

NOVATO SANITARY DISTRICT

Meeting Date: January 28, 2013

The Board of Directors of Novato Sanitary District will hold a regular meeting at 6:00 p.m., Monday, January 28, 2013, 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. REVIEW OF MINUTES:

- a. Consider approval of minutes of the January 14, 2013 meeting.

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 quarterly investment report.
- b. Approve regular disbursements and payroll and payroll-related disbursements.

6. WASTEWATER OPERATIONS:

- a. Wastewater operations committee report for December 2012.

7. CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY (CSRMA):

- a. Presentation of the CSRMA Workers' Compensation Excellence Award.
- b. CSRMA report.

8. ADMINISTRATION:

- a. Consider approval of public outreach proposal from Rauch Communications and authorize Manager-Engineer to execute contract.
- b. Consider approval of the salary range of 43.5 for the Collection System III position and promote Javier Vega from Collection System Worker II, Step E to Collection System Worker III, Step C.

9. HAMILTON WETLANDS OUTFALL RELOCATION PROJECT 72707:

- a. Consider approval of a budget amendment for 2012-13 of \$50,000.
- b. Consider approval of a proposal from RMC for Outfall Reconfiguration Permitting Assistance and authorize Manager-Engineer to execute contract.

10. STAFF REPORTS:

- a. California Association of Sanitation Agencies (CASA) mid-year conference report.
- b. Bay Area Clean Water Agencies Annual meeting report.

11. BOARD MEMBER REPORTS:

- a. North Bay Water Reuse Authority workshop.
- b. CASA mid-year conference report.

12. MANAGER'S ANNOUNCEMENTS:

13. ADJOURN:

Next resolution no. 3054

Next regular meeting date: Monday, February 11, 2013, 6:00 PM at the Novato Sanitary District office, 500 Davidson Street, Novato, CA

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.

January 14, 2013

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:00 p.m., Monday, January 14, 2013, preceded by a special ceremony at 4:00 p.m. to present the 2012 Safety Awards, at the District offices, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT FOR SPECIAL CEREMONY: President Michael Di Giorgio, Members William C. Long, Jean Mariani, and Jerry Peters. Member Dennis Welsh was absent.

STAFF PRESENT FOR SPECIAL CEREMONY: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal and Administrative Secretary Julie Swoboda.

ALSO PRESENT FOR SPECIAL CEREMONY:

Larry Foged, Novato Sanitary District employee
Dasse de longh, Novato Sanitary District employee
June Brown, Novato Sanitary District employee
Laura Creamer, Novato Sanitary District employee
Robin Merrill, Novato Sanitary District employee
Scott Zubrzycki, Novato Sanitary District employee
PJ Siragusa, Novato Sanitary District employee
Kevin Craig, Novato Sanitary District employee
Paco Sandoval, Novato Sanitary District employee
Craig Deasy, Novato Sanitary District employee
Tim O'Connor, Novato Sanitary District employee
Steve Krautheim, Novato Sanitary District employee
Bill Northcroft, Novato Sanitary District employee
Dale Thrasher, Safety Director, Novato Sanitary District

The Manager-Engineer began the special ceremony and outlined the District's Safety Incentive and Wellness Program. She stated that the program period was January 1, 2012 through December 31, 2012 and was funded from the Worker's Compensation dividend of \$20,703 received September 2011. The Manager discussed the Wellness Program and the Safety Incentive Program, stating that employees who worked safely for the full 2012 calendar year would be receiving monetary awards.

President Di Giorgio thanked and congratulated the employees for working safely.

Awards and incentives were distributed to the qualifying employees.

At 4:15 p.m., President Di Giorgio declared the special ceremony concluded.

At 6:00 p.m., the regular meeting of the Novato Sanitary District Board of Directors was convened.

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

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal and Administrative Secretary Julie Swoboda.

ALSO PRESENT: Dasse de longh, Novato resident, NSD employee
Delyn Kies, Novato resident
John Bailey, Project Manager, Veolia Water

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL:

The Manager requested that item 12b: *Consider nominating a representative to the Hazardous and Solid Waste Management JPA Task Force* be moved for consideration directly after the review of the Minutes.

President Di Giorgio stated that the Agenda would be modified as so requested.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

Consider approval of minutes of the December 10, 2012 meeting.

On motion of Member Mariani, seconded by Member Long, and carried unanimously by those Members present, the minutes of the December 10, 2012 Board meeting were approved.

- Item 12b: Consider nominating a representative to the Hazardous and Solid Waste Management JPA Task Force: The Manager stated that one of Marin County's Hazardous and Solid Waste Management Joint Powers Authority Local Task Force Special District seats is currently vacant. She noted that the task force includes members from the solid waste haulers, special districts, general public, and environmental organizations. The Manager recommended the Board nominate Dee Johnson, Household Hazardous Waste Manager Facility Coordinator for the Task Force.

Delyn Kies, Novato resident, gave an overview of the subcommittees and noted that she is a member of the Task Force.

On motion of Member Mariani, seconded by Member Peters and carried unanimously by those Members present, Dee Johnson was nominated for the JPA Task Force.

CONSENT CALENDAR:

On motion of Member Long, seconded by Member Mariani and carried unanimously by those Members present, the following Consent Calendar items were approved:

- a. Approval of license agreement renewal with North Marin Water District and authorization of Board President Di Giorgio to execute the same.
- b. Approval of regular disbursements in the amount of \$317,084.98, project account disbursements in the amount of \$1,747,603.58, and payroll and payroll related disbursements in the amount of \$243,109.12. Ratification of December's regular disbursements in the amount of \$53,320.72 and Board Member fees in the amount of \$2,228.22.

WASTEWATER OPERATIONS:

- Receive Wastewater Operations Committee Report for November 2012. The Deputy Manager-Engineer discussed the November 2012 operation reports for the wastewater treatment, collection, and reclamation facilities. Information on completion of digester cleaning for the Ignacio digester and the Novato No. 2 digester was presented. The Deputy Manager-Engineer discussed the treatment facility and the Collections System operations during the wet weather events in December.

WASTEWATER FACILITY UPGRADE (RECYCLED WATER) PROJECT NO. 73002:

- Consider adjusting the fiscal year 2012-13 budget amount for the recycled water project to \$1,250,000 from \$900,000. The Manager stated that on May 9, 2011, the District Board awarded the Contract D - Novato Recycled Water Facility Project to Gateway Pacific Contractors, Inc. She noted that the fiscal year 2012-13 budget presented at the June 25, 2012 Board meeting included \$1,250,000 for this project but that the final budget, adopted in August 2012, had been changed to \$900,000. The Manager stated that project close-out costs and release of retainage/withholding amounts which were not reflected in the final budget amount of \$900,000 and she requested the Board revise the budget amount back to \$1,250,000 for this project.

On motion of Member Long, seconded by Member Peters and carried unanimously by those Members present, the Board approved adjusting the fiscal year 2012-13 budget amount for the recycled water project to \$1,250,000 from \$900,000.

- Consider granting final acceptance of the Project and authorizing staff to file the Notice of Completion. The Manager stated that substantial completion of the Contract D - Novato Recycled Water Facility Project was granted on September 25, 2012. She

requested the Board grant final acceptance and authorize staff to file the Notice of Completion.

On motion of Member Peters, seconded by Member Long and carried unanimously by those Members present, the Board accepted the Wastewater Facility Upgrade (Recycled Water) Project No. 73002 and authorized the Manager-Engineer to file the Notice of Completion.

ADMINISTRATION:

- Consider adoption of Resolution No. 3053 to CalPERS for paying and reporting the value of Employer Paid Member Contributions and for Normal Member Contributions. The Manager reported that the Resolution implements the Memorandum of Understanding (MOU) between Novato Sanitary District and Teamsters Local 315 for the period July 1, 2012 through June 30, 2013. She noted that one of the provisions of the MOU is a change in the formula for payment and reporting of Employer Paid Member Contributions. The Manager stated that this modification requires adoption of a resolution by the District Board for submission to CalPERS.

On motion of Member Peters, seconded by Member Long, and carried unanimously by those Members present, the Board adopted Resolution No. 3053: Resolution for Paying and Reporting the Value of Employer Paid Member Contributions.

- Consider approval of an increase in scope for Barg, Coffin, Lewis, and Trapp in the amount of \$41,975.00. The Manager noted that the Board previously authorized expenditures up to \$93,000 for legal services to Barg, Coffin, Lewis, and Trapp (Barg Coffin) for representation of the District in the Administrative Civil Liability (ACL) case brought by the Regional Water Quality Control Board. She stated that to date, \$85,370.81 has been paid to Barg Coffin.

The Manager stated that in mid-2012 a protest was put forth against the proposed Settlement Agreement between the District and the Regional Board which required further legal representation by Barg Coffin. The final invoice for these services, in the amount of \$49,604.19, had been received which caused the budget to be exceeded by \$41,975. She requested the Board approve the increase to the Barg Coffin contract agreement by \$41,975.

On motion of Member Mariani, seconded by Member Long and carried unanimously by those Members present, the Board approved the contract amendment with Barg, Coffin, Lewis, and Trapp in the amount of \$41,975 for increased legal defense fees in connection with the Regional Water Quality Control Board Administrative Civil Liability case.

LOCAL AGENCY FORMATION COMMISSION (LAFCO):

- Consider nominating a Special District representative to LAFCO. No candidates were proposed and no action taken.

HAZARDOUS AND SOLID WASTE MANAGEMENT:

- Consider approval of Marin County Hazardous and Solid Waste Grant Agreement for fiscal year 2012-13. The Manager stated that 2013 represents the 10th year the District has entered into an agreement with the Marin County Hazardous & Solid Waste Joint Powers Authority (JPA). She stated that the JPA has committed \$50,639.00 for the 2012/13 fiscal year.

On motion of Member Long, seconded by Member Peters and carried unanimously by those Members present, the Board approved the Household Hazardous Waste Grant Agreement with the Marin County Hazardous & Solid Waste Joint Powers Authority for 2012-13.

STAFF REPORTS:

- Legislative Analyst's report on California property tax distribution. The Manager gave an overview of the Legislative Analyst's Office report, "Understanding California's Property Taxes" and how the District's share of the 1% property tax rate is distributed.

- District policy compilation. The Manager thanked June Brown, Administrative Resources Manager, for her work in completing the compilation of District policies. She stated that the Board will begin to review and adopt the policies at future Board meetings.

BOARD MEMBER REPORTS:

- President Di Giorgio discussed his participation at the North Bay Watershed Association meeting which was held on January 4th at the Marin Community Foundation. He stated that the presentations were well done and commented positively on the collaboration of local agencies.

- President Di Giorgio and Members Peters, Mariani and Long stated that the California Special District Association "Rules of Order Webinar" was beneficial and very informative.

MANAGER'S ANNOUNCEMENTS:

- Deputy Manager-Engineer Sandeep Karkal and Mark Takemoto, RMC Water and Environment have prepared two technical papers on the Recycled Water Project and

these will be presented at the annual California Water Environment Association (CWEA) and the California Water Reuse conferences.

- The Wastewater Operations Committee meeting will be held on Tuesday, January 22nd at 2:00 p.m. at the District office.

- The North Bay Water Reuse Authority Technical Advisory Committee will hold a Workshop and Board Meeting on January 28th at 9:30 a.m. at Novato City Hall Council Chambers.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 7:15 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Swoboda, Recording

QUARTERLY INVESTMENT REPORT -- For Quarter Ended December 31, 2012

INVESTMENT	ACTIVITY	October	November	December	QTR TOTAL
STATE TREASURER'S INVESTMENT FUND	Total deposits/transfers in	283,000	674,000	3,276,000	4,233,000
	Total transfers out	735,000	1,103,000	700,000	2,538,000
	Minimum daily balance	8,461,924	8,032,924	8,032,924	8,032,924
	Maximum daily balance	8,905,493	8,461,924	10,608,924	10,608,924
	Interest earned			7,098	7,098
Current Yield 0.32%					
TRUST ACCOUNT					
BANK OF NEW YORK MELLON For COP Bond Funds	Total deposits/transfers in	0	0	0	0
	Total transfers out	321,336	0	0	321,336
	Minimum daily balance	12,213,824	12,213,827	12,213,841	12,213,824
	Maximum daily balance	12,524,697	12,213,841	12,213,855	12,524,697
	Interest earned	10,465	14	14	10,493
The LAIF Pooled Money Investment Account Report is attached as specified in California Government Code Section 53646(e)					
CHECKING ACCOUNTS					
Interest Rate	Regular Warrants Account				
0.03%	Total deposits & transfers in	2,320,223	1,498,522	9,389,129	13,207,874
	Total checks & transfers out	1,740,819	1,805,536	9,780,859	13,327,214
	Minimum daily balance	22,694	29,754	11,782	11,782
	Maximum daily balance	944,949	710,495	8,907,556	8,907,556
	Interest earned	8	8	24	40
	<u>Payroll Account</u>				
	Total transfers in	112,000	117,600	140,500	370,100
	Total checks & transfers out	112,420	117,309	140,764	370,493
	Minimum daily balance	318	586	0	0
	Maximum daily balance	102,318	106,309	21,782	106,309
	<u>Project Account</u>				
	Total transfers in	785,900	477,600	284,100	1,547,600
	Total checks & transfers out	920,819	301,174	470,563	1,692,556
	Minimum daily balance	2,585	2,564	5,796	2,564
	Maximum daily balance	391,781	249,730	289,896	391,781
	Interest earned	2	2	2	6
	<u>ARRA Grant Project Account</u>				
	Total transfers in	292,369	0	0	292,369
	Total checks & transfers out	293,000	0	0	293,000
	Minimum daily balance	100	100	100	100
	Maximum daily balance	293,100	100	100	293,100
	Interest earned				

NOTES: (1) The above investments are consistent with the annual Statement of Investment Policy approved by the board on an annual basis, most recent approval was October 22, 2012.

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

(2) LAIF interest rate is currently .32% which is a decrease from .35% in September 2012 and .36% in June of 2012 and in March of 2012.

Bill Lockyer, State Treasurer

Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
1/2/2013	0.32	0.31	221
1/3/2013	0.31	0.31	224
1/4/2013	0.31	0.31	225
1/5/2013	0.31	0.31	225
1/6/2013	0.31	0.31	225
1/7/2013	0.31	0.31	225
1/8/2013	0.31	0.31	227
1/9/2013	0.31	0.31	229
1/10/2013	0.31	0.31	231
1/11/2013	0.31	0.31	232
1/12/2013	0.31	0.31	232
1/13/2013	0.31	0.31	232
1/14/2013	0.31	0.31	230
1/15/2013	0.30	0.31	225

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

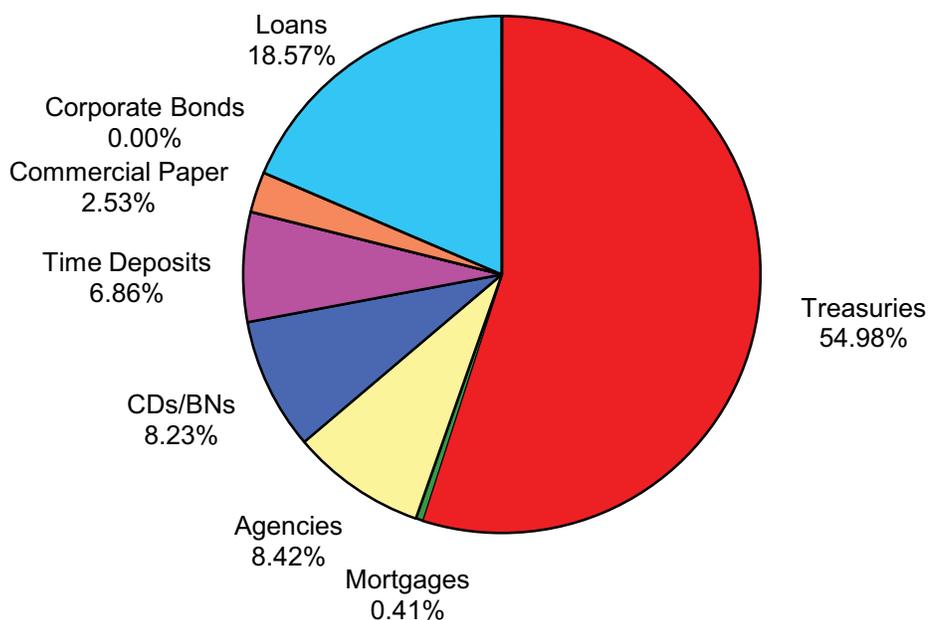
Quarter ending 12/31/2012

Apportionment Rate: 0.32%
 Earnings Ratio: .00000881899236296
 Fair Value Factor: 1.001127231
 Daily: 0.32%
 Quarter To Date: 0.33%
 Average Life: 208

PMIA Average Monthly Effective Yields

DECEMBER 2012 0.326%
 NOVEMBER 2012 0.324%
 OCTOBER 2012 0.340%

Pooled Money Investment Account Portfolio Composition \$63.2 Billion 12/31/12



**State of California
Pooled Money Investment Account
Market Valuation
12/31/2012**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 20,014,359,193.25	\$ 20,028,817,536.91	\$ 20,033,448,800.00	NA
Notes	\$ 14,732,478,642.74	\$ 14,732,478,642.74	\$ 14,775,668,500.00	\$ 12,869,927.00
Federal Agency:				
SBA	\$ 525,864,983.85	\$ 525,864,983.85	\$ 526,379,724.76	\$ 543,304.13
MBS-REMICs	\$ 256,334,642.80	\$ 256,334,642.80	\$ 278,039,972.37	\$ 1,226,041.18
Debentures	\$ 1,200,310,087.04	\$ 1,200,310,087.04	\$ 1,201,248,000.00	\$ 1,182,334.00
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 3,194,940,722.24	\$ 3,197,374,444.44	\$ 3,198,546,000.00	NA
GNMA	\$ 4,952.66	\$ 4,952.66	\$ 4,986.48	\$ 49.61
IBRD Debenture	\$ 399,961,857.92	\$ 399,961,857.92	\$ 400,580,000.00	\$ 83,332.00
IBRD Deb FR	\$ -	\$ -	\$ -	\$ -
CDs and YCDs FR	\$ 400,000,000.00	\$ 400,000,000.00	\$ 400,000,000.00	\$ 272,747.22
Bank Notes	\$ -	\$ -	\$ -	\$ -
CDs and YCDs	\$ 4,800,000,000.00	\$ 4,800,000,000.00	\$ 4,799,224,554.94	\$ 618,736.09
Commercial Paper	\$ 1,599,600,611.08	\$ 1,599,644,083.29	\$ 1,598,907,347.22	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 4,333,640,000.00	\$ 4,333,640,000.00	\$ 4,333,640,000.00	NA
AB 55 & GF Loans	\$ 11,739,482,016.23	\$ 11,739,482,016.23	\$ 11,739,482,016.23	NA
TOTAL	\$ 63,196,977,709.81	\$ 63,213,913,247.88	\$ 63,285,169,902.00	\$ 16,796,471.23

Fair Value Including Accrued Interest

\$ 63,301,966,373.23

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

The value of each participating dollar equals the fair value divided by the amortized cost (**1.001127231**). As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$20,022,544.61 or \$20,000,000.00 x **1.001127231**.

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

ITEM	1 day to 30 days	31 days to 60 days	61 days to 90 days	91 days to 120 days	121 days to 150 days	151 days to 180 days	181 days to 210 days	211 days to 270 days	271 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 year/out
TREASURY	\$ 600	\$ 2,150	\$ 2,600	\$ 3,500	\$ 3,700	\$ 4,000		\$ 3,550	\$ 5,345	\$ 7,650	\$ 1,700		
REPO													
TDS	\$ 2,017	\$ 921	\$ 675	\$ 172	\$ 212	\$ 338							
AGENCY	\$ 726	\$ 175				\$ 3,800			\$ 800	\$ 333	\$ 775		
BAs													
CP	\$ 600		\$ 450	\$ 550									
CDs + BNs	\$ 3,850	\$ 300				\$ 650			\$ 400				
CORP BND													
TOTAL	\$ 7,793	\$ 3,546	\$ 3,725	\$ 4,222	\$ 3,912	\$ 8,788	\$ -	\$ 3,550	\$ 6,545	\$ 7,983	\$ 2,475	\$ -	\$ -
PERCENT	14.8%	6.7%	7.1%	8.0%	7.4%	16.7%	0.0%	6.8%	12.5%	15.2%	4.7%	0.0%	0.0%

Notes:

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

Novato Sanitary District Operating Check Register

Date	Num	Name	Credit
Jan 28, 13			
1/28/2013	55296	Veolia Water North America, ...	158,258.03
1/28/2013	55287	Pacific, Gas & Electric	58,374.54
1/28/2013	55270	Custom Tractor Service	18,020.00
1/28/2013	55260	Aqua Science	15,050.00
1/28/2013	55268	Central Marin Sanitation Distr...	13,586.91
1/28/2013	55257	3T Equipment Company Inc.	7,628.88
1/28/2013	55280	Meyers, Nave, Riback, Silver ...	6,328.08
1/28/2013	55265	Caltest Analytical Lab Inc.	6,003.25
1/28/2013	55289	RMC Water & Environment, I...	2,787.50
1/28/2013	55277	Grainger	2,779.32
1/28/2013	55279	Liebert, Cassidy, Whitmore	2,077.00
1/28/2013	55259	American Express-22062	1,841.45
1/28/2013	55278	Johnson Controls, Inc.	1,104.00
1/28/2013	55284	North Marin Water District Pa...	1,082.44
1/28/2013	55283	North Marin Water District - L...	802.50
1/28/2013	55273	Empire Mini Storage - Novato	779.00
1/28/2013	55272	East Bay Muni Utility District	750.00
1/28/2013	55290	Siemens Industry Inc. - Lab	700.87
1/28/2013	55285	Novato Chamber of Commerce	685.00
1/28/2013	55266	Cantarutti Electric, Inc	625.40
1/28/2013	55288	Pareto Co.	562.00
1/28/2013	55294	Telstar Instruments Inc	560.80
1/28/2013	55264	BoundTree Medical, LLC	472.62
1/28/2013	55275	Fisher-Scientific	428.79
1/28/2013	55269	Claremont EAP, Inc.	295.00
1/28/2013	55258	AirGas USA, LLC.	274.86
1/28/2013	55297	Verizon California	222.90
1/28/2013	55276	Government Finance Officers...	160.00
1/28/2013	55262	Barnett Medical LLC	135.00
1/28/2013	55261	B.W.S. Distributors, Inc.	113.41
1/28/2013	55282	North Marin Water District	111.08
1/28/2013	55263	Bill Brusts Smog For Less	110.25
1/28/2013	55286	Novato Toyota	99.93
1/28/2013	55281	North Bay Portables, Inc.	93.56
1/28/2013	55271	CWEAmembers	90.00
1/28/2013	55291	Staples Business Adv Inc.	73.69
1/28/2013	55267	CDW Government, Inc.	72.00
1/28/2013	55274	Federal Express	60.66
1/28/2013	55298	VWR International Inc.	55.54
1/28/2013	55295	USA BlueBook	45.39
1/28/2013	55293	T-Mobile	22.96
1/28/2013	55292	Staples~in store purchases	5.96
Jan 28, 13			303,330.57

Novato Sanitary District
Operating Check Register Detail
For January 28, 2013

	<u>Account</u>	<u>Amount</u>
3T Equipment Company Inc.		
	65100 · Operating Supplies	512.41
	60150 · Repairs & Maintenance	5,535.93
	60100 · Operating Supplies	792.67
	60150 · Repairs & Maintenance	472.87
	60150 · Repairs & Maintenance	315.00
		<u>7,628.88</u>
Total 3T Equipment Company Inc.		7,628.88
AirGas USA, LLC.		
	60100 · Operating Supplies	274.86
		<u>274.86</u>
Total AirGas USA, LLC.		274.86
American Express-22062		
	65085 · Safety Expenses	46.41
	65100 · Operating Supplies	40.00
	66090 · Office Expense	233.39
	66170 · Travel, Meetings & Training	752.00
	67540 · Beverage Container Grant	162.44
	21015 · American Express	607.21
		<u>1,841.45</u>
Total American Express-22062		1,841.45
Aqua Science		
	64160 · Research & Monitoring	15,050.00
		<u>15,050.00</u>
Total Aqua Science		15,050.00
B.W.S. Distributors, Inc.		
	60100 · Operating Supplies	113.41
		<u>113.41</u>
Total B.W.S. Distributors, Inc.		113.41
Barnett Medical LLC		
	67500 · Household Hazardous Waste	135.00
		<u>135.00</u>
Total Barnett Medical LLC		135.00
Bill Brusts Smog For Less		
	65150 · Repairs & Maintenance	110.25
		<u>110.25</u>
Total Bill Brusts Smog For Less		110.25
BoundTree Medical, LLC		
	67500 · Household Hazardous Waste	472.62
		<u>472.62</u>
Total BoundTree Medical, LLC		472.62
Caltest Analytical Lab Inc.		
	64160 · Research & Monitoring	6,003.25
		<u>6,003.25</u>
Total Caltest Analytical Lab Inc.		6,003.25
Cantarutti Electric, Inc		
	65150 · Repairs & Maintenance	395.40
	65150 · Repairs & Maintenance	100.00
	63150 · Repairs & Maintenance	130.00
		<u>625.40</u>
Total Cantarutti Electric, Inc		625.40
CDW Government, Inc.		
	66124 · IT/Misc Electrical	72.00
		<u>72.00</u>
Total CDW Government, Inc.		72.00
Central Marin Sanitation District		
	66123 · O/S Contractual	13,586.91
		<u>13,586.91</u>
Total Central Marin Sanitation District		13,586.91
Claremont EAP, Inc.		
	66123 · O/S Contractual	295.00
		<u>295.00</u>
Total Claremont EAP, Inc.		295.00
Custom Tractor Service		
	63115 · Sludge Disposal	18,020.00
		<u>18,020.00</u>
Total Custom Tractor Service		18,020.00
CWEAmembers		
	66080 · Memberships	90.00
		<u>90.00</u>
Total CWEAmembers		90.00

Novato Sanitary District
Operating Check Register Detail
For January 28, 2013

	<u>Account</u>	<u>Amount</u>
East Bay Muni Utility District		
	64160 · Research & Monitoring	750.00
Total East Bay Muni Utility District		<u>750.00</u>
Empire Mini Storage - Novato		
	66123 · O/S Contractual	779.00
Total Empire Mini Storage - Novato		<u>779.00</u>
Federal Express		
	66090 · Office Expense	60.66
Total Federal Express		<u>60.66</u>
Fisher-Scientific		
	64100 · Operating Supplies	208.98
	64100 · Operating Supplies	67.05
	64100 · Operating Supplies	152.76
Total Fisher-Scientific		<u>428.79</u>
Government Finance Officers Assoc.		
	66080 · Memberships	160.00
Total Government Finance Officers Assoc.		<u>160.00</u>
Grainger		
	60100 · Operating Supplies	997.38
	60100 · Operating Supplies	1,139.70
	60100 · Operating Supplies	642.24
Total Grainger		<u>2,779.32</u>
Johnson Controls, Inc.		
	64150 · Repairs & Maintenance	478.75
	62150 · Repairs & Maintenance	625.25
Total Johnson Controls, Inc.		<u>1,104.00</u>
Liebert, Cassidy, Whitmore		
	66080 · Memberships	2,077.00
Total Liebert, Cassidy, Whitmore		<u>2,077.00</u>
Meyers, Nave, Riback, Silver & Wilson		
	66122 · Attorney Fees	4,959.28
	66122 · Attorney Fees	1,368.80
Total Meyers, Nave, Riback, Silver & Wilson		<u>6,328.08</u>
North Bay Portables, Inc.		
	63100 · Operating Supplies	93.56
Total North Bay Portables, Inc.		<u>93.56</u>
North Marin Water District		
	65192 · Water	111.08
Total North Marin Water District		<u>111.08</u>
North Marin Water District - Lab		
	64160 · Research & Monitoring	802.50
Total North Marin Water District - Lab		<u>802.50</u>
North Marin Water District Payroll		
	64010 · Salaries & Wages	1,082.44
Total North Marin Water District Payroll		<u>1,082.44</u>
Novato Chamber of Commerce		
	66075 · Agency Dues	685.00
Total Novato Chamber of Commerce		<u>685.00</u>
Novato Toyota		
	66150 · Repairs & Maintenance	99.93
Total Novato Toyota		<u>99.93</u>
Pacific, Gas & Electric		
	61000-5 · Gas & Electricity	47,299.32

Novato Sanitary District
Operating Check Register Detail
For January 28, 2013

	Account	Amount
	63191 · Gas & Electricity	3,041.41
	65191 · Gas & Electricity	8,033.81
Total Pacific, Gas & Electric		58,374.54
 Pareto Co.		
	66150 · Repairs & Maintenance	562.00
Total Pareto Co.		562.00
RMC Water & Environment, Inc.		
	64160 · Research & Monitoring	1,132.50
	64160 · Research & Monitoring	1,655.00
Total RMC Water & Environment, Inc.		2,787.50
Siemens Industry Inc. - Lab		
	64150 · Repairs & Maintenance	272.00
	64100 · Operating Supplies	353.87
	64150 · Repairs & Maintenance	75.00
Total Siemens Industry Inc. - Lab		700.87
Staples Business Adv Inc.		
	66090 · Office Expense	73.69
Total Staples Business Adv Inc.		73.69
Staples~in store purchases		
	66090 · Office Expense	5.96
Total Staples~in store purchases		5.96
T-Mobile		
	65193 · Telephone	22.96
Total T-Mobile		22.96
Telstar Instruments Inc		
	65153 · TV Inspection	560.80
Total Telstar Instruments Inc		560.80
USA BlueBook		
	66085 · Safety	45.39
Total USA BlueBook		45.39
Veolia Water North America, Inc.		
	61000-1 · Fixed Fee	158,258.03
Total Veolia Water North America, Inc.		158,258.03
Verizon California		
	66193 · Telephone	222.90
Total Verizon California		222.90
VWR International Inc.		
	64100 · Operating Supplies	55.54
Total VWR International Inc.		55.54
TOTAL		303,330.57

**Novato Sanitary District
Capital Project Check Register**

January 28, 2013

Date	Num	Name	Credit
Jan 28, 13			
1/28/2013	2473	Covello Group, The	35,918.57
1/28/2013	2472	Able Fence Company	4,565.00
Jan 28, 13			40,483.57

Novato Sanitary District Capital Projects Detail

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
Able Fence Company			
	01/11/2013	72805 · Annual Trtmt Plnt/Pump St Impr	4,565.00
Total Able Fence Company			<u>4,565.00</u>
Covello Group, The			
	12/31/2012	72403 · Pump Station Rehabilitation	27,090.07
	12/31/2012	73002 · WWTP Up - Cont D - Rec- ARRA Fu	6,948.50
	12/31/2012	73001 · WWTP Upgrade - Contract C	1,880.00
Total Covello Group, The			<u>35,918.57</u>
TOTAL			<u><u>40,483.57</u></u>

Novato Sanitary District
Payroll and Payroll Related Check Register
January 2013

<u>Date</u>	<u>Description</u>	<u>Amount</u>
01/31/2013	January Payroll	104,383.15
01/25/2013	January Retiree Health Benefits	16,206.97
01/25/2013	CalPers Health	29,696.46
01/25/2013	CALPERS Retirement	21,143.40
01/25/2013	United States Treasury	20,746.18
01/25/2013	CalPers Supplemental Income Plan	6,850.00
01/25/2013	EDD	5,840.09
01/25/2013	Lincoln Financial Group	6,085.21
01/25/2013	Lincoln Financial Group-401a Plan	4,299.06
01/25/2013	Lincoln Financial Group-401a Plan	4,040.17
01/25/2013	CALPERS Retirement	4,284.45
01/25/2013	Local Union 315	440.00
01/25/2013	Marin Employ Federal Credit Union	517.00
01/25/2013	Operating Engineers Local 3 RHSP	244.30
		<u>224,776.44</u>

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Wastewater Operations Report for December 2012	MEETING DATE: January 28, 2013 AGENDA ITEM NO.: 6.a.
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RECOMMENDED ACTION: Information. Receive report.

SUMMARY AND DISCUSSION:

The December 2012 operations reports for the wastewater treatment, collection, and reclamation facilities are attached.

Wastewater Treatment Facility

Water quality performance for December 2012 was excellent with all parameters well within effluent standards. Heavy rain on December 23rd resulted in sustained flows of about 30 MGD, with a peak flow of 32 MGD at about 12:30pm, from almost 2-inches of rainfall over an 8-hour period. A total daily flow of 20.27 MGD was processed for December 23rd. There were no significant maintenance issues to report. Safety performance was excellent with an accident-free month for a total of 943 accident-free days. The Novato plant continued with bay discharge in December, consistent with the NPDES permit. Maintenance performed at the Novato plant included draining primary clarifier no.1 and taking it out-of-service for inspection and then putting it back in service due to high flows/heavy rains. The close-out report on completion of digester cleaning for the Ignacio digester and the Novato No. 2 digester was presented. Odor complaints for the month are summarized in the attached operations report.

Collection System

The Collection System report summarizes the monthly and year-to-date performance, and a comparison of these performances against the prior year. For December 2012, the crews cleaned and televised a total of 51,331 feet of sewer line. The CCTV van was not operational for a major portion of the month, and CCTV production was below normal production goals. Annual comparative performance metrics for 2012 versus 2011 were verbally presented; a summary is provided below.

Year	Footage cleaned, ft	Avg. ft cleaned/hr. worked	Stoppages/100 miles
2012	791,049	134	8
2011	633,808	104	6.2

A Collection System Work Order statistics summary was provided. Safety performance was excellent with no lost time accidents for a total of 66.a.56 accident-free days at the end of December 2012. The District had three Sewer System Overflows (SSOs) in December 2012 as summarized below; further details on these SSOs can be found in the attached operations report.

No.	Date	Location	Amount, gal	SSO Category	Cause
1	12/10/2012	974 Bel Marin Keys Blvd.	81	Two	Contractor Error*
2	12/19/2012	1227 Ridgeview Ct.	204	One	Root Intrusion
3	12/22/2012	451 Alameda del Prado	3,150	One	Root Intrusion

*pending further review.

Reclamation Facility

There was minimal activity on ranch operation; the rancher worked on weed suppression around the sprinkler heads. Heavy rains flooded Site 2 so cattails were removed from the main drainage ditch through Site 3 that carries water from Site 2 to Drainage Pump Station on Site 3, to aid in drainage.

DEPT.MGR.:	MANAGER-ENGINEER:
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January 14, 2012

Ms. Beverly James
Manager - Engineer
Novato Sanitary District
500 Davidson Street
Novato, CA 94545

Subject: Veolia Water Operations Report – December 2012

Dear Ms. James:

We are pleased to provide this updated activity report for December 2012.

As always, please give me a call at 707-208-4491 should you have any questions.

Regards,

A handwritten signature in blue ink that reads "John Bailey".

John Bailey
Project Manager

MONTHLY OPERATIONS REPORT
December 2012

Prepared for

NOVATO SANITARY DISTRICT (NSD)
WASTEWATER TREATMENT PLANT
500 Davidson Street
Novato, CA 94545

Prepared by

Veolia Water West Operating Services, Inc. (VWWOS)

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TREATMENT PLANT PERFORMANCE SUMMARY	2
OPERATIONS AND MAINTENANCE STATUS / REVIEW	2-3
CONSTRUCTION UPDATE.....	3
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SAFETY AND TRAINING	3
ODORS.....	4
MISCELLANEOUS.....	4

TREATMENT PLANT PERFORMANCE SUMMARY: December 2012:

Bay Discharge

Parameter	Value		Limit	
	Ave	Max	#1	#2
Flow, MGD (monthly ave/max)	8.89	20.27	N/A	N/A
Max Peak Hour, MGD -12/23, 12:30 pm	N/A	32.00	N/A	N/A
Influent BOD ₅ , lb/day (month ave/max)	11,269	21,486	N/A	N/A
Influent TSS, lb/day (monthly ave/max)	16,769	29,777	N/A	N/A
Effluent BOD ₅ , mg/L (monthly ave/weekly max)	<5	<5	30	45
Effluent TSS, mg/L (monthly ave/weekly max)	<5	<5	30	45
Effluent BOD ₅ - % Removal, Minimum	97	N/A	85	N/A
Effluent TSS - % Removal, Minimum	98	N/A	85	N/A
pH, su (min / max)	7.0	7.5	6.5	8.5
Enterococcus, mpn (30 day geo mean)	3.0	N/A	35	N/A
Fecal Coliform, mpn (30 day median)	6	N/A	140	N/A
Fecal Coliform, mpn (90 th percentile)	17	N/A	430	N/A
Total Permit Exceedances (NPDES)	0			

NA – Not Applicable

Discussion of Violations / Excursions: NONE

OPERATIONS & MAINTENANCE STATUS / REVIEW:

Key events for the period:

Heavy rain on December 23rd resulted in sustained flows of approximately 30 MGD (million gallons per day). Peak flow of 32 MGD occurred at 12:30 pm. High flows were a result of almost two inches of rainfall over an eight hour period. A total daily flow of 20.27 million gallons was processed on December 23rd. The treatment plant operated as expected and we experienced no process upsets or failures. The wet weather effluent pumps were called into service for several hours during the peak flows.

Novato

- Routine rounds, readings and maintenance
- Bay Discharge mode
- Repaired throttle linkage on boiler – Diablo Boiler (outside contractor)
- Replaced fuel filter on Administration Building Emergency Generator
- Annual Service and Repair - Operators Vehicle
- Annual Service and Repair - Maintenance Vehicle
- Smog 3 Vehicles
- Investigate small leak on boiler – Diablo Boiler
- Rebuild sound enclosure at Odor Scrubber Fans (East side of facility)
- Drained Primary Clarifier #1
- Primary Clarifier #1 put back into service due to high flow/heavy rains
- Insurance/Risk Inspection – Veolia (internal inspection)

Ignacio Transfer Pump Station

- Routine rounds, readings, and maintenance
- Cleared plug on Conveyance Pump #2, returned to service

Digester Cleaning

- Completed Novato Digester Cleaning – 572,000 gallons
 - Completed Ignacio Digester Cleaning – 526,000 gallons
- See closeout report (attached)

Recycled Water Plant

- Performed plant rounds

ADMINISTRATION:

- Electronic Self Monitoring Report for November 2012, submitted on 12/20/12

SAFETY AND TRAINING:

- Monthly plant safety inspections for Novato WWTF completed on 12/7/12
- Five Minute Tailgate training is held daily with the O&M staff.
- No safety incidents for the month of December 2012.
- Accident Free: 6/1/10 – 12/31/12: 943 days / 42,435 hours.
- Make up Hearing Test performed 12/17/12
- Hearing Protection 12/21/12
- Spill Prevention Control and Countermeasures (SPCC) Plan – Novato 12/28/12
- SPCC Plan – Ignacio 12/31/12

Non Safety Training:

- 12/11/12 – SPM Bearing training and use - bearing analyzer

ODORS:

- Jerome Meter (H2S) readings performed in neighborhood and within treatment plant.
- Researching potential for Odowatch™ odor monitoring equipment. Odowatch is manufactured by Kruger, Inc.

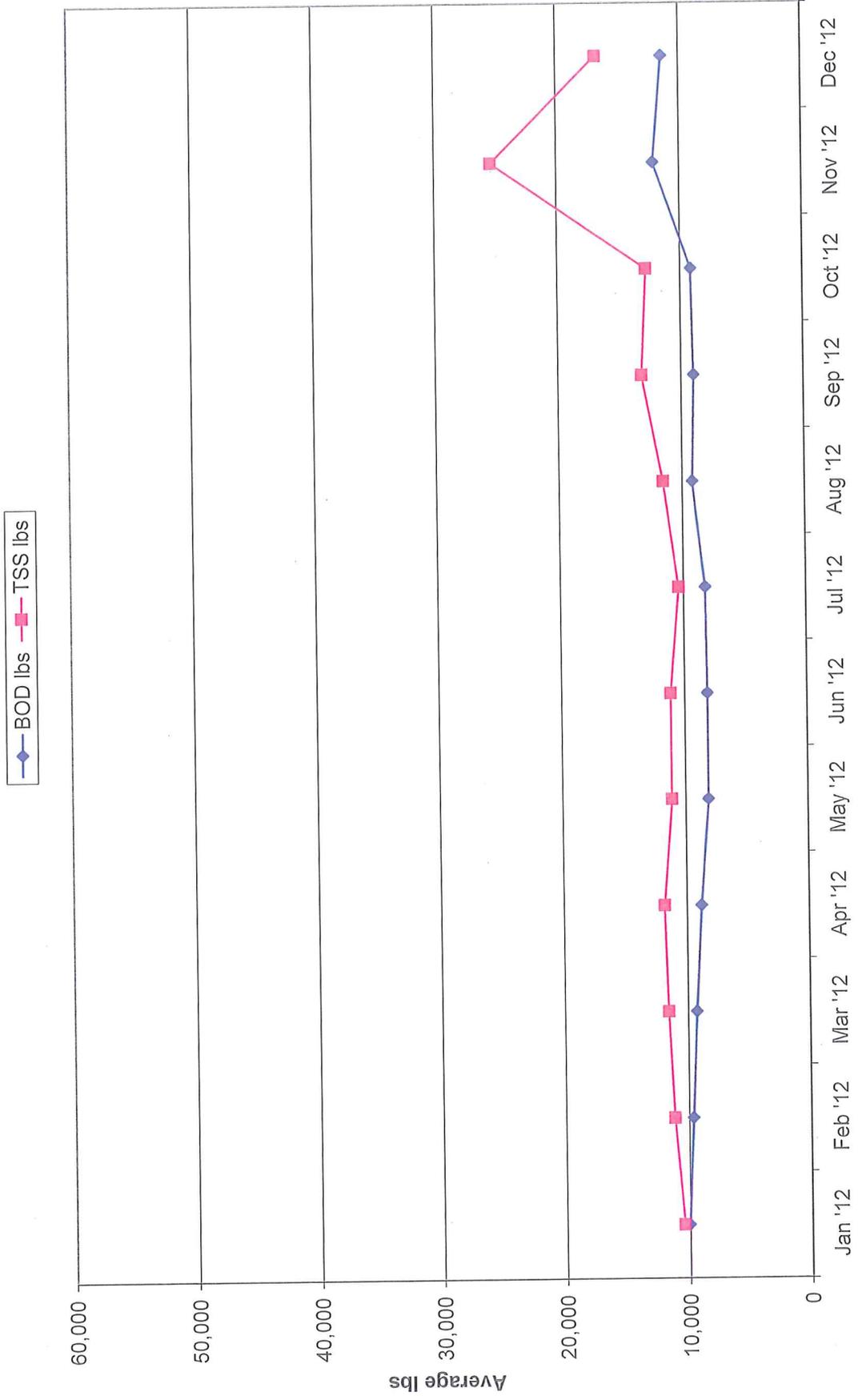
MISCELLANEOUS

- Process Control Management Plan (PCMP) meetings held regularly

Veolia Support Staff On/Off Site (Various Times)

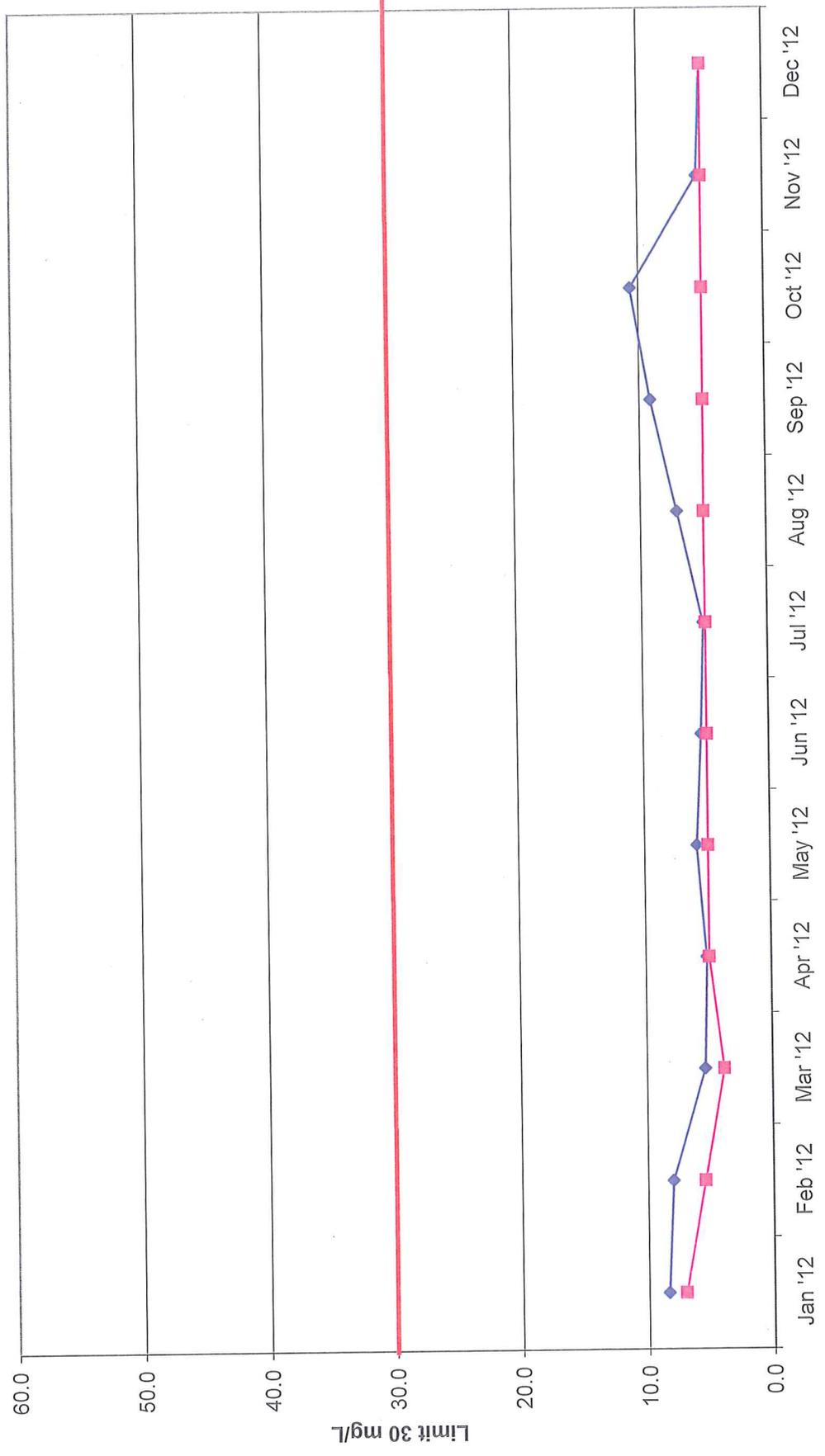
John O'Hare	Technical Support
Chris McAuliffe	District Manager
John Herron	Northern California Area Manager
Bryce Behnke	Technical Support via conference call & web exchange
Brian Exberger	Electronic Operations and Maintenance Manual Development
Jeremiah Danielson	Environmental, Health, and Safety – Confined Space Training
Mel Demsky	Regional Director of Asset Management
Dan Brown	Asset Manager

Influent Load BOD / TSS lbs



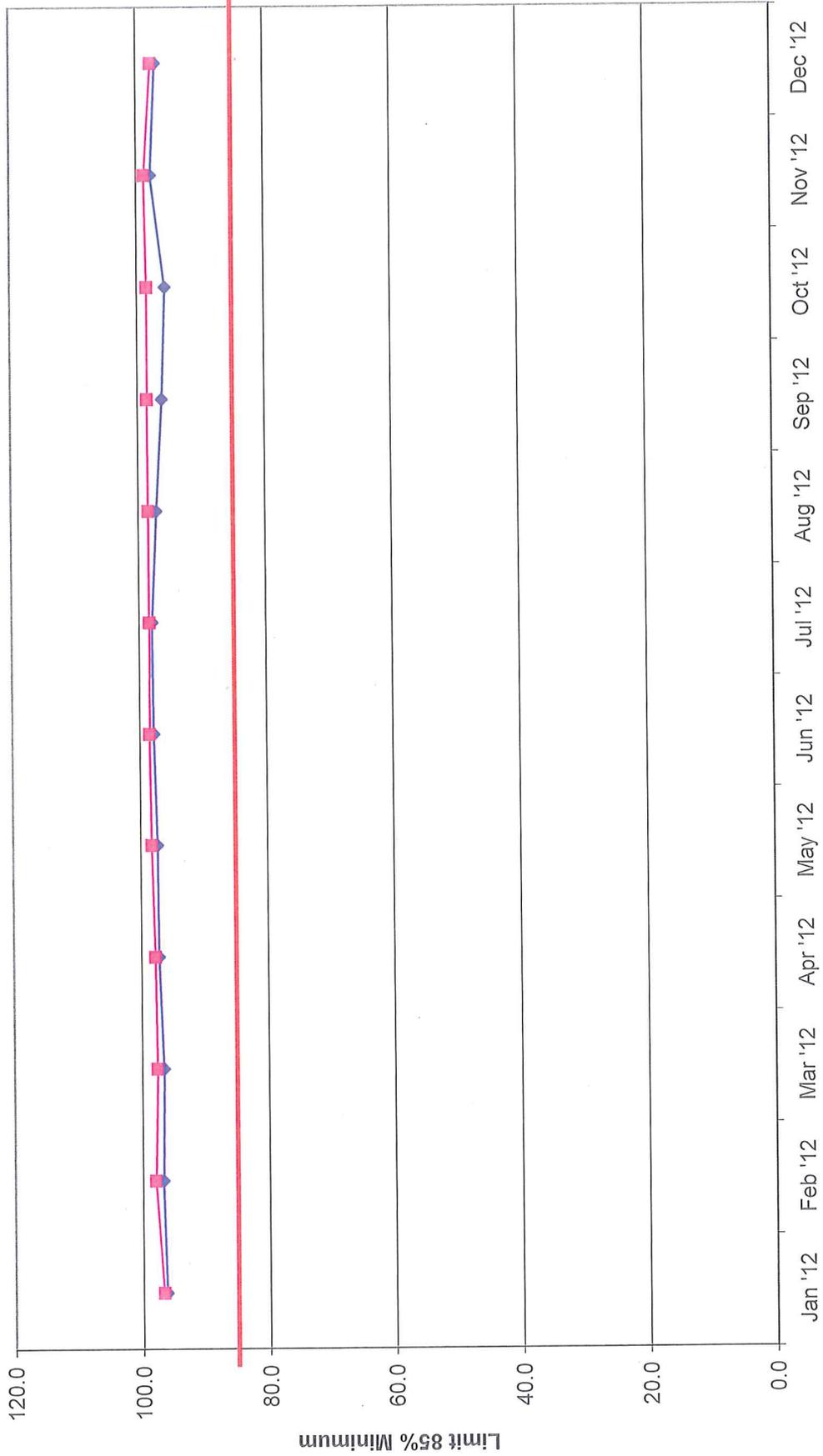
Effluent BOD / TSS Concentration

NPDES LIMITS WET SEASON
 BOD & TSS - 30 mg/L Monthly Ave, 45 mg/L Weekly Ave
NPDES LIMITS DRY SEASON
 BOD - 15 mg/L Monthly Ave, 30 mg/L Weekly Ave
 TSS - 10 mg/L Monthly Ave, 20 mg/L Weekly Ave
 WDR (Waste Discharge Requirements) RECLAMATION
 BOD - 40 mg/L

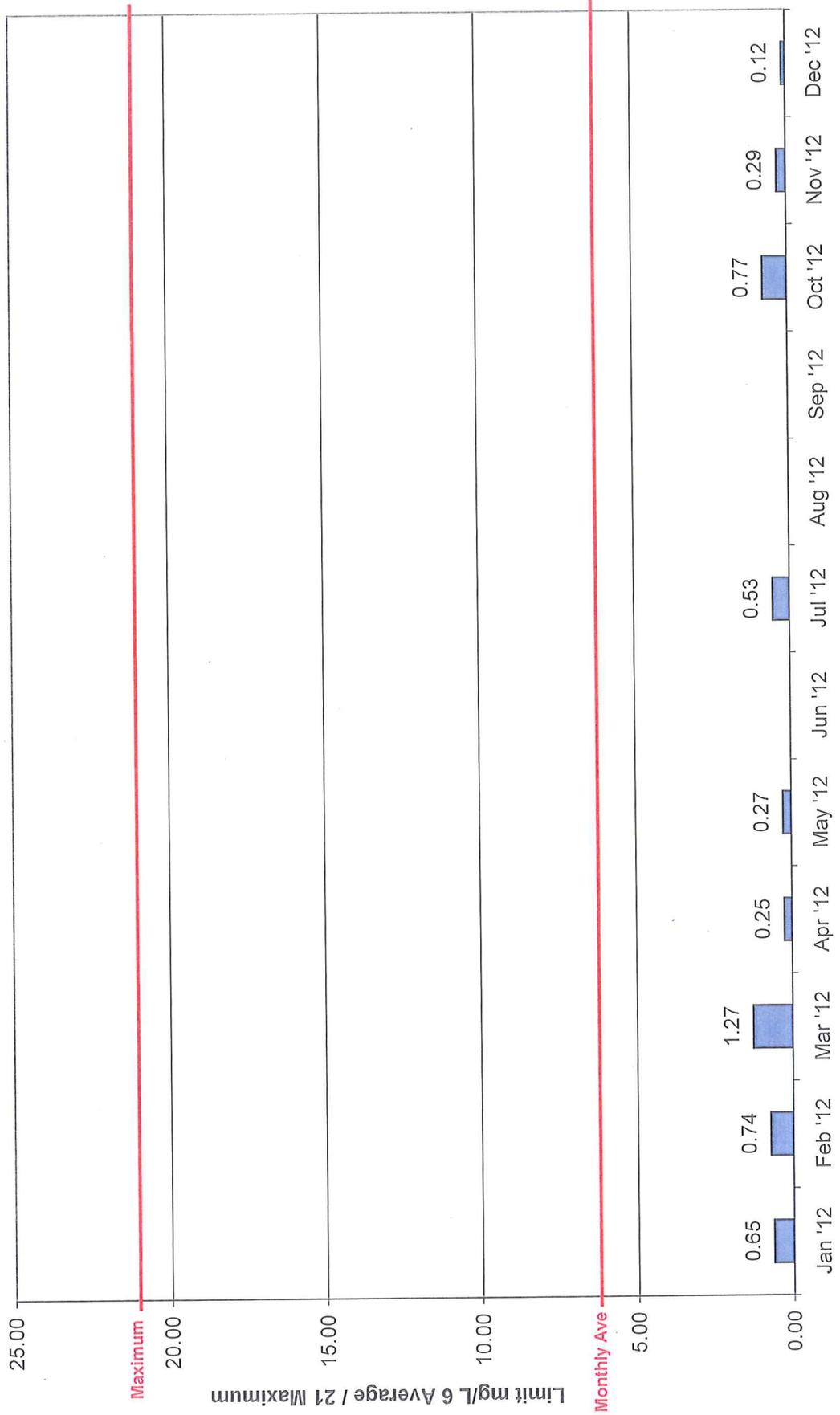


BOD / TSS Percent Removal

—◆— BOD —■— TSS



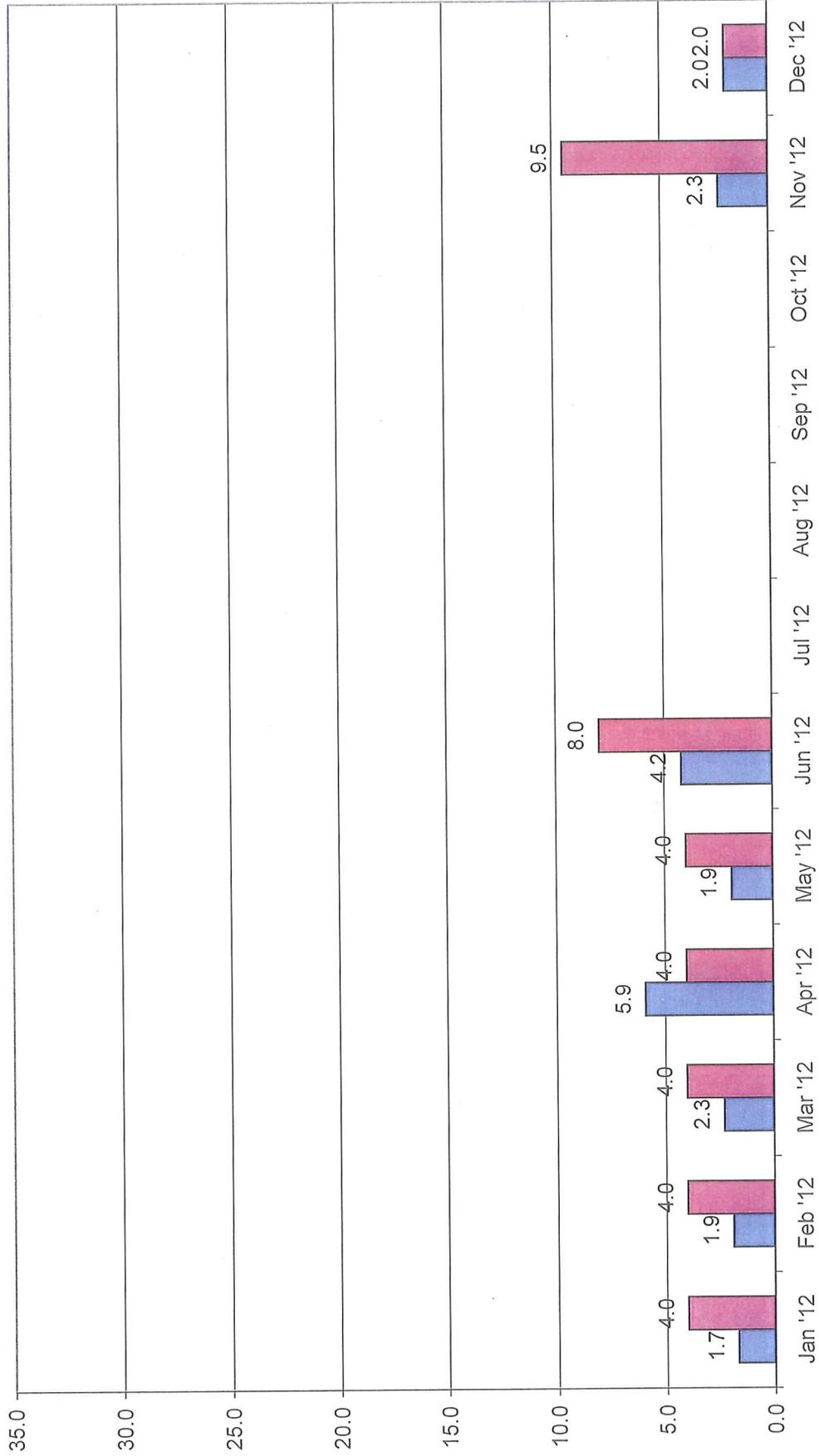
Effluent Ammonia



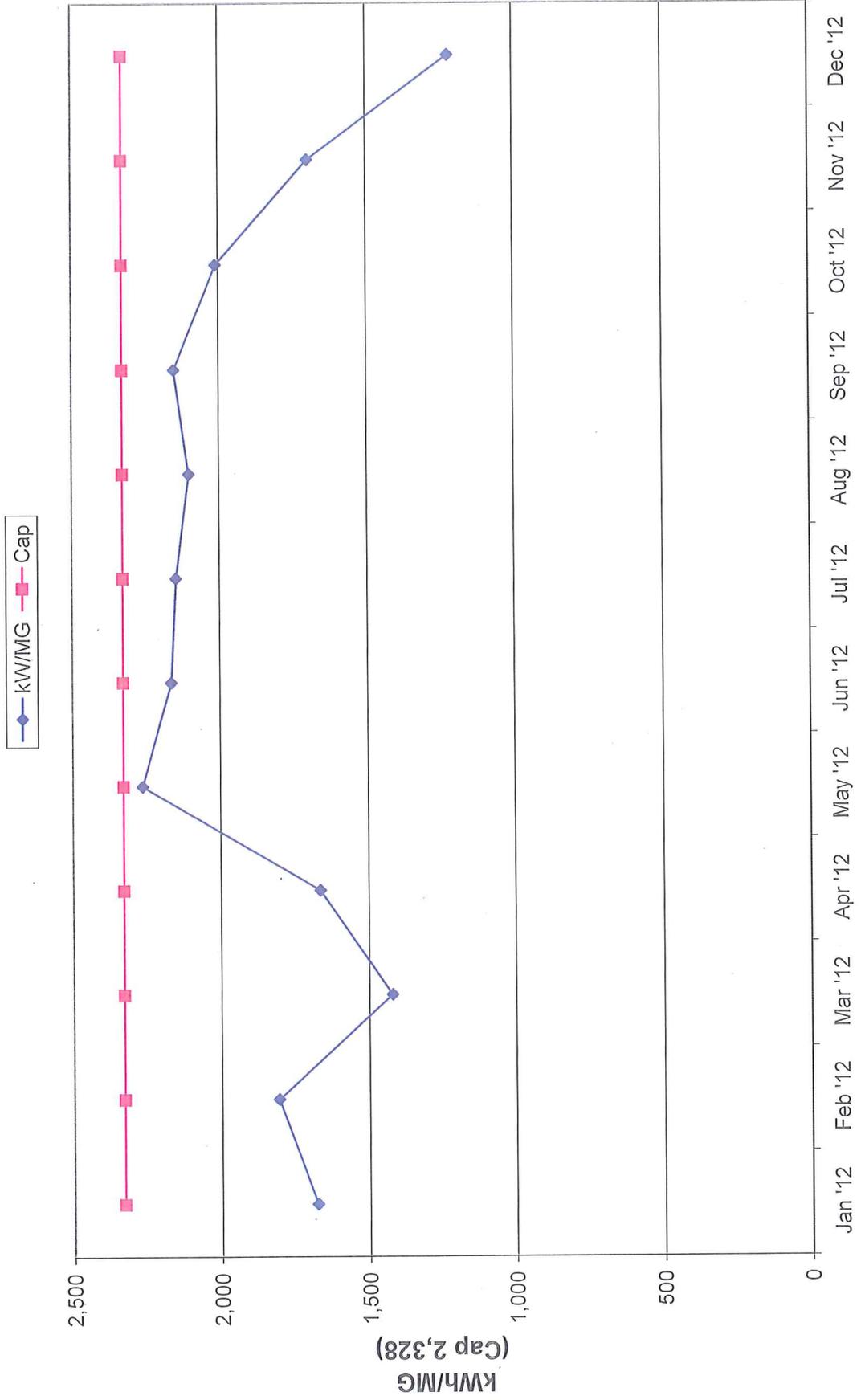
Disinfection

LIMITS - NPDES
 Entero 30 day geo mean 35 mpn /100ml
 Fecal 140 mpn monthly median
 Fecal 430 mpn 90th percentile 30 day

■ Entero ■ Fecal Med

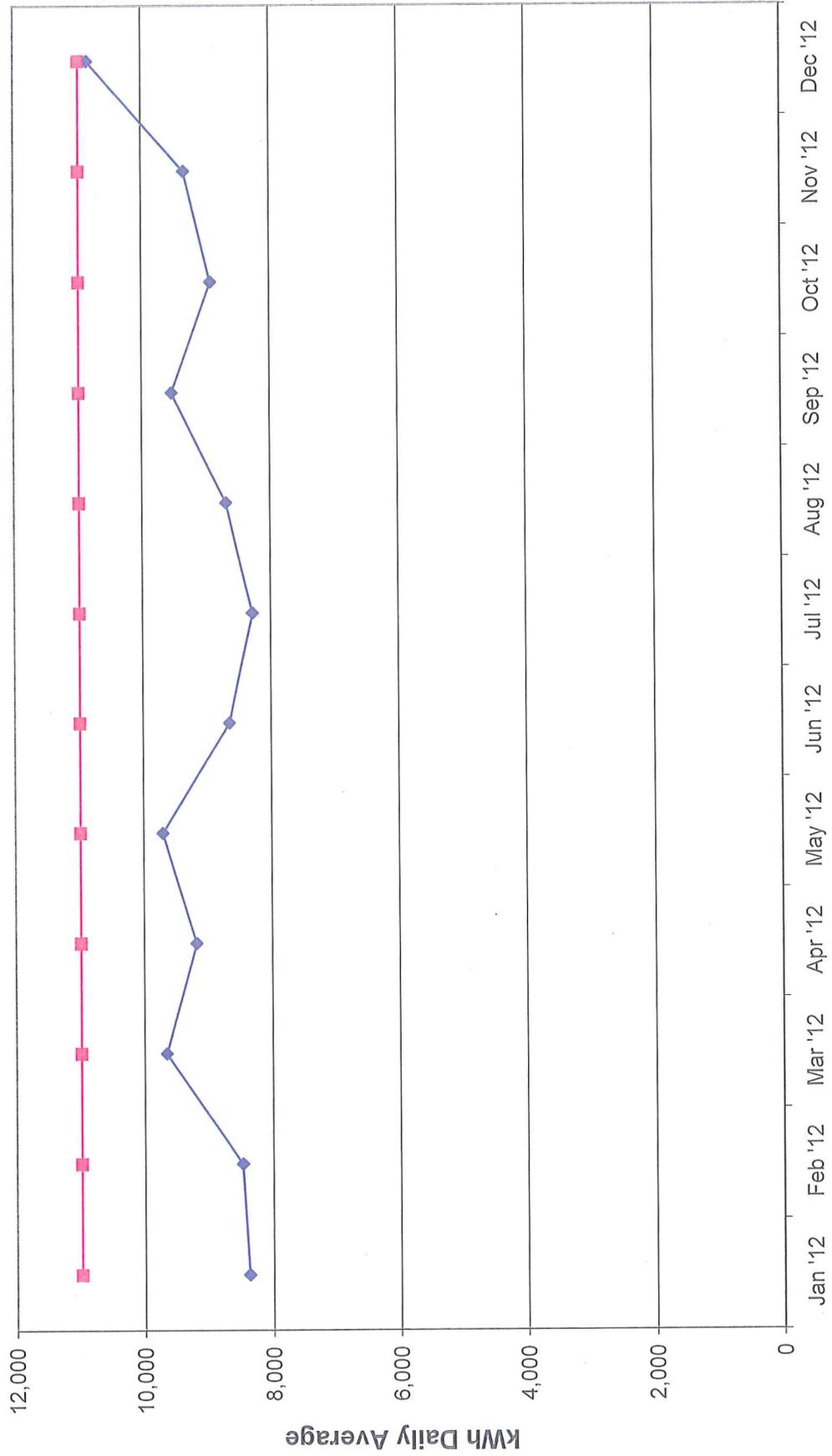


Energy kWh/MG



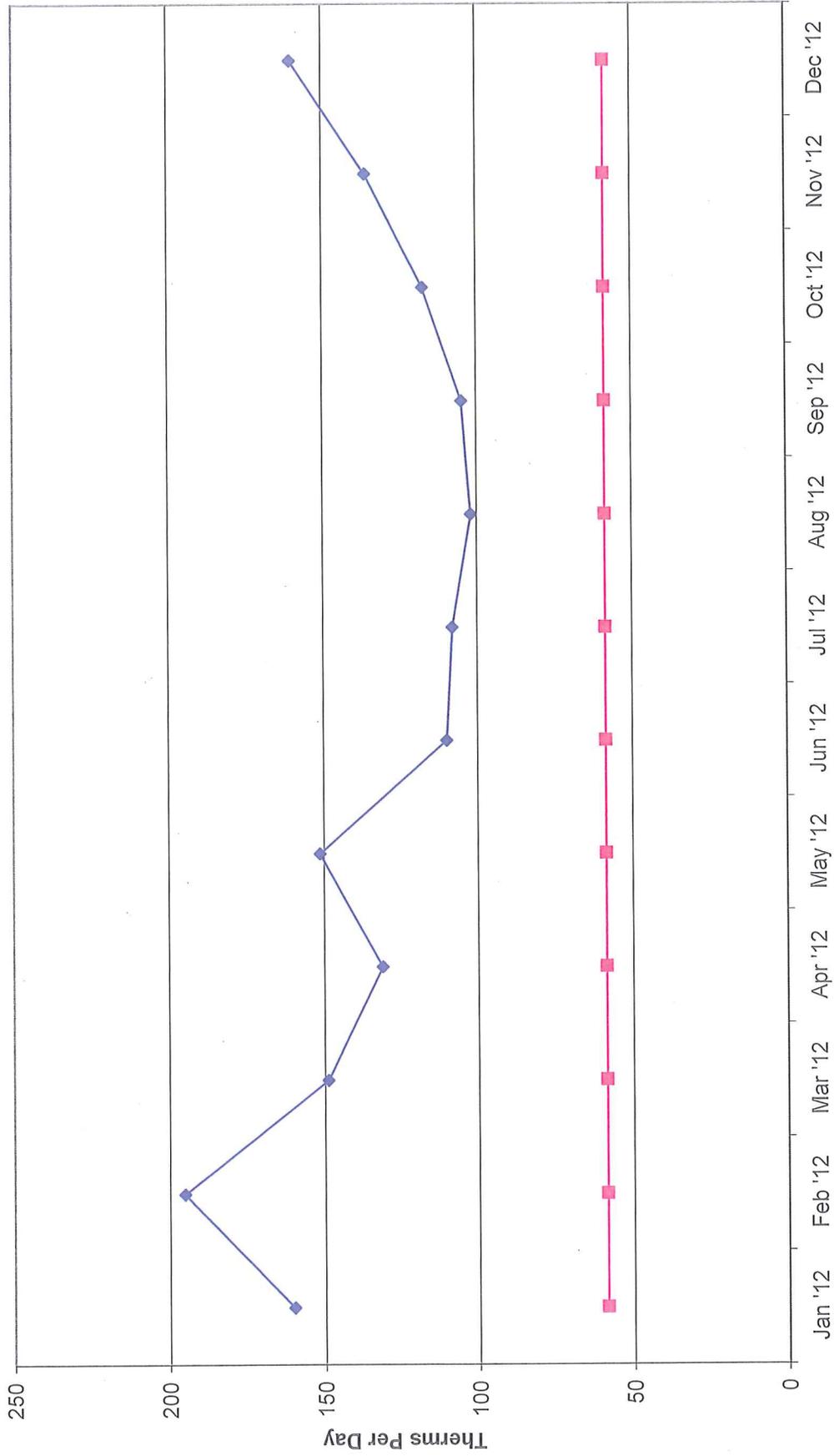
Energy kWh

◆ kWh
■ Cap



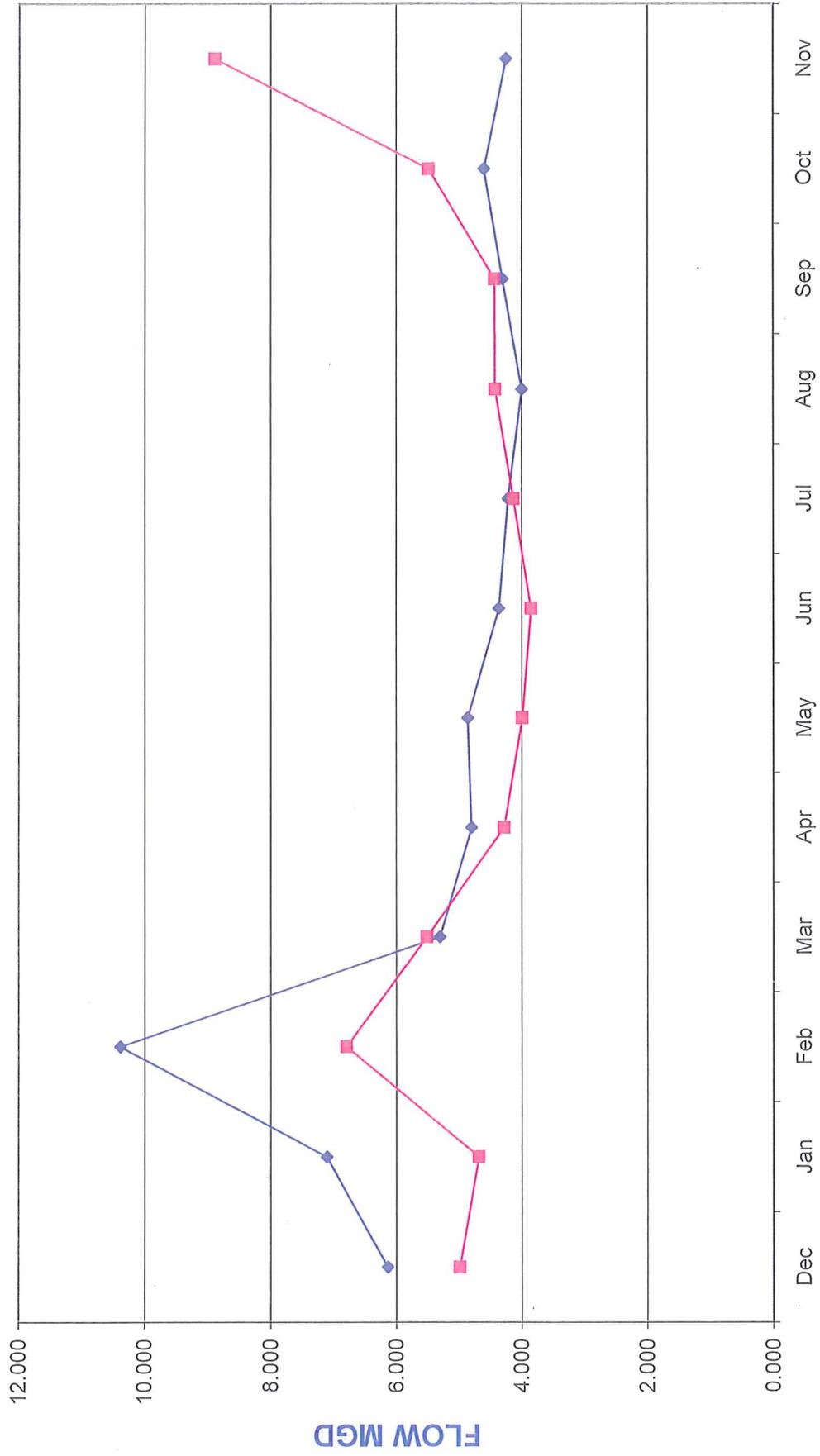
Natural Gas Use

◆ Natural Gas ■ Cap



FLOW COMPARISON

—◆— 2011 —■— 2012



WORK ORDER STATISTICS

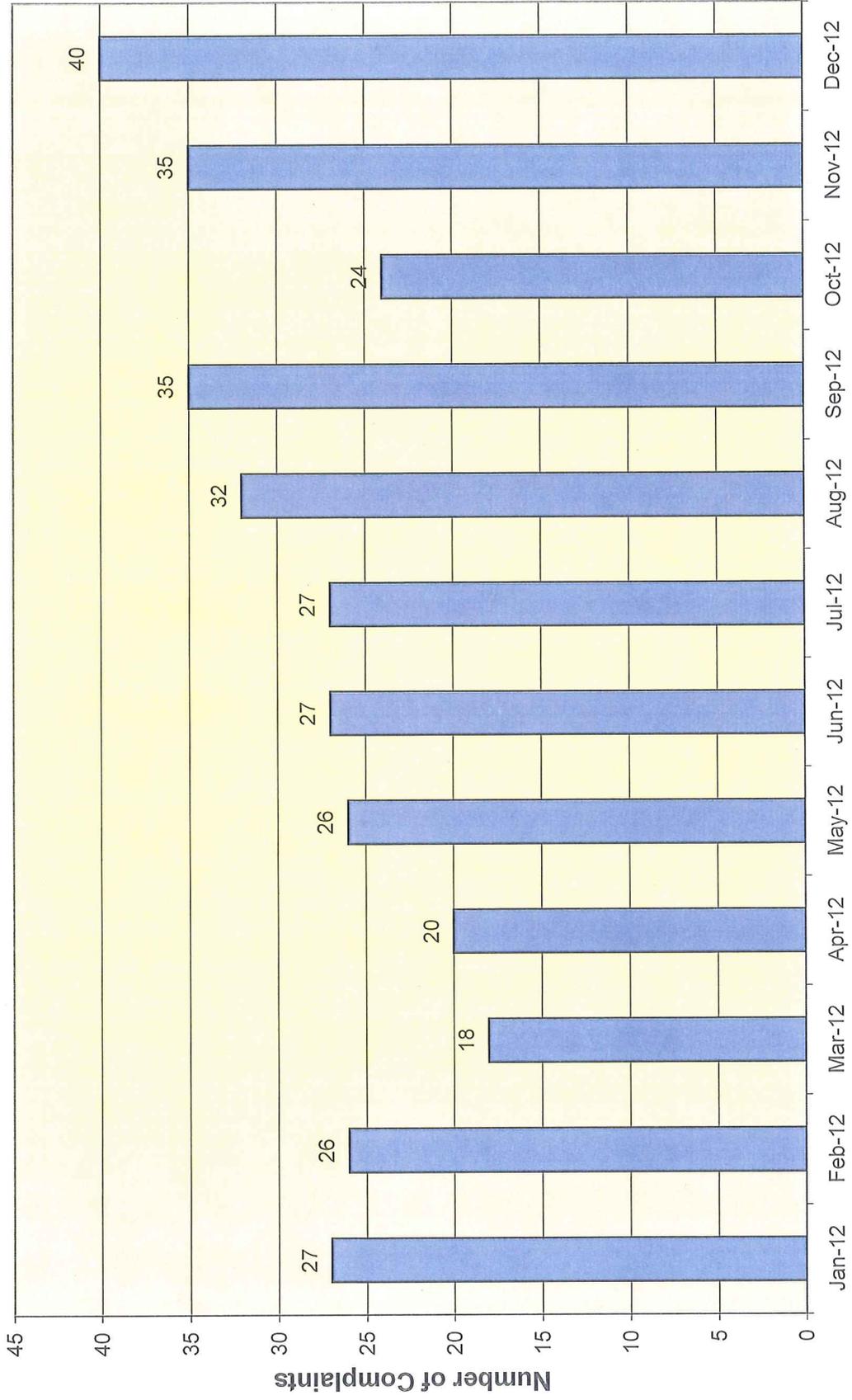
December 1, 2012 - December 31, 2012

	Open Work Orders Due Prior to 12/1/12	Open Work Orders 12/1/12 - 12/31/12	Total Open Work Orders
Preventative	2	272	274
Corrective	1	17	18
Total	3	289	292

	Closed Work Orders 12/1/12 - 12/31/12
Preventative	267
Corrective	13
Total	280

Total Outstanding Work Orders as of December 1, 2012	12
---	-----------

Complaints Received





January 14, 2012

Ms. Beverly James
Manager - Engineer
Novato Sanitary District
500 Davidson Street
Novato, CA 94545

Subject: Digester Cleaning Closeout Report

Dear Ms. James:

Attached you will find the *Closeout Report* for the recently completed digester cleaning project. An invoice for \$301,950 will be provided shortly. Additional costs water purchased from NMWD, dewatering, excavator for moving solids, etc were borne by Veolia.

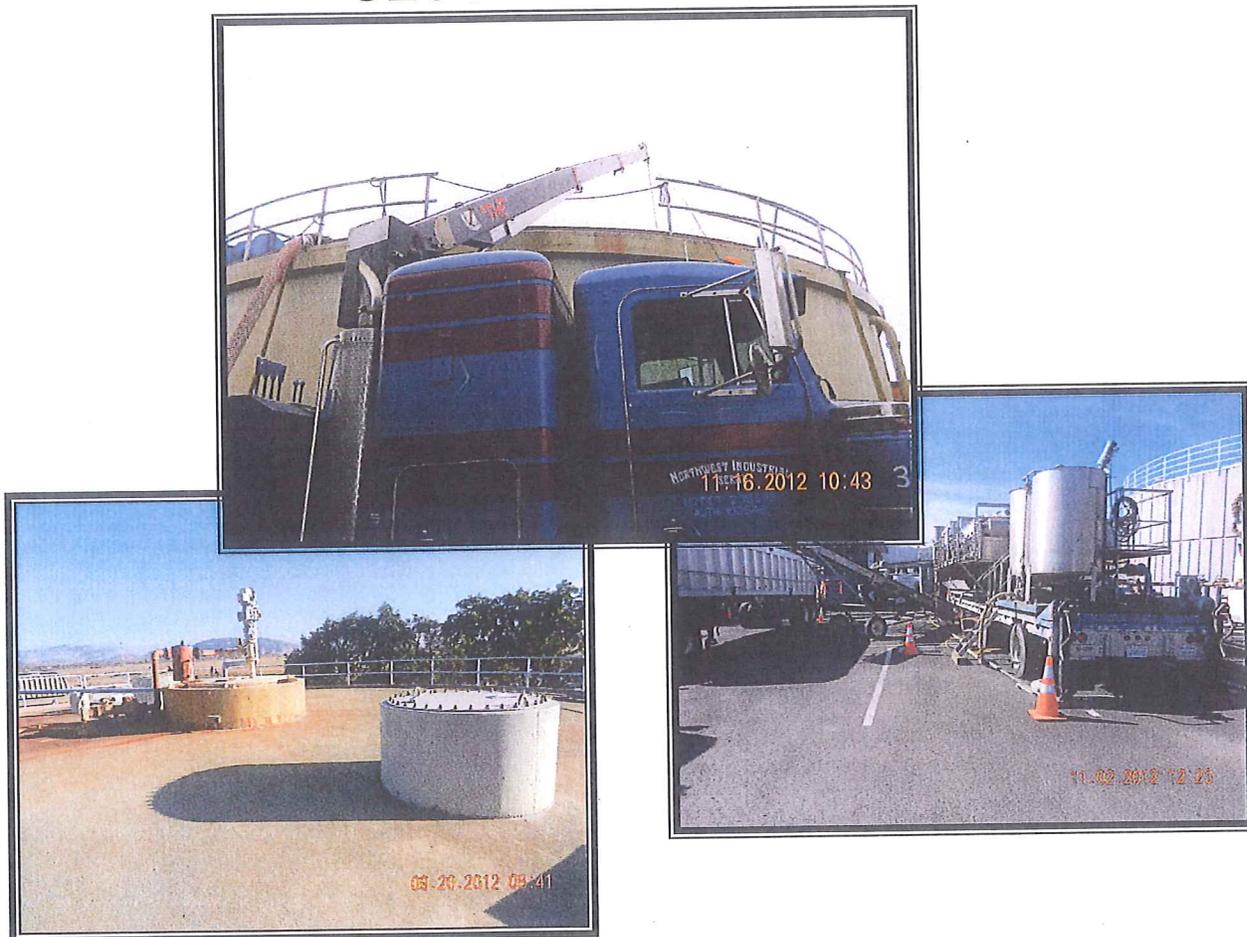
As always, please give me a call at 707-208-4491 should you have any questions.

Regards,

A handwritten signature in blue ink, appearing to read "John Bailey".

John Bailey
Project Manager

NOVATO SANITARY DISTRICT DIGESTER CLEANING PROJECT 2012 CLOSEOUT REPORT



Prepared by:

Veolia Water Operating Services
November, 2012

DIGESTER CLEANING PROJECT

Novato and Ignacio Wastewater Treatment Plants

SECTION 1 - BACKGROUND

On October 11, 2012 Veolia was hired by the Novato Sanitary District to clean two anaerobic digesters. One digester located at the Novato treatment plant site, 500 Davidson Street, will be evaluated (structurally), rehabilitated, and returned to service. The second digester located at the decommissioned Ignacio wastewater treatment plant has been removed from service and secured.

The primary subcontractor to Veolia was Synagro Technologies. Synagro partnered with North American Digester Cleaning inc. to complete the work.

SECTION 2 – PROJECT DESCRIPTION

Key project tasks included:

- removal of digester contents
- transportation / hauling contents to the designated reclamation site, either
 - dedicated land disposal (DLD) site, or
 - sludge lagoons
- cleaning the interior of the digester with high pressure water

SECTION 3 – APPROACH

Initially the project approach was to haul liquid sludge in tanker trucks directly to the dedicated land disposal site and/or sludge lagoons. This approach was selected as least disruptive to the treatment facility and would allow normal disposal of sludge to the DLD and/or sludge lagoons. A high concentration of rags, grit, and other debris prevented off loading of material from the tanker trucks after 112 loads. A belt filter press was used to complete the project (phase 2).

SECTION 4 – EXECUTION

All liquid material from the Novato digester hauled during the first phase (tanker hauling) was taken to the dedicated land disposal (DLD) site. Hauling to the DLD ceased at the end of work on October 30th. All sludge, either liquid or dewatered, hauled after October 30th was taken to sludge lagoon #1 (liquid) or sludge lagoon #5 (dewatered).

A total of 1,098,000 gallons of material was removed from the digesters.

Estimated contents

- Novato Digester – 572,000 gallons
- Ignacio Digester – 526,000 gallons

DIGESTER CLEANING PROJECT

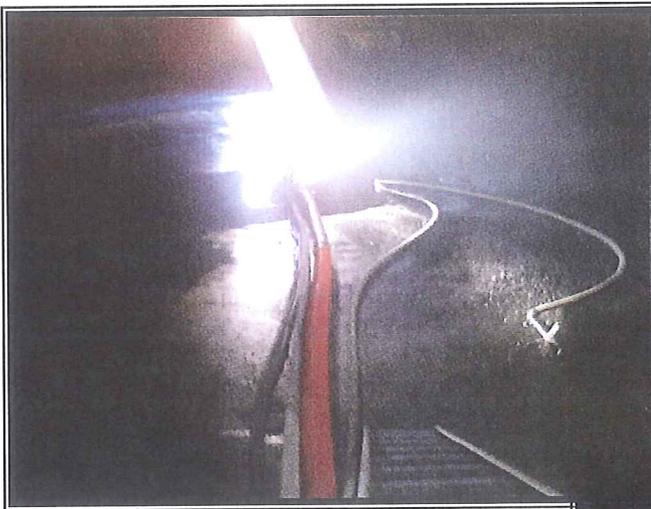
Novato and Ignacio Wastewater Treatment Plants

SECTION 5 – SCHEDULE

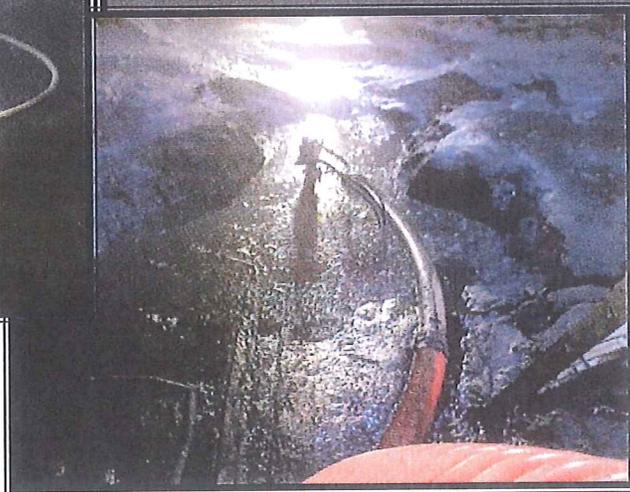
Due to jobsite constraints the digester cleaning project could not commence until work was complete on the Recycled Water Facility Project.

- September 27, 2012 - Initial regulatory notification to Bay Area Air Quality Management District (BAAQMD) and San Francisco Regional Water Quality Control Board (RWQCB) of intent to clean digester(s). Subsequent communications to BAAQMD and RWQCB throughout the project.
- October 7, 2012 - Novato Sanitary District Board approves Veolia proposal
- October 11, 2012 – Recycled Water Facility Dedication
- October 11, 2012 – Notification to neighborhood representative (Bob Guinan)
- October 11, 2012 – Contract signed between Veolia and NSD
- October 16, 2012 – Contractors mobilize
- October 18, 2012 – Work begins on Novato digester
- October 25, 2012 – Work begins on Ignacio digester
- November 26, 2012 – Work complete on both digesters
- November 26, 2012 – Notified BAAQMD and RWQCB of project completion.

Right – Belt press and semi transport at Novato site.



Novato digester during and after cleaning.



DIGESTER CLEANING PROJECT

Novato and Ignacio Wastewater Treatment Plants

SECTION 6 – COST SUMMARY

At its October 7, 2012 meeting, the District Board approved a proposal from Veolia in the not-to-exceed amount of \$311,950 to perform the cleaning of the two digesters, as "Additional Services" under Section 8 of the Contract Services Agreement between the District and Veolia. All work related to the digester cleaning was completed satisfactorily within this not to exceed amount. A detailed invoice will be submitted to the District.

On November 26, 2012 the digester cleaning project was complete. The digesters are free of sludge and debris, walls and floor have been scoured with high pressure water, and hatches at Ignacio reinstalled. Side hatches on the Novato digester were left off as the digester was due to undergo a structural inspection followed by rehabilitation. The area has been secured with barrier tape and employees advised of the hazards related to open hatches.

**Novato Sanitary District
Wastewater Operations Committee meeting
Collection System Operations Report
December 2012**

General:

For December 2012, after accounting for all leaves, the breakdown of Collection System department staff time, in terms of equivalent full-time employee (FTE) hours utilized, works out approximately as follows:

- 2.1 FTE field workers for Sewer Maintenance (main line cleaning)
- 1.6 FTE field workers for Pump Station Maintenance
- 0.3 FTE field workers for CCTV work, and
- 1.3 FTE field workers for time spent on data input, training, service calls, overflow response, or any other activity that does not directly relate to main line cleaning, CCTV work or pump station maintenance.

Collection System Maintenance:

A total of 51,331 feet of sewer pipelines were cleaned for the month. Staff completed 257 maintenance work orders generated by the ICOMMM3 CMMS system, with 13 outstanding work orders. The footage cleaned per hour, line cleaned/month, and outstanding work orders are within established parameters for the department. Graphs showing the length of line cleaned/month, footage cleaned/hour worked, along with the overflows/month are attached.

There were two significant storm events in December and the Collection system staff prepared extensively to meet them; examples of preparations included: staging generators at critical pump stations, checking trailer mounted generators and pumps to ensure proper operation, siting large-diameter hoses at critical locations for ease of access, and inspecting and/or cleaning known problem areas prior to the storm. These preparations also meant that staff efforts were directed away from normal maintenance for the better part of a week. These efforts were similar to those that were taken in November in preparation for these events.

The CCTV van was not operational for the majority of the month of December due to multiple mechanical/electrical problems with the unit. Due to these problems, the department's CCTV production for the month was below normal production goals.

Pump Station Maintenance:

The Collection System Department conducted 278 lift station inspections for the month of December, 2012, with 154 of the inspection visits generated through the JobCal Plus CMMS system.

The breakdown of these inspections is as follows: 22 Flygt submersible pump stations, 1 time per month, 7 Gorman/Rupp dry well/wet well stations, 1 entry per month, and 4

**Novato Sanitary District
Wastewater Operations Committee meeting
Collection System Operations Report
December 2012**

main stations that are visited daily. The number 2 pump at Marin Village was removed for inspection in December and is currently being repaired by Shape Inc.

A Collection Systems (Pump Stations) Work Order Statistics summary is attached.

Note: The JobCal Plus program is not only used for scheduling and tracking pump station related maintenance work orders, it is also used for ladder inspections, reclamation maintenance work orders, SCADA backup scheduling, and vehicle maintenance scheduling.

Pump Station Rehabilitation:

As part of the District's continuing multi-year Pump Station Rehabilitation Project (Capital Improvement Project No. 72403), construction started on BMK 10 pump station on December 10th, and control of that station along with the Hangar Ave pump station is the responsibility of the contractor, W.R. Forde, until the project is complete.

Safety and Training:

General: The Collection System crew attended weekly safety tailgate meetings.

Specialized training: No specialized training was conducted for the month of December.

Safety performance: Was excellent with no lost time accidents for a total of 655 accident-free days at the end of December 2012.

Standard Operating Procedures:

Due to the Holiday vacation schedule, SSO's, and storm events that occurred during the month of December the Collection System staff was unable to release the projected SOPs in draft format this month.

Sanitary Sewer Overflows (SSOs):

For the month of December 2012, there were three (3) SSO's.

No.	Date	Location	Amount, gal	Cause
1	12/10/2012	974 Bel Marin Keys Blvd.	81	Contractor Error*
2	12/19/2012	1227 Ridgeview Ct.	204	Root Intrusion
3	12/22/2012	451 Alameda del Prado	3,150	Root Intrusion

*pending further review.

**Novato Sanitary District
Wastewater Operations Committee meeting
Collection System Operations Report
December 2012**

SSO at 974 Bel Marin Keys Blvd: This SSO was a Category II event with the discharge volume fully contained in the street and gutter pan and 100 % recovery achieved by Collection System staff.

The discharge occurred when the contractor working on the pump station rehabilitation project (discussed above), W.R. Forde, was clearing the sewage out of the force main discharging from the BMK 10 pump station prior to taking control of the pump station for rehabilitation. The contractor used a combination of high pressure forced air and fresh water to clear the force main, with the combined mixture to be discharged at a downstream outfall manhole. Contractor personnel assumed a different manhole as the outfall manhole during this process, and did not discover the error until the task of clearing the force main had started. This incorrect assumption (and lack of monitoring of the correct manhole) resulted in the discharge of approximately 81 gallons of sewage to the street and gutter pan. The cause of this discharge was classified as contractor error, pending further review of any information to be provided by the contractor.

SSO at 1227 Ridgeview Ct: This SSO was a Category I event with the discharge volume entering the storm drain system, and from there into an unnamed creek feeding Scottsdale Pond. There was no recovery (0%) for this discharge due to the location of this discharge. This discharge was reported to the District by field crew from the North Marin Water District (NMWD).

This discharge was determined to be the result of a root blockage in the District main. The duration of this discharge was determined using residential and reporting party interviews. The volume of this event was estimated using a combination of: (a) the San Diego picture method, and (b) a chart from the NSD Overflow Response Plan that provides an estimate of the discharge vs. the observed height of the discharge above the pick-hole.

Cal EMA and Marin County Environmental Health Services (MCEHS) were notified within two (2) hours of District staff being notified of the discharge. Public Notification signs were posted (8 signs) in the unnamed creek at the direction of David Smail, MCEHS from 12/19/2012 to 12/24/2012. Due to the volume and location of this discharge and lack of acceptable sampling sites, no sampling was required by MCEHS.

This line segment had been on 24-month cleaning frequency, and was last cleaned on schedule on 5/4/2011 using the continuous rodder and as an ad hoc work order on 7/15/2011, using a hydro-flusher. The line segment was found to have heavy root intrusion during the rodder cleaning, and was made a candidate for rehabilitation at that time. This segment is currently scheduled for rehabilitation in FY12-13.

This SSO event was reported into the CIWQS database on 12/19/12 as a Category I event, SSO Event ID #789198 and was certified in CIWQS on 12/24/2012, Certification ID #999929.

**Novato Sanitary District
Wastewater Operations Committee meeting
Collection System Operations Report
December 2012**

SSO at 451 Alameda del Prado: This SSO was a Category I event with the discharge volume entering the storm drain system and from there into Arroyo de San Jose. There was no recovery (0%) for this discharge due to the severe storm event that was in progress when the discharge occurred.

This discharge was determined to be the result of a root blockage in the District main. The duration of this discharge was determined using reporting party interview. The volume of this event was estimated using a combination of: (a) the San Diego picture method, and (b) a chart from the NSD Overflow Response Plan that provides an estimate of the discharge vs. the observed height of the discharge above the pick-hole.

Cal EMA and Marin County Environmental Health Services (MCEHS) were notified within two (2) hours of District staff becoming aware of the discharge. Public Notification signs (10 signs) were posted in the Arroyo de San Jose at the direction of Armando Alegria, Marin County Environmental Health Services, (MCEHS) from 12/22/2012 to 12/26/2012. Due to the severe weather conditions at the time of this discharge, no sampling was required by MCEHS.

NSD personnel televised the affected sewer main line and found minor root intrusion at several of the joints in the line segment. It is possible that un-captured root debris from the two upstream line segments that had been previously cleaned on 12/10/2012 contributed to the cause of this overflow. This line segment was last cleaned on schedule on 11/19 /2012 using a hydro-flusher, and is on a 3 month cleaning frequency. The cleaning frequency for this main line section has not been changed due to this event and this line segment and the two line segments upstream from the discharge will be added to the Chemical Root Abatement Program for treatment in 2013. This event was reported into the CIWQS database on 12/22/2012 as a Category I event, SSO Event ID #789281 and was certified in CIWQS on 12/26/2012, Certification ID #138719.

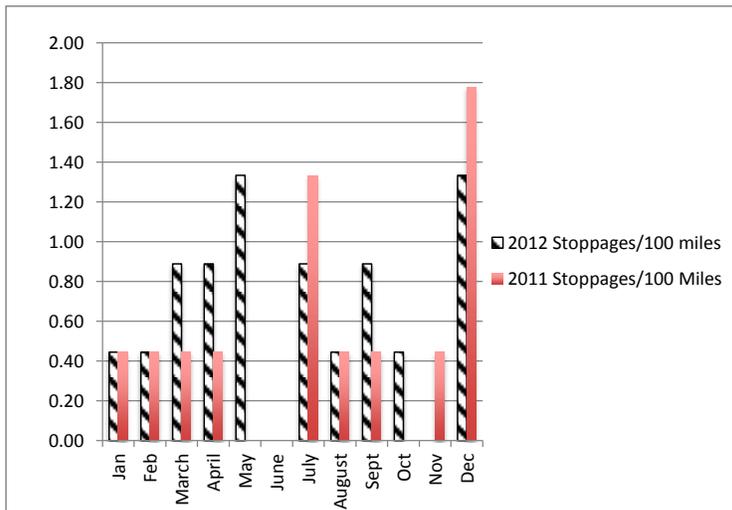
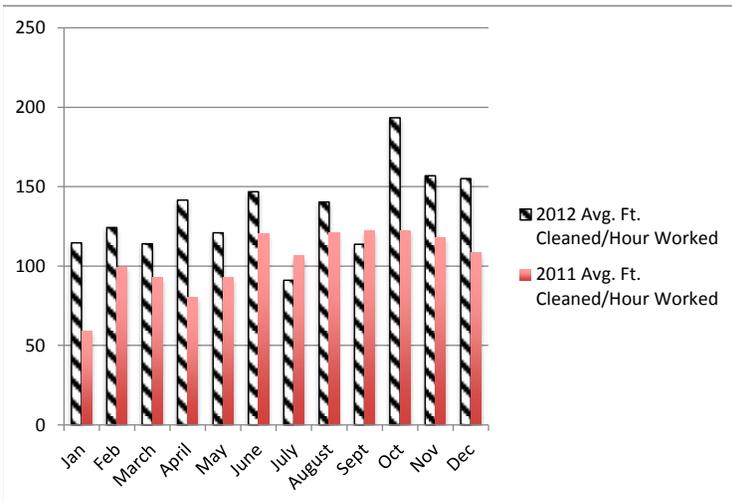
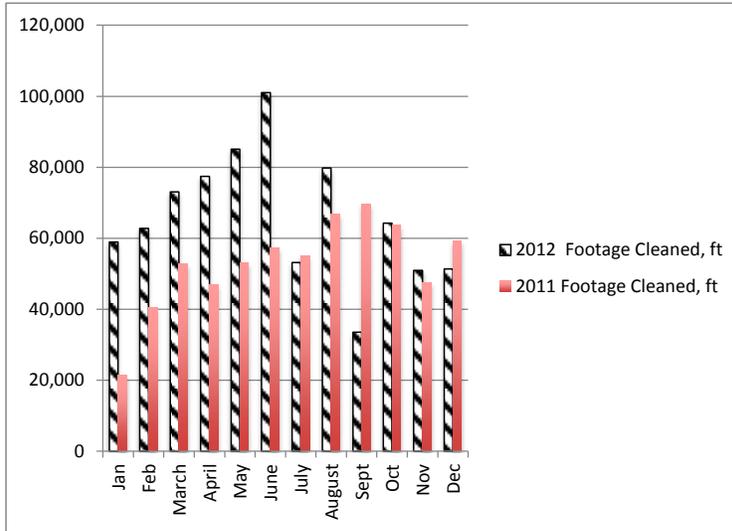
Novato Sanitary District
Collection System Monthly Report For 2012 (as of December 2012)

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
Employee Hours Worked	547	549	689	575	709	723	611	612	307	364	363	367	6,415	535
Number of FTEs (main line cleaning)	3.2	3.2	4.0	3.3	4.1	4.2	3.5	3.5	1.8	2.1	2.1	2.1	6,031	503
Regular Time Worked on Coll. Sys., hrs	514	505	640	547	703	688	584	569	295	332	325	331	6,031	503
Regular Time Worked on Other, hrs ⁽¹⁾	69	148	174	189	153	232	341	336	383	419	334	227	3,004	250
Regular Time Worked on CCTV ⁽²⁾	NA	NA	NA	NA	NA	NA	NA	NA	NA	104	96	51	251	84
Vacation/Sick Leave/Holiday, hrs	221	357	292	365	371	77	194	257	142	55	278	280	2,889	241
Overtime Worked on Coll. Sys., hrs	33	44	49	29	6	35	27	44	12	32	38	36	384	32
Overtime Worked on Other, hrs ⁽¹⁾	1	0	3	13	1	7	1	10	30	10	9	11	94	8
Overtime Worked on CCTV ⁽²⁾	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	0	0	0	0
After Hours Callouts, #	1	2	0	0	0	1	0	1	0	0	2	2	9	1
Service calls, normal hours, #	7	3	8	4	6	6	8	3	10	14	5	9	83	7
Average S.C. response time, mins	29	30	23	13	14	14	18	20	19	15	11	18	NA	19
Productivity														
Rodder Work Orders Generated, ft	16	18	3	54	92	75	56	13	10	24	13	40	414	35
Rodder 3203 Ft. Cleaned	1,626	1,064	708	10,369	12,117	12,886	8,995	3,071	2,936	2,920	2,353	7,583	66,628	5,552
Flusher Work Orders Generated	275	286	299	344	428	452	235	454	151	303	228	217	3,672	306
Truck 3205V Ft. Cleaned	7,667	23,744	0	2,364	2,125	0	6,892	24,699	6,366	10,305	1,257	1,282	86,701	7,225
Truck 3206V Ft. Cleaned	49,636	37,928	59,307	64,640	70,815	88,100	37,294	51,970	24,190	51,001	47,310	42,466	624,657	52,055
Camera Ft. Videoed	5,274	1,031	13,000	1,565	8,545	17,237	23,790	15,534	19,268	NA	6,503	2,473	114,220	10,384
Work Orders Completed	291	304	302	398	520	527	291	467	161	327	241	257	4,086	341
Work Orders backlog	14	42	67	41	27	28	16	0	0	10	6	13	264	22
Total Footage Cleaned	58,929	62,736	73,015	77,373	85,057	100,986	53,181	79,740	33,492	64,226	50,920	51,331	790,986	65,916
Stoppages	1	1	2	2	3	0	2	1	2	1	0	3	18	NA
Minor	0	1	2	2	3	0	1	1	0	0	0	1	11	NA
Major	1	0	0	0	0	0	1	0	2	1	0	2	7	NA
Overflow Gallons	75	26	398	316	68	0	3,385	5	14,184	2,900	0	3,435	24,792	NA
Volume Recovered	0	26	108	93	63	0	3,385	5	707	0	0	81	4,468	NA
Percent Recovered	0%	100%	27%	29%	93%	NA	100%	100%	5%	0%	NA	2%	18%	NA
Benchmarks														
Average Ft. Cleaned/Hour Worked	115	124	114	142	121	147	91	140	114	193	157	155	NA	134
Total Stoppages/100 Miles	0.4	0.4	0.9	0.9	1.3	0.0	0.9	0.4	0.9	0.4	0.0	1.3	8.0	NA
Average spill response time (mins)	8	9	20	20	28	0	14	60	17	28	NA	16	NA	20
Callouts/100 Miles	0.4	0.9	0.0	0.0	0.0	0.4	0.0	0	0	0	0	0	4.0	0.2
Overtime hours/100 Miles	15	20	22	13	3	16	12	19	5	14	17	16	171	14
Overflow Gallons/100 Miles	33	12	177	140	30	0	1504	2	6304	1289	0	1527	11019	918

⁽¹⁾This category includes time spent on: Data input, Training, Service Calls, Overflow Response, as well as any other activity that does not directly relate to main line cleaning or CCTV work.

⁽²⁾This category separates time spent on CCTV from other Collection System maintenance activities beginning October 2012 .

Collection System 2011-12 Graphs



Novato Sanitary District

Pump Station Monthly Report For 2012 (as of December 2012)

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
Employee Hours Worked	334	263	336	276	401	331	352	307	284	324	227	272	3,705	
Number of Employees	1.9	1.5	1.9	1.6	2.3	1.9	2.0	1.8	1.6	1.9	1.3	1.6		1.8
Regular Time Worked on Pump Sta	254	236	280	246	281	277	294	283	234	303	179	204	3,070	
Overtime Worked on Pump Sta	80	27	56	30	120	54	58	25	50	21	48	68	635	
After Hours Callouts	4	2	6	2	3	4	4	4	4	2	3	4	42	
Average Callout response time (mins)	23	25	38	27	34	22	24	23	35	25	40	36	352	29
Work Orders														
Number generated in month	114	154	112	105	119	119	130	123	119	141	188	154	1578	
Number closed in month	87	73	88	80	92	93	103	97	137	122	181	114		
Backlog	27	81	24	25	27	26	27	26	8	19	7	40		

**COLLECTION SYSTEM (Pump Stations)
WORK ORDER STATISTICS
December 1, 2012 - December 31, 2012**

	Open Work Orders Due Prior to 12/1/2012	Open Work Orders 12/1/2012 - 12/30/2012	Total Open Work Orders
Preventive	7	154	40
Corrective	NA	0	0
Total	0	154	154

	Closed Work Orders 12/1/2012 - 12/30/2012
Preventive	114
Corrective	NA
Total	114

Total Outstanding Work Orders as of 12/31/2012	40
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**NOVATO SANITARY DISTRICT
Wastewater Operations Committee Meeting
Reclamation Facilities Report
December 2012**

Summary:

The rancher worked on weed suppression around the sprinkler heads. Heavy rains flooded Site 2 so removed cattails out of drainage ditch to provide better drainage.

Ranch Operations:

There was minimal activity on ranch operation in December 2012. The majority of the activity carried out included the rancher being on site and carrying out weed inhibition and/or suppression activities around the sprinkler heads.

Irrigation Systems:

There were no irrigation activities on the Sites this month. Due to the heavy rains during the month, the majority of Site 2 was flooded. The flooding was exacerbated by off-site drainage ditches choked with cattails. Staff hired a contractor to clean out the cattails in the main drainage ditch through Site 3 that carries ditch water from Site 2 to the Drainage Pump Station on Site 3. This alleviated problems in the vicinity of the ditch in Site 3 but Site 2 is still slow to drain. This may be due to a Caltrans ditch that is choked with cattails that carries ditch water off of Site 2. Staff will monitor the situation and contact Caltrans as necessary.

Irrigation Pump Station:

As previously reported, the 400 HP motor for Pump 2 failed in July and staff has issued a purchase order for the work. This work will be completed before the start of irrigation season next spring.

Sludge Handling & Disposal:

There was no activity to report.

**NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY**

<p>TITLE: California Sanitation Risk Management Authority (CSRMA)</p>	<p>MEETING DATE: January 28, 2012</p> <p>AGENDA ITEM NO.: 7.b.</p>
<p>RECOMMENDED ACTION: None. Information only.</p>	
<p>SUMMARY AND DISCUSSION:</p> <p>Novato Sanitary District is a member of the CSRMA JPA for insurance coverage. The Manager-Engineer represents the District on the CSRMA Board of Directors, which met on Friday, January 18th. The Board received a presentation of the 11-12 Final Audit report. As noted in the attached copy, the auditor issued an unqualified opinion. CSRMA received a Certificate of Achievement in Financial Report for their 2011 report and will be applying for a certificate for the 2012 report.</p> <p>The CSRMA Board declared a dividend for the pooled liability program to return excess retained earnings to the members for the years up through 2006-07 of \$711,912. Novato Sanitary District's dividend is \$12,753.</p> <p>The CSRMA Risk Management Seminar highlighted Novato Sanitary District's wellness program. The seminar also addressed developing a plan to reduce the risk of force main failures, the results of a survey on staff turnover and strategies for filling vacancies, and proper preparation for and handling of workforce injuries.</p> <p>CSRMA recognized members with the lowest workers compensation loss records for the fiscal year 2011-12. Novato Sanitary District was awarded a Workers' Compensation Excellence Award for no lost time accidents.</p>	
<p>ALTERNATIVES: NA</p>	
<p>BUDGET INFORMATION: NA</p>	
<p>DEPT.MGR.:</p>	<p>MANAGER:</p>



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**Fiscal Year Ended June 30, 2012
State of California**

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

EXECUTIVE BOARD & OFFICERS

<u>Name</u>	<u>Office</u>	<u>Entity</u>
Russ Baggerly	President	Ojai Valley Sanitary District
Paul Bushee	Vice President	Leucadia Wastewater District
George Emerson	Secretary	Goleta Sanitary District
Kenneth Spray	Treasurer	Vallejo Sanitation & Flood Control District
Taylon Sortor	Member	Fairfield-Suisun Sewer District
Marcia Beals	Member	Tahoe Truckee Sanitation Agency
Zoanne Tafolla	Member	Vallejo Sanitation & Flood Control District
Tom Rosales	Member	South Orange County Wastewater Authority
Bert Michalczyk	Member	Dublin San Ramon Services District
Craig Murray	Member	Carpinteria Sanitary District

Office Address

c/o Alliant Insurance Services
100 Pine Street, 11th Floor
San Francisco, CA 94111

Report Prepared By The
Finance Department

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

For The Years Ended June 30, 2012 And 2011

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INTRODUCTORY SECTION

CSRMA California Sanitation Risk Management Authority

c/o ALLIANT INSURANCE SERVICES, INC
100 Pine Street, 11th Floor San Francisco, CA 94111

Insurance License No.: 0C36861
Tel: 415.403.1400 Fax: 415.402.0773

OFFICERS:

Russ Baggerly, *President*
805.646.5548
Paul Bushee, *Vice President*
760.274.2275

PAST PRESIDENTS:

Robert Reid
2006-2010
Kevin Hardy
2003-2006

November 5, 2012

Members of the Board of Directors
California Sanitation Risk Management Authority

Ladies and Gentlemen:

Attached is the Comprehensive Annual Financial Report of the California Sanitation Risk Management Authority (CSRMA) for your review and consideration. The Report is prepared by our staff, and CSRMA takes full responsibility for the accuracy, completeness, disclosure, and fairness of the data presented. We believe the data, as presented, is materially accurate in all respects, and allows the reader to gain a maximum understanding of CSRMA's financial picture.

James Marta & Company has audited CSRMA's financial statements. They concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that CSRMA's financial statements for the fiscal year ended June 30, 2012, are fairly presented, and in conformity with Generally Accepted Accounting Principles.

Profile

In 1986 a looming crisis in obtaining insurance coverage led a group of wastewater utilities in the San Francisco Bay Area to look at alternative ways to address the exposures common to their agencies. From that limited and experimental starting point CSRMA, a Joint Powers Authority was formed and today has 60 member agencies statewide. Members participate in some or all of CSRMA's coverage and risk management programs at their discretion, and in conformance with CSRMA's rules regulating participation. The primary purpose of CSRMA, as a risk management authority, is to provide financial protection to its members when damage to their assets, or covered third party liability claims against them arise.

Assessing CSRMA's Financial Condition

As a jointly owned and jointly governed organization, members have a direct stake in the efficient operation and financial performance of CSRMA. Funding of the JPA is predominantly dependent upon claim activity. While insurance / reinsurance coverage is an important aspect of the JPA's cost structure, the pricing of such coverage is largely dependent upon prevailing market conditions. Risk control efforts and program administration costs comprise the third category of JPA expenses. Policies, procedures and day to day practices among members that are uniform and consistent greatly benefits CSRMA and the membership as a whole. The greatest challenge of CSRMA is to identify member risks at their source and develop risk control techniques to reduce or eliminate those risks.

Through long range planning and strong committee participation, many new initiatives arise that when implemented benefit individual programs, members, and CSRMA as a whole. Examples include, a standardized sewer backup policy-procedure, a revised investment strategy for long term reserve investments, a program for revenue enhancement through licensing access to CSRMA owned web-based training, review and update of major program documents, and consideration of new programs and services. Effective management of a pooled insurance authority for the benefit of all concerned is both active and dynamic.

Membership

Membership is limited to public entities with substantial wastewater operations. The Authority is governed by a Board of Directors. Each member agency is entitled to participate and have a representative on the Board of Directors. An Executive Board comprised of appointed Board members conducts, directs and supervises the JPA staff that runs the day-to-day business of the Authority.

Programs and Services

CSRMA has an agreement with Alliant Insurance Services, Inc. (San Francisco) to administer the Authority and to provide insurance brokerage and risk management services, including safety and risk control. The Authority has separate agreements in effect with Carl Warren & Co. for handling all general liability claims, and with York Insurance Services for handling workers' compensation claims. CSRMA has several other contracts for general legal services, workers' compensation consulting services, employment practices consulting and legal services, actuarial services, audit services and website services. In addition to a full board of directors of its members, the governance and oversight of CSRMA is handled by the aforementioned Executive Board and four standing committees: Officers, Finance, Liability Program, and Workers Compensation Program. Committees are generally staffed by employees of the members, or others connected to the members, such as elected officials. Members of the Executive Board are elected by the Board for two year terms, and Committee members are appointed by the president.

Risk Control Services

CSRMA provides a number of leading edge risk control services for its members. The heart of the system is a web-based platform that was custom built and designed for member agencies and their needs. "CSRMA Risk Control Online" offers an employee training management system to help agencies comply with Cal/OSHA training requirements, wastewater specific utility worker training, an ergonomic evaluation program, sewer backup response and claims handling, contractor safety program builder, and more. The other main venue for risk control is on-location training provided at various member agencies as well as in conjunction with three annual conferences of the California Association of Sanitation Agencies (CASA). In addition member agencies are each scheduled for onsite loss control audits with follow-up reports that describe potential exposures found, and gives specific recommendations to mitigate exposures. Other notable risk control services provided to members include an "Employment Practices Hotline" where authorized agency personnel can get free consultation with legal experts on employment liability issues.

Shared Risk Programs

CSRMA members can choose to participate in two different risk pool programs: the Pooled Liability Program and the Workers' Compensation Program. These programs are an alternative to traditional commercial insurance, in that they are member owned and operated. Interest earning funds are placed on deposit with the Authority where they are used to pay members' claims and related expenses. Funds not spent or reserved are refunded to members through retrospective rating adjustments and dividend payments. The Pooled Liability Program provides members with third party liability coverage specifically designed to meet the exposures faced by the wastewater industry. Coverages include general liability, automobile liability, employment practices liability, and public entity errors and omissions liability. The Workers' Compensation Program provides State mandated benefits to injured employees of member agencies.

Group Purchase Programs

CSRMA Group Purchase Programs provide member agencies the benefit of buying power while assuring their special needs will be addressed. The Property Program provides “All Risk” property and boiler & machinery insurance. The Primary Insurance Program buys traditional liability insurance coverage for members who do not choose to participate in the Pooled Liability Program. Several other smaller insurance programs are provided for specialized needs of members. The Vehicle Physical Damage Program provides “all risk” property (physical damage) coverage for private passenger vehicles, light trucks and high valued specialized vehicles such as vactor trucks. The Storage Tank Program furnishes members with third party pollution legal, liability and clean-up for above and below ground storage tanks. The Commercial Crime Program provides public employee dishonesty coverage. Additional coverages include forgery, theft, disappearance of money and securities, and computer fraud. The Pollution and Remediation Legal Liability Program provides coverage for environmental exposures unique to the wastewater industry.

Budget Process

The budget process begins four months prior to the start of a new budget cycle. The Program Administrators prepare a draft budget, and finalize the draft working in coordination with the Finance Committee and Executive Board. For the budget, the program administrators take into account past history as well as any known conditions, trends, or circumstances that may be applicable to any particular program or situation. Part of this process is to develop the best possible projection of final amounts of revenues and expenses of the current year for use, at a minimum, as an initial foundation for the next budget year. When a draft budget is complete after Finance Committee and Executive Board review, a proposed budget is submitted to the Board of Directors for their review and approval. Upon approval, the budget becomes adopted.

The Board of Directors receives the proposed budget in April/May of each year. This is to ensure a budget is in place prior to the start of the new fiscal year beginning July 1. A requirement of the California Government Code is for the governing body of public entities to annually adopt an investment policy that must meet certain requirements. For this reason, the CSRMA investment policy is included within this budget packet for approval prior to the start of each fiscal year.

Revenue / Funding

Pooled program funding – funding for the risk assumed by the pool, in the form of pooled deposits for both the liability and workers’ compensation programs is actuarially determined, and the JPA funds each new year for its expected “ultimate net loss” at the 70% confidence level. Within the pooling community this is thought to be a conservative position, but not overly so (Insurance companies generally fund to a 50% to 55% confidence level). Each year of coverage, called a “Program Year” is funded and accounted for separately from other years of coverage. Charges for expected administration and insurance costs are added to actuarial projections to determine total Program Year costs.

Fully insured program funding – the primary insurance (PIP) and property programs are fully insured (excepting member deductibles) by commercial insurers, and are funded essentially on a cost reimbursement basis. Costs include the cost of insurance premiums to third party insurers together with the cost of program administration.

Investment

The Board has adopted an Investment Policy governing CSRMA’s investments. CSRMA joined the California Asset Management Program (CAMP) in 2004 and has invested \$15,000,000 in short-term notes. The remaining funds are invested in the California State Treasurer, Local Agency Investment Fund (LAIF).

Dividends / Retrospective Rating Adjustments

The shared risk (pooling) programs are an alternative to traditional commercial insurance, in that they are member owned and operated, meaning that the participants share in both the costs and benefits if actual losses turn out to be higher or lower than projected. Interest earning funds are placed on deposit with CSRMA where they are used to pay members' claims and related expenses. Funds not spent or reserved are refunded to members through retrospective rating adjustments and dividend payments.

Retrospective rating adjustments – retrospective rating adjustments are adjustments made to member deposits (“premium”) that may occur, either up or down, shortly after the expiration of a program year due to the actual cost of claims, and credits or debits for the adjustments are reflected on member renewal invoices.

Dividends – the Board may declare dividends for each of the pooled programs not sooner than five years after the expiration of a Program Year, at which point it is believed that most claim values have become known. Dividends are a return of pooled deposits in excess of the ultimate cost of known claims.

Conclusion

By learning to better manage risk and reduce exposure, the members of CSRMA are sharing in our common goal to provide wastewater services to the public as safely and cost-effectively as possible. For more information regarding the current fiscal year, please see Management’s Discussion and Analysis on page 3 of this report.

Accreditation and Acknowledgments

CSRMA as a risk management authority is fully accredited by the California Association of Joint Powers Authorities, CAJPA. Such accreditation validates the soundness of CSRMA practices. The accreditation program was established as a model of professional standards which serve as a guideline for all risk management pools regardless of size, scope of operation, or membership structure.

We would like to extend a special thank you to the Executive Board, Officers and Finance Committee for their hard work and dedication to make this report possible.

Respectfully submitted,

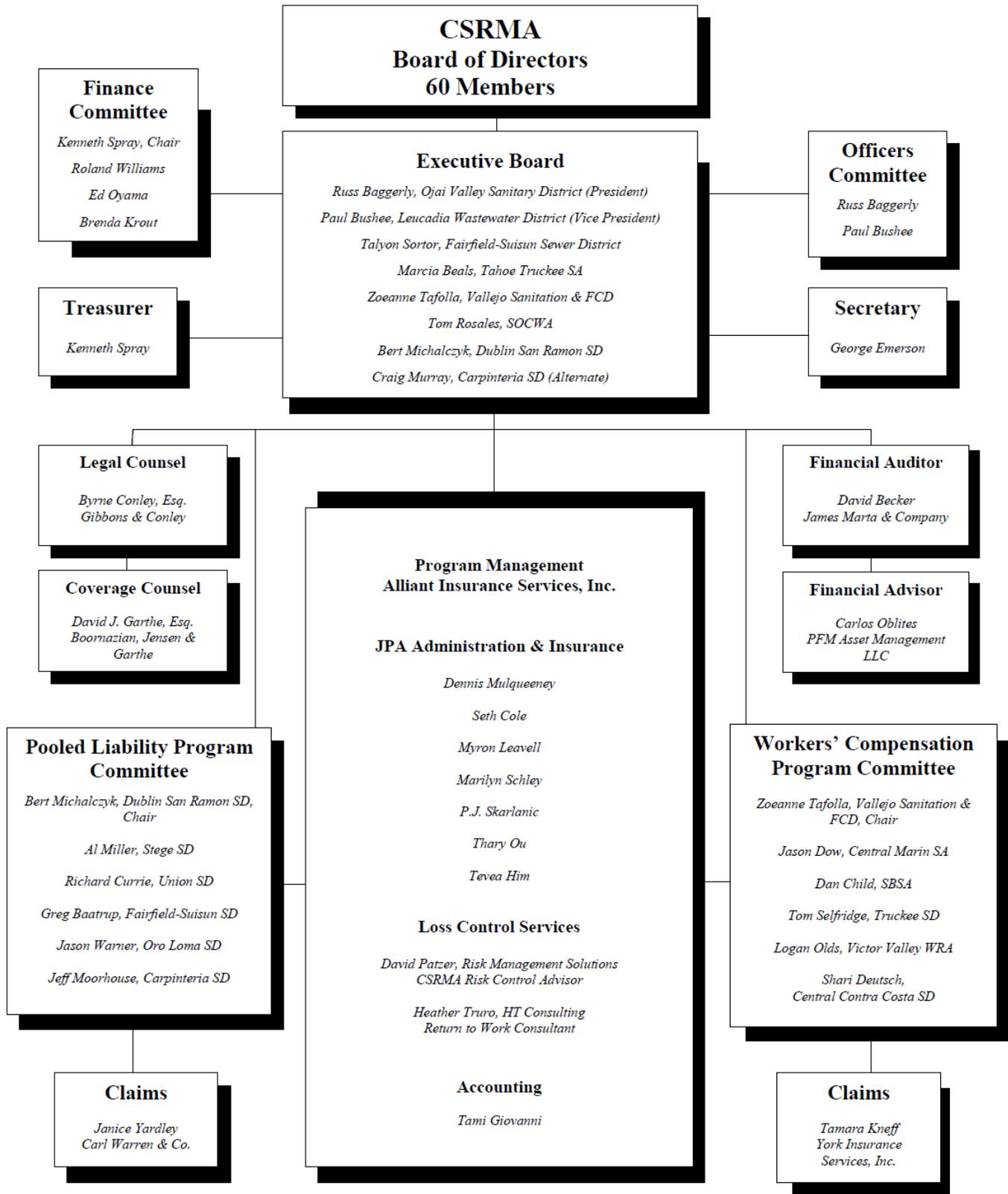


Russ Baggerly
President of the Board



Kenneth Spray
Treasurer

CSRMA ORGANIZATION CHART





Mission Statement

OUR MISSION

The California Sanitation Risk Management Authority provides broad coverage and risk management services to its members.

OUR VISION

To sustain cutting edge service and value that fulfills our member's long term needs.

OUR VALUES

- *Protecting public resources through reducing risk of loss*
- *Creative, dynamic, and participative program management*
- *Responsible financial position at reasonable cost*
- *Unique industry specialization that is flexible and adaptable to change*
- *Commitment to member satisfaction, equity and fairness*

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY JURISDICTION MAP



- Bayshore Sanitary District
- Byron Sanitary District
- Carmel Area Wastewater District
- Carpinteria Sanitary District
- Castro Valley Sanitary District
- Central Contra Costa Sanitary District
- Central Marin Sanitation Agency
- Chino Basin Desalter Authority
- County Sanitation District No. 2-3 of Santa Clara County
- Crockett Community Services District
- Cupertino Sanitary District
- Delta Diablo Sanitation Dist.
- Dublin San Ramon Services District
- East Bay Dischargers Authority
- Encina Wastewater Authority
- Fairfield-Suisun Sewer District
- Goleta Sanitary District
- Goleta West Sanitary District
- Inland Empire Utilities Agency
- Ironhouse Sanitary District
- Lake Arrowhead Community Services District
- Las Gallinas Valley Sanitary
- Leucadia Wastewater District
- Montara Water & Sanitary District
- Montecito Sanitary District
- Monterey Regional W.P.C.A.
- Mt. View Sanitary District
- Napa Sanitation District
- North of River Sanitary District
- Novato Sanitary District
- Oceana Marin Sewer Imp. District
- Ojai Valley Sanitary District
- Oro Loma Sanitary District
- Richardson Bay Sanitary District (SASM)
- Rodeo Sanitary District
- San Elijo Joint Powers Authority
- San Rafael Sanitation District
- Sanitary District No. 1 of Marin County
- Sanitary District No. 5 of Marin County
- Santa Margarita Water District
- Sausalito-Marín City Sanitary District
- Selma-Kingsburg-Fowler County S.D.
- Sewer Authority Mid-Coastside
- Sewerage Agency Of Southern Marin
- South Bayside System Authority
- South Orange County Wastewater Authority
- South Tahoe Public Utilities District
- Stege Sanitary District
- Tahoe-Truckee Sanitation Agency
- Triunfo County Sanitation District
- Truckee Sanitary District
- Union Sanitary District
- Vallejo Sanitation & Flood C.D.
- Valley Sanitary District
- Ventura Regional Sanitation District
- Victor Valley Wastewater Recl. Auth.
- West Bay Sanitary District
- West County Wastewater District
- West Valley S.D. of Santa Clara County
- Western Riverside County R.W.A.





CALIFORNIA ASSOCIATION OF
JOINT POWERS AUTHORITIES

*It is the purpose of this organization to give professional recognition
to properly qualified self-insurance pools.*

*THEREFORE, the Board of Directors of the
California Association of Joint Powers Authorities,
has conferred upon*

California Sanitation Risk Management Authority (CSRMA)

this

CERTIFICATE OF ACCREDITATION

having fulfilled the conditions of eligibility as prescribed by the Association for Accreditation.



Accreditation Period: May 15, 2010 – May 15, 2013

Janet Selby
President

Michael Fleming
Chairman, Accreditation Committee

James P. Martz
Accreditation Program Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

California Sanitation Risk Management Authority California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

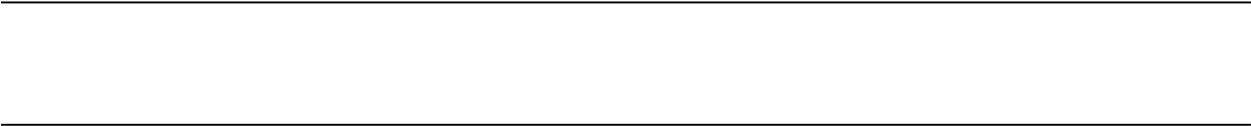


Linda C. Danison

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2012 AND 2011**

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

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James Marta & Company

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Sanitation Risk Management Authority
San Francisco, California

We have audited the accompanying Statement of Net Assets of California Sanitation Risk Management Authority (“the Authority”) as of June 30, 2012 and 2011, and the related Statements of Revenues, Expenses and Changes in Net Assets and Cash Flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller of the United States and the State Controller’s Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Sanitation Risk Management Authority as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller’s Office and state regulations governing special districts.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2012 on our consideration of the Authority’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 - 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Reconciliation of Claims Liabilities by Type of Contract and Claims Development Information are not required parts of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. The Combining Statement of Net Assets and Combining Statement of Revenues, Expenses and Changes in Net Assets and Graphical Presentation of Claims is provided for purposes of additional analysis and are not required parts of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "James Marta & Company". The signature is written in a cursive, flowing style.

James Marta & Company
Certified Public Accountants
November 5, 2012

CSRMA California Sanitation Risk Management Authority



c/o ALLIANT INSURANCE SERVICES, INC
100 Pine Street, 11th Floor San Francisco, CA 94111

Insurance License No.: UC36861
Tel: 415.403.1400 Fax: 415.402.0773

OFFICERS:

Russ Baggerly, *President*
805.646.5548
Paul Bushee, *Vice President*
760.274.2275

PAST PRESIDENTS:

Robert Reid
2006-2010
Kevin Hardy
2003-2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Discussion

Since April 1986, the California Sanitation Risk Management Authority (CSRMA), a Joint Powers Authority (JPA), has provided financial protection to its membership which is comprised mainly of water and wastewater special districts within the State of California. CSRMA operates risk management and coverage programs for the Liability, Workers' Compensation, and Property risks associated with member operations.

CSRMA is governed by a Board of Directors comprised of representatives from each of its members. The Board of Directors elects a President, Vice President and Executive Board. The Boards and various Committees oversee the operations of the JPA including rating, dividend, and loss control plans, as well as other activities in accordance with the JPA Agreement, Bylaws, and Board adopted policies and procedures.

CSRMA's day-to-day operations are, and have always been managed by a third party. Alliant Insurance Services, Inc. currently manages the JPA, and is responsible for implementing the organizations' objectives in accordance with the JPA's aforementioned organizational documents, and in accordance with direction provided by the Board of Directors, its Officers, the Executive Board, and various operational Committees. Since CSRMA has never had employees, it has no post employment obligations.

Description of Basic Financial Statements

Individual program accounting is maintained for each program of the JPA and is provided as supplemental information to the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. The Statement of Net Assets provides information about the combined financial position of CSRMA as of June 30, 2012 and 2011. The Statement of Revenues, Expenses and Changes in Net Assets reports the operations of the organization for the years ended June 30, 2012 and 2011. The Statement of Cash Flows is presented on the direct method to reflect the operations of CSRMA for the years ended June 30, 2012 and 2011 based strictly on the inflow and outflow of cash.

The footnotes provide information on unique accounting policies of CSRMA, such as discounting of claims reserves, development of estimates of incurred but not reported liabilities and the provision for unallocated loss adjustment expenses. There were no significant changes in the accounting practices of CSRMA during the fiscal year.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Analysis of Overall Financial Position and Results of Operations

Statement of Revenues, Expenses and Change in Net Assets Fiscal Year 2010-2011 vs. Fiscal Year 2011-2012

	Revenues and Expenses			
	Fiscal Year 2010-11 vs. Fiscal Year 2011-12			
	2010-11	2011-12	\$ Change	% Change
Operating revenues				
Member contributions	\$9,270,277	\$9,096,562	(173,715)	-2%
Retrospective contributions	(\$695,405)	(\$1,978,023)	(1,282,618)	184%
Member fees	\$1,196,189	\$1,215,173	18,984	2%
Other income	\$72,250	\$72,750	500	1%
<i>Total Operating Revenues</i>	<i>\$9,843,311</i>	<i>\$8,406,462</i>	<i>(1,436,849)</i>	<i>-15%</i>
Investment income	511,818	472,648	(39,170)	-8%
Total Revenues	<u>10,355,129</u>	<u>8,879,110</u>	<u>(1,476,019)</u>	<u>-14%</u>
Operating expenses	7,470,948	12,316,565	4,845,617	65%
General and administrative expenses	<u>151,453</u>	<u>144,432</u>	<u>(7,021)</u>	<u>-5%</u>
Total Expenses	<u>7,622,401</u>	<u>12,460,997</u>	<u>4,838,596</u>	<u>63%</u>
Change in Net Assets	<u>\$2,732,728</u>	<u>(\$3,581,887)</u>	<u>(\$6,314,615)</u>	<u>-231%</u>

Revenues are collected on the basis of recovering the costs of actual expenses incurred as well as an applicable provision for claim expenses that are actuarially incurred, but not reported.

Total revenues were down from the prior period primarily due to an increase in retrospective rating adjustments credited to member invoices. Operating expenses were up significantly due to an increase in the provision for unpaid claims and claims adjustment expenses, primarily in the Workers' Compensation Program.

Projections of the ultimate value of outstanding claims associated with the Pooled Liability and Workers' Compensation Programs is the largest single category of liabilities, and payments made from this liability is the single biggest expense item. It is from this projected liability that member contribution rates are set, and from which the asset base of CSRMA is largely derived. The outstanding liability represents both claims reserves for claims that have been reported, the unknown development on these claims, and the liability associated with claims that have been incurred, but not yet reported (IBNR) to either the membership or the Authority itself.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Statement of Revenues, Expenses and Change in Net Assets Fiscal Year 2009-2010 vs. Fiscal Year 2010-2011

	Revenues and Expenses			
	Fiscal Year 2009-10 vs. Fiscal Year 2010-2011			
	2009-10	2010-11	\$ Change	% Change
Operating revenues				
Member contributions	9,177,704	\$9,270,277	92,573	1%
Retrospective contributions	(\$551,044)	(\$695,405)	(144,361)	26%
Member fees	1,179,606	\$1,196,189	16,583	1%
Other income	73,475	\$72,250	(1,225)	-2%
<i>Total Operating Revenues</i>	<i>\$9,879,741</i>	<i>\$9,843,311</i>	<i>(\$36,430)</i>	<i>0%</i>
Investment income	756,248	511,818	(244,430)	-32%
Total Revenues	10,635,989	10,355,129	(280,860)	-3%
Operating expenses	11,777,318	7,470,948	(4,306,370)	-37%
General and administrative expenses	149,616	151,453	1,837	1%
Total Expenses	11,926,934	7,622,401	(4,304,533)	-36%
Change in Net Assets	(\$1,290,945)	\$2,732,728	\$4,023,673	312%

Total revenues were down slightly from the prior period primarily due to lower investment income. Operating expenses were down significantly due to a reduction in the provision for unpaid claims and claims adjustment expenses.

Statement of Net Assets Fiscal Year 2010-2011 vs. Fiscal Year 2011-2012

	Financial Summary			
	Fiscal Year 2010-11 vs. Fiscal Year 2011-12			
	2010-11	2011-12	\$ Change	% Change
Total Assets	\$31,453,997	\$30,047,691	(\$1,406,306)	-4%
Current liabilities	5,633,704	5,317,605	(\$316,099)	-6%
Non-current liabilities	9,900,180	12,391,860	\$2,491,680	25%
Total Liabilities	15,533,884	17,709,465	\$2,175,581	14%
Net Assets	\$15,920,113	\$12,338,226	(\$3,581,887)	-22%

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Claim reserve amounts are set by the JPA's third party claims adjusters who are contractually obligated to administer and resolve member claims. Essentially, reserves are the expected amount to be paid on an open claim over time based on the professional judgment of the adjuster who is familiar with the facts surrounding specific claims. IBNR is a liability carried by the JPA to ensure that funds are available to pay for potential adverse development on these "known" claims, and for claims that have been incurred but not yet reported to either the membership or the Authority.

CSRMA engages an actuary to project its unknown liabilities for its Pooled Liability and Workers' Compensation Programs. The actuary uses standard methods of actuarial science to make these projections. Such methods take into consideration historical claims data, industry trends, open case reserves and expected interest rate levels. Actuarial studies are conducted at regular intervals and are reviewed by Committees of the Board of Directors. During the fiscal year ended June 30, 2012, there were changes in actuarial projections used in connection with the provision for unpaid claims and claim adjustment expenses. These changes resulted in an increase in the expected ultimate value of insured claims, primarily in the Workers' Compensation Program and the corresponding liability for unpaid claims and claim adjustment expenses. It is from the actuarial projections that rates are set for the membership, which then results in the assets of the organization which are used to pay claims and administrative expenses.

The total assets of CSRMA decreased by approximately \$1.4 million or 4% from June 30, 2011 to June 30, 2012 due primarily to dividends declared during the current fiscal year. Approximately \$2.3 million in dividends were declared from equity in the Pooled Liability and Workers' Compensation Programs. Net assets decreased by approximately \$3.5 million largely a result of an increase in the provision for unpaid claims and claims adjustment expense.

The Authority invests its cash, which is not immediately needed to pay claims, in accordance with a Board adopted policy and procedure. Funds are invested in the California Local Agency Investment Fund (LAIF) and in the California Asset Management Program (CAMP) and Public Financial Management (PFM) portfolios. On June 30, 2011 and 2012, our non LAIF investments, including accrued interest, were valued at \$18,315,604 and \$18,662,615 respectively.

Statement of Net Assets Fiscal Year 2009-2010 vs. Fiscal Year 2010-2011

	Financial Summary			
	Fiscal Year 2009-10 vs. Fiscal Year 2010-2011			
	<u>2009-10</u>	<u>2010-11</u>	<u>\$ Change</u>	<u>% Change</u>
Total Assets	<u>\$30,183,457</u>	<u>\$31,453,997</u>	<u>\$1,270,540</u>	<u>4%</u>
Current liabilities	6,344,639	5,633,704	(\$710,935)	-11%
Non-current liabilities	<u>10,651,433</u>	<u>9,900,180</u>	<u>(\$751,253)</u>	<u>-7%</u>
Total Liabilities	<u>16,996,072</u>	<u>15,533,884</u>	<u>(\$1,462,188)</u>	<u>-9%</u>
Net Assets	<u>\$13,187,385</u>	<u>\$15,920,113</u>	<u>\$2,732,728</u>	<u>21%</u>

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2012

The total assets of CSRMA increased by approximately \$1.3 million or 4% from June 30, 2010 to June 30, 2011 due primarily to an increase cash and cash equivalents and investments. The increase in cash and cash equivalents is due largely to a reduction in paid claims and loss adjustment expenses in the Pooled Liability Program. Net assets increased approximately \$2.7 million or 21% for the same period.

Target Equity

The Authority maintains policies and procedures governing rate adequacy, retrospective rating calculations, dividends, and target equity for each of its pooling programs. Along with projected ultimate and incurred losses, it is the interaction of these policies in the operation of the JPA that largely determine the net results from year to year. Key provisions of these policies include the requirement that each Program Year will be funded to a 70% confidence level at the outset of the Program Year, and that monies held in excess of Board adopted financial targets will be returned to the member of each program in an orderly manner through the Board adopted retrospective rating and dividend plans.

In addition, the Board reviews CSRMA’s financial results against standard insurance industry financial ratios to gain additional perspective. The tables on the following page depict the ratios as compared to the California Association of Joint Powers Authority standards, along with a brief explanation of each:

Pooled Liability Program

Equity Target Formulas	Industry Goal	Calculation Result	CAJPA Standard
Contributions to Equity	Less than 3:1	0.58	Met
Equity to Self Insured Retention	Greater than 7:1	16.1	Met
Loss Reserves to Equity	Less than 4:1	0.62	Met

Workers’ Compensation Program

Equity Target Formulas	Industry Goal	Calculation Result	CAJPA Standard
Contributions to Equity	Less than 3:1	1.04	Met
Equity to Self Insured Retention	Greater than 7:1	5.40	Not Met
Loss Reserves to Equity	Less than 4:1	2.43	Met

Contributions to Equity - This is a measure of the sensitivity of equity to total contributions. A percentage under 3:1 is considered the proper target.

Equity to Self-Insured Retention - This is a measure of the number of catastrophic losses the program can absorb at the full SIR. Recommendation 5 times for a pool that is comfortable with assessing, 7 times for a pool that is “uneasy” about assessing, and 10 times for a typical insurance company.

Loss Reserves to Equity - This is a measure of flexibility the pool has to absorb development of the expected losses. Recommend less than a ratio of 4:1.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Analysis of Balances and Transactions of Individual Funds

As the overall financial results of the JPA are simply the sum of the results of each individual coverage program, the results of each program will be discussed in the sections below.

Liability Program

Total Operating Revenues for the Liability Program decreased by approximately \$665,000 for the year ended June 30, 2012 due primarily to an increase in retrospective rating adjustments credited to member invoices. The Program realized an operating loss of approximately \$690,000 due primarily to an increase in the provision for unpaid claims and claims adjustment expenses.

The ending net asset position of the Program was \$8,058,698.

Workers' Compensation Program

Total Operating Revenues for the Workers' Compensation Program decreased by approximately \$900,000 due primarily to an increase in retrospective rating adjustments credited to member invoices. Member contributions remained relatively stable year over year.

The decrease in net assets of approximately \$3.1 million was driven primarily by an increase in the provision for unpaid claims and claims adjustment expenses in the current fiscal year. The ending net asset position of the Program was \$4,051,550.

Property Program

The Property Program operates as a group purchase insurance program for property insurance to protect members' physical asset from financial loss. There is no risk sharing between the members in the Program. As such, the net assets maintained in the program are relatively small, with a goal only to cover any unanticipated operational expenses. The Program's expenses and revenues increased slightly over the prior period with the primary revenue and expense being dollars taken in and paid out to cover commercial insurance premiums.

Primary Insurance Program

The Primary Insurance Program operates as a group purchase insurance program to cover the general liability exposures of members who do not wish to share risk with one another. Again, the amount of cash maintained in the program is small with the goal being only to cover insurance and any unanticipated expenses. Member contributions and Operating Expenses for the Program increased slightly over the prior year.

Possible Conditions Impacting Financial Position

With respect to current facts, conditions, or decisions that may impact the financial position of CSRMA, there are no known issues either internal to the JPA nor the external environment that are expected to materially impact the organization. That said, there are trends that may influence the membership and developments in the commercial insurance market that warrant notice.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Public entities have continued to retire and lay off employees due to the current economic environment. This is expected to contribute to increases in workers' compensation and employment practices claims, which will likely harden future pricing. CSRMA is somewhat shielded from the fluctuations in the commercial insurance market, however, we continue to monitor the impact that these decisions may have on the Workers' Compensation Program and Pooled Liability Programs.

The Governor recently signed into law new workers' compensation reforms (SB 863). Despite projected savings by the WCIRB in 2013, it is widely believed that public agencies can expect higher reserves for new losses over the next few years as a result of the increase in permanent disability. Additionally, employers could bear increased administrative costs for the Independent Medical Review (IMR)/Independent Bill Review (IBR) process with a potential level of increased litigation when applicant's attorneys dispute Utilization Review (UR) decisions, leveraging the new IBR process.

Intentional breaches into computer networks are one of the fastest growing crimes in America due to the wide availability of data online, and the commercial value of personal and confidential information. As a result of new regulations and the potential release of confidential information, class action suits are becoming more commonplace. The resulting damage could range from loss of reputation, financial loss or regulatory intervention.

Generally, the commercial insurance market has been firming across all lines of coverage due to reductions in policyholder surplus and insurer net income, and increasing underwriting losses. With the interest rate environment expected to remain at historically low levels for the foreseeable future, there will be continued pressure on commercial insurers to seek rate increases.

Intentional breaches into computer networks continue to be one of the fastest growing crimes in America due to the wide availability of data online, and the commercial value of personal and confidential information. As a result of new regulations and the potential release of confidential information, class action suits are becoming more commonplace. The resulting damage could range from loss of reputation, financial loss or regulatory intervention.

Interest earning funds are placed on deposit with CSRMA to pay expected claims in the pooled programs. The valuation of claims liabilities is discounted based on assumed earning rates. A divergence in the rate assumed for discounting claims liabilities and investment earnings can affect the ultimate claims liability recorded in the financial statements. To guard against possible divergence, pool deposit rates charged to members are set using a higher confidence level than that which is reported in the financial statements, and the dividend calculation utilized to return excess funds to the membership also uses a more conservative calculation of equity.

CSRMA's most frequent and severe claims continue to be costs associated with sewer back-ups. However, CSRMA has taken action both from an actuarial, underwriting and risk management standpoint to attempt to address and mitigate this exposure to both CSRMA and its membership. Finally, while CSRMA believes that it has properly addressed the three most probable catastrophic events facing its membership (earthquake, pollution liability, and possibly terrorism) through offers of coverage, or exclusions of coverage, there is no guarantee that a catastrophic event could not financially impact the Authority.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Request for Financial Information

This financial report is designed to provide a general overview of CSRMA's finances. This financial report seeks to demonstrate CSRMA's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to CSRMA, in care of Alliant Insurance Services, Inc., 100 Pine Street, 11th Floor, San Francisco, California, 94111.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

STATEMENTS OF NET ASSETS

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 9,652,003	\$ 9,398,212
Investments	-	3,631,143
Accounts receivable:		
Members	403,378	449,417
Interest	106,920	105,552
Prepaid expenses	<u>1,222,775</u>	<u>3,185,212</u>
Total Current Assets	11,385,076	16,769,536
Noncurrent Assets		
Investments	<u>18,662,615</u>	<u>14,684,461</u>
Total Assets	<u>30,047,691</u>	<u>31,453,997</u>
LIABILITIES		
Current Liabilities		
Accounts payable	250,641	81,892
Deferred revenue	2,566,964	2,551,812
Current portion of unpaid claims and claim adjustment expense	<u>2,500,000</u>	<u>3,000,000</u>
Total Current Liabilities	5,317,605	5,633,704
Noncurrent Liabilities		
Unpaid claims and claim adjustment expense	<u>12,391,860</u>	<u>9,900,180</u>
Total Liabilities	<u>17,709,465</u>	<u>15,533,884</u>
NET ASSETS		
Total Net Assets	<u>\$ 12,338,226</u>	<u>\$ 15,920,113</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES		
Member contributions	\$ 9,096,562	\$ 9,270,277
Retrospective contributions	(1,978,023)	(695,405)
Member fees	1,215,173	1,196,189
Other income	<u>72,750</u>	<u>72,250</u>
Total Operating Revenues	<u>8,406,462</u>	<u>9,843,311</u>
OPERATING EXPENSES		
Program expenses:		
Provision for unpaid claims and claim adjustment expenses	5,110,576	1,053,812
Excess insurance	3,154,948	2,897,194
Management consultants	186,101	213,743
Program directors fee	1,215,839	1,200,461
Dividends	2,329,361	1,804,346
Other program expenses	<u>319,740</u>	<u>301,392</u>
Total program expenses	12,316,565	7,470,948
General and administrative expenses	<u>144,432</u>	<u>151,453</u>
Total operating expenses	12,460,997	7,622,401
Operating income (loss)	(4,054,535)	2,220,910
NONOPERATING REVENUES		
Investment income	<u>472,648</u>	<u>511,818</u>
Change in Net Assets	(3,581,887)	2,732,728
Net Assets, Beginning of year	<u>15,920,113</u>	<u>13,187,385</u>
Net Assets, End of year	<u>\$ 12,338,226</u>	<u>\$ 15,920,113</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Cash received from members	\$ 8,467,653	\$ 9,602,792
Cash paid for claims	(3,118,896)	(2,345,065)
Dividends paid	(2,329,361)	(1,804,346)
Cash paid for Insurance	(1,192,511)	(3,131,077)
Cash paid to vendors	<u>(1,697,363)</u>	<u>(1,832,558)</u>
Net Cash Flows Provided (Used) by Operating Activities	<u>129,522</u>	<u>489,746</u>
Cash Flows From Investing Activities		
Investment income received	386,941	414,107
Payments for purchases of investments	(14,837,457)	(20,672,492)
Proceeds from sales and maturities of investments	<u>14,574,785</u>	<u>20,261,955</u>
Net Cash Flows Provided (Used) by Investing Activities	<u>124,269</u>	<u>3,570</u>
Net Increase (decrease) in Cash	253,791	493,316
Cash and Cash Equivalents - Beginning of year	<u>9,398,212</u>	<u>8,904,896</u>
Cash and Cash Equivalents - End of year	<u>\$ 9,652,003</u>	<u>\$ 9,398,212</u>
Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities		
Operating income (loss)	\$ (4,054,535)	\$ 2,220,910
Adjustments to Reconcile Net Income (loss) to Net Cash Provided (used) by Operations:		
(Increase) Decrease in:		
Member receivable	46,039	(35,093)
Prepaid expenses	1,962,437	(233,883)
Increase (Decrease) in:		
Accounts payable	168,749	34,491
Deferred revenue	15,152	(205,426)
Claims liability	<u>1,991,680</u>	<u>(1,291,253)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 129,522</u>	<u>\$ 489,746</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

California Sanitation Risk Management Authority (“the Authority”) was established by a Joint Powers Agreement on April 2, 1986 in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The Authority operates common risk management and loss prevention programs related to public liability, property loss and workers’ compensation risk for member governmental agencies. Membership is limited to public entities with substantial wastewater operations. The Authority had 60 members as of June 30, 2012 and 2011.

For financial reporting purposes, the Authority is considered a stand-alone government that separately issues financial statements. Accordingly, the Authority is a joint venture governed by its member participants as a separate and specific activity in which member participants retain an ongoing financial responsibility.

Admission

Agencies applying for membership must be approved by a majority vote of the Executive Board Members present and voting, and by paying an appropriate entry fee or charge, as established by the Board of Directors.

Withdrawal

Agencies may withdraw upon advance written notice subject to the participation agreement of each program. The effect of withdrawal (or termination) for the pooling programs does not terminate the responsibility of the agency to continue paying its share of assessment or other financial obligations incurred by reason of its previous participation.

B. DESCRIPTION OF PROGRAMS

Workers’ Compensation

The Workers’ Compensation Program was established on July 1, 1990, to account for the provision of this coverage to participating members. The program year runs from July 1 to June 30. Funding is based on member deposits established by the Executive Board. The Authority has contracted with a third party administrator, York Insurance Services, to administer claims on behalf of participating members.

Self -insured coverage at June 30, 2012:

<i>JPA’s SIR:</i>	\$750,000
<i>Excess Insurance:</i>	To Statutory Limits

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

Property/Liability

Liability

In January 1987, the Pooled Liability Program was established for the purposes of creating a pool to share the costs of liability claims, administrative costs, and excess insurance for Members. The program year runs from January 1 to December 31. Funding for the calendar year program is based on member deposits established by the Executive Board. The Authority has contracted with a third party administrator, Carl Warren & Co., to administer claims on behalf of participating members.

Self-insured coverage at June 30, 2012:

<i>Member Deductible:</i>	\$2,500 to \$500,000 liability per occurrence.
<i>JPA's SIR:</i>	\$500,000 per occurrence.
<i>Excess Insurance:</i>	To \$25 million per occurrence.

Property

Established in 1990, the Property Insurance Program allows members to benefit from group pricing and favorable coverage terms, including Boiler and Machinery coverage. The program year runs from July 1 to June 30 of each year with Alliant Insurance Services as the broker.

Primary Insurance

On January 1, 1989, the Primary Insurance Program (PIP) was established to provide for the group purchase of general and auto liability and auto physical damage coverage. The program year runs from January 1 to December 31 with Alliant Insurance Services as the broker

C. BASIS OF ACCOUNTING

These statements are prepared on the economic resources measurement focus and accrual basis of accounting. Under this method, revenues are from contributions and interest and are recognized when earned and expenses are recognized when goods or services have been received, except when a premium deficiency exists where unearned premiums are recognized currently in accordance with GASB pronouncements.

The Authority applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting and reporting for its proprietary operations, except where superceded by GASB pronouncements.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

D. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term include the projected claim losses and discount rate used in establishing the outstanding claims liability. Management's estimate of the claim liabilities is based on calculations reported by the actuary and the discount rate selected by the board, which is intended to be reflective of the Authority's long-term return on investments. The current discount rate used is discussed in Note 3 to the financial statements.

E. CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, cash and cash equivalents include cash in bank, cash with the Local Agency Investment Fund (LAIF) and all highly liquid investments purchased with an original maturity of three months or less.

F. RECEIVABLES

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2012 and 2011, the total accounts receivable portfolio was considered collectible. Interest on investments is recorded in the year the interest is earned.

G. INVESTMENTS

The Authority records its investments and cash in LAIF at fair market value. Changes in fair market value are reported as revenue in the Statements of Revenues, Expenses and Changes in Net Assets. The effect of recording investments and LAIF at fair market value is reflected as a net increase in the fair value of investments on the Statements of Revenues, Expenses and Changes in Net Assets and on the Statements of Net Assets. Fair market values of investments and LAIF have been determined by the sponsoring government based on quoted market prices. The Authority's investments in LAIF have been valued based on the relative fair value of the entire external pool to the external pool's respective amortized cost.

H. DEFERRED REVENUE/PREPAID EXPENSES

The policy year-end for the pooled liability program and primary insurance program is December 31. As such, certain revenues collected prior to the beginning of the fiscal year are treated as deferred and certain expenses benefiting the subsequent year as prepaid. This is to reflect a proper matching of revenues and expenses for the fiscal year-end financial statements.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

I. UNPAID CLAIMS LIABILITIES (CLAIMS RESERVES AND CLAIMS INCURRED BUT NOT REPORTED)

Each program establishes claims liabilities based on estimates of the ultimate cost of claims (including future allocated claim adjustment expense) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

J. UNALLOCATED LOSS ADJUSTMENT EXPENSE

The liability for unallocated loss adjustment expense includes all costs expected to be incurred in connection with the settlement of unpaid claims that cannot be related to a specific claim. Management has estimated the accrual based on past experience and the amount is included in general and administrative expense.

K. EXCESS INSURANCE

The Authority purchases specific occurrence excess insurance from commercial carriers for the workers compensation and pooled liability programs. The coverage for losses above the corresponding policy year's specified self-insured retention (SIR) is limited to that policy year's excess coverage limit.

L. INCOME TAXES

The Authority's income is exempt from state and federal income taxes under Internal Revenue Service Section 115, which excludes income derived from the exercise of any essential governmental function and accrues to a state political subdivision. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

M. OPERATING AND NONOPERATING REVENUES

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities. Since California Sanitation Risk Management Authority (CSRMA) discounts claims liabilities, the pool considers anticipated investment income in determining if a premium deficiency exists. Operating revenue includes member contributions and fees, which are an integral part of the operations and financing of the covered risks and activities. Nonoperating income includes material activities that are not part of the core risk financing activities of the entity and investment income.

Revenues mainly consist of premium contributions from members. Contribution development is performed by actuaries and the Board of Directors based on the particular characteristics of the members. Contribution income consists of payments from members that are planned to match the expense of insurance premiums for coverage in excess of self-insured amounts, estimated payments resulting from self-insurance programs, and operating expenses. The activities of the Authority consist solely of risk management programs and claims management activities related to the coverages described above.

N. MEMBER CONTRIBUTIONS

Member contributions are recognized as revenues in the period for which insurance protection is provided. If the Authority's Board of Directors determines that the insurance funds for a program, including any anticipated investment income, are insufficient to pay losses, the Authority may impose a supplemental assessment on all participating members. Anticipated investment income is considered in determining supplemental assessments. Supplemental assessments are recognized as income in the period assessed.

O. SUBSEQUENT EVENTS

Management has considered subsequent events through November 5, 2012, the date which the financial statements were available to be issued, and noted no additional disclosures were required.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

2. CASH AND INVESTMENTS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at June 30:

	<u>2012</u>	<u>2011</u>
General Checking	\$ 64,886	\$ 110,364
Workers Compensation Trust	100,000	100,000
Pooled Liability Trust	100,000	100,000
CAMP Cash Reserve	108,953	24,854
Local Agency Investment Fund	<u>9,278,164</u>	<u>9,062,994</u>
Total Cash and Cash Equivalents	<u>\$ 9,652,003</u>	<u>\$ 9,398,212</u>

The carrying amount of the Authority's cash is covered by federal depository insurance up to \$250,000. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the form of government-backed securities.

Local Agency Investment Fund

The Authority is a voluntary participant in Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the Authority's investment in this pool, which approximates cost, is reported in the accompanying financial statements based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours notice. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by Federal Agencies, government-sponsored enterprises and corporations. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

LAIF is administered by the State Treasurer and audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

B. INVESTMENTS

Under provisions of the Authority's Investment Policy, and in accordance with Section 53601 of the California Government Code, the Authority may invest in the following types of investments:

- Obligations of the US Government, its agencies or instrumentality's
- Local Agency Investment Fund (California State Treasurer's Pool)
- Medium-term corporate notes
- Passbook savings account demand deposits
- State agency obligations
- Certain bankers acceptances
- Commercial paper "prime"
- Certificates of deposit
- Repurchase or reverse repurchase agreements

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from changes in interest rates, the Authority's investment policy limits its investment portfolio maturities to no more than five years from purchase date to maturity date. Purchases of securities with maturities of greater than five years may be made only with prior approval of the Board of Directors.

As of June 30, 2012, the Authority had the following investments held in a managed portfolio:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u><1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>
US Treasuries	\$ 7,398,045	\$ -	\$ -	\$ 7,398,045
Federal Agencies	6,897,970	-	856,994	6,040,976
Corporate Notes	4,366,600	-	3,449,819	916,781
	<u>\$ 18,662,615</u>	<u>\$ -</u>	<u>\$ 4,306,813</u>	<u>\$ 14,355,802</u>

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

Credit Risk

The primary investment objective of the Authority's Investment Policy is to preserve capital by investing in securities in accordance with the Government Code while maintaining an appropriate level of risk. It limits investments in medium-term corporate notes to A-AAA ratings issued by nationally recognized statistical ratings organizations. As of June 30, 2012, the Authority's investments in corporate notes were rated by Standard and Poor's. On the following page is the rating by Standard and Poor's:

<u>Investment Type</u>	<u>Fair Value</u>	<u>AA+</u>	<u>A+</u>	<u>A</u>
US Treasuries	\$ 7,398,045	\$ 7,398,045	\$ -	\$ -
Federal Agencies	6,897,970	6,897,970	-	-
Corporate Notes	4,366,600	1,708,643	1,500,827	1,157,130
	<u>\$ 18,662,615</u>	<u>\$ 16,004,658</u>	<u>\$ 1,500,827</u>	<u>\$ 1,157,130</u>

Concentration of Credit Risk

The Authority's investment policy places investment limits at the time the investment decision is made on certain securities as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Portfolio Percentage</u>
US Treasuries	\$ 7,398,045	39.64%
Federal Agencies		
FNMA	\$ 3,734,069	20.01%
FHLMC	\$ 1,462,698	7.84%
Corporate Notes		
General Electric	\$ 1,708,643	9.16%
Credit Suisse	\$ 1,500,827	8.04%

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

3. UNPAID CLAIMS LIABILITIES

The following represents changes in claims liabilities for the Authority during the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Unpaid claims and claim adjustment expenses at beginning of year	<u>\$ 12,900,180</u>	<u>\$ 14,191,433</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	4,279,256	3,789,787
Increase/(decrease) in provision of insured events of prior years	<u>831,320</u>	<u>(2,735,975)</u>
Total incurred claims and claim adjustment expenses	<u>5,110,576</u>	<u>1,053,812</u>
Payments:		
Claim and claim adjustment expenses attributable to insured events of the current year	614,005	442,734
Claim and claim adjustment expenses attributable to insured events of the prior years	<u>2,504,891</u>	<u>1,902,331</u>
Total Payments	<u>3,118,896</u>	<u>2,345,065</u>
Total unpaid claims and claims adjustment expenses	<u><u>\$ 14,891,860</u></u>	<u><u>\$ 12,900,180</u></u>

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

The components of unpaid claims and claim adjustment expenses as of June 30, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Claims reserves	\$ 6,920,339	\$ 4,861,141
Claims incurred but not reported (IBNR)	6,698,241	6,686,667
Unallocated loss adjustment expenses (ULAE)	<u>1,273,280</u>	<u>1,352,372</u>
	14,891,860	12,900,180
Current portion	<u>(2,500,000)</u>	<u>(3,000,000)</u>
Non-current portion	<u>\$ 12,391,860</u>	<u>\$ 9,900,180</u>

At June 30, 2012 and 2011, \$16,395,535 and \$14,607,240 of unpaid claims and claim adjustment expenses were presented at their net present value of \$14,891,860 and \$12,900,180, respectively. These claims were discounted at an annual rate of 2.5% for workers compensation claims and 3.0% for liability claims as determined by the Board.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT**

FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	Workers Compensation		Liability		Totals	
	2012	2011	2012	2011	2012	2011
Unpaid claims and claim adjustment expenses at beginning of year	\$ 8,847,079	\$ 9,121,323	\$ 4,053,101	\$ 5,070,110	\$ 12,900,180	\$ 14,191,433
Incurred claims and claim adjustment expenses:						
Provision for insured events of the current year	3,134,830	2,697,180	1,144,426	1,092,607	4,279,256	3,789,787
Increase/(decrease) in provision of insured events of prior years	612,873	(1,241,759)	218,447	(1,494,216)	831,320	(2,735,975)
Total incurred claims and claim adjustment expenses	3,747,703	1,455,421	1,362,873	(401,609)	5,110,576	1,053,812
Payments:						
Claim and claim adjustment expenses attributable to insured events of the current year	614,005	388,018	-	54,716	614,005	442,734
Claim and claim adjustment expenses attributable to insured events of the prior years	2,107,200	1,341,647	397,691	560,684	2,504,891	1,902,331
Total Payments	2,721,205	1,729,665	397,691	615,400	3,118,896	2,345,065
Total unpaid claims and claims adjustment expenses	\$ 9,873,577	\$ 8,847,079	\$ 5,018,283	\$ 4,053,101	\$ 14,891,860	\$ 12,900,180
Claims reserves	\$ 6,056,374	\$ 3,990,241	\$ 863,965	\$ 870,900	\$ 6,920,339	\$ 4,861,141
Claims incurred but not reported (IBNR)	2,850,203	3,751,838	3,848,038	2,934,829	6,698,241	6,686,667
Unallocated loss adjustment expenses (ULAE)	967,000	1,105,000	306,280	247,372	1,273,280	1,352,372
	9,873,577	8,847,079	5,018,283	4,053,101	14,891,860	12,900,180
Current portion	(1,500,000)	(1,500,000)	(1,000,000)	(1,500,000)	(2,500,000)	(3,000,000)
Non-current portion	\$ 8,373,577	\$ 7,347,079	\$ 4,018,283	\$ 2,553,101	\$ 12,391,860	\$ 9,900,180

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
CLAIMS DEVELOPMENT INFORMATION – WORKERS COMPENSATION**

AS OF JUNE 30, 2012

	Fiscal Years Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Premiums and investment revenue:										
Earned	\$ 3,615,823	\$ 4,783,776	\$ 5,413,194	\$ 4,635,700	\$ 4,066,915	\$ 3,210,293	\$ 3,347,950	\$ 3,434,407	\$ 3,959,643	\$ 3,942,318
Ceded	\$ (127,725)	\$ (428,405)	\$ (530,811)	\$ (544,494)	\$ (634,656)	\$ (676,045)	\$ (500,706)	\$ (532,534)	\$ (389,024)	\$ (399,312)
Net earned	\$ 3,488,098	\$ 4,355,371	\$ 4,882,383	\$ 4,091,206	\$ 3,432,259	\$ 2,534,248	\$ 2,847,244	\$ 2,901,873	\$ 3,570,619	\$ 3,543,006
2. Unallocated expenses	\$ 452,102	\$ 828,502	\$ 810,000	\$ 793,000	\$ 1,017,000	\$ 1,038,000	\$ 1,211,000	\$ 1,207,000	\$ 570,846	\$ 551,211
Dividends	\$ 725,400	\$ 1,233,521	\$ 1,007,105	\$ 398,032						
3. Estimated incurred claims and expenses, end of policy year										
Incurred	\$ 3,549,352	\$ 3,800,729	\$ 3,284,050	\$ 2,319,229	\$ 1,899,920	\$ 2,080,456	\$ 2,209,112	\$ 2,393,667	\$ 2,408,766	\$ 2,887,945
Ceded Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net incurred claims	\$ 3,549,352	\$ 3,800,729	\$ 3,284,050	\$ 2,319,229	\$ 1,899,920	\$ 2,080,456	\$ 2,209,112	\$ 2,393,667	\$ 2,408,766	\$ 2,887,945
4. Paid (cumulative) as of:										
End of policy year	\$ 406,834	\$ 302,519	\$ 378,126	\$ 226,509	\$ 448,319	\$ 338,186	\$ 316,525	\$ 210,345	\$ 388,018	\$ 614,005
One year later	\$ 839,727	\$ 813,363	\$ 744,395	\$ 661,008	\$ 1,132,405	\$ 675,021	\$ 798,450	\$ 659,505	\$ 966,396	
Two years later	\$ 1,047,204	\$ 1,039,263	\$ 1,035,624	\$ 934,303	\$ 1,612,395	\$ 943,133	\$ 1,049,303	\$ 975,483		
Three years later	\$ 1,167,285	\$ 1,214,254	\$ 1,143,084	\$ 1,041,484	\$ 1,827,348	\$ 1,074,608	\$ 1,334,452			
Four years later	\$ 1,226,544	\$ 1,282,328	\$ 1,221,508	\$ 1,133,714	\$ 1,958,497	\$ 1,211,770				
Five years later	\$ 1,272,174	\$ 1,354,376	\$ 1,307,420	\$ 1,198,274	\$ 2,086,035					
Six years later	\$ 1,317,288	\$ 1,375,887	\$ 1,414,617	\$ 1,314,784						
Seven Years Later	\$ 1,334,533	\$ 1,378,685	\$ 1,492,658							
Eight Years Later	\$ 1,405,238	\$ 1,378,685								
Nine Years Later	\$ 1,472,479									
5. Reestimated ceded claims and expenses:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6. Reestimated net incurred claims and expenses:										
End of policy year	\$ 3,549,352	\$ 3,800,729	\$ 3,284,050	\$ 2,319,229	\$ 1,899,920	\$ 2,080,456	\$ 2,209,112	\$ 2,393,667	\$ 2,408,766	\$ 2,887,945
One year later	\$ 2,873,493	\$ 2,558,685	\$ 2,203,958	\$ 1,828,877	\$ 2,407,451	\$ 1,899,078	\$ 2,432,832	\$ 2,001,584	\$ 2,530,453	
Two years later	\$ 2,173,281	\$ 2,341,508	\$ 2,011,245	\$ 1,681,226	\$ 2,528,920	\$ 1,831,218	\$ 2,155,546	\$ 1,971,693		
Three years later	\$ 1,937,665	\$ 2,068,836	\$ 1,873,091	\$ 1,490,175	\$ 2,765,008	\$ 1,596,810	\$ 2,178,051			
Four years later	\$ 1,790,259	\$ 1,795,922	\$ 1,627,430	\$ 1,486,102	\$ 2,619,817	\$ 1,634,431				
Five years later	\$ 1,704,147	\$ 1,624,150	\$ 1,788,761	\$ 1,608,435	\$ 2,699,616					
Six years later	\$ 1,566,809	\$ 1,603,295	\$ 1,784,922	\$ 1,807,711						
Seven years later	\$ 1,610,607	\$ 1,544,187	\$ 1,831,729							
Eight Years Later	\$ 1,657,715	\$ 1,557,928								
Nine Years Later	\$ 1,652,994									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ (1,896,358)	\$ (2,242,801)	\$ (1,452,321)	\$ (511,518)	\$ 799,696	\$ (446,025)	\$ (31,061)	\$ (421,974)	\$ 121,687	\$ -

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
CLAIMS DEVELOPMENT INFORMATION – LIABILITY**

AS OF JUNE 30, 2012

	Fiscal Years Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Premiums and investment revenue:										
Earned	\$ 1,498,810	\$ 1,959,978	\$ 2,833,164	\$ 2,055,388	\$ 2,194,355	\$ 2,258,920	\$ 2,342,763	\$ 2,597,881	\$ 2,375,700	\$ 2,561,705
Ceded	\$ (568,180)	\$ (757,011)	\$ (900,934)	\$ (844,953)	\$ (792,850)	\$ (895,000)	\$ (995,000)	\$ (1,153,943)	\$ (1,162,646)	\$ (1,302,683)
Net earned	\$ 930,630	\$ 1,202,967	\$ 1,932,230	\$ 1,210,435	\$ 1,401,505	\$ 1,363,920	\$ 1,347,763	\$ 1,443,938	\$ 1,213,054	\$ 1,259,022
2. Unallocated expenses	\$ 564,429	\$ 222,530	\$ 207,799	\$ 229,328	\$ 154,999	\$ 484,452	\$ 591,406	\$ 220,392	\$ 888,032	\$ 900,170
Dividends	\$ 910,105	\$ 622,607	\$ 40,853	\$ 192,923						
3. Estimated incurred claims and expenses, end of policy year										
Incurred	\$ 694,077	\$ 759,562	\$ 883,536	\$ 951,879	\$ 1,020,939	\$ 1,110,528	\$ 1,184,625	\$ 1,292,429	\$ 1,029,262	\$ 1,074,579
Ceded Claims	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net incurred claims	\$ 694,077	\$ 759,562	\$ 883,536	\$ 951,879	\$ 1,020,939	\$ 1,110,528	\$ 1,184,625	\$ 1,292,429	\$ 1,029,262	\$ 1,074,579
4. Paid (cumulative) as of:										
End of policy year	\$ 31,427	\$ 35,643	\$ 359,969	\$ 193,850	\$ 35,941	\$ 2,818	\$ 82,508	\$ 19,723	\$ 54,716	\$ -
One year later	\$ 94,331	\$ 570,002	\$ 820,933	\$ 653,053	\$ 879,836	\$ 165,383	\$ 1,278,013	\$ 66,130	\$ 601,350	
Two years later	\$ 105,198	\$ 777,903	\$ 1,106,666	\$ 752,708	\$ 906,964	\$ 443,729	\$ 1,381,984	\$ 105,626		
Three years later	\$ 179,695	\$ 712,722	\$ 1,330,494	\$ 923,048	\$ 914,320	\$ 465,963	\$ 1,515,472			
Four years later	\$ 183,861	\$ 720,858	\$ 1,664,016	\$ 1,008,727	\$ 955,526	\$ 466,032				
Five years later	\$ 188,991	\$ 721,344	\$ 2,138,685	\$ 1,061,375	\$ 974,798					
Six years later	\$ 188,555	\$ 721,344	\$ 2,305,875	\$ 982,101						
Seven Years Later	\$ 188,571	\$ 721,344	\$ 2,318,490							
Eight Years Later	\$ 188,571	\$ 721,344								
Nine Years Later	\$ 188,571									
5. Reestimated ceded claims and expenses:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6. Reestimated net incurred claims and expenses:										
End of policy year	\$ 694,077	\$ 759,562	\$ 883,536	\$ 951,879	\$ 1,020,939	\$ 1,110,528	\$ 1,184,625	\$ 1,292,429	\$ 1,029,262	\$ 1,074,579
One year later	\$ 1,393,264	\$ 1,544,884	\$ 1,776,138	\$ 1,790,140	\$ 2,108,249	\$ 2,049,046	\$ 2,432,390	\$ 1,843,507	\$ 2,085,763	
Two years later	\$ 6,804,789	\$ 1,560,322	\$ 1,576,730	\$ 1,801,990	\$ 1,542,768	\$ 2,065,520	\$ 1,822,359	\$ 1,287,313		
Three years later	\$ 686,760	\$ 1,243,496	\$ 1,592,789	\$ 1,512,378	\$ 1,542,245	\$ 826,799	\$ 1,829,941			
Four years later	\$ 343,956	\$ 1,239,403	\$ 2,025,015	\$ 1,514,403	\$ 1,044,523	\$ 825,895				
Five years later	\$ 342,223	\$ 813,963	\$ 2,055,242	\$ 1,198,193	\$ 1,045,112					
Six years later	\$ 213,574	\$ 813,326	\$ 2,344,940	\$ 1,193,592						
Seven years later	\$ 213,494	\$ 724,745	\$ 2,345,752							
Eight Years Later	\$ 189,150	\$ 724,924								
Nine Years Later	\$ 189,175									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ (504,902)	\$ (34,638)	\$ 1,462,216	\$ 241,713	\$ 24,173	\$ (284,633)	\$ 645,316	\$ (5,116)	\$ 1,056,501	\$ -

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AS OF JUNE 30, 2012

1. RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT

The schedule represents the changes in claims liabilities for the past year for the Authority's workers' compensation and pooled liability program.

2. CLAIMS DEVELOPMENT INFORMATION

The tables illustrate the Authority's earned revenues (net of reinsurance) and investment income compared to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Authority as of the end of the year.

The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the Authority including overhead and claims expense not allocable to individual claims.
3. This line shows the Authority's gross incurred claims and allocated claim adjustment expense (both paid and accrued), claims assumed by reinsurers and net incurred claims and allocated adjustment expenses as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). The original estimate of ceded claims was not available.
4. This section shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claim, reevaluation of existing information on known claims and emergence of new claims not previously known.
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally estimated. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. This is the third year of the presentation and development of this information.

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF NET ASSETS**

JUNE 30, 2012

	<u>Workers' Compensation</u>	<u>Pooled Liability</u>	<u>Property</u>	<u>Primary Insurance</u>	<u>Total</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 4,749,452	\$ 4,813,751	\$ 42,460	\$ 46,341	\$ 9,652,003
Investments	-	-	-	-	-
Accounts receivable:					
Members	-	392,650	10,728	-	403,378
Interest	60,837	45,387	299	396	106,920
Prepaid expenses	7,054	974,541	2,015	239,164	1,222,775
Due (to) from other programs					
Total Current Assets	4,817,343	6,226,330	55,502	285,901	11,385,076
Noncurrent Assets					
Investments	9,183,294	9,307,620	82,098	89,602	18,662,615
Total Assets	14,000,637	15,533,950	137,601	375,503	30,047,691
LIABILITIES					
Current Liabilities					
Accounts payable	75,510	161,323	12,268	1,540	\$ 250,641
Deferred revenue	0	2,295,646	0	271,318	2,566,964
Current portion of unpaid claims and claim adjustment expense	1,500,000	1,000,000	0	0	2,500,000
Total Current Liabilities	1,575,510	3,456,969	12,268	272,858	5,317,605
Noncurrent Liabilities					
Unpaid claims and claim adjustment expense	8,373,577	4,018,283	0	0	12,391,860
Total Liabilities	9,949,087	7,475,252	12,268	272,858	17,709,465
NET ASSETS	\$ 4,051,550	\$ 8,058,698	\$ 125,333	\$ 102,645	\$ 12,338,226

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**

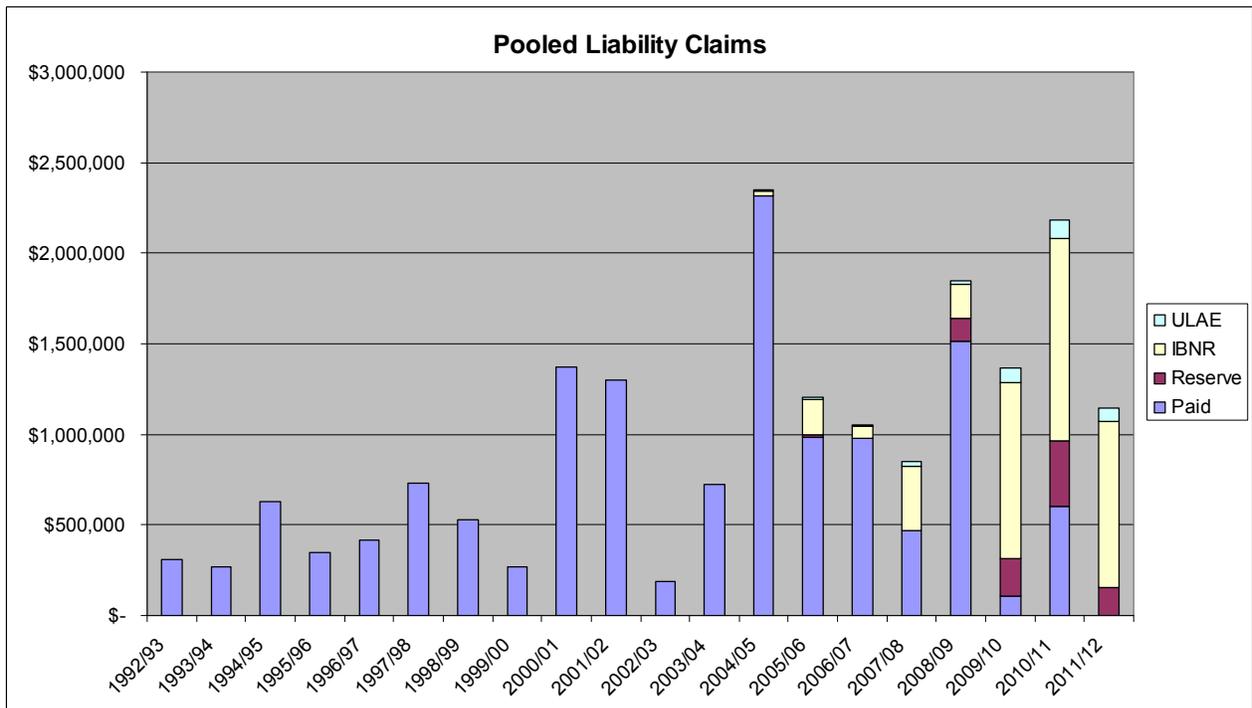
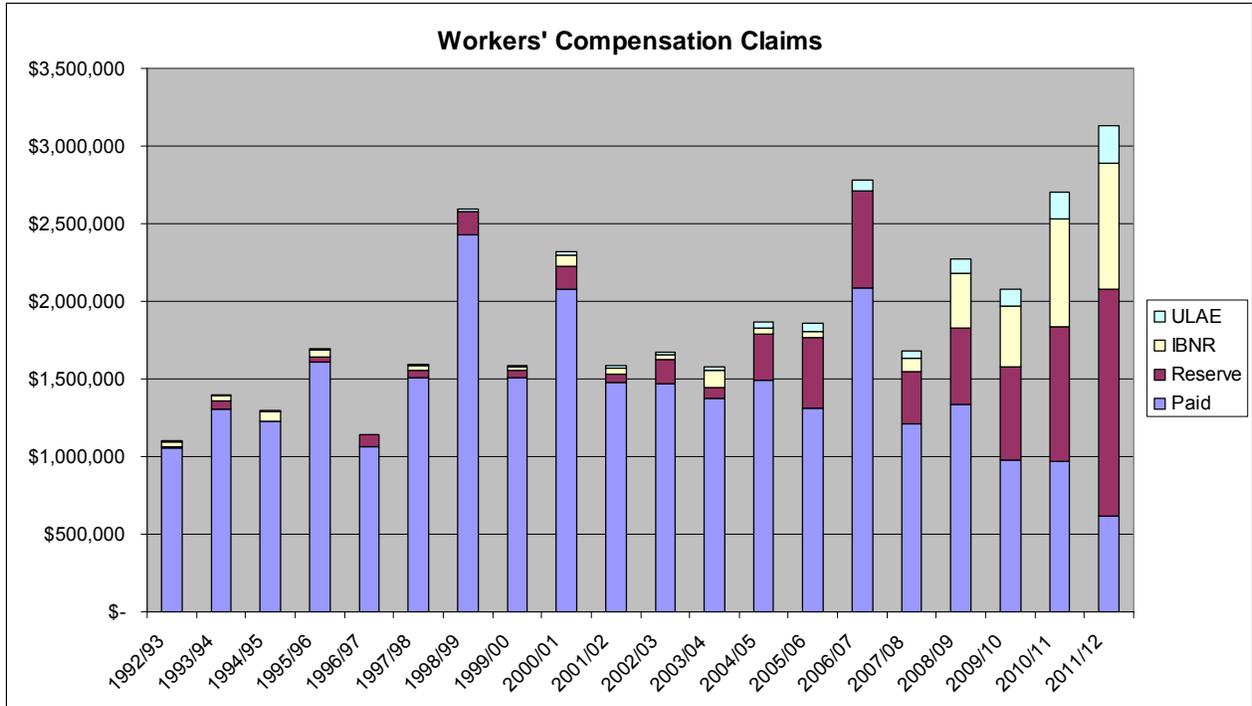
FOR THE YEAR ENDED JUNE 30, 2012

	Workers' Compensation	Pooled Liability	Property	Primary Insurance	Total
REVENUES					
Member contributions	\$ 3,564,537	\$ 3,996,945	\$ 1,135,736	\$ 399,344	\$ 9,096,562
Retrospective contributions	(1,009,076)	(968,947)	-	-	\$ (1,978,023)
Member fees	368,096	574,811	135,463	136,803	\$ 1,215,173
Other income	36,375	29,100	3,637	3,638	\$ 72,750
Total Operating Revenues	2,959,932	3,631,909	1,274,836	539,785	8,406,462
OPERATING EXPENSES					
Program expenses:					
Provision for unpaid claims and claim adjustment expenses	3,747,703	1,362,873	-	-	5,110,576
Excess insurance	399,312	1,302,683	1,102,997	349,956	3,154,948
Management consultants	110,986	60,774	7,170	7,171	186,101
Program directors fee	368,096	574,717	135,463	137,563	1,215,839
Dividends	1,514,652	814,709	-	-	2,329,361
Other program expenses	149,766	145,940	12,017	12,017	319,740
Total program expenses	6,290,515	4,261,696	1,257,647	506,707	12,316,565
General and administrative expenses	60,363	59,831	12,119	12,119	144,432
Total operating expenses	6,350,878	4,321,527	1,269,766	518,826	12,460,997
Operating income (loss)	(3,390,946)	(689,618)	5,070	20,959	(4,054,535)
NONOPERATING REVENUES					
Investment income	260,719	210,177	130	1,622	472,648
Change in Net Assets	(3,130,227)	(479,441)	5,200	22,581	(3,581,887)
Net Assets, Beginning of year	7,181,777	8,538,139	120,133	80,064	15,920,113
Net Assets, End of year	\$ 4,051,550	\$ 8,058,698	\$ 125,333	\$ 102,645	\$ 12,338,226

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**SUPPLEMENTARY INFORMATION
GRAPHICAL SUMMARY OF CLAIMS**

AS OF JUNE 30, 2012





James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
California Sanitation Risk Management Authority
San Francisco, California

We have audited the financial statements of California Sanitation Risk Management Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated November 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of California Sanitation Risk Management Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered California Sanitation Risk Management Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California Sanitation Risk Management Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of California Sanitation Risk Management Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Sanitation Risk Management Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Marta & Company". The signature is written in a cursive, flowing style.

James Marta & Company
Certified Public Accountants
November 5, 2012



STATISTICAL SECTION

STATISTICAL SECTION NARRATIVE
JUNE 30, 2012

STATISTICAL SECTION

This part of the California Sanitation Risk Management Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Authority's overall financial health.

Financial Trends

These schedules and graphs contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time. They highlight the change in net assets over the past 10 years.

- Comparative Statement of Net Assets and Changes in Net Assets
- Financial Position Over Last 10 Years
- Financial History Over Last 10 Years

Demographic and Economic Information

These graphs offer information to help the reader understand the environment within which the Authority's financial activities take place. The Workers' Compensation and Pooled Liability claims experience is an indicator of the Provision for Claims and Claims Adjustment Expenses. Payroll history combined with the Workers' Compensation claims experience is an indicator for premium revenue.

- Workers' Compensation Program – Loss and Expenses Paid to Date and Future Reserve – Last 10 Years
- Workers' Compensation Program – Total Incurred Over Last 10 Years
- Workers' Compensation Program – Payroll History Over 10 Years
- Pooled Liability Program – Loss and Expenses Paid to Date and Future Reserve – Last 10 Years
- Pooled Liability Program – Program – Total Incurred Over Last 10 Years

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

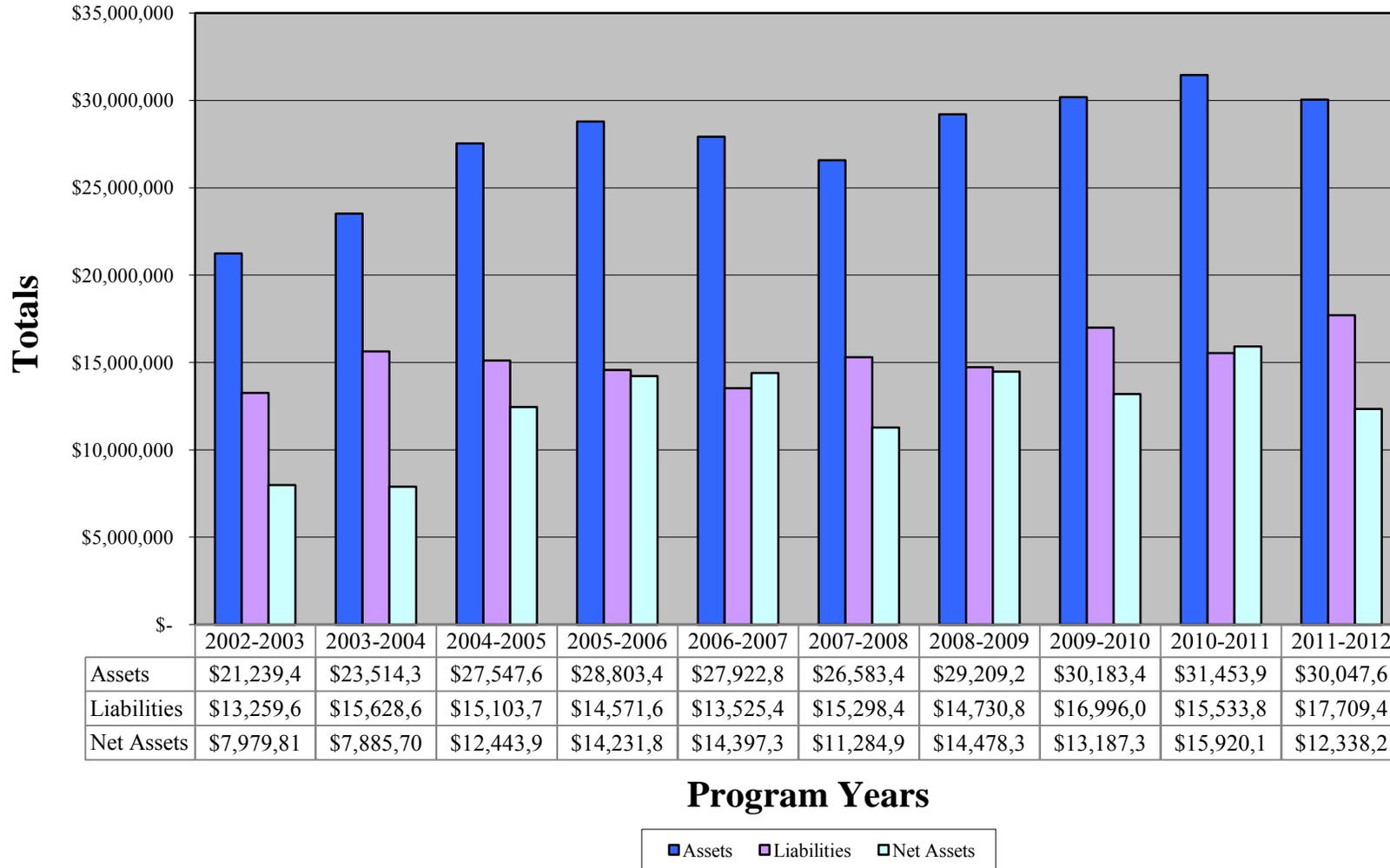
COMPARATIVE STATEMENT OF NET ASSETS AND CHANGES IN NET ASSETS
FISCAL YEAR END JUNE 30

Last Ten Fiscal Years
(Expressed in Thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating Revenues										
Member Contributions	\$9,097	\$9,270	\$9,178	\$8,587	\$7,941	\$9,275	\$9,887	\$10,794	\$9,543	\$7,672
Retrospective Contribution	(\$1,978)	(\$695)	(\$551)	\$93	(\$2,367)	(\$3,229)	(\$1,345)	(\$124)	(\$233)	\$798
Member Fees	\$1,215	\$1,196	\$1,180	\$1,141	\$1,023	\$733	\$720	\$612	\$531	\$483
Other Income	\$73	\$72	\$73	\$1	\$0	\$0	\$0	\$0	\$0	\$0
<i>Total Operating Revenues</i>	<u>\$8,406</u>	<u>\$9,843</u>	<u>\$9,880</u>	<u>\$9,822</u>	<u>\$6,597</u>	<u>\$6,779</u>	<u>\$9,262</u>	<u>\$11,282</u>	<u>\$9,841</u>	<u>\$8,953</u>
Investment/Interest Income	\$473	\$512	\$756	\$1,181	\$1,097	\$1,365	\$1,084	\$585	\$339	\$437
Total Revenues	<u>\$8,879</u>	<u>\$10,355</u>	<u>\$10,636</u>	<u>\$11,002</u>	<u>\$7,694</u>	<u>\$8,144</u>	<u>\$10,346</u>	<u>\$11,867</u>	<u>\$10,180</u>	<u>\$9,390</u>
Operating/Program Expenses	\$12,317	\$7,471	\$11,777	\$7,640	\$10,680	\$7,799	\$8,391	\$7,149	\$10,089	\$9,521
General & Administrative Expenses	\$144	\$151	\$150	\$169	\$127	\$180	\$167	\$159	\$185	\$139
Total Expenses	<u>\$12,461</u>	<u>\$7,622</u>	<u>\$11,927</u>	<u>\$7,809</u>	<u>\$10,807</u>	<u>\$7,979</u>	<u>\$8,558</u>	<u>\$7,308</u>	<u>\$10,275</u>	<u>\$9,660</u>
Change in Net Assets	<u>(\$3,582)</u>	<u>\$2,733</u>	<u>(\$1,291)</u>	<u>\$3,193</u>	<u>(\$3,112)</u>	<u>\$166</u>	<u>\$1,788</u>	<u>\$4,558</u>	<u>(\$94)</u>	<u>(\$269)</u>
Total Net Assets - Unrestricted	<u>\$12,338</u>	<u>\$15,920</u>	<u>\$13,187</u>	<u>\$14,478</u>	<u>\$11,285</u>	<u>\$14,397</u>	<u>\$14,232</u>	<u>\$12,444</u>	<u>\$7,886</u>	<u>\$7,980</u>

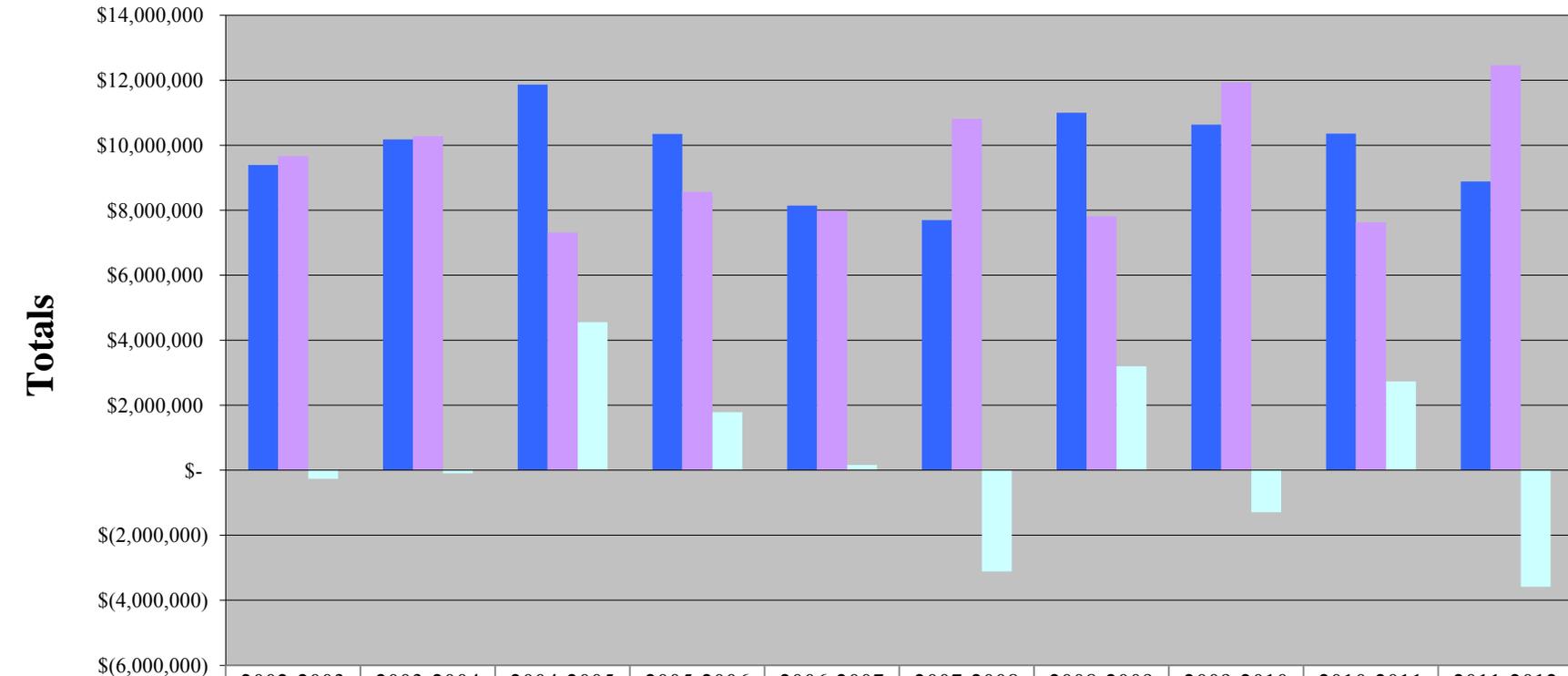
CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**FINANCIAL POSITION OVER LAST 10 YEARS
FISCAL YEAR END JUNE 30**



CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**FINANCIAL HISTORY OVER LAST 10 YEARS
FISCAL YEAR END JUNE 30**



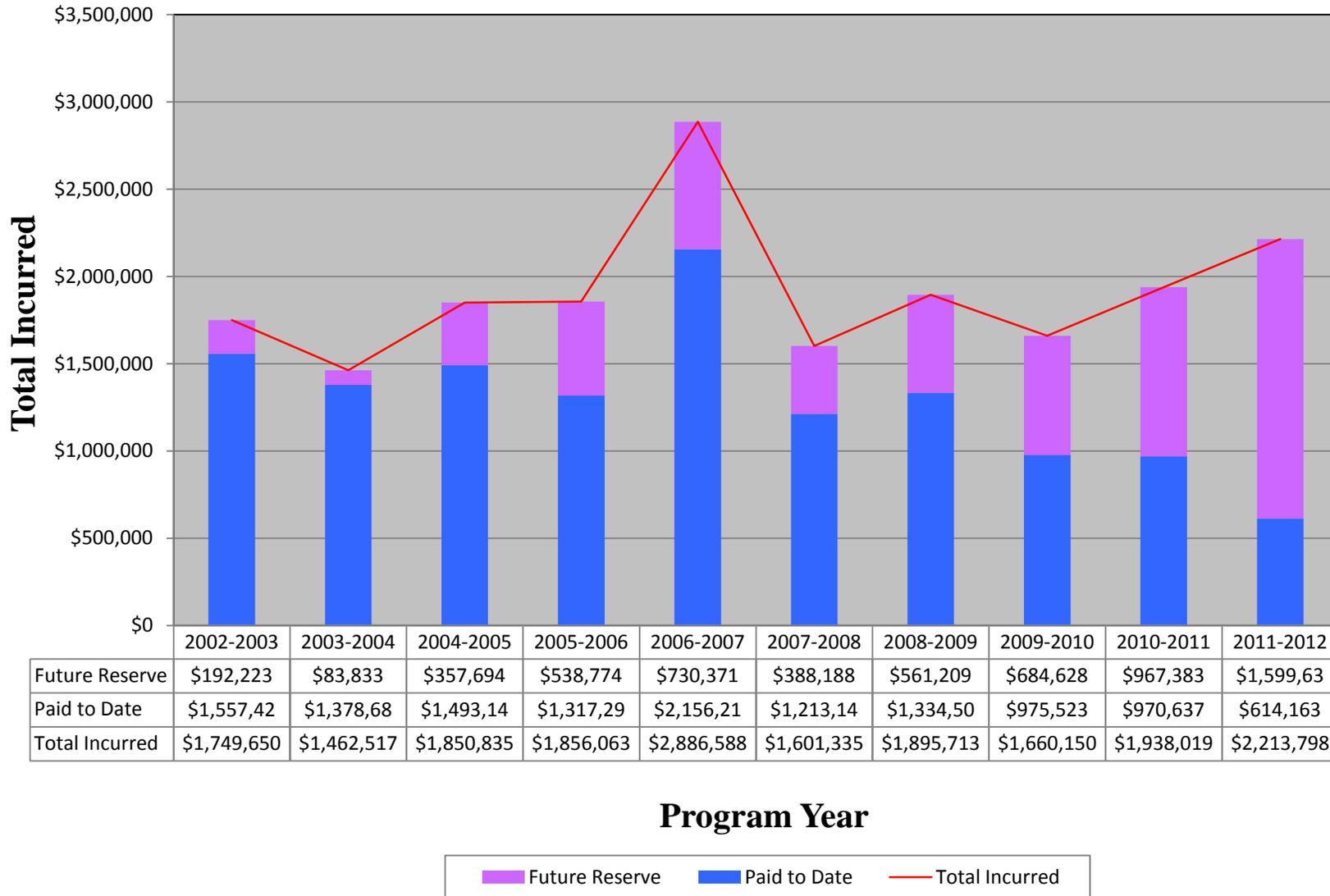
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Total Revenues	\$9,390,438	\$10,180,42	\$11,866,51	\$10,345,55	\$8,144,475	\$7,694,333	\$11,002,37	\$10,635,98	\$10,355,12	\$8,879,110
Total Expenses	\$9,659,809	\$10,274,53	\$7,308,321	\$8,557,638	\$7,978,904	\$10,806,73	\$7,809,040	\$11,926,93	\$7,622,401	\$12,460,99
Change in Net Assets	\$(269,371)	\$(94,109)	\$4,558,192	\$1,787,921	\$165,571	\$(3,112,39)	\$3,193,336	\$(1,290,94)	\$2,732,728	\$(3,581,88)

Program Years



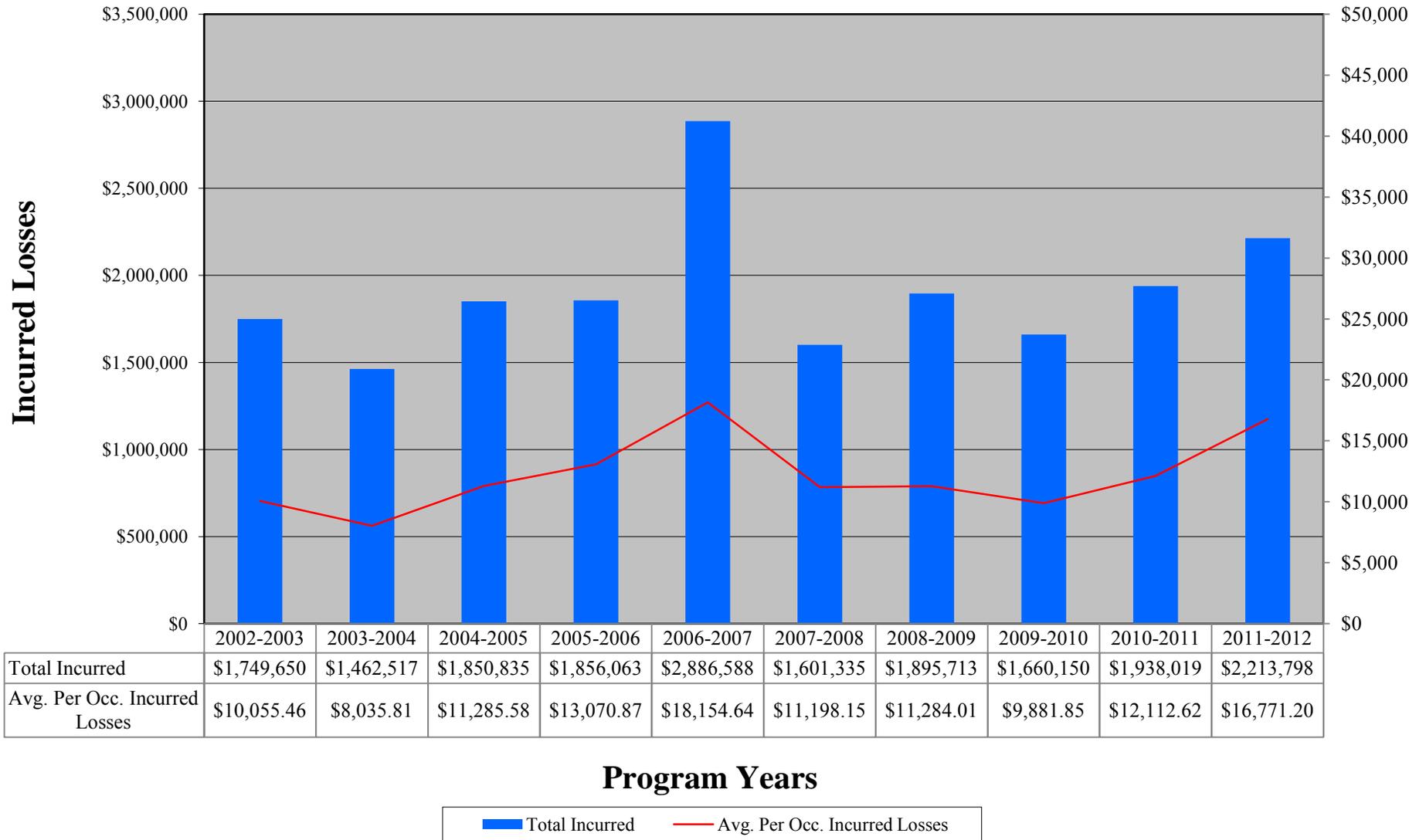
CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**WORKERS COMPENSATION PROGRAM - LOSSES AND EXPENSES PAID TO DATE AND FUTURE RESERVE
FISCAL YEAR END JUNE 30**



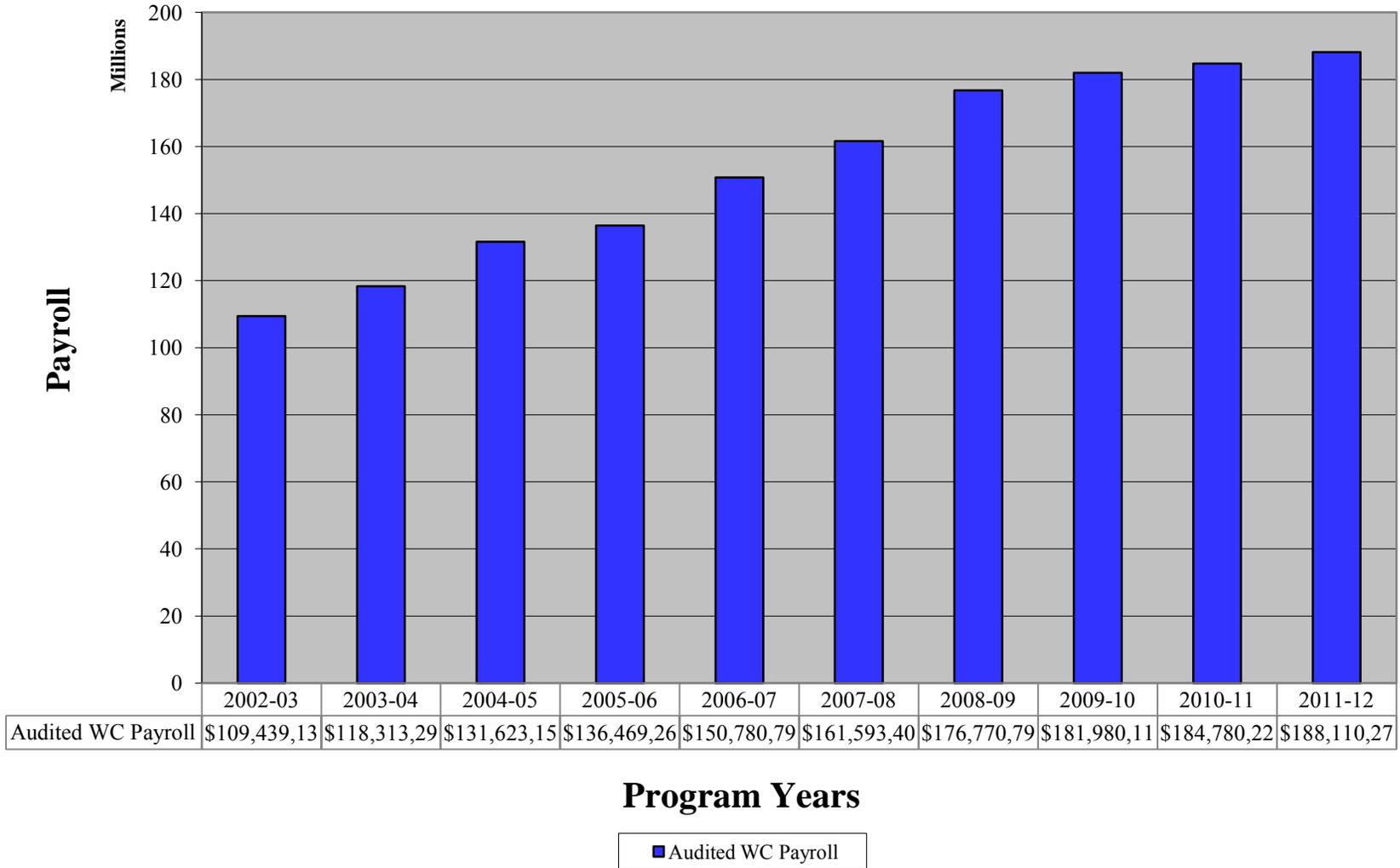
CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**WORKERS COMPENSATION PROGRAM - TOTAL INCURRED OVER LAST 10 YEARS
FISCAL YEAR END JUNE 30**



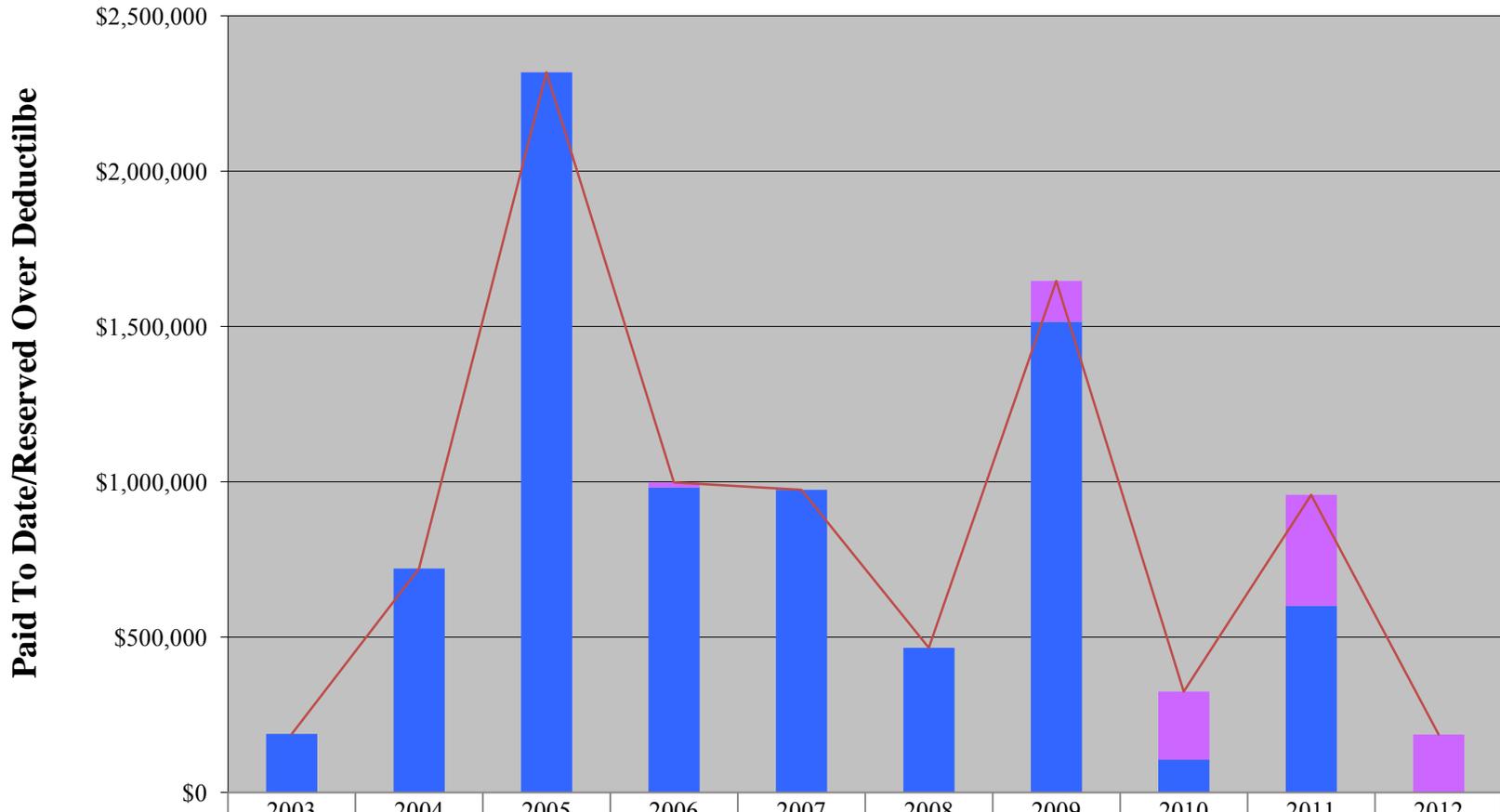
CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**WORKERS COMPENSATION PROGRAM - PAYROLL HISTORY OVER 10 YEARS
FISCAL YEAR END JUNE 30**



CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**POOLED LIABILITY PROGRAM - LOSSES AND EXPENSES PAID TO DATE AND FUTURE RESERVE
FISCAL YEAR END JUNE 30**



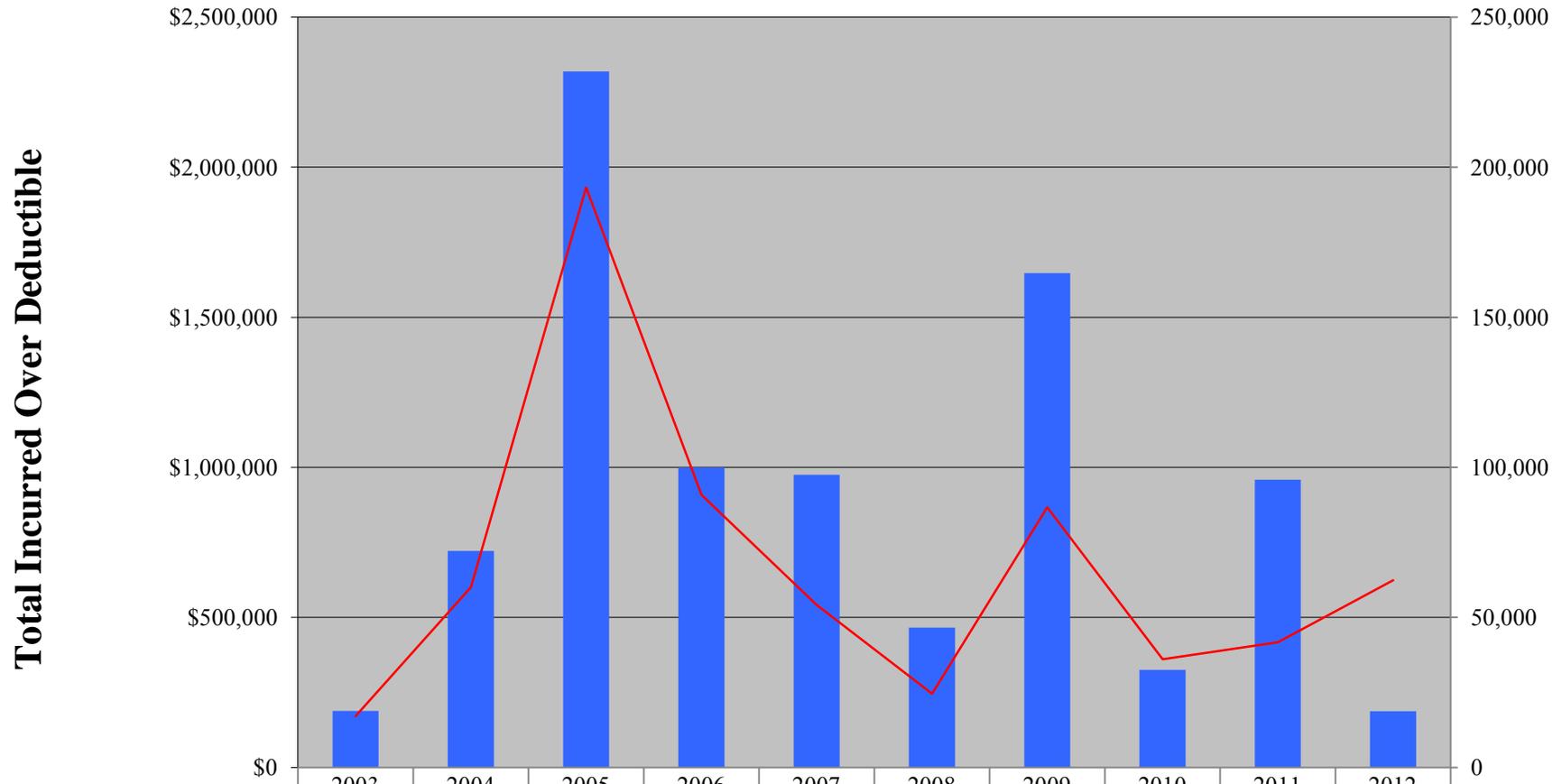
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Reserves Over Deductible	0	0	53	16,598	0	0	131,321	219,137	357,041	187,117
Total Paid Over Deductible	188,571	721,344	2,318,490	982,101	974,798	466,032	1,515,472	105,626	601,350	0
Total Incurred Over Deductible	188,571	721,344	2,318,543	998,699	974,798	466,032	1,646,793	324,763	958,391	187,117

Program Years



CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

**POOLED LIABILITY PROGRAM - TOTAL INCURRED OVER LAST 10 YEARS
FISCAL YEAR END JUNE 30**



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Incurred Over Deductible	188,571	721,344	2,318,543	998,699	974,798	466,032	1,646,793	324,763	958,391	187,117
Avg. Per Occ. Incurred Losses Over Deductible	17,143	60,112	193,212	90,791	54,155	24,528	86,673	36,085	41,669	62,372

Program Years



NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Administration: Public Outreach proposal.	MEETING DATE: January 28, 2013 AGENDA ITEM NO. 8.a.
RECOMMENDED ACTION: Approve proposal to provide public outreach services for 2013 from Rauch Communications on a time and materials basis for a not-to-exceed amount of \$60,000 and authorize Manager-Engineer to execute contract.	
SUMMARY AND DISCUSSION: <p>Goal 3 of the Novato Sanitary District Strategic Plan states “Proactively communicate with stakeholders, including customers, Board, staff and others in a clear, factual, timely, two-way manner to foster greater understanding and alignment between the District and its stakeholders.</p> <p>Rauch Communications Consultants have provided public outreach services to Novato Sanitary District for a number of years beginning with the preparation for the upgrade of the wastewater treatment facility. They propose to assist the District in preparing newsletters, updating the website, using social media, and preparing outreach materials for events. The goals of the program are to inform customers about their role in protecting water quality, support the water recycling program, solicit public input, and build support for solid waste recycling.</p> <p>A copy of their proposal is attached. They propose to do the work on a time and materials basis for a not-to-exceed amount of \$57,500 for the 2013 calendar year. Staff recommends accepting their proposal and authorizing the Manager-Engineer for an expenditure up to \$60,000.</p>	
ALTERNATIVES: Do not approve.	
BUDGET INFORMATION: This proposal extends into the first six months of the 2013-14 fiscal year and will be funded from three accounts: While there is sufficient funds in the three accounts, there will need to be an adjustment made to the HHW Education Account to account for a change in how the outreach costs are being allocated.	
DEPT. MGR. :	MANAGER’S APPROVAL:



Rauch Communication Consultants Inc.

936 Old Orchard Rd – Campbell, CA 95008
PH 408-374-0977
FX 408-374-2197
E info@rauchcc.com

O U T R E A C H P R O P O S A L

DATE: January 23, 2013

NO OF PAGES: 5

TO: Beverly James

FROM: Martin Rauch

RE: Proposal for Outreach

Background and General Qualifications

Please find below a proposal as requested to provide public outreach services for Novato Sanitary District.

Public Need for Outreach

In recent years, Sanitary Districts throughout Marin County and the state have become more and more visible and of greater interest to the public for a variety of reasons, including:

- Heightened regulations and quality standards that increase cost, and require the agencies to engage the public in helping to avoid sewer problems by not dumping inappropriate materials like wipes and grease, to repair laterals and take other actions.
- Greater environmental awareness that increases the public’s interest in wastewater treatment, proper household hazardous waste disposal, microconstituents, etc.
- Rising customer expectations. In the internet age, the public can learn about quality service anywhere in the world. They know more and expect more than in the past.
- Increased need for recycled water as potable supplies grow increasingly stressed.
- Heightened awareness of local government in general and the importance of both good governance and cost effective local government operations.

To respond to the public interests and concerns listed above, local governments in general and sanitary districts in particular have found it increasingly important to communicate regularly and effectively with their customers.

Strategic Approach: PROVIDE BOTH GENERAL OUTREACH AND TARGETED OUTREACH. The public is not composed of a single block; rather it is composed of a continuum of people, all with unique public information needs and interests. As a starting point, we would target our outreach in the following ways:

General Outreach: We would ensure there is information being provided at a general interest level to both residential and business customers. This would be the primary focus of the outreach program

Targeted Outreach: There are many stakeholders that have shown an interest in the District and its activities, including political, business, environmental and community leaders as well as individual local residents and business people. This category also may include communication with peer agencies, regulators and other special interest groups.

Goals

Proposed goals of the outreach program are to:

- Inform customers and others about how they can help protect public health and the environment by participating in household hazardous waste programs, no pharmaceuticals down the drain, the lateral program, etc.
- Support the water recycling program
- Increase public understanding and support for District policies and activities.
- Provide opportunities for the public to provide input to the District in a timely way so the Board and staff can utilize that input in its decision-making, thus helping to increase understanding of the community by the Board.

Proposed Outreach Activities

The following preliminary task list contains the elements that are likely to be included in the outreach program. This list represents a comprehensive program. All of the material may not be needed and the District may select some or all of these elements.

Public outreach programs, to be successful, must be flexible enough to respond to changing circumstances and public reaction. Therefore, we proposed to develop an outreach plan and timeline for the program, and refine it over time. Below are some possible elements.

1. DEVELOP AN OUTREACH PLAN AND TIMELINE. The beginnings of a plan are incorporated in this proposal. This category includes identifying individuals and groups in the community with special communication interests or needs and maintaining up-to-date mail and e-mail lists.
2. PUBLISH THE DISTRICT NEWSLETTER TWO TIMES PER YEAR. This is a primary outreach tool that reaches every household and business in the community both single family and multi-unit. Generally schedule for spring and fall in time for the two annual e-waste collection event
3. PUBLISH AN E-NEWSLETTER. Publish an e-newsletter with supplemental information. Start with the current stakeholders list and seek additional people through advertising on Facebook, Patch, Newsletter, on the web, etc. Also make it available via download so people can get it who are not on the email list. Publish generally in winter and summer
4. REVIEW AND UPDATE THE DISTRICT'S WEBSITE. It should be updated as needed and also reviewed thoroughly each quarter. Some changes proposed include:
 - Develop a detailed analytical report of website usage and patterns to help guide future development and updating.

- Incorporate Responsive browsing. What is this? With more and more website and blog visitors browsing the web from smartphones and tablets, web designers can create websites that are optimized for mobile browsers. The website automatically can (add, remove and modify elements to create different versions of a website without changing the content so it fits on pads, phones, etc.). This is just one modern web feature enabled by MODx.
 - Reorganizing the green pages. There are lots of pages and some redundancy.
 - Remove Collection System Worker i/II from employment page
 - Update Solid Waste Management pages to reflect current needs. [Home » Services » Solid Waste Management.](#)
 - Update rates page. written as “proposed” in April 2012. needs to reflect current rates. [Home » Business » Rates and Finance » Sewer Service Charges \(Rates\). Rates written as proposed. Need to be put in current tense](#)
 - Consider Reorganizing the Permits/Regulations Area. [It is Confusing. Home » Business » Sewer Regulations and Permits. Complex and confusing](#)
 - Update the agendas area to provide additional information for readers: list of all planned dates, information about standard scheduling and timing of meetings. [Welcome to the public. Home » Board, Agendas and Minutes » Agendas & Minutes.](#)
 - Roll up each of the categories on the documents page so a person can see all the categories without scrolling far down. [Home » News & Documents » Documents.](#)
 - Create “10 Jobs Americans Can’t Live Without” page as suggested by Sandeep
 - Find a proper location and develop a sublink for this orphaned page titled “Simple Actions to Help Prevent and Report Sewer Spills..” [Home » News & Documents » Simple Actions to Help Prevent and Report Sewer Spills](#)
5. DEVELOP AND IMPLEMENT THE FACEBOOK PAGE. Having a Facebook channel is becoming a necessary basic service. The District should begin entering this arena because many people are actively engaged in Facebook and use it as a primary internet tool. The initial Facebook page is basically built. We have a draft implementation plan in a separate document. However, in brief we recommend:
- Convert from only “Green Pages” focus to providing information about the entire District and all its activities.
 - Create links between the website and the Facebook, as well as allow easy sharing and linking with other social networks.
 - We suggest that we would begin by maintaining it and train a District staff member to also update it. Ultimately the District could provide most basic updates and information along with Dee. We would provide additional guidance, and help make ongoing improvements.
 - This would be implemented as a business style page using appropriate tools to generate a heightened level of engagement: promotions, content calendar, customized tabs, calls to action, and providing a platform for answering questions and resolving problems or needs of customers.

6. CARRY OUT A PRESS PROGRAM, INCLUDING NEWSPAPER ADS. This would involve periodic news releases, periodic op-ed newspaper articles, visits as appropriate with newspaper editors, and regular postings in the Novato Patch.
7. PRODUCE AND PRINT THE GENERAL PURPOSE BROCHURE. Provide a brochure that summarizes the services of the District, both solid waste and sanitary. It would be used at public events, be available at the front desk, downloadable from the website, etc. Consider printing it in quantities that would last about one year so that it could be updated periodically with the most current information.
8. TARGETED OUTREACH TO INDIVIDUALS AND KEY COMMUNITY GROUPS. Set a schedule to reach out to key community groups including service clubs, special interest and business groups, as well as the City Council and peer agencies. This would include making presentations, attending meetings, inviting them on tours and meeting one-on-one where appropriate.
9. DEVELOP VIDEO SHORTS. Develop, over time, a series of short, perhaps 30 second video modules on various subjects, for example: *on the reclamation ponds, etc.* These can be shown on the web, sent as links to people, posted on You Tube and added to presentations. Start with a single short
10. CREATE FACT SHEETS, AND Q&A sheets as needed.
11. MAINTAIN ON-CALL OUTREACH SUPPORT BY THE CONSULTANT to respond to challenges, write letters, formulate ways of approaching key constituents, prepare special graphics, and help solve problems.
12. MEASURE PROGRAM PERFORMANCE AND SUMMARIZE PUBLIC INPUT. Annually review the performance of the program and present a report to the District. Some straightforward steps that we recommend include: identifying whether the deliverables outlined in the plan completed in a timely way; collect and summarize press coverage, review and report on website activity and visits.
13. PARTICIPATE IN COMMUNITY EVENTS AND FAIRS, AND SPONSOR TOURS. The district already participates in a variety of public events. Review the booth materials and make periodic upgrades as appropriate. Also, review which community events the District participates in and refresh the list. The District should incorporate periodic tours of the treatment plant and even its pasture and wetlands as part of this category. The District should promote, where appropriate, customers filling out a survey at public events. This can be promoted with simple prizes for participants.

Experienced Team to Serve You

The outreach services described in this proposal would be provided by the same experienced and dedicated team that has been serving Novato Sanitary District.

Sincerely,



Martin Rauch

Cost Estimate

#	Actions	Total
1	Develop an Outreach Plan and Timeline and Update Periodically.	
2	Publish the District Newsletter Two Times Per Year. Concept development, writing, editing, graphic design. Mail coordination. Print supervision. Production management.	
3	Publish an E-Newsletter Two Times Per Year. Concept development, writing, editing, graphic design. Email coordination.	
4	Review and Update the District's Website. Major update to home page and ongoing updates.	
5	Develop and Implement the Facebook Page.	
6	Carry Out a Press Program, Including Newspaper Ads and Banners.	
7	Produce a General Purpose Brochure.	
8	Targeted Outreach to Individuals and Key Community Groups. Mail List Development for E-news.	
9	Develop Video Short.	
10	Create Fact Sheets, and Q&A Sheets.	
11	Maintain on-Call Outreach Support by the Consultant.	
12	Measure Program Performance and Summarize Public Input.	
13	Participate in Community Events and Fairs and Sponsor Tours.	
14	Misc. Expenses, Copying, Advertising Shipping, Photos, Travel, Sales Tax, etc.	

Estimated Total Cost: \$57,500

Estimated Division of Costs

Household Hazardous Waste: \$22,000 (+/-38%)
 Pollution Prevention: \$10,000 (+/-17%)
 General Outreach: \$25,500 (+/-44%)

Because an outreach program needs to respond to changing circumstances, changes to the plan may occur as well as changes to the cost of individual activities to meet public and District needs. We recommend a program of approximately this scale would meet the needs of Novato Sanitary District. Each item will be approved by the District before starting work.

***Estimate Details.** This is a not-to-exceed time and materials proposal. The Agency will only be charged for work actually done. It is possible that final costs will be less. No out-of-scope work will be undertaken without prior written approval from the Agency. Out-of-scope work includes additional new tasks, or extra work (hours in excess of those estimated hours that are not due to inefficiencies on our part) on existing tasks, which is requested for reasons beyond RCC's control. Rauch Communication Consultants outreach rate for the senior consultants (Senior) is \$165 per hour, associate consultants (Assoc.) \$115 per hour, consultants \$90 per hour, graphic designers (Graphics) \$100 per hour, media and writing specialist (Writer) \$85 per hour, and administrative assistance (Admin.) \$65 per hour. Hourly rates are subject to change. For meetings involving travel, the minimum charge is four hours. **Expenses.** Major material costs, including: printing, mailing and advertising expense are billed directly to the client by the vendor without markup by Rauch Communication Consultants, and may vary. Basic expenses, including, travel expense, office printing, use of file photos and sales tax are additional. Minor costs, less than \$15 each are not itemized.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Administration: Salary range for a Collection System Worker III position, and promotion of Javier Vega to same.	MEETING DATE: January 28, 2013 AGENDA ITEM NO. :
RECOMMENDED ACTION: Approve salary range of 43.5 for a Collection System Worker III position, and promote Javier Vega from Collection System Worker II to Collection System Worker III, Step C.	
SUMMARY AND DISCUSSION: <p>From previous discussions with the District Board, the District's FY2012-13 budget anticipated that the District would be establishing a new Collection System Worker III (CSW III) position within the District's Collection System Worker (CSW) series. It was established through these discussions that the Collection Systems Department's work load has evolved, primarily from a reactive to a more focused proactive and programmatic approach to Collection System and Pump Stations operations and maintenance. The CSW III position was meant to recognize this evolution within the work force, as well as provide for a leadership position within the CSW series that lower tier positions in the series can aspire to, while continuing to meet the District's staffing needs.</p> <p>Also, the District had previously negotiated with the Teamsters represented employees group to add this position, and all provisions of the District's Rules and Regulations and the Memorandum of Understanding (MOU) with the Teamsters Bargaining Unit (TBU) will apply to this position.</p> <p>Accordingly, it is recommended that the Board approve the Collection System Worker III salary range of 43.5, corresponding to a 5-step monthly base pay range of \$5,349 to \$6,502.</p> <p>Mr. Javier Vega was hired by the District in November 2006, as a Collections Systems Worker I. He was promoted to Collection System Worker II in November 2008. Mr. Vega has continually demonstrated his commitment to becoming a professional Collection System worker. He has taken and passed the CWEA Collection Systems grade III certification and the Mechanical Technologist Grade II examinations, and has almost completed the Supervisory Management Certificate program at Santa Rosa Junior College by taking night and weekend courses. He has been a major player in the field implementation of the District's computerized sewer system and pump station operations and maintenance activities, as well as providing training and leadership to newer members of the department.</p> <p>Currently, Mr. Vega is at salary range 40.5, "E" Step, \$5,617/month. If approved for promotion, the effective date of his promotion will be January 1, 2013, and he will serve a minimum initial 6-month probationary period in the CSW III position.</p> <p>It is recommended that the Board approve Mr. Vega's promotion from Collection System Worker II to the position of Collection System Worker III, along with his appointment at Step "C", (\$5,898/month) of the Collection System Worker III salary range.</p>	
ALTERNATIVES: Do not approve.	
BUDGET INFORMATION: The FY2012-13 budget contains provisions for a Collection System Worker III position with a salary range of 43.5.	
DEPT. MGR. :	MANAGER'S APPROVAL:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Hamilton Wetlands Outfall Relocation Project 72707:	MEETING DATE: January 28, 2013 AGENDA ITEM NO. 9.a. b.
RECOMMENDED ACTION: a. Approve budget amendment for account 72707 for 2012-13 of \$50,000 b. Approve proposal from RMC for Outfall Relocation Permitting Assistance for an amount not to exceed \$180,000 and authorize Manager-Engineer to execute contract.	
SUMMARY AND DISCUSSION: <p>NSD's discharge to San Pablo Bay is regulated by NPDES Permit No. CA0037958, which will be due for renewal on July 1, 2015. The existing outfall pipeline runs along the boundary between the former Hamilton Air Force Base and the Bel Marin Keys Unit V property and extends approximately 950 feet offshore.</p> <p>The California State Coastal Conservancy is in the process of developing a wetlands restoration plan for the Bel Marin Keys Unit V property. This project would involve breaching of an existing levee to restore tidal influence to the area around NSD's existing outfall. The portion of the pipeline within the restored tidal marsh would be subjected to increased loads from the accumulating marsh sediment and levees, and would likely undergo differential settlement as underlying soils compress and settle unequally. Several potential alternatives have been developed and evaluated for protection of the NSD outfall. The Coastal Conservancy would share equally in the development of the required water quality analysis.</p> <p>NSD is considering two of these alternatives to provide a continuous source of freshwater to create a brackish marsh environment: (1) truncate the outfall pipeline and redirect year-round flow to tidal channels, and (2) truncate the outfall and redirect flow into a recycled water storage pond, which would also provide year-round flow to tidal channels.</p> <p>The proposed reconfiguration of the NSD outfall will be subject to review and consideration by the Regional Water Board prior to authorization of a renewed NPDES permit for this discharge, based on a number of water quality analyses that must be provided by NSD. RMC will assist NSD with the development of water quality analyses as described in the Tasks listed below:</p> <ul style="list-style-type: none"> • Dilution Study • Mixing zone analysis • Antidegradation analysis • Justification for shallow water discharge • Other possible technical analyses required by the Regional Board. <p>Staff recommends approval of the budget amendment and acceptance of the proposal.</p>	
ALTERNATIVES: Do not approve.	
BUDGET INFORMATION: The District will be cost-sharing the cost with the Coastal Conservancy on a 50/50 basis and the project will extend into the 2013-14 fiscal year. There is currently no money budgeted for this work so an increase in the 2012-13 budget of \$50,000 is being requested.	
DEPT. MGR. :	MANAGER'S APPROVAL:

Novato Sanitary District
Professional Services by RMC Water and Environment
Outfall Reconfiguration Permitting Assistance

Scope of Work

November 12, 2012

Introduction

RMC Water and Environment (RMC) will assist the Novato Sanitary District (NSD) with water quality analyses needed to support an NPDES permit application that includes reconfiguration of the NSD outfall. NSD's discharge to San Pablo Bay is currently regulated by NPDES Permit No. CA0037958, which was last renewed by the Regional Water Board as Order No. R2-2010-0074, and became effective on July 1, 2010. The existing outfall pipeline runs along the boundary between the former Hamilton Air Force Base and the Bel Marin Keys Unit V property in southeast Novato and extends approximately 950 feet offshore.

The California State Coastal Conservancy is in the process of developing a wetlands restoration plan for the Bel Marin Keys Unit V property. This project would involve breaching of an existing levee to restore tidal influence to the area around NSD's existing outfall. The portion of the pipeline within the restored tidal marsh would be subjected to increased loads from the accumulating marsh sediment, and would likely undergo differential settlement as underlying soils compress and settle unequally. Several potential alternatives have been developed and evaluated for protection of the NSD outfall, as described in *Bel Marin Keys Unit V Restoration Project; Evaluation of NSD Outfall Alternatives* (Moffatt & Nichol and RMC, February 2012).

NSD is considering two of these alternatives to provide a continuous source of freshwater to create a brackish marsh environment: (1) Alternative C2, which would truncate the outfall pipeline and redirect year-round flow to tidal channels, and (2) Alternative E1 (modified), which would truncate the outfall upstream of Alternative C2 and redirect flow into a recycled water storage pond, which would also provide year-round flow to tidal channels. Naturally, Alternative E1 is more expensive but may provide more benefits to NSD.

The proposed reconfiguration of the NSD outfall will be subject to review and consideration by the Regional Water Board prior to authorization of a renewed NPDES permit for this discharge, based on a number of water quality analyses to be developed and provided by NSD. RMC will assist NSD with the development of water quality analyses as described in the Tasks listed below.

Task 1. Dilution Study

Several dilution studies have been conducted in the past for NSD's existing outfall, including a dye study performed in 1978 by E.H. Smith and Associates and two modeling studies conducted in 1997 and 2004 by Resource Management Associates, Inc. (RMA). A new dilution study will need to be conducted to understand how the discharge will mix with Bay water under the proposed Alternatives.

Task 1.1 Develop Work Plan for Dilution Modeling

The 2004 dilution study was based on two finite element models for the San Francisco Bay and Delta system, RMA-2 and RMA-11. RMA-2 is a generalized free surface hydrodynamic model that is used to compute a continuous temporal and spatial description of fluid velocities and water depth. RMA-11 is a generalized two-dimensional water quality model that computes temporal and spatial descriptions of water quality parameters (both conservative and non-conservative). Additional detail specific to the vicinity of the existing outfall was added to the model for this 2004 project. Similar detail will likely need to be developed and added to the models for the vicinity of the new outfall and restored wetland based on planning documents. Criteria upon which to base the modeling will need to be developed and coordinated with the Coastal Conservancy. In addition, RMC will coordinate with a subconsultant to develop a scope of work and cost estimate for the mathematical dilution modeling.

Task 1.2 Conduct Dilution Modeling

Based upon the Work Plan developed in Task 1.1, RMC will work with the selected modeling subconsultant to complete a dilution study for the two outfall reconfiguration alternatives to support permitting activities, including the development of a Mixing Zone Analysis as described in Task 2, below.

Task 1.3 Prepare Dilution Study Report

A draft and final technical memorandum will be prepared that includes methods, findings and recommendations for dilution credits for the two alternatives under consideration. The

List of Deliverables

- Draft Dilution Study Report
- Final Dilution Study Report

Task 2. Mixing Zone Analysis

NSD's current NPDES permit includes dilution credits to address concerns about effluent limit compliance feasibility for ammonia, fecal coliform, and cyanide. The Policy for Implementation of Toxics Standards for Inland Surface Waters, Enclosed Bays, and Estuaries of California (SIP) Section 1.4.2.2 includes 11 specific mixing zone conditions that must be met in order for the Regional Water Board to allow dilution credits (on a pollutant-by-pollutant basis), for shallow water dischargers. In addition, the SIP requires that the mixing zone be "as small as practicable," which the Regional Water Board has interpreted to be based on compliance feasibility.

Task 2.1 Identify Pollutants of Concern

RMC will conduct a reasonable potential analysis (RPA) based on effluent data collected under the monitoring requirements of the current NPDES permit to identify pollutants for which effluent limits will most likely be included in the next permit renewal. NSD will provide effluent data (as requested and as available), for these analyses. RMC will compile and review these data as a first step in conducting the RPA.

Task 2.2 Determine the Smallest Practicable Mixing Zone

RMC will estimate effluent limits and conduct compliance attainability analyses to determine threshold dilution credits for the pollutants identified in Task 2.1, as applicable. These threshold dilution credits, paired with the results of the Dilution Study conducted under Task 1 will be used to determine the smallest practicable mixing zones. This task also includes activities such as preparing figures illustrating the extent of the mixing zones and determining the surface areas of the mixing zones and the percentage of the receiving water body occupied. This task also includes preparing an analysis of the cyanide dilution that is consistent with the Regional Water Board's shallow water dilution credits under the site-specific objective for cyanide.

Task 2.3 Analyze SIP Mixing Zone Conditions

RMC will investigate and prepare necessary documentation for compliance with State Implementation Policy (SIP) mixing zone conditions, which include items such as demonstrating the discharge does not cause acute toxicity within the mixing zone and identifying potential adverse impacts on species listed under federal or state endangered species laws or their habitat.

Task 2.4 Prepare Mixing Zone Analysis

RMC will prepare a draft Mixing Zone Analysis that brings together the information developed under previous tasks and provides a basis for appropriate dilution credits for use in calculating effluent limits in permitting of the proposed outfall reconfiguration under Alternatives C2 and E1 (modified). RMC will finalize the Mixing Zone Analysis following review and comment by NSD.

Task 2.5 Assist with Regional Water Board Communications

RMC will assist the District with communications with Regional Water Board staff related to the Dilution Study and Mixing Zone Analysis for the proposed outfall reconfiguration, as needed and as budget allows. This subtask may include participation in a meeting with Regional Water Board staff, or providing additional information related to the Mixing Zone Analysis in response to questions or requests from Regional Water Board staff.

List of Deliverables

- Draft Mixing Zone Analysis
- Final Mixing Zone Analysis

Task 3. Antidegradation Analysis

The relocation of the outfall must comply with federal and state antidegradation policies, and be documented as such in an Antidegradation Analysis.

Task 3.1 Characterize Receiving Water Body

Antidegradation requirements define different "tiers" according to existing gradations in ambient water quality or impairment. RMC will determine the classification (tier) of the receiving water body based on impairment listings, designated beneficial uses, applicable water quality objectives, and receiving water data.

Task 3.2 Determine Outfall Relocation Effects on Water Quality

RMC will identify pollutants of concern and compile and review effluent and receiving water data for these pollutants. RMC will then calculate the effect of the discharge on receiving water concentrations for each of these pollutants (as necessary) under existing and proposed conditions.

Task 3.3 Determine Compliance with Antidegradation Policy

RMC will prepare language addressing required antidegradation considerations, which include:

- The socioeconomic and public benefits that result from lowered water quality,
- The affected beneficial uses and the extent of the impact,
- A description of the alternatives considered,
- A determination of any cumulative impacts,
- A description of intergovernmental coordination, and
- How the NPDES permit will require the highest statutory and regulatory requirements and best treatment.

The antidegradation analysis may initially not need to be developed with this additional detail, depending on the findings in earlier subtasks, but it's important to allow for this work because Regional Water Board staff may request this information at some point in the process.

Task 3.4 Prepare Antidregradation Analysis Report

RMC will prepare a draft Antidegradation Analysis Report that brings together information developed under Subtasks 3.1 – 3.3. RMC will finalize the Report following review and comment by NSD.

Task 3.5 Assist with Regional Water Board Communications

RMC will assist the District with communications with Regional Water Board staff related to the Antidregradation Analysis Report for the proposed outfall reconfiguration, as needed and as budget allows. This may include participation in a meeting with Regional Water Board staff, or providing additional information or revising the Antidregradation Analysis Report in response to questions or requests from Regional Water Board staff.

List of Deliverables

- Draft Antidregradation Analysis Report
- Final Antidregradation Analysis Report

Task 4. Justification for Shallow-Water Discharge

Basin Plan Prohibition No. 1 indicates that discharges that achieve an initial dilution of less than 10:1 are prohibited. An exception to this prohibition may be granted under certain circumstances described in the Basin Plan. Under this task, RMC will investigate and compile information to support an exception to the Basin Plan prohibition for the proposed outfall reconfiguration. Justification for NSD's current exception is based primarily on NSD's reclamation program and recent, significant capital improvements completed to improve the reliability of treatment.

List of Deliverables

- Draft Justification for Shallow Water Discharge
- Final Justification for Shallow Water Discharge

Task 5. Other Studies

The Regional Water Board may request that NSD conduct additional technical analyses or provide specific information to support permitting of the outfall reconfiguration. RMC will assist NSD with preparation of these analyses, documents, or other responses to Regional Water Board staff, as needed and as budget allows. No work will be completed on under this task without prior authorization by NSD.



**Novato Sanitary District
Outfall Reconfiguration Permitting Assistance**

11/12/12

Tasks ⁽¹⁾	RMC Hours ⁽²⁾					Total Hours	Total Labor Costs	Other Direct Costs ⁽³⁾		Total
	Principal	Project Manager	Project Engineer	Graphic Designer	Admin/ Acct.			Modeling Subconsultant	RMC ODCs	
	\$240	\$190	\$170	\$125	\$100					
Task 1. Dilution Study										
Task 1.1 Develop Work Plan for Dilution Modeling	4	6	20			30	\$5,500		\$100	\$5,600
Task 1.2 Coordinate and Conduct Dilution Modeling	4	24	8			36	\$6,880	\$40,000		\$46,880
Task 1.3 Prepare Dilution Study Report	2	12	4	8	2	28	\$3,640	\$10,000		\$13,640
Task 1 Subtotal:	10	42	32	8	2	94	\$16,020	\$50,000	\$100	\$66,120
Task 2. Mixing Zone Analysis										
Task 2.1 Identify Pollutants of Concern	1	8	24		2	35	\$6,040			\$6,040
Task 2.2 Determine Smallest Practicable Mixing Zone	2	12	80			94	\$16,360			\$16,360
Task 2.3 Analyze SIP Mixing Zone Conditions	4	8	32		2	46	\$8,120			\$8,120
Task 2.4 Prepare Mixing Zone Analysis	4	8	32		2	46	\$8,120			\$8,120
Task 2.5 Assist with Regional Water Board Communications	8	12	4		2	26	\$5,080		\$100	\$5,180
Task 2 Subtotal:	19	48	172	0	8	247	\$43,720	\$0	\$100	\$43,820
Task 3. Antidegradation Analysis										
Task 3.1 Characterize Receiving Water Body	2	4	24		2	32	\$5,520			\$5,520
Task 3.2 Determine Outfall Relocation Effects on Water Quality	4	8	36		2	50	\$8,800			\$8,800
Task 3.3 Determine Compliance with Antidegradation Policy	4	8	48		2	62	\$10,840			\$10,840
Task 3.4 Prepare Antidegradation Analysis Report	6	8	32		2	48	\$8,600			\$8,600
Task 3.5 Assist with Regional Water Board Communications	8	12	4		2	26	\$5,080		\$100	\$5,180
Task 3 Subtotal:	24	40	144	0	10	218	\$38,840	\$0	\$100	\$38,940
Task 4. Justification for Shallow Water Discharge	4	8	32			44	\$7,920			\$7,920
Task 5. Additional Water Quality Studies As-needed	12	24	48		6	90	\$16,200		\$100	\$16,300
TOTAL:	69	162	428	8	26	693	\$122,700	\$50,000	\$400	\$173,100

1. This cost estimate is based on the accompanying Scope of Work, and could change based on developments by regulatory agencies or other parties.
2. Rates shown are effective through June 30, 2013. Rates are subject to change for increased costs and salary adjustments.
3. RMC other direct costs (ODCs) include mileage, reprographics, delivery, and other non-labor costs associated with the project, and will be billed at actual cost. Subconsultant costs are billed at actual cost plus 10%.

Nuoi Lieu
1224 Grant Avenue,
Novato, CA 94945
(415) 892-2925

January 4, 2013

Novato Sanitation District Board
500 Davidson Street
Novato, CA, 94945
CC: Robin Merrill

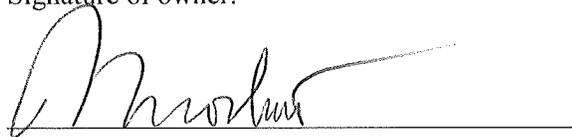
Dear Novato Sanitation District Board,

I noticed that I am listed as a "laundry-mat" and I wanted to clarify that the business I run is not a laundry-mat. I am a solo owner of The Washette, located at 1224 Grant Avenue, Novato. I run this business on my own and do most things by hand. I believe that I should not be considered the same as a laundry-mat.

I also would like to request that the formula used to determine the ratio be re-evaluated and reduced so that I am not paying more than I need to. I do not mind the payments as long as it is a fair share and fits the description of my business.

Thank you,

Signature of owner:



Nuoi Lieu

Signature of building owner:



Maurice A. Weinger

RECEIVED
JAN 10 2013
NOVATO SANITARY DISTRICT