | Trunk Sewer Charges     | 0                | 0                   | 0                | 0                  | 0                | 0                |
| 51060         | Interest Earn           | 500,000          | 384,255             | 450,000          | 474,484            | 500,000          | 500,000          |
| 51070         | Other Revenue           | 0                | 19,545              | 0                | 19,545             | 0                | 0                |
| <b>TOTALS</b> |                         | <b>8,043,841</b> | <b>7,189,900</b>    | <b>7,334,553</b> | <b>7,336,557</b>   | <b>8,975,553</b> | <b>8,390,414</b> |

(1) Service charge revenue is based on transferring \$42 from Capital service charges to operating to balance the transfer of property taxes from operating to capital. Capital service charges are now \$181.

(2) Due to the uncertainty and variability of property tax revenue it has been moved to the capital budget.

(3) Connection fee \$7,350/edu @ 150 new connections

| Project       | Item  | Budget<br>2008-09 | Expends<br>Thru<br>April | Est.<br>Expend<br>2008-09 | Actual<br>Expend<br>2008-09 | 2009-10 Budget    |                   |
|---------------|---|-------------------|--------------------------|---------------------------|-----------------------------|-------------------|-------------------|
|               |   |                   |                          |                           |                             | Prelim            | Final             |
| 72011         | Admin. Bldg. Remodel                                  | 25,000            | 0                        | 0                         | 288                         | 0                 | 0                 |
| 72110         | Drainage PS #3 & #7 Outfall<br>Rehabilitation         | 150,000           | 0                        | 0                         | 0                           | 150,000           | 150,000           |
| 72111         | SCADA Phase II & IIA                                  | 40,000            | 670                      | 1,000                     | 670                         | 49,000            | 40,000            |
| 72403         | Pump Station Rehabilitation                           | 4,000,000         | 1,270,083                | 1,500,000                 | 2,083,532                   | 4,000,000         | 2,000,000         |
| 72406         | Dechlor. Station Relocation                           | 0                 | 0                        | 0                         | 0                           | 5,000             | 5,000             |
| 72508         | N. Bay Water Recycling Auth.                          | 140,000           | 79,150                   | 79,150                    | 79,368                      | 50,000            | 50,000            |
| 72509         | NTP Soil & Groundwater Invest.                        | 20,000            | 4,987                    | 5,000                     | 7,218                       | 3,000             | 3,000             |
| 72604         | Laboratory Improvements                               | 20,000            | 10,736                   | 10,736                    | 10,806                      | 20,000            | 25,000            |
| 72607         | WWTP Upgrade - Contract A1                            | 150,000           | 75,007                   | 78,000                    | 81,554                      | 50,000            | 50,000            |
| 72608         | WWTP Upgrade - Contract A2                            | 50,000            | 21,646                   | 25,000                    | 23,484                      | 20,000            | 20,000            |
| 72609         | WWTP Upgrade - Contract B                             | 35,000,000        | 25,733,649               | 31,500,000                | 30,562,515                  | 18,000,000        | 18,000,000        |
| 72611         | Bayside Sewer   | 10,000            | 0                        | 0                         | 0                           | 10,000            | 10,000            |
| 72612         | Southgate Sewer                                       | 3,000             | 0                        | 0                         | 0                           | 3,000             | 3,000             |
| 72706         | Collection System Improvements                        | 2,000,000         | 457,945                  | 500,000                   | 644,371                     | 4,000,000         | 3,000,000         |
| 72707         | Hamilton Wetlands/Outfall<br>monitoring and planning  | 10,000            | 500                      | 500                       | 1,335                       | 5,000             | 5,000             |
| 72708         | Cogeneration  | 50,000            | 0                        | 0                         | 0                           | 50,000            | 50,000            |
| 72801         | Annual Minor Projects                                 | 50,000            | 6,261                    | 10,000                    | 6,308                       | 50,000            | 50,000            |
| 72802         | Annual Sewer Adj. for City Proj.                      | 75,000            | 11,364                   | 12,000                    | 11,646                      | 60,000            | 60,000            |
| 72803         | Annual Collection System Repairs                      | 250,000           | 70,034                   | 90,000                    | 109,190                     | 200,000           | 200,000           |
| 72804         | Annual Reclamation Facilities<br>Improvements         | 350,000           | 115,069                  | 130,000                   | 187,207                     | 200,000           | 260,000           |
| 72805         | Annual Treatment Plant & Pump<br>Station Improvements | 200,000           | 33,752                   | 50,000                    | 35,139                      | 200,000           | 260,000           |
| 72808         | Strategic Plan Update                                 | 75,000            | 0                        | 0                         | 0                           | 75,000            | 75,000            |
| 78500         | Interest - Zions Bank                                 | 1,302,270         | 976,703                  | 1,302,270                 | 1,302,270                   | 1,302,270         | 1,302,270         |
| <b>TOTALS</b> |   | <b>43,970,270</b> | <b>28,867,555</b>        | <b>35,293,656</b>         | <b>35,146,901</b>           | <b>28,502,270</b> | <b>25,618,270</b> |
| TODAY         | 11-Sep-09   |                   |                          |                           |                             |                   |                   |

**FLOW OF FUNDS - CAPITAL IMPROVEMENT AND CAPITAL IMPROVEMENT RESERVE FUNDS**

|   |  | 2009-10 Budget |              |
|---|--|----------------|--------------|
|   |  | Prelim         | Final        |
| <b>CAPITAL IMPROVEMENT FUND</b>         |  |                |              |
|   | FUND BALANCE 6/30/08 . . . . .   | 0              | 0            |
|   | Actual Revenues 2008-09  | 7,334,553      | 7,336,557    |
|   | Actual Expenditures 2008-09  | (35,293,656)   | (35,146,901) |
|   | Transfer to Zions Bank Credit Line Fund<br>for 2008-09 Interest Payments | (1,302,270)    | (1,302,270)  |
|   | Transfer from Capital Improvement<br>Reserve Fund 2008-09                | 29,261,373     | 29,112,614   |
|   | FUND BALANCE 6/30/09 . . . . .   | 0              | 0            |
|   | Anticipated Revenues 2009-10   | 8,975,553      | 8,390,414    |
|   | Anticipated Expenditures 2009-10   | (28,502,270)   | (25,618,270) |
|   | Transfer to Zions Bank Credit Line Fund<br>for 2008-09 Interest Payments | (1,302,270)    | (1,302,270)  |
|   | Transfer from Capital Improvement<br>Reserve Fund 2009-10                | 20,828,987     | 18,530,126   |
|   | Transfer from Southgate Reserve Fund                                     | 0              | 0            |
|   | ANTICIPATED FUND BALANCE 6/30/10 . . . . .                               | 0              | 0            |
| <b>CAPITAL IMPROVEMENT RESERVE FUND</b> |  |                |              |
|   | FUND BALANCE 6/30/08 . . . . .   | (2,419,351)    | (2,419,351)  |
|   | Transfer to Capital Improvement Fund 2008-09                             | (29,261,373)   | (29,112,614) |
|   | Transfer from SRF Loan   | 31,297,761     | 31,297,761   |
|   | FUND BALANCE 6/30/09 . . . . .   | (382,963)      | (234,204)    |
|   | Anticipated Transfer from SRF Loan                                       | 27,197,761     | 27,197,761   |
|   | Anticipated Transfer to Capital Improvement Fund 2009-10                 | (20,828,987)   | (18,530,126) |
|   | ANTICIPATED FUND BALANCE 6/30/10 . . . . .                               | 5,985,811      | 8,433,431    |
| TODAY                                   | 11-Sep-09  |                |              |

## **SECTION VII**

### **FLOW OF FUNDS –**

### **LINE OF CREDIT & STATE REVOLVING FUND**

**FLOW OF FUNDS - ZION'S BANK CREDIT LINE and STATE REVOLVING FUND LOAN**

|  |  | 2009-10 Budget |              |
|--|--|----------------|--------------|
|  |  | Prelim         | Final        |
| <b>Zions Bank - Line Of Credit</b>                       |  |                |              |
| FUND BALANCE 6/30/08 . . . . .                           |  | 30,006,231     | 30,006,231   |
| Principal Payment 2008-09                                |  | 0              | 0            |
| Interest payments 2008-09                                |  | (1,302,270)    | (1,302,270)  |
| Transfer from Capital Improvement Fund 2008-09           |  | 1,302,270      | 1,302,270    |
| FUND BALANCE 6/30/09 . . . . .                           |  | 30,006,231     | 30,006,231   |
| Principal Payment 2009-10                                |  | (5,000,000)    | (5,000,000)  |
| Est. Interest payments 2009-10                           |  | (1,302,270)    | (1,302,270)  |
| Transfer from Capital Improvement Fund 2009-10           |  | 1,302,270      | 1,302,270    |
| ANTICIPATED FUND BALANCE 6/30/10 . . . . .               |  | 25,006,231     | 25,006,231   |
| <b>State Revolving Fund Loan</b>                         |  |                |              |
| FUND BALANCE 6/30/08 . . . . .                           |  | 0              | 0            |
| SRF deposits 2008-09                                     |  | 26,297,761     | 26,297,761   |
| Anticipated additional SRFdeposits 2008-09               |  | 5,000,000      | 5,000,000    |
| Anticipated Transfer to Capital Improvement Reserve Fund |  | (31,297,761)   | (31,297,761) |
| FUND BALANCE 6/30/09 . . . . .                           |  | 0              | 0            |
| Anticipated SRF deposits 2009-10                         |  | 27,197,761     | 27,197,761   |
| Anticipated Transfer to Capital Improvement Reserve Fund |  | (27,197,761)   | (27,197,761) |
| ANTICIPATED FUND BALANCE 6/30/10 . . . . .               |  | 0              | 0            |
| TODAY 11-Sep-09  |  |                |              |

## NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

|   |   |
|---|---|
| <b>TITLE: Wastewater Treatment Facility</b><br><b>Operation: Consider Task Order.</b>   | <b>MEETING DATE: 09/14/2009</b><br><br><b>AGENDA ITEM NO. : 9 a</b> |
| <b>RECOMMENDED ACTION: Consider approving task order in an amount not to exceed \$24,500 for interim professional services with Veolia Water North America.</b>   |   |
| <b>SUMMARY AND DISCUSSION:</b><br><br><p>The District Board authorized staff to negotiate a contract with Veolia Water North America to operate the wastewater treatment facilities at their meeting on July 27, 2009. The negotiations were anticipated to be completed by August 31, 2009. However, they are now scheduled for completion on September 21, 2009.</p> <p>The Manager-Engineer authorized an Agreement with Veolia Water on August 7, 2009, to allow them to begin preparing for the transition by shadowing existing staff, preparing transition plans, and participating in the construction meetings for the new treatment facilities. This Agreement was for \$24,500 (within the Manager-Engineer's signature authority) in anticipation that the negotiations would be completed on August 31<sup>st</sup>.</p> <p>The construction schedule for the new treatment facilities has required and will continue to require the participation of the Veolia staff prior to the Notice to Proceed on the long term contract. This has been particularly true for the instrumentation and control system for the aeration basins, which is scheduled for functional testing at the end of September. In addition, they are preparing Standard Operating Procedures and transition plans and it is to the District's advantage to have continuity in this process.</p> <p>Staff recommends approval of the task order.</p> |   |
| <b>ALTERNATIVES: Do not approve the task order.</b>   |   |
| <b>BUDGET INFORMATION:</b> The \$24,500 will be funded from the budget for the Contract Operations Account 61000, which has a balance of \$1,595,000.   |   |
| <b>DEPT. MGR. :</b>   | <b>MANAGER'S APPROVAL:</b>  |

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

|  |   |
|--|---|
| <b>TITLE:</b> Collection System Maintenance, Account 60153 (Outside Services) - Duke's Root Control Treatment Program 2009   | <b>MEETING DATE:</b> September 14, 2009<br><br><b>AGENDA ITEM NO.:</b> 10 a |
| <b>RECOMMENDED ACTION:</b> Approve a contract in the amount of \$63,960 with Duke's Root Control, Inc.   |   |
| <b>SUMMARY AND DISCUSSION:</b><br><br><p>An important part of the District's annual Collection System maintenance activities is to control and abate tree roots that intrude into its sewers. If left unchecked, these roots can grow within the sewers to where they can impede or completely block flow in the sewers, either by themselves or in combination with grease and debris build-up, and potentially result in overflow events. As part of its annual root control activities, the District has evaluated chemical root treatment over the last two years. In FY06-07, Duke's Root Control Inc. was selected as the entity to provide these services after an evaluation that included competitive bidding involving other root treatment service providers.</p> <p>Based on experience gained in the last two years, staff has identified 64,955 feet of 6 and 8 inch sewers, 3259 feet of 10 inch sewers, 440 feet of 12 inch sewers, and 900 feet of 15 inch sewers in inaccessible easements and in accessible streets that will benefit from root abatement. It is estimated that approximately 70% of the sewer lines that need treatment are located in easement areas. Duke's will provide root abatement services using a chemical root control foaming agent to control this problem. Staff has verified that the use of this chemical will not affect the District's ability to meet its discharge permit requirements. The cost for treating 6 and 8 inch sewer lines is \$.86/lf or an estimated cost of \$55,861.30, the cost of treating 10 inch sewer lines is \$.96/lf or an estimated cost of \$3,128.64, the cost of treating 12 inch sewer lines is \$1.25/lf or an estimated cost of \$550.00, the cost of treating 15 inch sewer lines is \$1.75/lf or an estimated cost of \$1,575.00. Staff has also identified 36 manholes that need treatment. The cost of treating individual manholes is \$79.00 each or an estimated cost of \$2,844.00. The overall estimated cost for this project is \$63,958.94. Staff recommends that the Board approve the contract and authorize the Manager-Engineer to execute it.</p> |   |
| <b>ALTERNATIVES:</b> Do not approve the contract.  |   |
| <b>BUDGET INFORMATION:</b> This work will be funded from Account 60153 (Outside Services) of the Collection System Operating Budget. Account 60153 has a FY09-10 preliminary budget of \$70,000.   |   |
| <b>DEPT.MGR.:</b>  | <b>MANAGER:</b>   |