

NOVATO SANITARY DISTRICT

September 27, 2010

The Board of Directors of Novato Sanitary District will hold a regular meeting at 6:30 P.M., Monday, September 27, 2010, 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. They are also available on the District's website: www.novatosan.com.

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. 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. Approve travel to Tucson, Arizona for Board member attendance at the National Association of Water Companies Annual meeting.
- b. Meeting schedule – October 11th and 25th, November 8th and 22nd, December 13th and 27th.
- c. Approval of disbursements.

6. WASTEWATER FACILITY UPGRADE PROJECT B:

- a. Project progress report.
- b. Set date for ribbon cutting.

7. COMMITTEE REPORTS:

- a. Wastewater Operations Committee report.

8. STAFF REPORTS:

- a. North Bay Water Reuse Authority meeting
- b. State Legislative and CalPERS update with regard to public employee compensation and pensions.

9. MANAGER'S ANNOUNCEMENTS:

CLOSED SESSION:

CONFERENCE WITH LEGAL COUNSEL -- EXISTING LITIGATION
(subdivision (a) of Section 54956.9)

COMPLAINT NO. R2-2010-0102 ADMINISTRATIVE CIVIL LIABILITY IN THE
MATTER OF SANITARY SEWER OVERFLOWS NOVATO SANITARY DISTRICT
MARIN COUNTY

10. REPORT FROM CLOSED SESSION:

11. ADJOURNMENT:

Next resolution no. 3028

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.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: National Association of Water Companies Meeting	MEETING DATE: September 27, 2010 AGENDA ITEM NO.: 5.a.
RECOMMENDED ACTION: Approve travel to Tucson, Arizona for board member to attend National Association of Water Companies Annual Meeting	
SUMMARY AND DISCUSSION: Director Michael Di Giorgio has been asked to make a presentation at the National Association of Water Companies at their meeting on October 13, 2010. District policy requires Board approval of out of state travel.	
ALTERNATIVES:	
BUDGET INFORMATION: Roundtrip airfare is approximately \$220. It would be funded from the travel, meetings, and training budget of \$40,000.	
DEPT.MGR.:	MANAGER:

Novato Sanitary District

Check Register

September 27, 2010

	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
Sep 27, 10	09/27/2010	51727	RMC Water & Environment, Inc.	101,180.97
	09/27/2010	51733	W.R. Forde	71,357.72
	09/27/2010	51686	Barg, Coffin, Lewis & Trapp	45,893.43
	09/27/2010	51712	Meyers, Nave, Riback, Silver & Wilson	15,195.42
	09/27/2010	51689	California Trenchless Inc.	12,381.10
	09/27/2010	51690	Caltest Analytical Lab Inc.	8,228.11
	09/27/2010	51687	Bay Area Air Quality	7,553.00
	09/27/2010	51697	Daritech Inc.	5,130.45
	09/27/2010	51710	Marin/Sonoma Mosquito Dist	4,584.38
	09/27/2010	51722	Novato, City	2,770.00
	09/27/2010	51681	Aerotek	2,093.50
	09/27/2010	51729	Swanson McNamara Haller	1,960.00
	09/27/2010	ACH	Bowens, Kenneth	1,920.00
	09/27/2010	51706	Latham & Watkins, LLP	1,901.50
	09/27/2010	51702	G & K Services	1,717.04
	09/27/2010	51693	Central Marin Sanitation District	1,524.00
	09/27/2010	51684	American Express-22062	1,435.56
	09/27/2010	51734	Water Components & Building	1,109.27
	09/27/2010	51691	Cantarutti Electric, Inc	1,033.00
	09/27/2010	51714	Nextel Communications	853.35
	09/27/2010	51717	North Marin Auto Parts	767.02
	09/27/2010	51705	Independent Journal	633.25
	09/27/2010	51696	CWEA	467.00
	09/27/2010	51716	North Bay Truck Service	460.71
	09/27/2010	51723	O'Connor, Timothy--	426.32
	09/27/2010	51726	Pitney Bowes Reserve Account	400.00
	09/27/2010	51713	MVM Graphic Depot, LLC	376.05
	09/27/2010	51731	USA BlueBook	349.91
	09/27/2010	ACH	Long, William C.	347.48
	09/27/2010	51685	AT&T-SAC	333.36
	09/27/2010	51694	Claremont EAP	295.00
	09/27/2010	51692	CDW Government, Inc.	286.34
	09/27/2010	51708	Leonardi Automotive & Electric	268.14
	09/27/2010	51728	Siemens Water Tech Corp.	253.27
	09/27/2010	51701	Fritz, James D.	250.00
	09/27/2010	51703	Grainger	208.93
	09/27/2010	51707	Lawson Products, Inc.	194.86
	09/27/2010	51736	YRC	193.76
	09/27/2010	51725	Petty Cash	177.18
	09/27/2010	51721	Novato Chevrolet	166.15
	09/27/2010	51698	Datco Billing Inc.	163.80
	09/27/2010	51682	AirGas-NCN, Inc.	143.88
	09/27/2010	51737	Zee Medical Company	133.98
	09/27/2010	51704	Harrington Plastics, Inc.	130.80
	09/27/2010	51732	Verizon California	109.49
	09/27/2010	51715	North Bay Portables, Inc.	89.70
	09/27/2010	51683	Alhambra	84.68
	09/27/2010	51719	Novato Builders Supply	63.71
	09/27/2010	51718	North Marin Water District	61.80
	09/27/2010	51735	Water Education Foundation	60.00

09/24/10

Novato Sanitary District

Check Register

September 27, 2010

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
09/27/2010	51711	MarinScope	59.00
09/27/2010	51700	Federal Express	47.52
09/27/2010	51720	Novato Car Wash	35.17
09/27/2010	51680	Able Tire & Brake Inc.	23.00
09/27/2010	51699	Department Of Motor Vehicles	23.00
09/27/2010	51730	T-Mobile	22.62
09/27/2010	51695	CSK Auto Inc.	17.43
09/27/2010	51724	Pacific, Gas & Electric	14.78
09/27/2010	51688	VOID	0.00
09/27/2010	51709	VOID	0.00
			<u><u>297,960.89</u></u>

Sep 27, 10

09/24/10

Novato Sanitary District Check Register

September 27, 2010

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
Sep 27, 10			
9/27/2010	2092	Zions Bank	113,560.59
9/27/2010	2087	HDR EngineeringInc	1,221.46
9/27/2010	2085	Empire Mini Storage - Novato	730.00
9/27/2010	2089	ModSpace Corporation	411.50
9/27/2010	2088	Jim-n-i Rentals	394.58
9/27/2010	2091	Water Components & Building	378.87
9/27/2010	2086	Groeniger & Company	79.02
9/27/2010	2090	Novato Builders Supply	52.32
Sep 27, 10			<u>116,828.34</u>

MONTHLY OPERATIONS REPORT
August 2010

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WASTEWATER TREATMENT PLANT O&M (Prepared by Veolia Water West Operating Services Inc.

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TREATMENT PLANT PERFORMANCE SUMMARY:

August 2010:

Parameter	Monthly Performance August 2010	
	Novato WWTP	Ignacio WWTP
Flow, MGD (monthly average)	4.097	
Influent BOD ₅ , mg/L (monthly average)	216	240
Influent TSS, mg/L (monthly average)	289	190
Effluent BOD ₅ , mg/L (monthly average)	13	
Effluent TSS, mg/L (monthly average)	8	
Effluent BOD ₅ - % Removal	94	
Effluent TSS - % Removal	97	
Ammonia mg/L (monthly average)	2.10	
Total Coliform, mpn (Maximum)	900	
Total Permit Exceedances (WDR)	3	

Discussion of Violations / Excursions:

Total Coliform – As a result of high coliform result on July 26th, 27th and August 2nd, we exceeded our 5 sample median limit of 240 mpn on August 2nd and 3rd. Our third exceedance occurred on August 31st.

Working in conjunction with the design engineer, RMC Water Environmental, Inc, three potential causes of the high total coliform results have been identified:

- Airborne contamination due to dust from construction activities in the area (grading)
- An outbreak of nuisance organisms (snails) which contribute to fouling of the ultra violet (UV) disinfection system sleeves.
- Fouling of the UV sleeves by iron salts from ferric chloride application. Ferric is added to the influent, primarily for hydrogen sulfide control in the digester.

In response to high coliform values the following corrective measures were taken.

- ultra violet (UV) dose was increased from 35,000 to 60,000 uW/sec/cm²
- mats were installed over UV channel grating to prevent possible airborne contamination
- Frequency and methods for UV lamp cleaning has been modified.
- Ferric chloride feed to influent has been reassigned to the digester to prevent possible iron scaling of the UV sleeves

OPERATIONS & MAINTENANCE STATUS / REVIEW:

Key events for the period:

General:

- Application of Sodium Hypochlorite to biological treatment units at Ignacio, in preparation for decommissioning

- Screen #1 – raised for annual service
- Power outage August 10, 2010 at Novato Wastewater Treatment Plant
- PGE Peak Day Pricing events, usage capped at 274 kW 2:00pm – 6:00 pm: August 16, August 23, August 24, August 25,
- Digester #1 – Startup Operating at 60% Capacity.

SAFETY AND TRAINING:

Safety & Regulatory Training

- Monthly plant safety inspections for Novato WWTF completed on August 26, 2010
- Five Minute Tailgate training is held daily with the O&M staff.
- Hearing Conservation / Tests – August 11, 2010

Skills & Technical Training

- Ferric Pump Training – August 3, 2010

PUBLIC RELATIONS:

- One odor complaint Lea Drive

VWVOS CONTRACT:

- Transitioned from Emergency Services Agreement to Full Service Operations and Maintenance Contract on August 9, 2010

MISCELLANEOUS

- SOP Field Reviews ongoing

WORK ORDER STATISTICS

	Open Work Orders Due Prior to 8/1/10	Open Work Orders 8/1/10 - 8/31/10	Total Open Work Orders
Preventative	10	196	206
Corrective	10	22	32
Total	20	218	238

	Closed Work Orders 8/1/10 - 8/31/10
Preventative	190
Corrective	21
Total	211

Total Outstanding Work Orders as of September 1, 2010	27
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COLLECTION SYSTEMS O&M REPORT

SUMMARY

Novato Sanitary District									
Collection System Monthly Report For 2010									
	Jan	Feb	March	April	May	June	July	August	Total Year to Date
Employee Hours Worked									
Number of Employees	7	7	7	5	5	6	6	5	
Regular Time Worked on Coll. Sys.	664	586	683	571	533	650	592	559	4,838
Regular Time Worked on Pump Stations	332	253	266	277	210	183	266	346	2,133
Regular Time Worked on Other	6	25	56	5	13	0	28	12	145
Vacation/Sick Leave/Holiday	356	354	481	24	106	122	133	151	1,726
Overtime Worked on Coll. Sys.	16	15	22	29	46	47	37	15	226
Overtime Worked on Pump Stations	50	22	42	40	50	28	43	48	323
Overtime Worked on Other	0	8	17	0	0	0	1	0	25
After Hours Callouts	1	0	0	0	0	0	0	0	1
Service calls, normal hours	10	6	11	4	2	5	8		46
Average S.C. response time (minutes)	28	18	51	18	18	28	32		193
Productivity									
Rodder Ft. Cleaned	4,781	13,489	1,757	4,311	1,749	6,346	1,706	2,182	36,321
Vactor Truck 1 feet Cleaned	638	16,422	22,889	61,242	23,116	24,276	22,041	14,551	185,175
Vactor Truck 2 feet Cleaned	38,870	39,448	51,850	8,051	16,341	20,086	22,047	9,936	206,629
Camera feet Videoed									
Work Orders Completed	133	267	230	219	119	145	225	138	1,476
Total Footage Cleaned	44,290	70,218	76,496	73,604	41,206	50,708	45,794	26,668	428,984
Stoppages									
Minor	3	3	2	1	3	2	2	3	19
Major	0	0	1	1	3	1	2	2	10
Overflow Gallons	3	3	1	0	0	1	0	1	9
Volume Recovered, gallons	5,675	9,380	109	50	35	10,000	85	2,590	27,924
				50	35	4,975	60	2,008	7,128
Benchmarks									
Average Feet Cleaned/Hour Worked	65	117	109	123	71	78	77	47	
Total Stoppages/100 Miles	1.3	1.3	0.8	0.4	1.3	0.8	0.8	1.3	
Average spill response time (minutes)	5	18	11	0	16	33	20	15	15
Callouts/100 Miles	5.0	3	5	1.7	0.8	2	3.6		3
Overtime/100 Miles	29	7	10	13	43	21	16	7	146
Overflow Gallons/100 Miles	2522	4169	48	22	16	4444	38	1,151	12,410.10

RECLAMATION FACILITY O&M REPORT FOR AUGUST 2010**Summary**

Ranching operations this month were normal with nothing significant to report. A large portion of the freshwater main in Site 3 was replaced due to numerous leaks. Irrigation operations were normal. The Wildlife Drain Pump was installed after repairs were made. Sludge disposal to the Dedicated Land Disposal commenced this month and is ongoing.

Rancher Operations

The rancher focused on tending to his cattle and began to work on minor sprinkler system and freshwater system repairs and replacing failed sprinkler heads. Most of the operations at this point are considered normal, moving cattle every few days as scheduled.

The District replaced the freshwater system in Parcels 1 through 4. Leaks in this system could not be located due to the depth of the existing main. Freshwater is now available to all parcels.

Irrigation Systems

No significant problems were found on the irrigation system this month. Parcels being irrigated are absorbing the water being applied with no significant ponding. Staff has been keeping a close watch on problem areas which has resulted in lower charges to the District from the Marin Sonoma Mosquito Abatement District in July for treatment of standing water to prevent mosquito production. Only ditches were treated which is a normal occurrence.

At Site 2 all parcels available to irrigate have irrigated without any problems this month. All parcels are irrigating on a regular schedule except for Parcels 1, 5 & 8. Parcels 1 & 5 are not in service due to plans to rehabilitate them later this season. One zone in Parcel 2 is out of service due to control issues. Valves and actuators have failed in Parcel 8 and must be replaced.

At Site 3 only Parcels 5, 6 & 7 are functioning automatically. Parcel 4 & 8 are out of service due to plans to rehabilitate them later this year. Parcels 1, 2 & 3 are being manually operated until staff can secure additional control boards for the irrigation zones. These control boards were removed in years past and used elsewhere. New control boards are currently in production. One zone in Parcel 5 is not functioning due to a bad valve.

At Site 7 all parcels available to irrigate have irrigated without any problems this month. All parcels are irrigating on a regular schedule except for Parcel 8. Parcel 8 is out of service because this parcel has the most issues with mosquito production. Pasture grass on a large portion of this parcel has been destroyed over the years due to over irrigation and salt water intrusion. Staff may request this parcel be rehabilitated in the coming year. One zone each in Parcel 2 & 3 is out of service due to bad valves or actuators. One zone in Parcel 1 is off due to ponding issues along the levee for Simond's Slough.

Irrigation Pump Station

The Wildlife Pond Drain Pump was replaced this month but has not been placed back in service. 105,216,000 million gallons (3.39 million gallons per day) of irrigation water was applied to the parcels in August.

Dedicated Land Disposal

The District’s contractor began removing sludge from Sludge Lagoons No. 3 & 4 on August 24th. 570,500 gallons was pumped from Sludge Lagoon No. 3 and 664,750 gallons was pumped from Sludge Lagoon No. 4. The contractor will excavate the remaining solids next month. All sludge was deposited in the Dedicated Land Disposal (DLD) area at Site 2.

Water Quality

WDR EXCEEDANCE (RECLAMATION)	PARAMETER	RESULT	DATE
E002	Total Coliform	300 mpn/100 mL	8/2/2010
E002	Total Coliform	300 mpn/100 mL	8/3/2010
E002	Total Coliform	300 mpn/100 mL	8/31/2010
E004	pH	9.3	8/2/2010
E005	pH	9.3	8/2/2010
E007	pH	10.2	8/2/2010
E008	pH	10.2	8/2/2010

Discussion of Violations / Excursions:

pH Wildlife and Reclamation Ponds: A wide fluctuation in pH is normal for pond operations. This is a naturally occurring condition due primarily to photosynthesis and the oxygen / carbon dioxide cycle.

Note - An online technical article describing this cycle can be found at:

http://aquanic.org/publicat/usda_rac/efs/srac/464fs.pdf . No discharge from this location occurs.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Staff Report: North Bay Water Reuse Authority	MEETING DATE: September 27, 2010
AGENDA ITEM NO.: 8.a.	
RECOMMENDED ACTION: None, information only	
SUMMARY AND DISCUSSION: <p>The North Bay Water Reuse Authority met on Monday, September 20, 2010. Now that the American Reinvestment and Recovery Act (ARRA) grant has been signed the focus is on implementing the agreements and procedures for the construction phases. The Coordinating Committee approved an increase in the budget for CDM for managing the ARRA reporting requirements by \$42,000 that will be apportioned in proportion to each agencies share of the grant. Novato Sanitary District's share of the increase is \$3,616.</p> <p>As of this date, Novato Sanitary District, North Marin Water District, and Las Gallinas Valley Sanitary District have authorized the Second Amended Memorandum of Understanding.</p> <p>A delegation including Sonoma Supervisor Paul Kelley and Napa Supervisor Keith Caldwell visited legislative and administrative staff to gain support for the program and funding for the balance of the construction beyond that funded by the ARRA grant.</p> <p>The work on obtaining the Record of Decision continues with the completion of the required site investigations for cultural resources and the identification of a mitigation option for red-legged frog. It is proposed that the Authority purchase mitigation credits from the Ohlone red-legged frog Mitigation Bank which is the closest one approved by US Fish and Wildlife.</p>	
ALTERNATIVES:	
BUDGET INFORMATION:	
DEPT.MGR.:	MANAGER:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Staff Report: State Legislature and CalPERS update with regard to Public Employee Compensation and Pensions	MEETING DATE: 9/27/2010 AGENDA ITEM NO. : 8.b.
RECOMMENDED ACTION: Information Only	
SUMMARY AND DISCUSSION: In response to the recent publicity about compensation packages for officials at the City of Bell in Los Angeles County, there have been a number of initiatives undertaken by various legislative bodies and industry organizations. Summaries of such initiatives from CalPERS and the California Association of Sanitation Agencies (CASA), as well as proposed legislative actions, are provided as attachments. On a local level, the District recently received and responded to a request for information on staffing and compensation for the District from the Marin County Counsel's office on behalf of the County Board of Supervisors. The District's response was dated September 2, 2010, and there has not been any follow-up from the County Counsel's office to date. Additionally, the District's salary schedule, as well as a Public Information Request Form is available on the District's website.	
ALTERNATIVES: N/A	
BUDGET INFORMATION: N/A	
DEPT. MGR. :	MANAGER'S APPROVAL:



P.O. Box 942709
Sacramento, CA 94229-2709
888 CalPERS (or **888-225-7377**)
TTY for Speech and Hearing Impaired:
(916) 795-3240
www.calpers.ca.gov

Date: September 8, 2010
Reference No.:
Circular Letter No.: 200-058-10
Distribution: IV, V, VI, X, XII, XVI
Special:

Circular Letter

TO: ALL CALPERS EMPLOYERS

SUBJECT: PUBLIC EMPLOYEE COMPENSATION

Recent reports of extraordinarily high compensation in some public agencies have led to widespread concerns about the compensation and benefits paid to certain public employees. The purpose of this Circular Letter is to inform you of the recent actions CalPERS has taken to address these concerns.

CalPERS has established a Public Employee Compensation and Benefits Task Force, which includes CalPERS staff and representatives of key constituent groups including public employer organizations such as the League of California Cities, employee/labor organizations, and legislative staff. The task force is focusing on three key areas:

- Greater public disclosure of public employee compensation, benefits, and other related information,
- Caps and clarification on compensation that can be considered for retirement purposes, and
- Mitigation of the impact of excessive salaries on the retirement costs of a public employee's previous public employers and other agencies in the same liability risk pool.

CalPERS is also cooperating with the Office of the Attorney General in its investigation surrounding the salaries and other compensation of public employees. In addition, CalPERS will be implementing a number of internal policy changes to increase transparency that include:

- Posting online the final public agency reviews performed by CalPERS,
- Highlighting significant findings from the reviews and regularly reporting them to the CalPERS Board of Administration, and

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NOVATO SANITARY DISTRICT

- Establishing procedures and guidelines for CalPERS staff to notify supervisors and senior managers when they become aware of unusually high compensation and salary increases reported to our system.

As a retirement plan administrator, CalPERS does not have salary setting authority. However, because compensation is a factor in establishing pension benefits, we are committed to actively addressing these issues by taking the steps necessary to protect our members and employers going forward.

If you would like further information, please contact the CalPERS Employer Contact Center at **888-CalPERS** (or **888-225-7377**).

Lori McGartland, Chief
Employer Services Division



CALIFORNIA ASSOCIATION of SANITATION AGENCIES

1215 K Street, Suite 2290, Sacramento, CA 95814 (916) 446-0388 FAX (916) 231-2141 www.casaweb.org

VIA ELECTRONIC MAIL

September 23, 2010

TO: CASA Member Agencies
 CASA Associates
 CASA Legislative Committee
 CASA Executive Board
 CASA Attorneys

FROM: Mike Dillon, Lobbyist
 Christina DiCaro, Lobbyist
 Jessica (Hansen) Gauger, Legislative Assistant

RE: **News From the Capitol**

LEGISLATIVE COMMITTEES DISCUSS "CITY OF BELL" FALL-OUT AND BEST PRACTICES

Yesterday, September 22nd, an oversight hearing by the Joint Legislative Audit Committee, Assembly Accountability and Administrative Review, and Assembly Local Government Committees was held to discuss local government transparency and compensation in the wake of the fallout from the City of Bell scandal. Several witnesses testified before the committees, including the State Auditor, representatives from the State Controller's Office, and representatives from the Attorney General's Office. The overwhelming theme of the hearing centered upon how abuses of public compensation can be better identified in the future and what pre-emptive measures can be taken to prevent waste, fraud, and abuse.

The first witness to testify was Elaine Howell, California's State Auditor. In her testimony Ms. Howell offered recommendations for greater transparency of executive compensation at the local government level, based on the suggestions constructed in response to the results of two statewide executive pay audits recently conducted by her office. Her recommendations included creating a standard for classifications of compensation, a limit on the types of compensation allowable for pension calculations, full disclosure of all forms of compensation including salary, allowances, stipends, etc., and establishing a process to ensure compliance. Ms. Howell also discussed the national trend of growing transparency in government, as well as "best practices" for government transparency.

The State Controller's Office, which reviews copies of all local government audits, had three representatives present to testify about their oversight responsibilities, and offer reaction to the abuse of taxpayer funds in the City of Bell. The representatives explained that since the Bell situation was exposed, they have taken measures to provide better tools for compensation transparency by sending out a detailed request for information to 479 cities and 58 counties. The Controller's Office also indicated that upon fulfillment of this request,

they will be expanding their inquiry to include over 400 special districts throughout the state. The specific information requested applies to all classifications of employees and elected officials: the compensation information includes total taxable wages (overtime, buyouts, etc.), applicable pension formulas for each classification, employer pension contributions, and annual contributions for health benefit premiums. The end goal in collecting this information is to craft a database to create greater transparency for all levels of government. The representatives from the Controller's Office also explained that a legislative package is in the works for the 2011-12 Legislative Session, to address problems with auditing, including CPA oversight and rotation, and internal Controller processes which can be changed to better identify waste, fraud and abuse.

The Attorney General's office followed, commenting cautiously on the open investigation of the City of Bell. While they could not discuss any details of the investigation, they did reveal their intentions to introduce their own legislative package consisting of four key provisions: A compensation commission, a statewide database of public employee salaries identified by name rather than classification, prescriptions for pension abuse, and rolling back charter city privileges relating to compensation. In response to the Attorney General's testimony, Assemblyman Hector de la Torre, the Chair of the Assembly Accountability and Administrative Review Committee, noted, "Math is math, accounting is accounting – one city should not be doing it differently from another."

Finally, representatives from the League of Cities, CSAC, the California City Management Foundation, and others gave their input on how to best address problems with compensation abuse in the future. Several members of the committee noted measures introduced in the final days of the legislative session addressing the issues raised by the City of Bell scandal, some of which are awaiting action on the Governor's desk. Suffice it to say, there will certainly be legislation introduced in the 2011-12 Session to address issues relating to the topic.

SENATE POLICY COMMITTEES HOLD HEARING ON PROPOSITION 22 (PROPERTY TAX PROTECTION INITIATIVE)

In November, California voters will have the opportunity to consider Proposition 22, the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010" when they head to the polls. The measure is sponsored by the League of California Cities and the California Transit Association, and would restrict the Legislature's authority over revenues from transportation taxes, property taxes and vehicle license fees. CASA members will recall that Proposition 1A of 2004 prohibited the future shifting of local property taxes to schools or community colleges, unless the Governor proclaims a fiscal hardship for the state, and the legislature agrees to suspend this law by a two-thirds vote. This suspension was, in fact, invoked in the 2009-10 Budget when the state borrowed \$1.9 billion from cities, counties, and special districts, but allowed them to "securitize" the borrowed amount with a state-issued loan. Proposition 22 seeks to prevent this type of borrowing in the future, by barring the legislature from taking or borrowing property taxes from local government.

The legislature is required to conduct a hearing on any of the propositions that are placed on the ballot by the public. The hearings are informational only and typically involve a detailed analysis by the Legislative Analyst's Office, and then remarks follow from supporters and

opponents. On Wednesday, we attended the hearing on Proposition 22 which was convened by the Senate Committee on Transportation and Housing and the Senate Committee on Local Government. We certainly did not anticipate, however, the fireworks that would ensue, as legislators, opponents, and proponents engaged in a highly contentious debate on Proposition 22, where pointed comments were made, voices were raised, and decorum disintegrated at times.

The Legislative Analyst's Office was represented by Maryanne O'Malley, the Director of General Government for their office, and a former CASA speaker. She noted, "I have been doing work at the Legislative Analyst's Office for a quarter of a century. By far, this is the most complicated measure I have ever analyzed." She noted that the initiative is complex because it deals with the vehicle license fee, the gas tax swap, and the local property tax, and to that end she offered, "We worked extensively with the Legislative Counsel to determine the impact. In some cases, we won't have the answers. We simply don't know about some of the impacts." Senator Christine Kehoe (the Vice Chair of the Senate Local Government Committee) said, "It is hard to examine the impact on the General Fund if this passes." She added, "Merely saying, 'it's my money or it's your money' is not a good process. We need to find the best way to deliver services." Senator Lowenthal, Chair of the Senate Transportation Committee stated, "Is this good policy? Is this just: 'I want what I can get and the hell with everyone else?' From my perspective, it is poorly thought out."

Chris McKenzie, the Executive Director of the League of California Cities presented the initiative as the sponsor, and highlighted that the proposal would give locals a better sense of stability, stating, "The locals put their budgets together and now they have been waiting since July 1 for the other shoe to drop." He noted that Proposition 1A provided only modest protection for local government property tax in that the state still continued to borrow the money to help balance the 2009-10 state Budget. The committee seemed to be most concerned about the components in Proposition 22 pertaining to the prohibition of the legislature to borrow or change the distribution of state fuel tax revenues and the ban on using the state fuel tax revenues to pay debt service on state transportation bonds.

The opponents included the California Teachers Association, the California Nurses Association, and the California Professional Firefighters Association. They argued that Proposition 22 would limit the legislature's Budget balancing tools going forward, and could jeopardize health, education, and public safety funding. One of the opponents called Proposition 22 a "blatant attempt to deceive the voters."

At the conclusion of the hearing, Senator Denise Ducheny (the Senate Budget Chair) said, "You know, Proposition 98 (K-12 school funding formula) was a reaction to Proposition 13. And now, everyone is just piling up." Senator Lowenthal closed the hearing with the following statement: "I found the hearing interesting and quite lively. If it passes, it will only worsen the relationship between locals and the state and divide us more. I can understand the initial motivation. This is just my opinion. The voters will decide."

AB 194 BY ASSEMBLY MEMBER TORRICO

This bill would establish a cap on the total salary that may be used to calculate a pension benefit. Currently, there is an IRS total compensation cap of \$245,000 that applies to anyone who became a member of a public retirement system after June 30, 1996. The new state cap would be 125 percent of the governor's salary and would apply to anyone who becomes a member of a public retirement system on or after January 1, 2011.

The governor's current salary is \$173,987, resulting in a new state cap of \$217,483.

Where can I read the bill's language?

AB 194 can be viewed [here](#).

What is the status of AB 194?

APPROVED BY LEGISLATURE AND TO GOVERNOR

AMENDED IN SENATE AUGUST 27, 2010

AMENDED IN SENATE AUGUST 20, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 194

**Introduced by Assembly Members Torrico and Torres
(Coauthors: Assembly Members De La Torre and Gatto)**

February 2, 2009

An act to add Section 7503.5 to the Government Code, relating to retirement, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 194, as amended, Torrico. Retirement: local employees.

The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS), which provides a defined benefit to its members based on age at retirement, service credit, and final compensation, as defined. The State Teachers' Retirement Law (STRL) and the retirement laws for county employees and city employees also provide for a defined benefit based on age at retirement, service credit, and final compensation. Existing law requires the California Citizens Compensation Commission to establish the annual salary and the medical, dental, insurance, and other similar benefits of state officers.

This bill would specify that, notwithstanding any other law, for the purposes of determining a retirement benefit paid to a person who first becomes a member of a public retirement system on or after January 1, 2011, the maximum salary or payrate upon which retirement benefits shall be based shall not exceed 125% of the salary recommended by the California Citizens Compensation Commission to be paid to the

Governor of the State of California, effective December 7, 2009. The bill would require that this amount be adjusted annually based on changes in the All Urban California Consumer Price Index.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7503.5 is added to the Government Code,
2 to read:

3 7503.5. Notwithstanding any other law, for the purposes of
4 determining a retirement benefit paid to a person who first becomes
5 a member of a public retirement system on or after January 1,
6 2011, the maximum salary or payrate upon which retirement
7 benefits shall be based shall not exceed 125 percent of the salary
8 recommended by the California Citizens Compensation
9 Commission to be paid to the Governor of the State of California
10 effective December 7, 2009. This amount shall be adjusted annually
11 based on changes in the All Urban California Consumer Price
12 Index.

13 *SEC. 2. This act is an urgency statute necessary for the*
14 *immediate preservation of the public peace, health, or safety within*
15 *the meaning of Article IV of the Constitution and shall go into*
16 *immediate effect. The facts constituting the necessity are:*

17 *In order to preserve the fiscal integrity and increase the stability*
18 *of public retirement systems at the earliest possible time, it is*
19 *necessary that this measure take effect immediately.*

AB 827 BY ASSEMBLY MEMBER DE LA TORRE

This bill would prohibit any employment contract for an "excluded employee," as defined, from including any of the following:

- An automatic renewal
- An automatic increase in compensation, as defined, in excess of a cost-of-living adjustment (COLA)
- An automatic increase in compensation that is linked to another contract
- A severance payment greater than 18 months' salary (this is current law)

"Excluded employee" is defined as a person who is or will be employed by, and report directly to, a local agency's legislative body and is not subject to the Meyers-Milias-Brown Act.

AB 827 requires local agencies to complete a performance review before it can increase the compensation of an "excluded employee." This requirement does not apply to COLAs.

Where can I read the bill's language?

AB 827 can be viewed [here](#).

What is the status of AB 827?

APPROVED BY LEGISLATURE AND TO GOVERNOR

AMENDED IN SENATE AUGUST 27, 2010
AMENDED IN SENATE AUGUST 18, 2010
AMENDED IN SENATE SEPTEMBER 3, 2009
AMENDED IN SENATE JULY 7, 2009
AMENDED IN SENATE JUNE 24, 2009
AMENDED IN ASSEMBLY MAY 6, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 827

**Introduced by Assembly Member De La Torre
(Principal coauthor: Assembly Member Feuer)
(Coauthor: Assembly Member Yamada)**

February 26, 2009

An act to ~~add Section 54957.05 to,~~ and to add Chapter 10.1 (commencing with Section 3511.1) to Division 4 of Title 1 of the Government Code, relating to local public employees, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 827, as amended, De La Torre. Local public employees.

The Meyers-Milias-Brown Act contains various provisions that govern collective bargaining of local represented employees. The Ralph M. Brown Act requires that all meetings of a legislative body of a local agency be open and public and all persons be permitted to attend unless a closed session is authorized. Existing law requires all contracts of employment between an employee and a local agency employer to include a provision which provides that regardless of the term of the

contract, if the contract is terminated, the maximum cash settlement that an employee may receive shall be an amount equal to the monthly salary of the employee multiplied by the number of months left on the unexpired term of the contract, with a maximum of 18 months.

This bill would, ~~notwithstanding that provision,~~ on and after January 1, 2011, *additionally* prohibit an employment contract for a local excluded employee, as defined, from including any clause that provides for an automatic renewal, an automatic compensation increase, ~~a severance payment greater than 12 months' salary, as specified,~~ or an automatic ~~raise~~ *compensation increase* in excess of a cost-of-living adjustment. The bill would also require *the local agency, as defined, to complete* a performance review of any ~~unrepresented individual who is or will be employed by, and report directly to, the legislative body of the local agency, excluded employee, as defined,~~ before a *raise an increase in compensation* in excess of a cost-of-living adjustment may be implemented for that individual. The bill would ~~also require the vote to increase that person's salary in excess of a cost-of-living adjustment to be made in open session~~ *also specify that those records, procedures, and actions shall conform to the requirements of law, including, but not limited to, the Public Records Act and the Ralph M. Brown Act.* By expanding the duties of local officials, this bill would impose a state-mandated local program.

The bill would express a legislative finding and declaration that, to ensure the statewide integrity of local government, the procedures for the appointment and compensation of excluded employees are an issue of statewide concern and that, therefore, all counties and cities, including charter counties, charter cities, and charter cities and counties, would be subject to the provisions of the bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 10.1 (commencing with Section 3511.1)
2 is added to Division 4 of Title 1 of the Government Code, to read:

3
4 CHAPTER 10.1. EXCLUDED LOCAL PUBLIC EMPLOYEES
5

6 ~~3511.1. For the purposes of this chapter, "excluded employee"~~
7 ~~means any unrepresented individual who is or will be employed~~
8 ~~by, and report directly to, the legislative body of the local agency.~~
9 ~~"Excluded employee" includes any person contracted with the~~
10 ~~local agency as well as any person who is considered an at-will~~
11 ~~employee.~~

12 ~~3511.2. For any contract executed or renewed on or after~~
13 ~~January 1, 2011, an excluded employee's employment contract~~
14 ~~shall not include any clause that provides for any of the following:~~

15 ~~(a) An automatic renewal.~~

16 ~~(b) An automatic raise in excess of a cost-of-living adjustment.~~

17 ~~(c) An automatic compensation increase, including any increase~~
18 ~~that is linked to a third-party contract.~~

19 ~~(d) Notwithstanding Section 53260, a severance payment greater~~
20 ~~than 12 months' salary.~~

21 *3511.1. As used in this chapter, the following definitions apply:*

22 *(a) "Compensation" means any of the following:*

23 *(1) Annual salary or stipend.*

24 *(2) Local agency payments to the filer's deferred compensation*
25 *or defined benefit plans.*

26 *(3) Automobile and equipment allowances.*

27 *(4) Supplemental incentive and bonus payments.*

28 *(5) Local agency payments to the filer that are in excess of the*
29 *standard benefits that the local agency offers for all other*
30 *employees.*

31 *(b) "Cost-of-living" means the Consumer Price Index that*
32 *applies to a local agency, as calculated by the Department of*
33 *Finance using a formula developed by the Department of Industrial*
34 *Relations.*

35 *(c) "Excluded employee" means any person who is or will be*
36 *employed by, and report directly to, the legislative body of a local*
37 *agency and who is not subject to the Meyers-Milias-Brown Act*
38 *(Chapter 10 (commencing with Section 3500)), Chapter 5*

1 (commencing with Section 45100) of Part 25 of Division 3 of Title
2 2 of the Education Code, or Chapter 4 (commencing with Section
3 88000) of Part 51 of Division 7 of Title 3 of the Education Code.
4 "Excluded employee" includes any person who performs
5 governmental duties for a local agency pursuant to a contract with
6 that local agency and any person who is considered an at-will
7 employee.

8 (d) "Local agency" means a county, city, whether general law
9 or chartered, city and county, town, school district, municipal
10 corporation, district, political subdivision, or any board,
11 commission or agency thereof, or other local public agency.

12 3511.2. On or after January 1, 2011, no contract executed or
13 renewed between a local agency and an excluded employee shall
14 provide for any of the following:

15 (a) An automatic renewal of the contract.

16 (b) An automatic increase in compensation that exceeds a
17 cost-of-living adjustment.

18 (c) An automatic increase in compensation that is linked to
19 another contract, including an agreement entered into pursuant
20 to the Meyers-Milias-Brown Act (Chapter 10 (commencing with
21 Section 3500)), Chapter 5 (commencing with Section 45100) of
22 Part 25 of Division 3 of Title 2 of the Education Code, or Chapter
23 4 (commencing with Section 88000) of Part 51 of Division 7 of
24 Title 3 of the Education Code.

25 (d) A maximum cash settlement that exceeds the amounts
26 determined pursuant to Article 3.5 (commencing with Section
27 53260) of Chapter 2 of Part 1 of Division 2 of Title 5.

28 3511.3. (a) Before a local agency may increase the
29 compensation of an excluded employee, the local agency shall
30 complete a performance review of the excluded employee.

31 (b) The records, procedures, and actions shall conform to the
32 requirements of law, including, but not limited to, the Public
33 Records Act (Chapter 3.5 (commencing with Section 6250) of
34 Division 7) and the Ralph M. Brown Act (Chapter 9 (commencing
35 with Section 54950) of Part 1 of Division 2 of Title 5).

36 (c) This section does not apply to cost-of-living adjustments to
37 compensation.

38 ~~SEC. 2. Section 54957.05 is added to the Government Code;~~
39 ~~to read:~~

1 54957.05. (a) For any unrepresented individual who is or will
2 be employed by, and report directly to, the legislative body of the
3 local agency, before implementing a raise in excess of a
4 cost-of-living adjustment, the following requirements shall be met:

5 (1) A performance review of that individual shall be completed.
6 A completed summary of the performance review shall be
7 discussed at open session. The performance review shall be
8 publicly available upon request.

9 (2) The vote to implement the raise in excess of a cost-of-living
10 adjustment shall be conducted in an open session meeting.

11 (b) For the purposes of this section, the board shall use the
12 Bureau of Labor Statistics' Consumer Price Index to determine
13 the cost-of-living adjustment each year.

14 *SEC. 2. The Legislature finds and declares that the fiscal*
15 *integrity and stability of local governmental agencies in this state,*
16 *including charter cities and charter counties, have a direct impact*
17 *on the long-term well-being of all the residents of this state. The*
18 *likelihood of businesses locating to or staying in the state is*
19 *affected by the perception of a functioning, transparent, and*
20 *practical governmental structure in the local governmental bodies*
21 *in California. Therefore, the Legislature finds and declares that*
22 *to ensure the statewide integrity of local government, the*
23 *procedures for the appointment and compensation of excluded*
24 *employees are an issue of statewide concern. Therefore, this act*
25 *shall apply to all counties and cities, including charter counties,*
26 *charter cities, and charter cities and counties.*

27 *SEC. 3. If the Commission on State Mandates determines that*
28 *this act contains costs mandated by the state, reimbursement to*
29 *local agencies and school districts for those costs shall be made*
30 *pursuant to Part 7 (commencing with Section 17500) of Division*
31 *4 of Title 2 of the Government Code.*

32 *SEC. 4. This act is an urgency statute necessary for the*
33 *immediate preservation of the public peace, health, or safety within*
34 *the meaning of Article IV of the Constitution and shall go into*
35 *immediate effect. The facts constituting the necessity are:*

36 *In order to preserve fiscal integrity and stability of local*
37 *government agencies in this state and the perception of a*
38 *functioning, transparent, and practical governmental structure in*

- 1 *the local government bodies in California at the earliest possible*
- 2 *time, it is necessary for this measure to take effect immediately.*

O