

NOVATO SANITARY DISTRICT

Meeting Date: October 22, 2012

NOTE THE TIME CHANGE FOR THE MEETING TO 6:00 PM.

The Board of Directors of Novato Sanitary District will hold a regular meeting at 6:00 p.m., Monday, October 22, 2012, 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 October 8, 2012 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 regular, payroll, and payroll-related disbursements.

- 6. SOLID WASTE:**

- a. Consider confirmation of no change to solid waste rates for 2013.

- 7. WASTEWATER OPERATIONS**

- a. Wastewater Operations Committee report.
- b. Staff report on odor control and landscaping.

8. NORTH BAY WATER REUSE AUTHORITY:

- a. Consider authorizing the District's representative to the NBWRA Board of Directors to approve the Final Phase 2 Scoping Study proposal and NBWRA budget amendment.

9. ADMINISTRATION

- a. Consider approval of the revised "Novato Sanitary District Statement of Investment Policy".
- b. Consider accepting the Asset Deletion Report.
- c. Review quarterly investment report.

10. CAPITAL PROJECTS:

- a. Review bids received for the 2012 Pipeburst Project, consider rejecting all bids, and authorizing the Manager-Engineer to so inform all bidders.
- b. Consider granting Final Acceptance of the 2012 Miscellaneous Sewer Repairs Group 2, and authorize staff to file the Notice of Completion.
- c. Consider approval of proposal from Custom Tractor to rehabilitate irrigated parcels at the Reclamation Facility in the not-to-exceed amount of \$96,000, and authorize the Manager-Engineer to execute a contract in this amount.

11. NPDES PERMIT:

- a. Report on Settlement Agreement R2-2012-0012 with the San Francisco Regional Water Quality Control Board.
- b. Consider making CEQA findings and issuing a Notice of Exemption for the Simmons Slough Wetlands Enhancement Project.
- c. Consider making CEQA findings and issuing a Notice of Exemption for the Bahia Tidal Pond Enhancement and Marsh Monitoring Project.

12. BOARD MEMBER REPORTS:

13. MANAGER'S ANNOUNCEMENTS:

14. ADJOURNMENT:

Next resolution no. 3052

Next regular meeting date: Monday, November 12, 2012, 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.

October 8, 2012

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, October 8, 2012, at the District offices, 500 Davidson Street, Novato.

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

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

ALSO PRESENT: Brant Miller, Novato resident
John Bailey, Plant Manager, Veolia Water
John O'Hare, Operations Technical Support, Veolia Water
Bob Guinan, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

Consider approval of minutes of the September 10, 2012 Board meeting.

On motion of Member Mariani, seconded by Member Peters and carried unanimously, the minutes of the September 10, 2012 Board meeting were approved.

CONSENT CALENDAR:

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

- a. Approval of regular disbursements in the amount of \$363,524.23, and capital project disbursements in the amount of \$389,195.60. The following September disbursements were ratified: regular disbursements in the amount of \$113,373.09, capital project disbursements in the amount of \$204,786.56 and payroll and payroll related disbursements in the amount of \$227,348.11.
- b. Approval of the Zandra Place Sewer Main Extension.

PERSONNEL:

- Promotion of Ken Besnia from Environmental Compliance Analyst I to Environmental Compliance Analyst II. The Deputy Manager-Engineer noted that Mr. Besnia was hired by

the District in August, 2007 as an Environmental Compliance Analyst I. Since that time, he has performed his duties satisfactorily and has demonstrated his capability to perform at the Analyst II level. The Deputy Manager-Engineer recommended the Board approve Mr. Besnia's promotion to Environmental Compliance Analyst II, effective October 1, 2012.

On motion of Member Peters, seconded by Member Long and carried unanimously, the Board approved the promotion of Ken Besnia from Environmental Compliance Analyst I to Environmental Compliance Analyst II, effective October 1, 2012.

WASTEWATER OPERATIONS REPORT:

- Wastewater Operations Committee report. The Deputy Manager-Engineer provided a summary of the August wastewater treatment, collection, and reclamation facilities reports as presented to the Wastewater Operations Committee which met on September 17, 2012.

Member Peters asked for information on the readings from the Jerome Meter and requested that the Board be notified if there are any exceptions to the readings that fall outside the normal parameters for odors. Mr. Bailey stated that he would provide the Board with such information if it should occur.

Member Long suggested the District sponsor an outreach/educational event for plumbers who service the Novato area. He stated that the District could educate the plumbers on best practices for lateral repairs and cleaning which in turn could assist the District in preventing sanitary sewer overflows.

- Novato Final Biofilter Testing Report. The Manager discussed the "Novato Wastewater Treatment Plant Biofilter Final Performance Testing" (Report) as prepared by James Joyce, P.E., V&A Consulting Engineers. She stated that based on the findings by Mr. Joyce, the biofilters were properly constructed and the media was as specified. The report did note however, that the biofilters were being over-irrigated with an un-even spray pattern which left one area dry and not receiving sufficient irrigation. The report noted that the very dry media released an unpleasant odor which indicated insufficient moisture to promote proper biology. Treatment Plant Manager John Bailey confirmed that the uneven watering was corrected at the time of Mr. Joyce's inspection.

Bob Guinan, Lea Drive resident, asked if Mr. Joyce would address other details regarding odor control solutions at the District's facility. The Manager responded that the Report was requisitioned by the design engineers and only addressed the proper functioning of the biofilter unit.

Mr. Guinan asked about the possibility of additional landscaping/berm construction to assist with odor dispersion from the treatment facility. The Manager stated she was looking into the placement of a berm but that there may be complications due to the wetlands in that area.

Mr. Guinan expressed his concerns regarding the effective alleviation of the aeration basin odors. He stated that he hopes other methods could be used alleviate odors soon as the current landscaping will not mature for a long period of time. He hoped that other odor control methods could be considered in the interim.

PRETREATMENT:

- Consider and approve the Novato Sanitary District Dental Amalgam Mercury Reduction Ordinance. The Deputy Manager-Engineer stated that since 2008, the District has worked to implement a phased dental amalgam program with respect to the local dentist community. He noted that the District had initially implemented a voluntary Best Management Practices based approach and is now transitioning to a more prescriptive ordinance based program.

Member Long suggested the District wait 30 days before enforcing the Ordinance to allow for protests and discussion. District Counsel Kent Alm pointed out that Section 9 of the Ordinance provides that the Ordinance shall be effective 30 days after adoption by the Board.

The Manager recommended the Board consider and adopt Ordinance No. 117, and authorize staff to publish a summary of the Ordinance in the Marin Independent Journal.

On motion of Member Long, seconded by Member Mariani and carried unanimously, the Board approved Ordinance No. 117, An Ordinance Minimizing Discharge of Mercury From Dental Amalgam Waste to the Sanitary Sewer and authorized staff to publish a summary of the Ordinance in the Marin Independent Journal.

CAPITAL PROJECTS:

- Consider granting Final Acceptance of the Bahia Pump Station Drainage Improvements, Project No. 72805-12-01 and authorize staff to file the Notice of Completion. The Deputy Manager-Engineer stated that Maggiora & Ghilotti reached substantial completion on the Bahia Pump Station Drainage Improvements project on September 28th. He noted that the final cost to complete the project was \$31,600 and that there were no change orders. He recommended the Board grant final acceptance and authorize staff to file the Notice of Completion.

On motion of Member Peters, seconded by Member Mariani and carried unanimously, the Board granted Final Acceptance of the Bahia Pump Station Drainage Improvements, Project 72805-12-01 and authorized staff to file the Notice of Completion.

- Consider granting Final Acceptance of the Simmons Lane Sewer Repairs 2012, Project No. 72803-11-05 and authorize staff to file the Notice of Completion. The Deputy Manager-Engineer stated that Team Ghilotti reached substantial completion on the Simmons Lane Sewer Repairs project on July 13th. He noted that the final cost to complete the project was \$37,721 and that there were no change orders. He recommended 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, the Board granted Final Acceptance of the Simmons Lane Sewer Repairs 2012, Project No. 72803-11-05 and authorized staff to file the Notice of Completion.

- Consider and approve a proposal from Veolia Water in the amount of \$311,950 to perform the cleaning of the digester at the Ignacio treatment plant site and digester No. 2 at the Novato treatment plant site, as "Additional Services" under Section 8 of the Contract Service Agreement, Project No. 72805. The Deputy Manager-Engineer stated that the next stage of the Treatment Facilities Upgrade is the rehabilitation and upgrade of digester No. 2 at the Novato treatment facility. In preparation for the upgrade, he stated that the District had requested a proposal from Veolia Water and noted that the District's Contract Service Agreement with Veolia provides for additional services on a negotiated basis. Also, the digester at the Ignacio Plant which is currently out-of-service has sludge in it. This sludge needs to be removed and disposed of.

The Deputy Manager-Engineer noted that Veolia Water has demonstrated experience in cleaning/managing cleaning of digesters at the various treatment facilities in which they operate nationwide. He gave an overview of the proposal presented by Veolia for the digester cleaning and stated that Veolia would be solely responsible to clean these digesters and appropriately dispose of the contents to the District's sludge facilities at its Reclamation Area, in accordance with all applicable regulations. He also stated that Veolia's proposal was explicit in that Veolia would be solely responsible for the means and methods employed to accomplish the cleaning and sludge disposal. To this end, Veolia has negotiated a contract with Synagro whereby Synagro will perform the required cleaning and disposal services for a lump sum of \$130,750 for the Ignacio digester and \$143,740 for the Novato Digester No. 2. In addition, Synagro requested a risk-sharing approach whereby the contract would have a \$20,000 initial contingency, after which the contingency risk falls on Synagro. Veolia has agreed to cost-share this contingency with the District to a \$10,000 amount each. Veolia's proposal also includes a project management fee of \$27,450. The total cost to the District will be \$311,950 and the Deputy Manager-Engineer recommended that the Board approve the proposal in this not-to-exceed amount.

The Board discussed the proposal and the contingency risks. Member Welsh expressed his dissatisfaction with the cost of the proposal and stated he was not willing to give his approval. He said he felt the digester cleaning and sludge disposal were maintenance activities and that Veolia should be responsible for all costs associated with these activities.

On motion of Member Long, seconded by Member Peters and carried with the following vote, the Board approved the proposal from Veolia Water in the not-to-exceed amount of \$311,950 to perform the cleaning of the digester at the Ignacio treatment plant site and digester No. 2 at the Novato treatment plant site as "Additional Services" under Section 8 of the Contract Service Agreement. Ayes: Di Giorgio, Long, Mariani, Peters. No: Welsh.

BOARD OF DIRECTORS:

- Consider reviewing its meeting time and adopt a resolution to revise Policy 5010 for the regular meeting time of the Board of Directors, to reflect a change in its meeting time from 6:30 PM to 5:30 PM and authorize the Manager-Engineer to publish such notice. The Manager discussed the proposed time change and suggested that if the meeting time was changed to 5:30 PM, public hearings could continue to be scheduled for 6:30 PM to accommodate public attendance.

The Board members discussed the options of changing the Board meeting time to 6:00 PM instead of the proposed 5:30 PM. Member Welsh stated he felt the public would be better served if the meetings began at 7:00 PM.

There was no public comment.

*On motion of Member Long, seconded by Member Peters and carried with the following vote, Resolution No. 3051, A Resolution Changing Time of Regular District Board of Directors Meetings, was passed with the correction as follows: **be held on the second Monday and the Fourth Monday of each and every calendar month, at six (6:00) o'clock P.M.** Ayes: Di Giorgio, Long, Mariani, Peters. No: Welsh.*

BOARD MEMBER REPORTS:

Member Peters discussed his attendance at the California Special Districts Association (CSDA) conference which was held in San Diego. He attended September 24th and 25th. Member Peters discussed his participation in the Special District Leadership Academy presentation and discussed a presentation by Brent Ives titled "Best Board Practices".

Member Mariani discussed her attendance at the CSDA conference in San Diego and shared with the Board materials from the sessions she attended. She attended the Special District Leadership Academy presentation as well as the full conference which ended on September 27th.

Member Mariani requested that the materials for Board meetings be prepared and distributed to Board members on the Thursday prior to the meetings instead of on Friday. The Manager stated she would comply with this request.

Member Welsh discussed garbage services at large apartment complexes and commented that there appears to be no enforcement for multi-family units that use recycling receptacles for garbage. He also commented on disposal practices at some multi-family units which are unsanitary and invite rodents. The Manager stated that Novato Sanitary District is the enforcement entity for Novato Disposal and could take legal action to force facilities to follow District standards for refuse disposal.

MANAGER'S ANNOUNCEMENTS:

- The District newsletter was published and mailed to Novato residents at the end of September. It announced the E-Waste event on October 13, 14, and 15.
- The Recycled Water Dedication Ceremony will take place at the District on October 11th from 3:00 to 4:30 PM. A Special Joint Board meeting between the Novato Sanitary District and North Marin Water District will take place at 1:30 PM directly before the dedication.
- The Wastewater Operations Committee will meet on Monday, October 15th at 2PM at the District office.
- The District will participate in the State wide event "The Great Shake Out" on October 18th.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the Board meeting at 8:35 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Swoboda, Recording

Novato Sanitary District Operating Check Register

October 22, 2012

Date	Num	Name	Credit
Oct 22, 12			
10/22/2012	54970	Pacific, Gas & Electric	91,398.36
10/22/2012	54946	Brown & Caldwell, Inc.	17,865.00
10/22/2012	54966	Novato, City	7,370.09
10/22/2012	54948	California Diesel & Power	7,296.38
10/22/2012	54962	North Marin Water District	5,715.72
10/22/2012	54952	David Jenkins & Associates, I...	4,200.00
10/22/2012	54943	American Express-22062	2,600.69
10/22/2012	54963	North Marin Water District - Lab	2,069.00
10/22/2012	54979	Water Environment Research...	1,975.00
10/22/2012	54941	3T Equipment Company Inc.	1,924.58
10/22/2012	54947	Cagwin & Dorward Inc.	1,765.00
10/22/2012	54973	RMC Water & Environment, I...	1,465.00
10/22/2012	54959	Marin/Sonoma Mosquito Dist	1,154.42
10/22/2012	54956	IEDA, INC	1,020.00
10/22/2012	54955	Grainger	913.54
10/22/2012	54944	Bank of New York Mellon-fee	845.00
10/22/2012	54954	Empire Mini Storage - Novato	779.00
10/22/2012	54964	North Marin Water District Pa...	764.48
10/22/2012	54957	Johnson Controls, Inc.	625.25
10/22/2012	54977	Verizon EQ	592.20
10/22/2012	54974	Shape Incorporated	530.97
10/22/2012	54972	Ricoh USA, Inc.	445.47
10/22/2012	54949	CDW Government, Inc.	352.93
10/22/2012	54942	AC3 Crane Certification Corp	325.00
10/22/2012	54978	Verizon Wireless-	314.20
10/22/2012	54945	BoundTree Medical, LLC	312.05
10/22/2012	54953	EEC	289.80
10/22/2012	54975	Siemens Industry Inc. - Lab	272.00
10/22/2012	54958	Levy, Larry	250.00
10/22/2012	54951	Datco Billing Inc.	245.70
10/22/2012	54965	Novato Toyota	228.01
10/22/2012	54967	O'Connor, Timothy--	158.93
10/22/2012	54969	Orkin Pest Control, Inc.	116.00
10/22/2012	54960	North Bay Portables, Inc.	92.18
10/22/2012	54971	Petty Cash	76.94
10/22/2012	54976	Staples Business Adv Inc.	68.23
10/22/2012	54950	Cook Paging	66.30
10/22/2012	54968	One Stop Auto Service Inc.	53.68
10/22/2012	54961	North Marin Auto Parts	17.35
Oct 22, 12			156,554.45

Novato Sanitary District
Operating Check Register Detail
October 22, 2012

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
3T Equipment Company Inc.			
	10/03/2012	60150 · Repairs & Maintenance	863.05
	10/09/2012	60100 · Operating Supplies	1,061.53
Total 3T Equipment Company Inc.			<u>1,924.58</u>
AC3 Crane Certification Corp			
	09/17/2012	65150 · Repairs & Maintenance	325.00
Total AC3 Crane Certification Corp			<u>325.00</u>
American Express-22062			
	10/13/2012	64100 · Operating Supplies	340.67
	10/13/2012	66090 · Office Expense	614.94
	10/13/2012	66170 · Travel, Meetings & Training	788.98
	10/13/2012	21015 · American Express	856.10
Total American Express-22062			<u>2,600.69</u>
Bank of New York Mellon-fee			
	10/18/2012	66123 · O/S Contractual	845.00
Total Bank of New York Mellon-fee			<u>845.00</u>
BoundTree Medical, LLC			
	10/04/2012	64170 · Pollution Prevention/Public Ed	312.05
Total BoundTree Medical, LLC			<u>312.05</u>
Brown & Caldwell, Inc.			
	10/08/2012	66123 · O/S Contractual	17,865.00
Total Brown & Caldwell, Inc.			<u>17,865.00</u>
Cagwin & Dorward Inc.			
	09/30/2012	63150 · Repairs & Maintenance	1,740.00
	10/11/2012	66150 · Repairs & Maintenance	25.00
Total Cagwin & Dorward Inc.			<u>1,765.00</u>
California Diesel & Power			
	09/19/2012	65150 · Repairs & Maintenance	257.51
	09/19/2012	65150 · Repairs & Maintenance	475.00
	09/20/2012	65150 · Repairs & Maintenance	325.00
	09/24/2012	65150 · Repairs & Maintenance	575.00
	09/25/2012	65150 · Repairs & Maintenance	325.00
	09/25/2012	65150 · Repairs & Maintenance	622.00
	09/26/2012	65150 · Repairs & Maintenance	1,750.00
	09/26/2012	65150 · Repairs & Maintenance	491.87
	09/26/2012	65150 · Repairs & Maintenance	475.00
	09/28/2012	65150 · Repairs & Maintenance	575.00
	09/28/2012	65150 · Repairs & Maintenance	550.00
	09/28/2012	65150 · Repairs & Maintenance	550.00
	10/01/2012	65150 · Repairs & Maintenance	325.00
Total California Diesel & Power			<u>7,296.38</u>
CDW Government, Inc.			
	10/04/2012	66124 · IT/Misc Electrical	352.93
Total CDW Government, Inc.			<u>352.93</u>
Cook Paging			
	10/01/2012	61000-4 · Water/Permits/Telephone	24.00
	10/01/2012	65193 · Telephone	30.83
	10/01/2012	60193 · Telephone	11.47
Total Cook Paging			<u>66.30</u>
Datco Billing Inc.			
	10/01/2012	66123 · O/S Contractual	245.70
Total Datco Billing Inc.			<u>245.70</u>

Novato Sanitary District
Operating Check Register Detail
October 22, 2012

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
David Jenkins & Associates, Inc			
	10/13/2012	66123 · O/S Contractual	4,200.00
Total David Jenkins & Associates, Inc			<u>4,200.00</u>
EEC			
	10/04/2012	63150 · Repairs & Maintenance	289.80
Total EEC			<u>289.80</u>
Empire Mini Storage - Novato			
	10/11/2012	66123 · O/S Contractual	779.00
Total Empire Mini Storage - Novato			<u>779.00</u>
Grainger			
	09/28/2012	65085 · Safety Expenses	203.61
	10/02/2012	60150 · Repairs & Maintenance	493.46
	10/04/2012	66090 · Office Expense	63.80
	10/04/2012	66150 · Repairs & Maintenance	38.35
	10/05/2012	60100 · Operating Supplies	114.32
Total Grainger			<u>913.54</u>
IEDA, INC			
	10/01/2012	66123 · O/S Contractual	1,020.00
Total IEDA, INC			<u>1,020.00</u>
Johnson Controls, Inc.			
	10/02/2012	66150 · Repairs & Maintenance	625.25
Total Johnson Controls, Inc.			<u>625.25</u>
Levy, Larry			
	10/01/2012	66123 · O/S Contractual	250.00
Total Levy, Larry			<u>250.00</u>
Marin/Sonoma Mosquito Dist			
	10/11/2012	63150 · Repairs & Maintenance	1,154.42
Total Marin/Sonoma Mosquito Dist			<u>1,154.42</u>
North Bay Portables, Inc.			
	10/01/2012	63100 · Operating Supplies	92.18
Total North Bay Portables, Inc.			<u>92.18</u>
North Marin Auto Parts			
	10/01/2012	60100 · Operating Supplies	17.35
Total North Marin Auto Parts			<u>17.35</u>
North Marin Water District			
	10/11/2012	60192 · Water	1,202.82
	10/11/2012	63192 · Water - Reclamation	4,296.84
	10/11/2012	65192 · Water	216.06
Total North Marin Water District			<u>5,715.72</u>
North Marin Water District - Lab			
	10/05/2012	64160 · Research & Monitoring	2,069.00
Total North Marin Water District - Lab			<u>2,069.00</u>
North Marin Water District Payroll			
	10/05/2012	64010 · Salaries & Wages	764.48
Total North Marin Water District Payroll			<u>764.48</u>
Novato Toyota			
	10/05/2012	66150 · Repairs & Maintenance	228.01
Total Novato Toyota			<u>228.01</u>
Novato, City			
	10/05/2012	60060 · Gas, Oil & Fuel	2,450.74
	10/05/2012	61000-4 · Water/Permits/Telephone	2,468.62
	10/05/2012	63060 · Gasoline & Oil	784.24

Novato Sanitary District
Operating Check Register Detail
October 22, 2012

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
	10/05/2012	64060 · Gasoline & Oil	343.10
	10/05/2012	65060 · Gasoline & Oil	490.15
	10/05/2012	66060 · Gasoline & Oil	<u>833.24</u>
Total Novato, City			7,370.09
O'Connor, Timothy--			
	10/10/2012	66170 · Travel, Meetings & Training	<u>158.93</u>
Total O'Connor, Timothy--			158.93
One Stop Auto Service Inc.			
	10/08/2012	65150 · Repairs & Maintenance	<u>53.68</u>
Total One Stop Auto Service Inc.			53.68
Orkin Pest Control, Inc.			
	09/21/2012	66150 · Repairs & Maintenance	<u>116.00</u>
Total Orkin Pest Control, Inc.			116.00
Pacific, Gas & Electric			
	10/11/2012	61000-5 · Gas & Electricity	69,288.85
	10/11/2012	63191 · Gas & Electricity	13,026.46
	10/11/2012	65191 · Gas & Electricity	<u>9,083.05</u>
Total Pacific, Gas & Electric			91,398.36
Petty Cash			
	10/01/2012	66170 · Travel, Meetings & Training	<u>76.94</u>
Total Petty Cash			76.94
Ricoh USA, Inc.			
	10/04/2012	66090 · Office Expense	<u>445.47</u>
Total Ricoh USA, Inc.			445.47
RMC Water & Environment, Inc.			
	10/11/2012	64160 · Research & Monitoring	<u>1,465.00</u>
Total RMC Water & Environment, Inc.			1,465.00
Shape Incorporated			
	10/08/2012	65150 · Repairs & Maintenance	<u>530.97</u>
Total Shape Incorporated			530.97
Siemens Industry Inc. - Lab			
	10/01/2012	64150 · Repairs & Maintenance	<u>272.00</u>
Total Siemens Industry Inc. - Lab			272.00
Staples Business Adv Inc.			
	10/03/2012	66090 · Office Expense	<u>68.23</u>
Total Staples Business Adv Inc.			68.23
Verizon EQ			
	09/28/2012	65193 · Telephone	<u>592.20</u>
Total Verizon EQ			592.20
Verizon Wireless-			
	10/01/2012	60193 · Telephone	90.51
	10/01/2012	65193 · Telephone	48.74
	10/01/2012	66193 · Telephone	<u>174.95</u>
Total Verizon Wireless-			314.20
Water Environment Research Foundation			
	10/05/2012	66075 · Agency Dues	<u>1,975.00</u>
Total Water Environment Research Foundation			<u>1,975.00</u>
TOTAL			<u><u>156,554.45</u></u>

Novato Sanitary District Capital Projects Check Register

October 22, 2012

Date	Num	Name	Credit
Oct 22, 12			
10/22/2012	2427	North Marin Water District Jo...	285,000.00
10/22/2012	2420	Covello Group, The	49,211.00
10/22/2012	2428	Nute Engineering Inc.	22,388.43
10/22/2012	2421	Foster Flow Control	14,407.76
10/22/2012	2419	Cagwin & Dorward Inc.	14,181.00
10/22/2012	2423	Gateway Pacific Contractors, ...	8,586.17
10/22/2012	2418	American Express-22062	2,047.79
10/22/2012	2425	Lateral-O'Dea, Carol	1,500.00
10/22/2012	2426	Marin Independent Journal	782.60
10/22/2012	2424	Grainger	636.82
10/22/2012	2422	Gateway Pacific Contractors -...	451.90
10/22/2012	2430	Water Components & Buildin...	113.93
10/22/2012	2429	USA BlueBook	49.91
Oct 22, 12			399,357.31

Novato Sanitary District
Capital Projects Check Detail for October 22, 2012

	Date	Account	Amount
American Express-22062			
	10/13/2012	73002 · WWTP Up - Cont D - Rec- ARRA Fu	2,047.79
Total American Express-22062			<u>2,047.79</u>
Cagwin & Dorward Inc.			
	09/30/2012	72805 · Annual Trtmt Plnt/Pump St Impr	14,181.00
Total Cagwin & Dorward Inc.			<u>14,181.00</u>
Covello Group, The			
	10/01/2012	72706 · 2008 Collection System Improv	1,265.00
	10/01/2012	73002 · WWTP Up - Cont D - Rec- ARRA Fu	36,841.00
	10/01/2012	72403 · Pump Station Rehabilitation	11,105.00
Total Covello Group, The			<u>49,211.00</u>
Foster Flow Control			
	10/04/2012	72804 · Annual Reclamation Fac Imp	14,407.76
Total Foster Flow Control			<u>14,407.76</u>
Gateway Pacific Contractors - Escrow			
	10/01/2012	73002 · WWTP Up - Cont D - Rec- ARRA Fu	451.90
Total Gateway Pacific Contractors - Escrow			<u>451.90</u>
Gateway Pacific Contractors, Inc.			
	10/01/2012	73002 · WWTP Up - Cont D - Rec- ARRA Fu	8,586.17
Total Gateway Pacific Contractors, Inc.			<u>8,586.17</u>
Grainger			
	10/08/2012	72804 · Annual Reclamation Fac Imp	636.82
Total Grainger			<u>636.82</u>
Lateral-O'Dea, Carol			
	10/10/2012	72706 · 2008 Collection System Improv	1,500.00
Total Lateral-O'Dea, Carol			<u>1,500.00</u>
Marin Independent Journal			
	09/30/2012	72706 · 2008 Collection System Improv	782.60
Total Marin Independent Journal			<u>782.60</u>
North Marin Water District			
	10/15/2012	73002 · WWTP Up - Cont D - Rec- ARRA Fu	285,000.00
Total North Marin Water District		*NMWD's portion of Prop 84 Grant reimbursement.	<u>285,000.00</u>
Nute Engineering Inc.			
	09/24/2012	72803 · Annual Collection Sys Repairs	283.00
	09/24/2012	72403 · Pump Station Rehabilitation	5,125.00
	09/24/2012	72706 · 2008 Collection System Improv	3,634.00
	09/24/2012	72706 · 2008 Collection System Improv	719.88
	09/24/2012	72706 · 2008 Collection System Improv	9,573.65
	09/24/2012	72805 · Annual Trtmt Plnt/Pump St Impr	696.00
	09/24/2012	72403 · Pump Station Rehabilitation	208.87
	09/24/2012	72403 · Pump Station Rehabilitation	2,148.03
Total Nute Engineering Inc.			<u>22,388.43</u>
USA BlueBook			
	10/08/2012	72804 · Annual Reclamation Fac Imp	49.91
Total USA BlueBook			<u>49.91</u>
Water Components & Building, Inc.			
	10/10/2012	72804 · Annual Reclamation Fac Imp	113.93
Total Water Components & Building, Inc.			<u>113.93</u>
TOTAL			<u><u>399,357.31</u></u>

Novato Sanitary District
Payroll and Payroll Related Check Register

October 2012

	<u>Date</u>	<u>Description</u>	<u>Amount</u>
Oct 23 - 31, 12			
	10/31/2012	October Payroll	101,731.83
	10/31/2012	October Retiree Health Benefits	14,668.02
	10/23/2012	CalPers Health	28,518.52
	10/23/2012	CALPERS Retirement	23,743.75
	10/31/2012	United States Treasury	19,548.50
	10/23/2012	CalPers Supplemental Income Plan	12,616.66
	10/31/2012	EDD	5,244.43
	10/23/2012	Lincoln Financial Group	4,328.65
	10/23/2012	Lincoln Financial Group-401a Plan	4,137.90
	10/23/2012	Lincoln Financial Group-401a Plan	3,887.23
	10/23/2012	CALPERS Retirement	2,389.40
	10/23/2012	Local Union 315	560.00
	10/23/2012	Marin Employ Federal Credit Union	517.00
	10/23/2012	Operating Engineers Local 3 RHSP	321.25
Oct 23 - 31, 12			<u><u>222,213.14</u></u>

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Solid Waste Rates	MEETING DATE: October 22, 2012
AGENDA ITEM NO.: 6.a.	
RECOMMENDED ACTION: Confirm that there will be no change to Solid Waste Rates for 2013.	
SUMMARY AND DISCUSSION:	
<p>As noted in the attached report from R3 Consulting Group, Inc., Novato Disposal submitted its Rate Adjustment Application for 2013 on August 28, 2012, in which a 0.04% rate adjustment was requested. Under the Franchise Agreement, the 2013 rate adjustment is based on both the Refuse Rate Index (RRI) and the Recycling Revenue Balancing Account. Despite the recent drop in Recycling Revenues, the Balancing Account calculation, which is adjusted based on the five previous years revenues has a decrease of 2.45% which offsets the RRI and tipping fee increases.</p> <p>R3 calculated a rate adjustment due of -0.13% based on the following adjustments:</p> <ul style="list-style-type: none"> • Reduced Disposal Fee rate impact from 0.49 percent to 0.45 percent to reflect the use of the correct 2012 tip fee; • Reduced Organic Waste Processing Fee rate impact from 0.12 percent to 0.00 percent to reflect the use of the correct 2012 tip fee; and • Revised the annual Balancing Account rate impact from -2.44 percent to -2.45 percent (an versus the high-end figure used by the Company). <p>Under the Franchise Agreement, if the calculation results in a negative number, there shall be no adjustment of the Service Rates. Instead the RRI adjustment will be added to the RRI adjustment for the next year.</p> <p>Novato Disposal has reviewed the R3 report and concurs with the conclusions.</p> <p>Staff recommends that the Board deny the request for the 0.04% rate adjustment and confirm that there will be no solid waste rate adjustment for 2013.</p>	
ALTERNATIVES: N/A.	
BUDGET INFORMATION: The FY 11-12 Budget for Account No. 72706 includes a budget amount of \$1,220,000.	
DEPT.MGR.:	MANAGER-ENGINEER:

September 7, 2012

Ms. Beverly James
Novato Sanitary District
5000 Davidson Street
Novato, CA 94945

Re: Final Letter Report - Review of Novato Disposal Service's Requested Rate Adjustment for Rate Year 2013

Dear Ms. James:

R3 Consulting Group (R3) was engaged by the Novato Sanitary District (District) to assist with a review of Novato Disposal Service's (Company) requested rate adjustment for Rate Year 2013 (January 1, 2013 – December 31, 2013). Specifically, R3 was asked to confirm that the rate adjustment methodology used by the Company is consistent with the Refuse Rate Index (RRI) Rate Adjustment Methodology set forth in Exhibit 2 of the Amended and Restated Franchise Agreement (Agreement) and that the calculation is mathematically accurate. This Letter Report communicates our findings and recommendations.

Objectives

- To review the Company's requested rate increase to confirm that:
 - It is consistent with applicable terms and conditions of the Agreement;
 - It is mathematically accurate; and
 - It correctly accounts for the required Balancing Account adjustment to the rates.
- To recommend the appropriate Rate Year 2013 rate adjustment based on the results of our review.

Background

The Agreement provides for an annual adjustment to the Company's rates based on the specified Refuse Rate Index (RRI), which is similar but not exactly the same as the RRI methodology in the prior franchise agreement. The Agreement also calls for the use of the RRI each year for the term of the Agreement, rather than conducting a detailed rate review for purposes of setting the rates for 2013, as specified in the prior franchise agreement. The Agreement does, however, provide both the District and the Company with the option to conduct a detailed rate review not more frequently than once every three (3) years. A copy of Article 6 of the Agreement (Company's Compensation and Rates) is provided as Attachment 1.

As specified in the Agreement, the RRI adjustment is the sum of the weighted average percentage change in the twelve (12) month annual average of the specified indices for each of the following cost categories:

- Labor;
- Fuel;
- Vehicle Replacement;
- Vehicle Maintenance; and

- All Other.

The RRI also provides for adjusting the Disposal Fee and Organic Waste Processing Fee based on the change in the associated tipping fees. A copy of Exhibit 2 – Refuse Rate Index is provided as Attachment 2.

In addition to the RRI adjustment to the rates, the 2013 rate adjustment is to account for the impact of the Balancing Account amount in setting the rates for 2013. As specified in Exhibit 7.2.b.i of the Agreement, the net cumulative Balancing Account will be divided by five (to account for rates in 2013, 2014, 2015, 2016 and 2017).

Section 6.3 of the Agreement (RRI Financial Information) states that: *“On or before September 1, 2011, and annually thereafter during the term of this Agreement, the Company shall deliver to the District information for the specific services performed under this Agreement for the preceding Agreement Year. Such financial information shall be in a format as set forth in Exhibit 2, or as may be further revised by the District from time to time. If the Company fails to submit the financial information in the required format by September 1st, it is agreed that the Company shall be deemed to have waived the RRI adjustment for that year...”* The Company submitted its 2013 rate adjustment request on August 28, 2012, prior to the required deadline.

Recommended Rate Adjustment

The Company submitted its Rate Adjustment Application based on the Agreement’s new methodology on August 28, 2012, in which a 0.04 percent rate increase was calculated by the Company (Attachment 3). This rate increase is the result of a calculated RRI rate increase of 2.48 percent, which is offset by a rate decrease of 2.44 percent to reflect the positive balancing account balance due to the ratepayers.

Based on our review, we are recommending a rate adjustment of -0.13 percent, which is also shown in Attachment 3. Section 6.2.2 of the Agreement states that: *“In any year that the calculation of the RRI results in a negative number, there shall be no adjustment of the Service Rates. Instead, the negative RRI number shall be added to the result of the subsequent years RRI calculation and the result shall be the RRI adjustment for that subsequent year.”* As such, we recommend that there be no adjustment to the current rates for Rate Year 2013 and that the calculated rate decrease be accounted for in setting the rates for Rate Year 2014.

The difference between our calculated rate adjustment and that calculated by the Company is due to the following adjustments:

- Reduced Disposal Fee rate impact from 0.49 percent to 0.45 percent to reflect the use of the correct 2012 tip fee;
- Reduced Organic Waste Processing Fee rate impact from 0.12 percent to 0.00 percent to reflect the use of the correct 2012 tip fee; and
- Revised the annual Balancing Account rate impact from -2.44 percent to -2.45 percent (an increase of approximately \$2,000), to reflect the use of the average monthly OBM price versus the high-end figure used by the Company.

Balancing Account Calculation

The balancing account was established to account for the change in recycling revenues during

years when the RRI is used. When setting the 2008 Base Year rate, recycling revenues were projected at \$542,420. The RRI adjustments that are used for adjusting the rates during interim years (i.e., Rate Years 2009, 2010, 2011, and 2012) do not account for any adjustments to the projected recycling revenues. The Balancing Account is intended to reflect the difference between actual recycling revenues received by the Company as compared to the 2008 Base Year projected recycling revenues.

Recycling revenues are calculated for each year, starting with 2008 and using the specified methodology, and each calculated amount is compared to the 2008 projected revenue amount of \$542,420.¹ The difference is accounted for in the balancing account as either revenue due the District (if calculated recycling revenues are higher than the projected amount), or revenue due the Company (if calculated recycling revenues are lower than the projected amount). Per the rate adjustment methodology in the Agreement, the cumulative Balancing Account amount for 2008 through 2011 is to be accounted for in full when setting the rates for Calendar Year 2013.

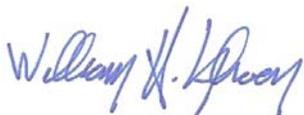
Attachment 4 provides the language in the Agreement related to the balancing account, including how it is to be accounted for in setting the rates for 2013. Attachment 5 provides the Balancing Account Balance as calculated through Calendar Year 2011. As shown, there is a balance of approximately \$1,124,671 due to the District. Dividing this total by five, results in a total of \$224,934 which represents 2.45 percent of the Company's 2011 audited rate revenue.

* * * * *

We appreciate the opportunity to be of assistance to the District. If you have any questions regarding this submittal, please feel free to contact me at 916-782-7821.

Sincerely,

R3 CONSULTING GROUP



William Schoen
Principal

Attachments:

- Attachment 1 Article 6 Company's Compensation and Rates
- Attachment 2 Exhibit 2 – Refuse Rate Index
- Attachment 3 Rate Year 2013 Rate Adjustment Calculation
- Attachment 4 Exhibit 7 – Recyclable Materials Balancing Account
- Attachment 5 Balancing Account Calculation

R:\Projects\112023 Novato SD 2013 RRI\Report\Novato Sanitary District FINAL Report 090712 (2013 RRI).doc

¹ This amount was established and referenced in R3's Final Report; Review of Novato Disposal Service's Rate Year 2008 Rate Application, December 6, 2007.

Attachment 1

ARTICLE 6 COMPANY'S COMPENSATION AND RATES

6.1 General

The Company's compensation provided for in this article shall be the full, entire, and complete compensation due to the Company for all labor, equipment, materials, and supplies, taxes, insurance, bonds, overhead, disposal, profit, and all other things necessary to perform all the services required by this Agreement in the manner and at the times prescribed.

The Company will not look to the District for payment of any sums under this Agreement. The Company will perform the responsibilities and duties described in this Agreement in consideration of the right to charge and collect from Customers for services rendered at rates fixed by the District from time to time.

6.2 Refuse Rate Index Adjustments to Service Rates

6.2.1 Adjustments to Service Using the Refuse Rate Index (RRI). Beginning on January 1, 2012, and annually thereafter, the Company shall, subject to compliance with all provisions of this Article, shall receive an annual adjustment in of the Service Rates as set forth in Exhibit 1 of this Agreement.

6.2.2 RRI Adjustment. Beginning on January 1, 2012, and annually thereafter during the term of this Agreement, the Service Rates set forth in Section 6.2.1 above shall be adjusted by the RRI adjustment set forth below. In any year that the calculation of the RRI results in a negative number, there shall be no adjustment of the Service Rates. Instead, the negative RRI number shall be added to the result of the subsequent years RRI calculation and the result shall be the RRI adjustment for that subsequent year.

6.2.3 12-Month Annual Average. The RRI adjustment shall be the sum of the weighted percentage change in the twelve (12) month annual average of each RRI index number between the base year, which shall be the prior preceding fiscal year ending June 30th and the preceding fiscal year ending June 30th as contained in the most recent release of the source documents listed in Exhibit 2, ("REFUSE RATE INDEX") which is attached to and included in this Agreement. Therefore, the first Service Rate adjustment will be based on the percentage changes between the twelve (12) month Annual Average of the RRI indices for the fiscal year ending June 30, 2010 and the Annual Average of the RRI indices for the fiscal year ending June 30, 2011. The RRI shall be calculated using the RRI methodology included in Exhibit 2.

6.3 RRI Financial Information

On or before September 1, 2011, and annually thereafter during the term of this Agreement, the Company shall deliver to the District financial information for the specific services performed under this Agreement for the preceding Agreement Year. Such financial information shall be in the format as set forth in Exhibit 2, or as may be further revised by the District from time to time. If the Company fails to submit the

Attachment 1

1 financial information in the required format by September 1st, it is agreed that the
2 Company shall be deemed to have waived the RRI adjustment for that year. The
3 Company's failure to provide the financial information shall not preclude the District
4 from applying the RRI using the prior year's financial data, or pro forma data if no prior
5 year financial data is available, if that application would result in a negative RRI.

6 **6.3.1** Annual Adjustments shall be made only in units of one cent (\$0.01). Fractions of
7 less than one cent (\$0.01) shall not be considered in making adjustments. The
8 indices shall be truncated at four (4) decimal places for the adjustment
9 calculations.

10 **6.3.2** If the Company's failure to submit the financial information required under
11 Section 6.3 is the result of extraordinary or unusual circumstances as
12 demonstrated by the Company to the satisfaction of the District Manager-
13 Engineer, the District at its sole discretion, may consider the request for the
14 annual RRI rate adjustment.

15 **6.3.3** As of November 15, 2011, and annual thereafter during the term of this
16 Agreement, the District Manager-Engineer shall notify the Company of the RRI
17 adjustment to the affected service rates to take place on the subsequent January
18 1st.

19 **6.4 Recyclable Materials Balancing Account**

20 Because of the variation of Recyclable Materials commodity prices, the District and the
21 Company agree to use the Recyclable Materials Balancing Account as described in
22 Exhibit 7.

23 **6.5 District or Company Requested Detailed Rate Review**

24 The District or the Company may request a Detailed Rate Review to be conducted
25 following the procedures as specified in Exhibit 8. However, a Detailed Rate Review
26 shall not be conducted more than once every three (3) Agreement years. A request for a
27 Detailed Rate Review shall be made in writing at least six months prior to the January 1st
28 rate adjustment period for the year in which the results for the Detailed Rate Review are
29 to be applied. The Company shall pay the cost for the Detailed Compensation Review,
30 and the cost of such a Detailed Rate Review is an allowable pass-through cost.

31

Attachment 2

EXHIBIT 2 Refuse Rate Index

The "Refuse Rate Index" adjustment shall be calculated in the following manner:

1. The expenses of providing Collection Services in the Service Area for the designated fiscal period (July to June) shall be prepared in the format set forth in the Operating Cost Statement - Description on the following page of this Exhibit.
2. The expenses of providing Collection Services in the Service Area shall be broken down into one of the following seven cost categories: Labor; Fuel; Vehicle Replacement; Maintenance, Disposal Fee, Organic Waste Processing fee, and All Other. Each cost category is assigned a weighted percentage factor on that cost category's proportionate share of the total of the costs shown for all cost categories.
3. The following indices are used to calculate the adjustment for each cost category of the Service Rates. The change in each index is calculated on a twelve-month fiscal period (July to June). The twelve-month average index from July 2010 to June 2011 will serve as the "First Year Index".

<u>Cost Category</u>	<u>Index</u>
Labor	Series ID: ceu6056210008 Production Workers-Waste Collection
Fuel	California No 2 Diesel Ultra Low Sulfur (0-15 ppm) http://tonto.eia.doe.gov/oog/info/wohdp/diesel.asp
Vehicle Replacement	Series ID: pcu336211336211 Truck, bus, car and other vehicles bodies, for sale separately.
Vehicle Maintenance	Series ID: pcu333924333924 Parts and attachments for Industrial work trucks.
Disposal Fee	The per ton tip fee charged at the Disposal Facility.
Organic Waste Processing Fee	The per ton tip fee charged at the approved Organic Waste Processing Facility.
All Other	Consumer Price Index, Series ID: CUURA422SA0 CPI-All Urban Consumers, All Items, San Francisco,

4. The percentage weight for each cost category is multiplied by the change in each appropriate index to calculate a weighted percentage for each cost category. The weighted percentage changes for each cost category are added together to calculate the Refuse Rate Index for the Service Rates in Exhibit 1.

Attachment 2

EXHIBIT 2 Refuse Rate Index

Operating Cost Statement - Description	
Operating Costs	
Labor:	List all administrative, officer, operation and maintenance salary accounts. List payroll tax accounts directly related to the above salary accounts.
Fuel:	List all fuel and oil accounts.
Vehicle	
Replacement:	List all Collection and Collection related vehicle depreciation accounts. List all vehicle lease or rental accounts related to Collection or Collection related vehicles.
Vehicle	
Maintenance:	List all Collection or Collection related vehicle parts accounts.
Disposal Fee:	List all Landfill Disposal related accounts.
Organic Waste Processing Fee:	List all Organic Waste Processing related accounts.
All Other:	List all other expense accounts related to the services provided under this Contract. This category includes all insurance including general liability, fire, truck damage, extended coverage and employee group medical and life; rent on property, truck licenses and permits; real and personal property taxes; telephone and other utilities; employee uniforms; safety equipment; general yard repairs and maintenance; office supplies; postage; trade association dues and subscription; advertising; employee retirement or profit sharing contributions; and miscellaneous other expenses.

Attachment 3

Company's Calculated Rate Adjustment

Cost Category	1-1-12 Rate Rev Base Breakdown	7-01-11 to 6-30-12 Change In Index	Percentage Weight for Each Cost Category	Weighted Percentage Change for Each Cost Category
Labor	\$2,526,445	-1.350%	24.070%	-0.320%
Fuel	\$642,240	14.300%	6.120%	0.880%
Vehicle Replacement	\$468,289	1.600%	4.460%	0.070%
Vehicle Maintenance	\$265,375	2.520%	2.530%	0.060%
Disposal Fee	\$1,718,801	3.000%	16.370%	0.490%
Organic Waste Processing Fee	\$426,557	3.000%	4.060%	0.120%
Other operating costs	\$4,449,355	2.780%	42.390%	1.180%
Total allowed operating costs	\$10,497,062		100.000%	2.480%
Balancing Account Rate Adjustment (2013-2016)				-2.440%
Refuse Rate Index Adjusted for Balancing Account				0.040%

R3's Calculated Rate Adjustment

Cost Category	1-1-12 Rate Rev Base Breakdown	7-01-11 to 6-30-12 Change In Index	Percentage Weight for Each Cost Category	Weighted Percentage Change for Each Cost Category
Labor	\$2,526,445	-1.350%	24.070%	-0.320%
Fuel	\$642,240	14.300%	6.120%	0.880%
Vehicle Replacement	\$468,289	1.600%	4.460%	0.070%
Vehicle Maintenance	\$265,375	2.520%	2.530%	0.060%
Disposal Fee	\$1,718,801	2.720%	16.370%	0.450%
Organic Waste Processing Fee	\$426,557	0.000%	4.060%	0.000%
Other operating costs	\$4,449,355	2.780%	42.390%	1.180%
Total allowed operating costs	\$10,497,062		100.000%	2.320%
Balancing Account Rate Adjustment (2013-2016)				-2.450%
Refuse Rate Index Adjusted for Balancing Account				-0.130%

Adjustments to Company's Application

Attachment 4

Exhibit 7 Recyclable Materials Balancing Account

1. Recyclable Material Per Ton Net Revenue Amount.

Fair Market Value - For purposes of forecasting recyclable material net revenues for 2008, the Company shall use the calculated fair market value of recyclable material revenues for 2006, which shall equal the annual total of the fair market value for such material for each month times the associated monthly tonnage collected or received by the Company for calendar year 2006, times any applicable growth rate (the 2006 Projected Revenues). A similar methodology will be used for purposes of forecasting recyclable material sales revenues for subsequent years. That fair market value shall be calculated as follows:

- a. The fair market value of net revenue paid by related parties to the Company for recyclable materials net of processing costs, and any and all other costs (the Per Ton Net Revenue Amount), shall initially be set at \$44.85 per ton effective July 2005. This initial Per Ton Net Revenue Amount will be adjusted on a monthly basis, as described below.
- b. The prior month Per Ton Net Revenue Amount shall be adjusted for purposes of establishing the Per Ton Net Revenue Amount for the current month based on changes to the Official Board Markets Transacted Paper Stock Prices (OBM Index Prices) as reported for "San Francisco" as follows:
 - i. The starting point for the Per Ton Net Revenue Amount shall be \$44.85 per ton effective July 2005.
 - ii. The Per Ton Net Revenue Amount shall be adjusted monthly based on changes to the OBM Index Prices for Mixed Paper, #8 Newspaper and OCC as reported in the first weekly OBM issue of each month. The OBM Index Prices for each of these commodities shall be set at the average of the high and low prices reported each month, which are \$67.50, \$87.50 and \$87.50 respectively for July 2005.
 - iii. The weighted average percentages for Mixed Paper, #8 Newspaper and OCC for purposes of applying the OBM Index Prices shall be 46%, 46% and 8% respectively.
 - iv. Every month, one hundred percent (100%) of the weighted average O.B.M. index price adjustment (up or down) compared to the previous month shall be added or subtracted from the prior month Per Ton Revenue Amount for purposes of establishing the Per Ton Revenue Amount for each month.
- c. Example: The OBM Index Price adjustments from July 2005 to August 2005 for Mixed Paper, #8 Newspaper and OCC were -\$10/ton, -\$5/ton and -\$10/ton respectively. Applying the above referenced weighted average by material type, the price change July to August is -\$9.00/ton. The Per Ton Net Revenue Amount for July 2005 would decrease from \$44.85 to \$35.85 which is the Per Ton Net Revenue Amount for August 2005.

Attachment 4

Exhibit 7 Recyclable Materials Balancing Account

- d. The calculated Per Ton Net Revenue Amount for each month shall be applied to all tonnages collected or received by the Company through the recycling program and delivered to related parties for processing for that month, including any and all processing residue, contaminants, non-processable or other material tonnages.
- e. Notwithstanding any provision of this Agreement to the contrary, at no time shall the Per Ton Net Revenue Amount paid by a related party be less than \$10 per ton (The Floor Price) nor more than \$80 per ton (The Ceiling Price) – The Floor Price and Ceiling Price shall be adjusted for the full impact of any change in the CRV value as provided for below.
- f. In the event of any future changes to the California Redemption Value (CRV) paid by the State of California, the Per Ton Net Revenue Amount shall be adjusted to account for that relative impact on the Per Ton Net Revenue Amount. That impact shall be determined by multiplying the total applicable CRV tons for the prior 12 months times the applicable net change in CRV per ton revenue to project the total additional annual CRV revenue. This total additional annual CRV revenue shall then be divided by the total tonnage collected or received by the Company through the recycling program for the prior 12 months to determine the net additional per ton revenue amount that shall be added to the calculated Per Ton Net Revenue Amount going forward. The parties agree that should the CRV value be adjusted on or after July 1, 2007, as provided for in the California Beverage Container Recycling and Litter Reduction Act, allowances will be made to the rates that are set for 2008 and beyond to fully account for this change, notwithstanding any provision of this Agreement to the contrary.

2. Balancing Account Calculation for Recyclable Materials.

Because of the potential volatility of recyclable material prices, the District and the Company agree to establish a Balancing Account for recyclable material sales revenue. The Balancing Account amount will be based on the difference between the projected revenues for each year (as calculated using the above methodology) and the calculated revenues for that year (i.e., the annual total of the actual monthly tonnage times the calculated Per Ton Revenue Amount for each month using the methodology described above).

- a. For purposes of tracking the Balancing Account amount, the Company shall provide the District with an annual report that includes:
 - i. A copy of the OBM Index Prices as reported in the first issue of each month;
 - ii. The total commingled recyclable tonnage delivered to any related party for processing;
 - iii. The calculated current month Per Ton Revenue Amount and the calculation used to determine that amount;
 - iv. The total monthly Calculated Revenue equal to the total tonnage collected or

Attachment 4

Exhibit 7 Recyclable Materials Balancing Account

- received by the Company through the recycling program and delivered to the related parties for processing times the calculated monthly Per Ton Revenue Amount); and
- v. All prior year to date monthly figures for the calendar year for items (ii) through (iv) above.
- b. The net cumulative Balancing Account amount for 2008 through 2011 shall be accounted for in full in setting the rates for Calendar Year 2013 as follows:
 - i. The net cumulative Balancing Account will be divided by five (to account for rates in 2013, 2014, 2015, 2016 and 2017) (the annualized Balancing Account amount);
 - ii. The Company's fiscal year 2011 audited financial statement rate revenue will be divided by the annualized Balancing Account amount to calculate the annualized Balancing Account rate adjustment; and
 - c. The calculated RRI rate adjustment for 2013 will be adjusted up (if the Balancing Account amount is due to the Company) or down (if the Balancing Account amount is due to the District) by the annualized Balancing Account rate adjustment, which shall be carried forward through rate year 2016.
 - d. The net cumulative Balancing Account amount for 2012 through 2016 shall be accounted for in full in setting the rates for Calendar Year 2018 by dividing that amount by five (to account for rates in 2018, 2019, 2020, 2021 and 2022) and applying the same rate adjustment methodology specified for Calendar Year 2013 in Section 6.6.6.2.2 above.
 - e. The net cumulative Balancing Account amount for 2017 through 2021 shall be accounted for in full in setting the rates for Calendar Year 2023 by dividing that amount by three (to account for rates in 2023, 2024 and 2025) and applying the same rate adjustment methodology specified for Calendar Year 2013 in Section 6.6.6.2.2 above.
 - f. The cumulative balancing account amount for Calendar Years 2022 through 2025 shall be paid by the applicable party to the other party in no less than equal annual payments over a period of no more than four years starting January 1, 2026, without interest.
 - g. In the event that a Detailed Rate Review is conducted the impact of the Balancing Account will be factored into the associated rate adjustment for that year in the same manner specified for Calendar Year 2013 in Section 6.6.6.2.2 above.
 - h. Exit Clause. -The parties agree that the proposed methodology is intended to provide a reasonable projection of the fair market value of revenues paid by third parties to the Company. Recyclable material commodity prices can, however, be extremely volatile and factors other than those accounted for in the proposed methodology may impact the fair market value of revenues. To provide a contingency for such potential

Attachment 4

Exhibit 7 Recyclable Materials Balancing Account

events, each party shall have the right to terminate the use of the methodology for establishing the monthly Per Ton Revenue Amount described in this Section at any time during the term of this Agreement at either party's sole discretion. The notification shall be in writing and shall be effective thirty calendar days after receipt. The exercising of said option shall not remove either party's obligation to the other party for any Balancing Account balance at the time said option is exercised and becomes effective.

- i. In the event that either party exercises its option to terminate the methodology for establishing the Per Ton Revenue Amount, the parties agree to negotiate a new methodology that is acceptable to both parties. In the event that the parties cannot agree on acceptable changes to the methodology, the fair market value will be based on a review of actual related recyclable material sales revenues and related processing expenses.

1

Attachment 5

		San Francisco OBM Prices (average of high & low) ⁽¹⁾							Variance vs. Prior Month			Price Adjustment			
OBM Per		1/1/07 CRV		Per Ton Net		Mixed		#8 NP		OCC	100%		Total Tons	Total Revenue	
Revenue	Ceiling /	Per Ton	Revenue	Mixed	#8 NP	OCC	Mixed	#8 NP	OCC	100%	Total Tons	Total Revenue			
Amount	Floor Price	Adjustment	Amount	Paper	46%	46%	Paper	46%	8%						
d percentage =															
2008															
Jan	\$95.05	\$80.00	\$4.19	\$84.19	\$ 125.00	\$ 130.00	\$ 140.00	\$ 155.00	\$ 165.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	1,339	\$ 112,731
Feb	\$105.45	\$80.00	\$4.19	\$84.19	\$ 135.00	\$ 140.00	\$ 155.00	\$ 165.00	\$ 175.00	\$4.60	\$4.60	\$1.20	\$10.40	1,098	\$ 92,441
Mar	\$115.45	\$80.00	\$4.19	\$84.19	\$ 145.00	\$ 150.00	\$ 165.00	\$ 175.00	\$ 185.00	\$4.60	\$4.60	\$0.80	\$10.00	1,039	\$ 87,474
Apr	\$110.05	\$80.00	\$4.19	\$84.19	\$ 135.00	\$ 150.00	\$ 155.00	\$ 165.00	\$ 175.00	-\$4.60	\$0.00	-\$0.80	-\$5.40	1,076	\$ 90,589
May	\$106.95	\$80.00	\$4.19	\$84.19	\$ 130.00	\$ 150.00	\$ 145.00	\$ 155.00	\$ 165.00	-\$2.30	\$0.00	-\$0.80	-\$3.10	999	\$ 84,106
Jun	\$107.25	\$80.00	\$4.19	\$84.19	\$ 125.00	\$ 160.00	\$ 120.00	\$ 130.00	\$ 140.00	-\$2.30	\$4.60	-\$2.00	\$0.30	1,173	\$ 98,755
Jul	\$104.95	\$80.00	\$4.19	\$84.19	\$ 120.00	\$ 160.00	\$ 120.00	\$ 130.00	\$ 140.00	-\$2.30	\$0.00	\$0.00	-\$2.30	1,294	\$ 108,942
Aug	\$104.55	\$80.00	\$4.19	\$84.19	\$ 115.00	\$ 165.00	\$ 115.00	\$ 125.00	\$ 135.00	-\$2.30	\$2.30	-\$0.40	-\$0.40	1,045	\$ 87,979
Sep	\$97.25	\$80.00	\$4.19	\$84.19	\$ 110.00	\$ 155.00	\$ 110.00	\$ 120.00	\$ 130.00	-\$2.30	-\$4.60	-\$0.40	-\$7.30	1,027	\$ 86,464
Oct	\$87.05	\$80.00	\$4.19	\$84.19	\$ 100.00	\$ 145.00	\$ 97.50	\$ 107.50	\$ 117.50	-\$4.60	-\$4.60	-\$1.00	-\$10.20	1,074	\$ 90,421
Nov	\$13.65		\$4.19	\$17.84	\$ 27.50	\$ 67.50	\$ 42.50	\$ 52.50	\$ 62.50	-\$33.35	-\$35.65	-\$4.40	-\$73.40	1,017	\$ 18,145
Dec	\$8.65	\$ 10.00	\$4.19	\$14.19	\$ 22.50	\$ 62.50	\$ 37.50	\$ 47.50	\$ 57.50	-\$2.30	-\$2.30	-\$0.40	-\$5.00	1,068	\$ 15,155

2008 Balancing Account Calculated Revenues = **\$ 973,203**

2008 Projected Recyclable Materials Revenue = 542,420
July 1, 2007 CRV Adjustment = 40,664

Total 2008 Balancing Account Projected Revenues = **583,084**

2008 Balancing Account Due to District (Company) 390,118

2009															
Jan	\$8.65	\$ 10.00	\$4.19	\$ 14.19	\$ 22.50	\$ 62.50	\$ 37.50	\$ 47.50	\$ 57.50	\$0.00	\$0.00	\$0.00	\$0.00	1,202	\$ 17,057
Feb	\$11.35		\$4.19	\$ 15.54	\$ 27.50	\$ 62.50	\$ 42.50	\$ 52.50	\$ 62.50	\$2.30	\$0.00	\$0.40	\$2.70	922	\$ 14,329
Mar	\$20.55		\$4.19	\$ 24.74	\$ 37.50	\$ 72.50	\$ 42.50	\$ 52.50	\$ 62.50	\$4.60	\$4.60	\$0.00	\$9.20	952	\$ 23,554
Apr	\$23.25		\$4.19	\$ 27.44	\$ 42.50	\$ 72.50	\$ 47.50	\$ 57.50	\$ 67.50	\$2.30	\$0.00	\$0.40	\$2.70	993	\$ 27,250
May	\$30.55		\$4.19	\$ 34.74	\$ 52.50	\$ 77.50	\$ 52.50	\$ 62.50	\$ 72.50	\$4.60	\$2.30	\$0.40	\$7.30	982	\$ 34,116
Jun	\$36.75		\$4.19	\$ 40.94	\$ 62.50	\$ 77.50	\$ 72.50	\$ 82.50	\$ 92.50	\$4.60	\$0.00	\$1.60	\$6.20	989	\$ 40,491
Jul	\$39.05		\$4.19	\$ 43.24	\$ 62.50	\$ 82.50	\$ 72.50	\$ 82.50	\$ 92.50	\$0.00	\$2.30	\$0.00	\$2.30	1,011	\$ 43,717
Aug	\$51.75		\$4.19	\$ 55.94	\$ 77.50	\$ 92.50	\$ 87.50	\$ 97.50	\$ 107.50	\$6.90	\$4.60	\$1.20	\$12.70	907	\$ 50,738
Sep	\$60.20		\$4.19	\$ 64.39	\$ 87.50	\$ 100.00	\$ 92.50	\$ 102.50	\$ 112.50	\$4.60	\$3.45	\$0.40	\$8.45	982	\$ 63,232
Oct	\$64.80		\$4.19	\$ 68.99	\$ 92.50	\$ 105.00	\$ 92.50	\$ 102.50	\$ 112.50	\$2.30	\$2.30	\$0.00	\$4.60	1,045	\$ 72,096
Nov	\$68.45		\$4.19	\$ 72.64	\$ 95.00	\$ 110.00	\$ 95.00	\$ 105.00	\$ 115.00	\$1.15	\$2.30	\$0.20	\$3.65	996	\$ 72,351
Dec	\$70.15		\$4.19	\$ 74.34	\$ 95.00	\$ 115.00	\$ 87.50	\$ 97.50	\$ 107.50	\$0.00	\$2.30	-\$0.60	\$1.70	1,136	\$ 84,453

2009 Balancing Account Calculated Revenues = **\$ 543,384**

2009 Projected Recyclable Materials Revenue = 542,420
July 1, 2007 CRV Adjustment = 40,664

Total 2009 Balancing Account Projected Revenues = **583,084**

2009 Balancing Account Due to District (Company) **(39,700)**

NET BALANCING ACCOUNT FOR 2008 AND 2009 DUE TO DISTRICT (COMPANY) = 350,418

2010															
Jan	\$70.15		\$4.19	\$ 74.34	\$ 95.00	\$ 115.00	\$ 87.50	\$ 97.50	\$ 107.50	\$0.00	\$0.00	\$0.00	\$0.00	999	\$ 74,268
Feb	\$78.85		\$4.19	\$ 83.04	\$ 100.00	\$ 125.00	\$ 110.00	\$ 120.00	\$ 130.00	\$2.30	\$4.60	\$1.80	\$8.70	927	\$ 76,979
Mar	\$95.85	\$ 80.00	\$4.19	\$ 84.19	\$ 120.00	\$ 135.00	\$ 150.00	\$ 160.00	\$ 170.00	\$9.20	\$4.60	\$3.20	\$17.00	1,047	\$ 88,147
Apr	\$93.45	\$ 80.00	\$4.19	\$ 84.19	\$ 120.00	\$ 135.00	\$ 120.00	\$ 130.00	\$ 140.00	\$0.00	\$0.00	-\$2.40	-\$2.40	1,008	\$ 84,864
May	\$88.85	\$ 80.00	\$4.19	\$ 84.19	\$ 110.00	\$ 135.00	\$ 120.00	\$ 130.00	\$ 140.00	-\$4.60	\$0.00	\$0.00	-\$4.60	918	\$ 77,287
Jun	\$75.75		\$4.19	\$ 79.94	\$ 95.00	\$ 125.00	\$ 100.00	\$ 110.00	\$ 120.00	-\$6.90	-\$4.60	-\$1.60	-\$13.10	1,031	\$ 82,420
Jul	\$65.40		\$4.19	\$ 69.59	\$ 72.50	\$ 125.00	\$ 100.00	\$ 110.00	\$ 120.00	-\$10.35	\$0.00	\$0.00	-\$10.35	1,312	\$ 91,303
Aug	\$60.80		\$4.19	\$ 64.99	\$ 72.50	\$ 115.00	\$ 100.00	\$ 110.00	\$ 120.00	\$0.00	-\$4.60	\$0.00	-\$4.60	1,127	\$ 73,245
Sep	\$62.40		\$4.19	\$ 66.59	\$ 72.50	\$ 115.00	\$ 120.00	\$ 130.00	\$ 140.00	\$0.00	\$0.00	\$1.60	\$1.60	1,155	\$ 76,911
Oct	\$73.20		\$4.19	\$ 77.39	\$ 82.50	\$ 125.00	\$ 140.00	\$ 150.00	\$ 160.00	\$4.60	\$4.60	\$1.60	\$10.80	959	\$ 74,216
Nov	\$87.45	\$ 80.00	\$4.19	\$ 84.19	\$ 95.00	\$ 140.00	\$ 160.00	\$ 170.00	\$ 180.00	\$5.75	\$6.90	\$1.60	\$14.25	1,049	\$ 88,316
Dec	\$92.05	\$ 80.00	\$4.19	\$ 84.19	\$ 95.00	\$ 150.00	\$ 160.00	\$ 170.00	\$ 180.00	\$0.00	\$4.60	\$0.00	\$4.60	1,222	\$ 102,881

2010 Balancing Account Calculated Revenues = **\$ 990,836**

2010 Projected Recyclable Materials Revenue = 542,420
July 1, 2007 CRV Adjustment = 40,664

Total 2010 Balancing Account Projected Revenues = **583,084**

2010 Balancing Account Due to District (Company) **407,752**

NET BALANCING ACCOUNT FOR 2008-2010 DUE TO DISTRICT (COMPANY) = 758,170

2011															
Jan	\$92.05	\$ 80.00	\$4.19	\$ 84.19	\$95.00	\$150.00	\$160.00	\$170.00	\$180.00	\$0.00	\$0.00	\$0.00	\$0.00	983	\$ 82,759
Feb	\$103.55	\$ 80.00	\$4.19	\$ 84.19	\$105.00	\$165.00	\$160.00	\$170.00	\$180.00	\$4.60	\$6.90	\$0.00	\$11.50	850	\$ 71,562
Mar	\$108.15	\$ 80.00	\$4.19	\$ 84.19	\$110.00	\$170.00	\$160.00	\$170.00	\$180.00	\$2.30	\$2.30	\$0.00	\$4.60	993	\$ 83,601
Apr	\$108.15	\$ 80.00	\$4.19	\$ 84.19	\$110.00	\$170.00	\$160.00	\$170.00	\$180.00	\$0.00	\$0.00	\$0.00	\$0.00	890	\$ 74,930
May	\$108.15	\$ 80.00	\$4.19	\$ 84.19	\$110.00	\$170.00	\$160.00	\$170.00	\$180.00	\$0.00	\$0.00	\$0.00	\$0.00	937	\$ 78,886
Jun	\$108.95	\$ 80.00	\$4.19	\$ 84.19	\$110.00	\$170.00	\$170.00	\$180.00	\$190.00	\$0.00	\$0.00	\$0.80	\$0.80	985	\$ 82,928
Jul	\$108.95	\$ 80.00	\$4.19	\$ 84.19	\$110.00	\$170.00	\$170.00	\$180.00	\$190.00	\$0.00	\$0.00	\$0.00	\$0.00	895	\$ 75,350
Aug	\$120.45	\$ 80.00	\$4.19	\$ 84.19	\$135.00	\$170.00	\$170.00	\$180.00	\$190.00	\$11.50	\$0.00	\$0.00	\$11.50	948	\$ 79,813
Sep	\$120.45	\$ 80.00	\$4.19	\$ 84.19	\$135.00	\$170.00	\$170.00	\$180.00	\$190.00	\$0.00	\$0.00	\$0.00	\$0.00	890	\$ 74,930
Oct	\$118.15	\$ 80.00	\$4.19	\$ 84.19	\$135.00	\$165.00	\$170.00	\$180.00	\$190.00	\$0.00	-\$2.30	\$0.00	-\$2.30	907	\$ 76,361
Nov	\$81.60	\$ 80.00	\$4.19	\$ 84.19	\$92.50	\$135.00	\$130.00	\$140.00	\$150.00	-\$19.55	-\$13.80	-\$3.20	-\$36.55	992	\$ 83,517
Dec	\$74.30	\$ 80.00	\$4.19	\$ 84.19	\$82.50	\$130.00	\$125.00	\$135.00	\$145.00	-\$4.60	-\$2.30	-\$0.40	-\$7.30	1,009	\$ 84,948

2011 Balancing Account Calculated Revenues = **\$ 949,584**

2011 Projected Recyclable Materials Revenue = 542,420
July 1, 2007 CRV Adjustment = 40,664

Total 2011 Balancing Account Projected Revenues = **583,084**

2011 Balancing Account Due to District (Company) **366,500**

NET BALANCING ACCOUNT FOR 2008-2011 DUE TO DISTRICT (COMPANY) = 1,124,671

¹⁾ First weekly OBM issue of each month
Floor per ton = \$10.00 Max = \$80.00 (to be adjusted for any change in CRV)

Garbage Rates

Residential Per 30-35 Gal Can	Hill Rate	Commercial Per 2 yd Box	Commercial Per 3 yd Box
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Bay Cities Refuse	No bin rental fees	Confirmed w/hauler:	3/23/2012		Effective Date	
	Sausalito	\$ 33.70	n/a	\$ 266.50	n/a	7/1/2011
	Richardson Bay	\$ 27.49	n/a	\$ 238.25	n/a	10/1/2009
	Baker and Cronkite	\$ 30.92	n/a	\$ 238.25	n/a	10/1/2009
	Average	\$ 30.70	n/a	\$ 247.67	n/a	

Marin Sanitary Service		Confirmed w/hauler:	4/1/2012		Effective Date	
	Larkspur	\$ 32.40	\$ 34.89	n/a	\$ 413.08	1/1/2012
	Fairfax	\$ 29.09	\$ 33.98	n/a	\$ 400.95	1/6/2012
	Las Gallinas Unincorporated	\$ 25.77	n/a	n/a	\$ 373.44	1/1/2012
	Ross	\$ 28.20	\$ 35.40	n/a	\$ 362.14	1/1/2012
	San Anselmo	\$ 31.88	n/a	n/a	\$ 523.14	1/1/2012
	San Rafael	\$ 29.01	\$ 32.86	n/a	\$ 358.35	1/1/2012
	Ross Valley North					
	Oak Manor	\$ 33.05	n/a	n/a	\$ 531.85	6/1/2011
	Sleepy Hollow	\$ 34.50	n/a	n/a	\$ 531.85	6/1/2011
	Ross Valley South	\$ 30.56	\$ 35.08	n/a	\$ 398.75	1/1/2012
	Unincorporated	\$ 29.99	\$ 33.88	n/a	\$ 402.45	1/1/2012
	Averages	\$ 30.45	\$ 34.35	n/a	\$ 429.60	

Mill Valley Refuse	Bin rental included.	Confirmed w/hauler:	3/23/2012		Effective Date	
	Almonte	\$ 23.06	n/a	\$ 216.13	n/a	7/1/2011
	Alto	\$ 33.71	n/a	\$ 332.97	n/a	7/1/2011
	Belvedere	\$ 36.93	\$ 45.19	\$ 364.03	n/a	7/1/2011
	Corte Madera	\$ 29.34	\$ 31.57	\$ 274.40	n/a	7/1/2011
	County #1	\$ 34.66	n/a	\$ 302.36	n/a	7/1/2011
	County #2	\$ 33.84	n/a	\$ 302.36	n/a	7/1/2011
	County #3	\$ 40.83	n/a	\$ 302.36	n/a	7/1/2011
	County #4	\$ 42.63	n/a	\$ 302.36	n/a	7/1/2011
	Homestead	\$ 26.70	n/a	\$ 273.16	n/a	7/1/2011
	Mill Valley	\$ 36.61	\$ 42.00	\$ 324.41	n/a	7/1/2011
	Strawberry	\$ 27.61	n/a	\$ 313.00	n/a	7/1/2011
	Tiburon	\$ 35.07	\$ 41.75	\$ 327.55	n/a	7/1/2011
	Average	\$ 33.42	\$ 40.13	\$ 302.92	n/a	

Shoreline Disposal (1)	No bin rental fees	Confirmed w/hauler:	3/26/2012		Effective Date	
	Muir Beach	\$ 32.53	\$ 42.80	\$ 359.24	n/a	1/1/2012
	Coast	\$ 32.73	\$ 43.00	\$ 273.88	\$ 360.02	1/1/2012
	West Marin	\$ 25.53	\$ 35.80	\$ 225.37	\$ 278.03	1/1/2012
	Bolinas	\$ 15.71	n/a	\$ 258.95	\$ 339.54	1/1/2012
	Stinson Beach	\$ 15.00	\$ 21.51	\$ 230.46	\$ 302.40	1/1/2012
	Average	\$ 24.30	\$ 35.78	\$ 269.58	\$ 320.00	

Novato Disposal		Confirmed w/hauler:	3/26/2012		Effective Date	
		\$ 18.22	\$ 23.47	\$ 188.25	\$ 237.45	1/1/2012

Tamalpais CSD (2)(3)		Confirmed w/hauler:	3/26/2012		
		\$ 31.08	n/a	\$ 208.00	n/a

Mean of 32 Gallon Rates	\$ 30.26		
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- 1) Hill Rate is included as "carry out" or "push"
- 2) Tam CSD 1.5 yard bins annually \$2,414 (commercial). Discounts for multiple bins & multiple service days
- 3) Tam CSD only has 1.5 yd bins that cost \$60 and are \$35 for an additional empty

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Wastewater Operations Report for September 2012	MEETING DATE: October 22, 2012 AGENDA ITEM NO.: 7.a.
RECOMMENDED ACTION: Information. Receive report.	
SUMMARY AND DISCUSSION: <p>The September 2012 operations reports for the wastewater treatment, collection, and reclamation facilities are attached.</p> <p>Wastewater Treatment Facility Water quality performance for September 2012 was excellent with all parameters well within effluent standards. There were no significant maintenance issues. Safety performance was excellent with an accident-free month for a total of 851 accident-free days. Information on proposed digester cleaning for the Ignacio and Novato No. 2 digesters was presented. A status update was provided on the new recycled water facility including start-up and testing. The District received some more odor complaints which are presented in the attached operations report. The Manager-Engineer presented a verbal update on odor control and landscaping and a verbal summary of the report prepared by James Joyce (VA Consulting, Inc.) on his evaluation of the rehabilitated odor control beds. In response to a question from Board Member Long, Veolia is preparing the annual report with the reconciliation of natural gas and electrical use.</p> <p>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 September 2012, the crews cleaned and televised a total of 33,492 feet of sewer line and videoed 19,268 ft of sewer line. A Collection System Work Order statistics summary was provided. The District had two (2) major Sewer System Overflows (SSOs) in September 2012. The first SSO at 732 Rowland Blvd. was estimated at 6,048 gal. Staff conducted interviews at seven of the eight tributary properties and determined the SSO was caused by lateral roots cut out of the lateral for the property at 27 Pierce Dr., and pushed into the District's sewer main, which had been previously cleaned in May 2012 and root-treated in June 2012. The second SSO at 217 Fairway Dr. was estimated at 8,136 gal. Staff interviewed residents at the two tributary properties and determined that the discharge had been occurring for about two months but had not been called in since the discharging manhole was in an inaccessible location. Safety performance was excellent with no lost time accidents for a total of 534 accident-free days at the end of September 2012.</p> <p>Reclamation Facility The rancher worked on sprinkler repairs this month. There were no significant changes in the irrigated parcels and irrigation times were shortened to maintain a balanced pond level. The Irrigation Pump No. 2 motor failed in August and repairs will be made after the irrigation season ends. 58.1 MG of recycled water were used for pasture irrigation during September. Pond depth at month end averaged 6.2 feet. Sludge lagoons Nos. 2, 3, 5 and 6 were pumped out to the Dedicated Land Disposal (DLD) site. Solids were also excavated from Sludge Lagoon No. 1 and spread in the DLD area.</p>	
DEPT.MGR.:	MANAGER-ENGINEER:



October 10, 2012

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

Subject: Veolia Water Operations Report – September 2012

Dear Ms. James:

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

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

**MONTHLY OPERATIONS REPORT
September 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: September 2012:

Reclamation

Parameter	Monthly Performance			
	Value		Limit	
	Ave	Max	#1	#2
Flow, MGD (monthly ave/max)	4.43	4.96	N/A	N/A
Influent BOD ₅ , lb/day (month ave/max)	8,991	10,594	N/A	N/A
Influent TSS, lb/day (monthly ave/max)	13,215	19,060	N/A	N/A
Effluent BOD ₅ , mg/L (monthly ave/weekly max)	9	<20	40	N/A
Effluent TSS, mg/L (monthly ave/weekly max)	<5	5	N/A	N/A
Effluent BOD ₅ - % Removal, Minimum	96	N/A	N/A	N/A
Effluent TSS - % Removal, Minimum	99	N/A	N/A	N/A
pH, su (min / max)	7.0	7.2	6.0	9.0
Total Coliform, mpn (5 Sample median / max)	130	80	240	10,000
Total Permit Exceedances (NPDES)	0			

NA – Not Applicable

Discussion of Violations / Excursions: NONE

OPERATIONS & MAINTENANCE STATUS / REVIEW:

Key events for the period:

Novato

- Routine rounds, readings and maintenance
- Aeration Basins rotated in and out of service for annual maintenance and cleaning.

Ignacio Transfer Pump Station

- Routine rounds, readings, and maintenance

Digester Cleaning

- Developed specifications for cleaning Ignacio and Novato #2 digesters.
- Solicited proposals for digester cleaning.
- Informed both Bay Area Air Quality Management District and Regional Water Quality Control Board (RWQCB) of intent to clean digesters.
- Cleaning anticipated to begin in October

Recycled Water Plant

- Submitted startup and operations plan to RWQCB
- Received approval to proceed with startup (RWQCB)
- Plant start up / testing 9/13/12
- Began delivering water on 9/17/12
- Plant offline 9/21/12 prepared plant for second dye tracer study

CONSTRUCTION UPDATE:

- Attended weekly construction meetings.

ADMINISTRATION:

- Electronic Self Monitoring Report for August 2012, submitted on 9/19/12

SAFETY AND TRAINING:

- Monthly plant safety inspections for Novato WWTF completed on 9/24/12
- Five Minute Tailgate training is held daily with the O&M staff.
- No safety incidents for the month of September 2012.
- Accident Free: 6/1/10 – 9/30/12: 851 days / 38,295 hours.
- Monthly Safety Training: Confined Space Rescue Training 9/5 & 9/6
Ergonomics Training 9/28/12
- Recycled Water - Tesco Instrumentation Training 9/7/12
- Recycled Water - Telstar Chlorine Analyzer Training 9/17/12
- Christian Williams to 4 day prep class for Grade V Certification
- Reviewed Recycled Water PAC "Proprietary Blend" Chemical MSDS sheet

ODORS:

- Jerome Meter (H2S) readings performed in neighborhood and within treatment plant.

MISCELLANEOUS

- Process Control Management Plan (PCMP) meetings held regularly
- Sent out request for proposal for Digester Cleaning

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

WORK ORDER STATISTICS

September 1, 2012 - September 30, 2012

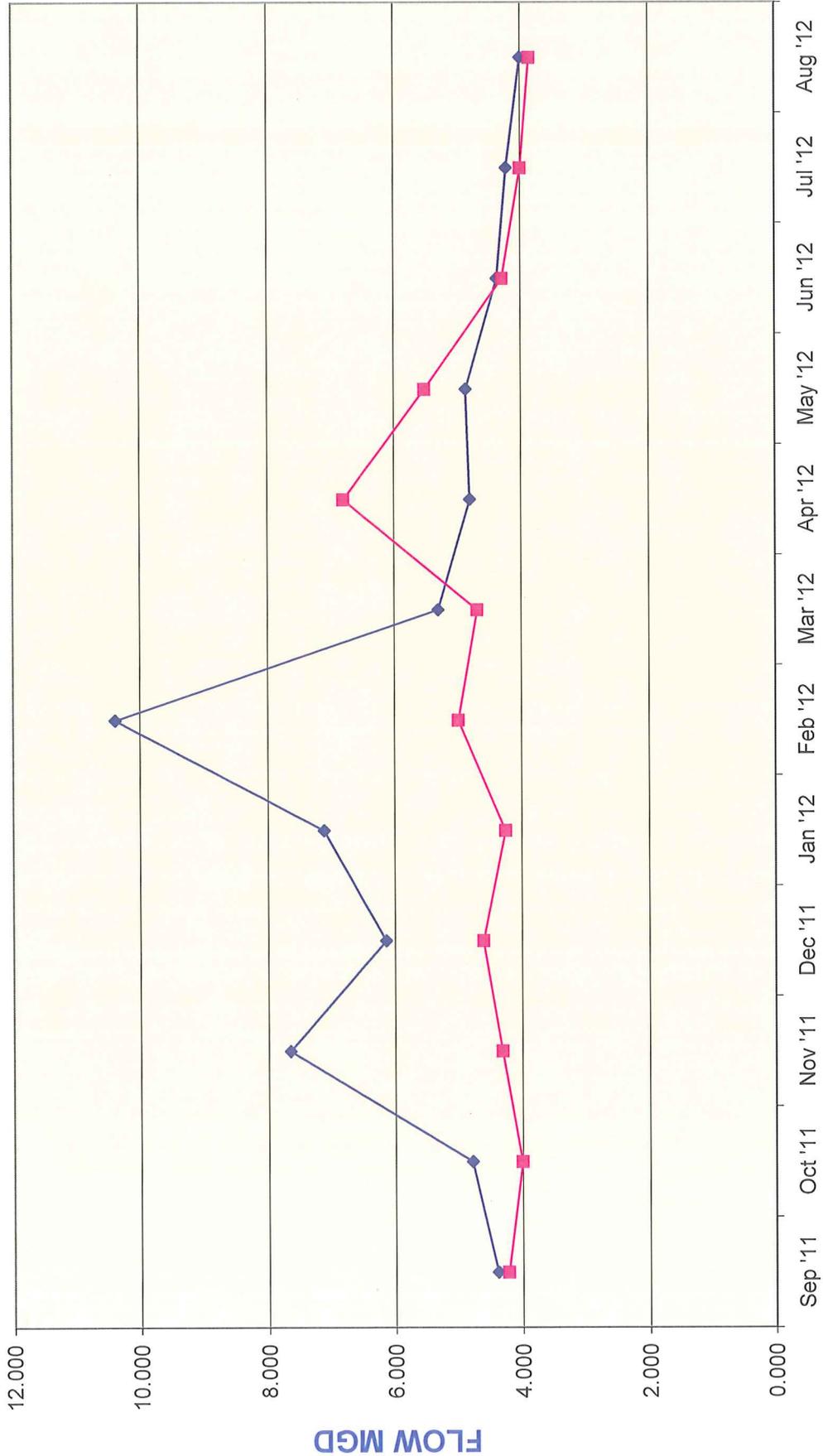
	Open Work Orders Due Prior to 9/1/12	Open Work Orders 9/1/12 - 9/30/12	Total Open Work Orders
Preventative	8	219	227
Corrective	5	18	23
Total	13	237	250

	Closed Work Orders 9/1/12 - 9/30/12
Preventative	217
Corrective	15
Total	232

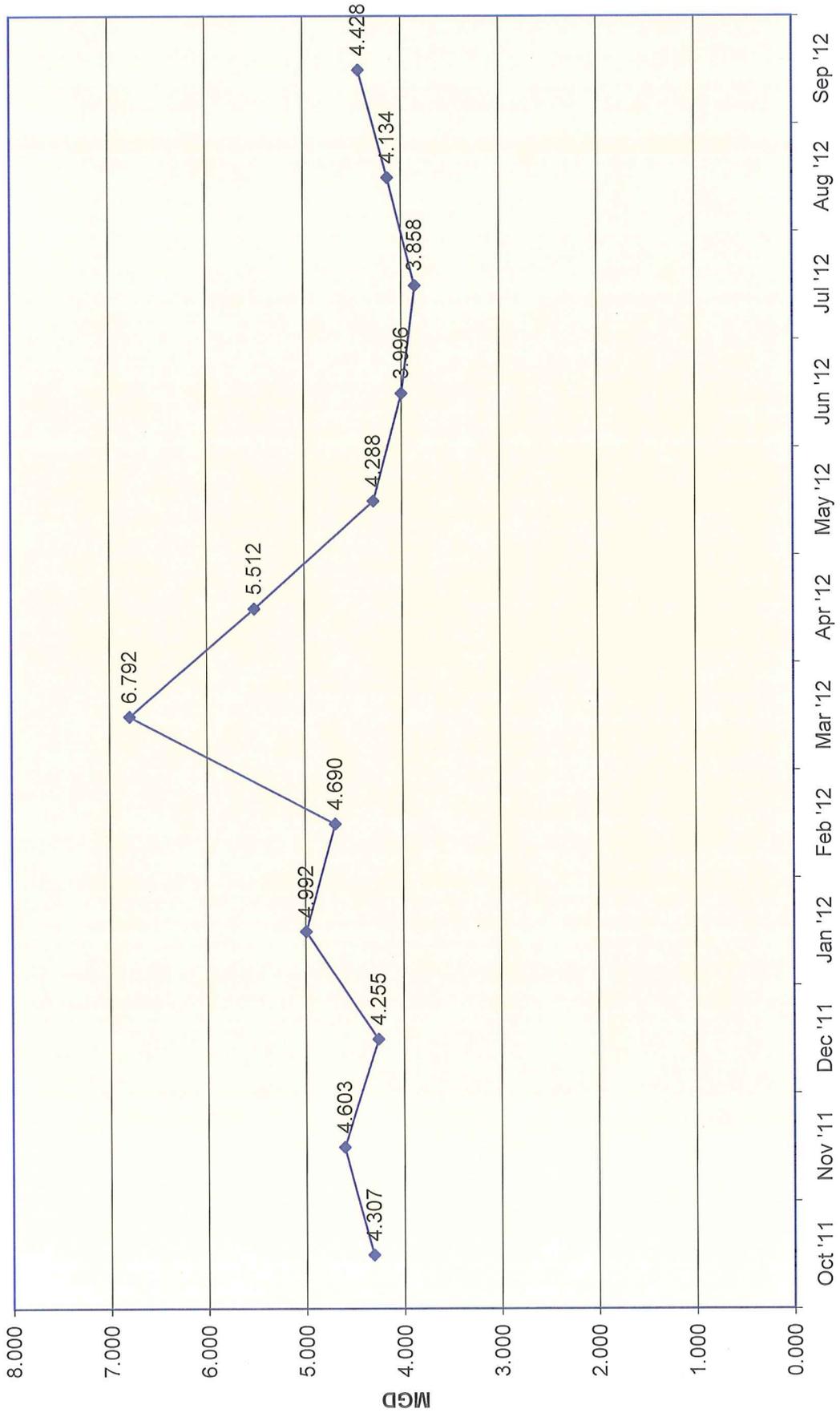
Total Outstanding Work Orders as of October 1, 2012	18
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FLOW COMPARISON

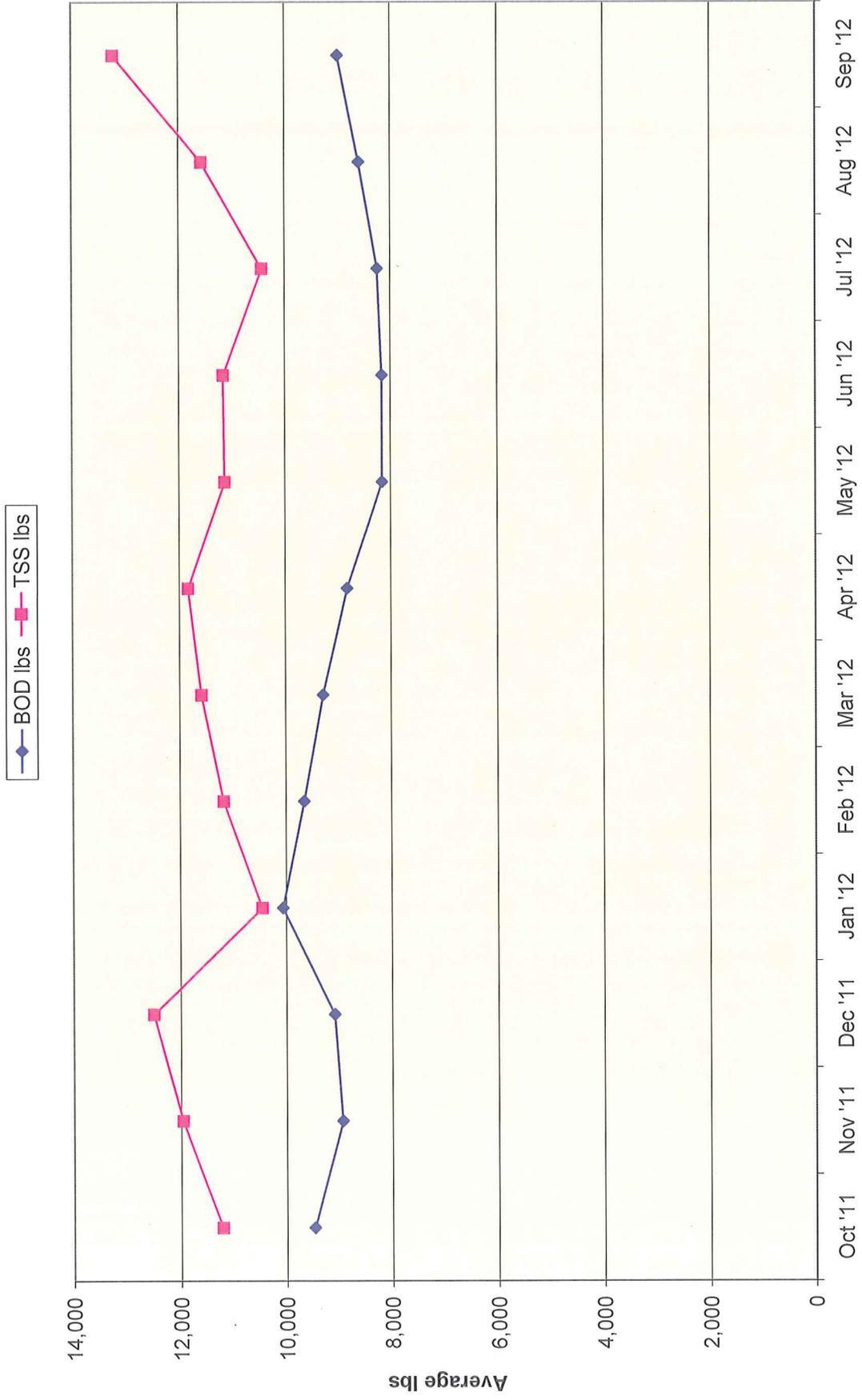
—◆— 2011 —■— 2012



Plant Flow



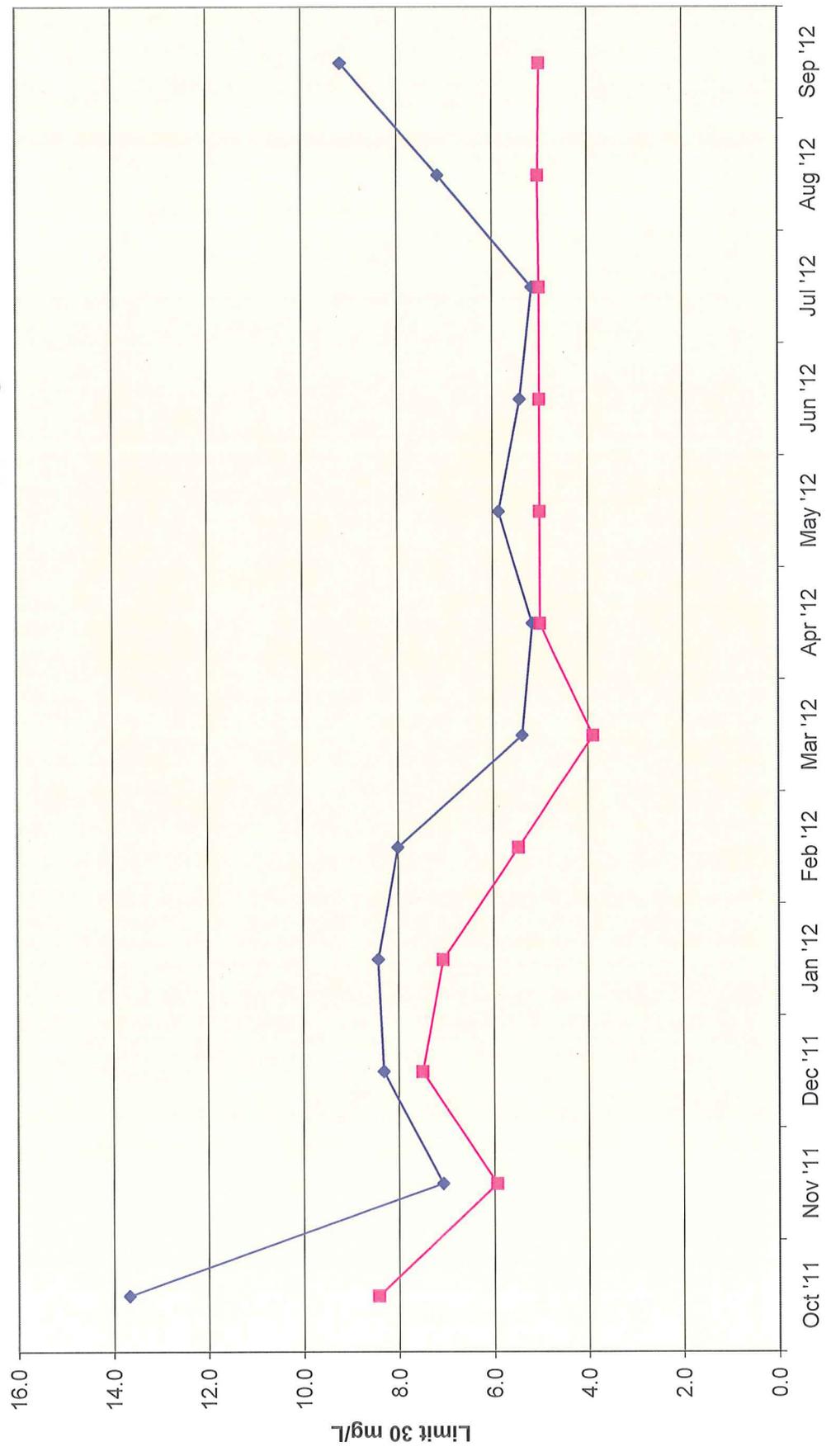
Influent Load BOD / TSS lbs



Effluent BOD / TSS Concentration

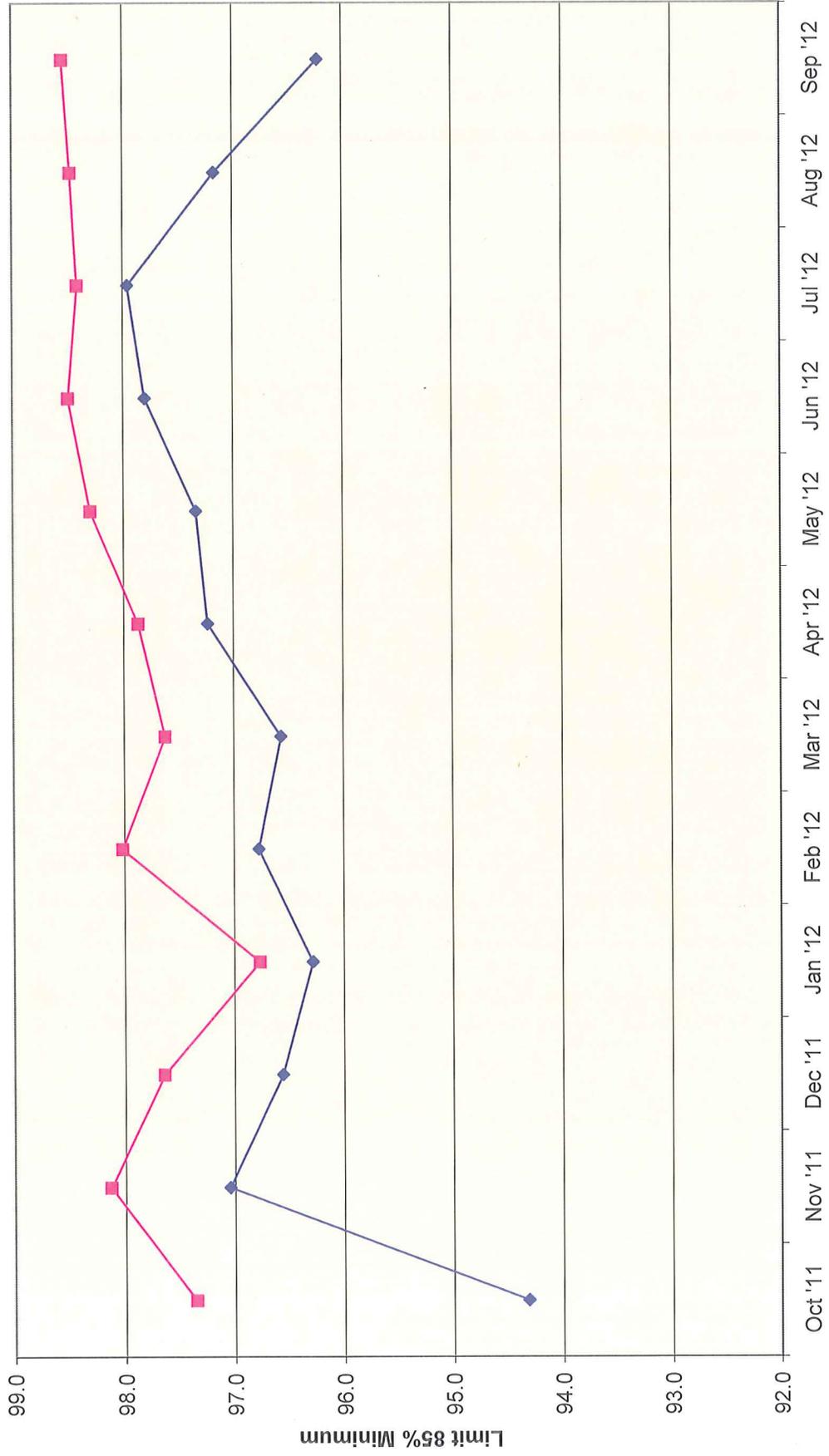
NPDES LIMITS WET SEASON
 BOD & TSS - 30 mg/L Monthly Ave, 45 mg/L Weekly Ave
NPDES LIMITS DRY SEASON
 BOD - 15 mg/L Monthly Ave, 30 mg/L Weekly Ave
 TSS - 10 mg/L Monthly Ave, 20 mg/L Weekly Ave
 WDR (Waste Discharge Requirements) RECLAMATION
 BOD - 40 mg/L

—◆— BOD —■— TSS

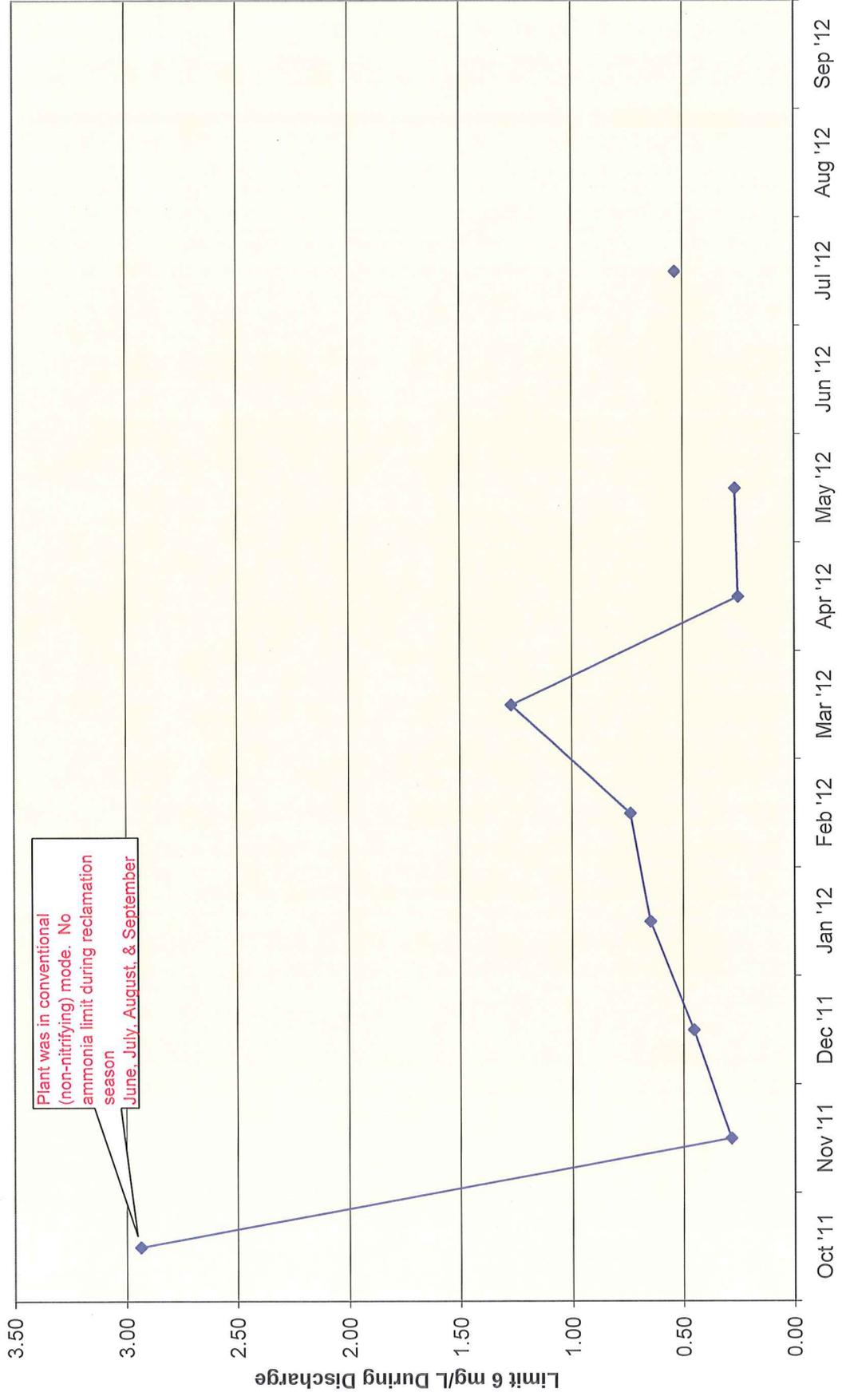


BOD / TSS Percent Removal

—◆— BOD —■— TSS



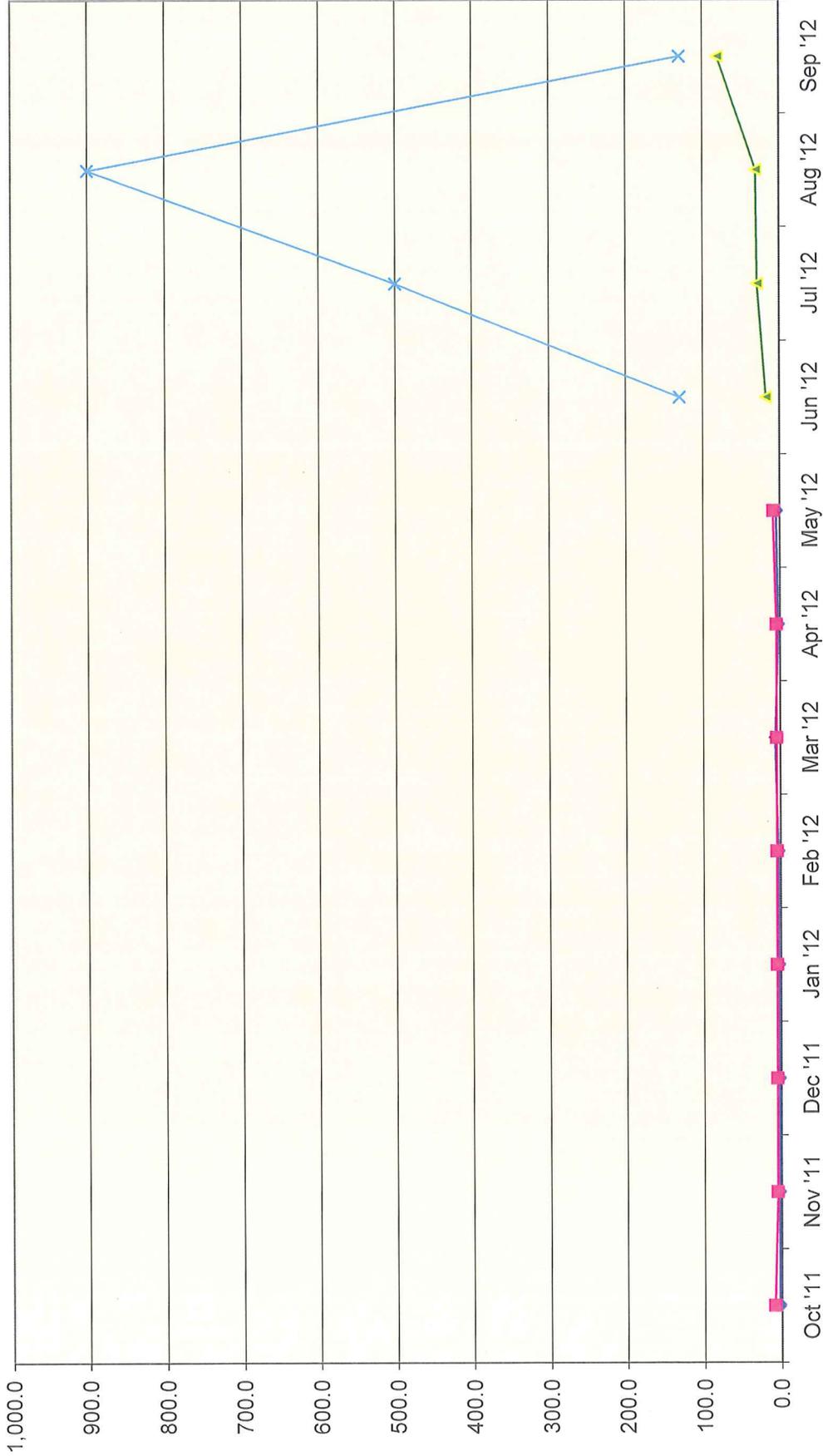
Effluent Ammonia



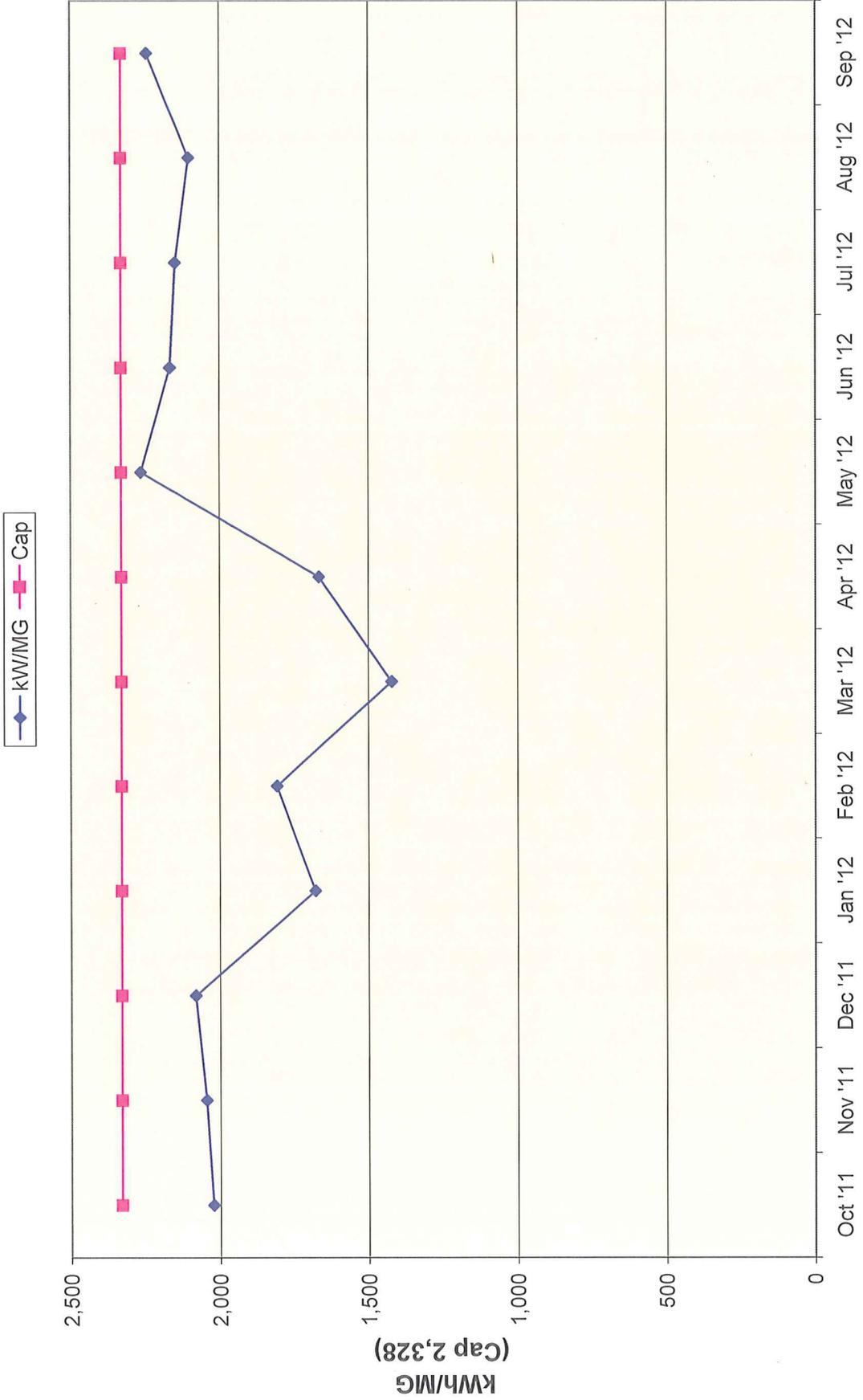
Disinfection

LIMITS - NPDES
 Entero 30 day geo mean 35 mpn /100ml
 Fecal 140 mpn monthly median
 Fecal 430 mpn 90th percentile 30 day
LIMITS - RECLAMATION
 Total Coliform 240 mpn 5 sample median
 Total Coliform maximum 10,000 mpn/100 ml

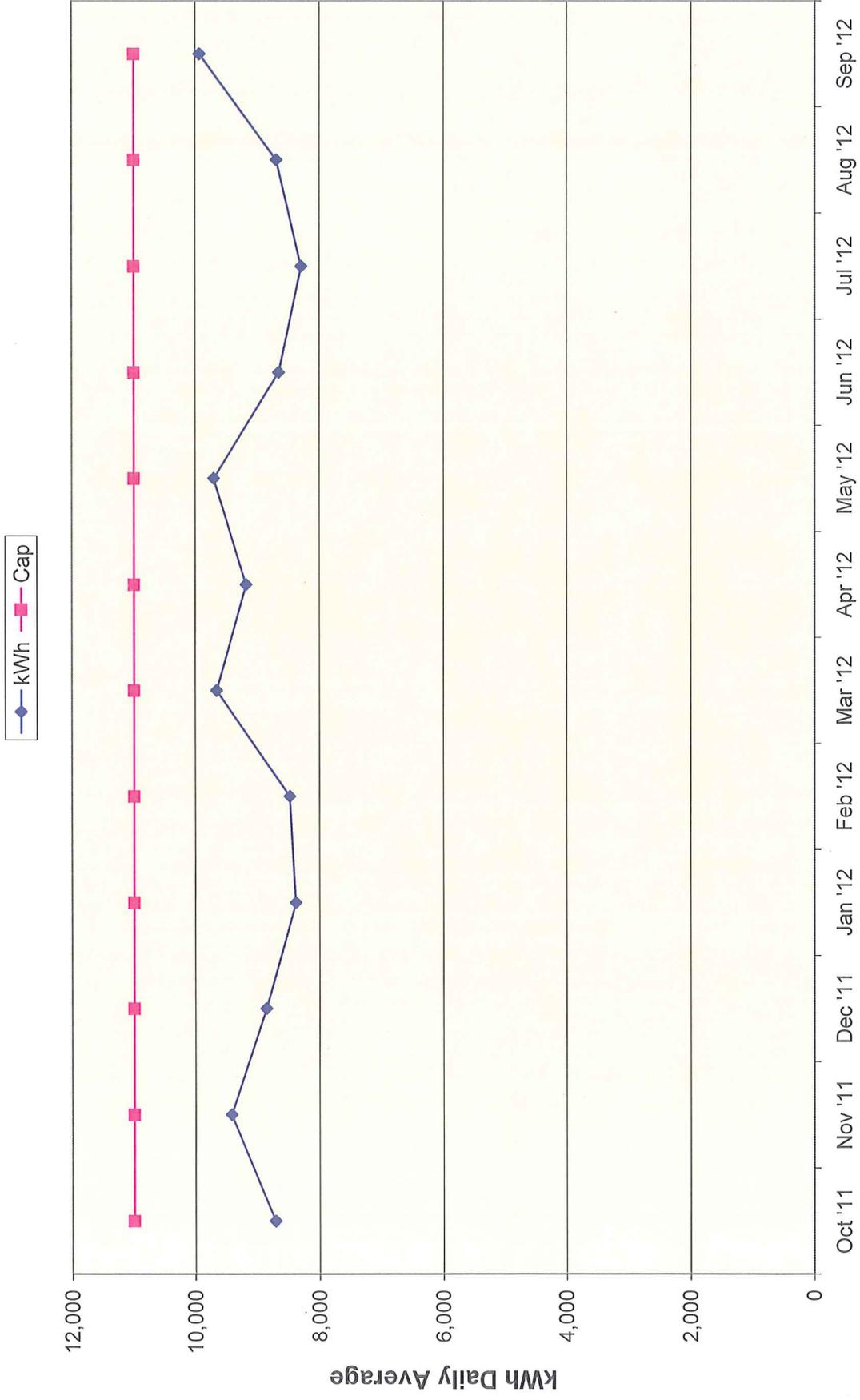
—◆— Entero —■— Fecal Med —▲— Median 5 —*— Maximum



Energy kWh/MG

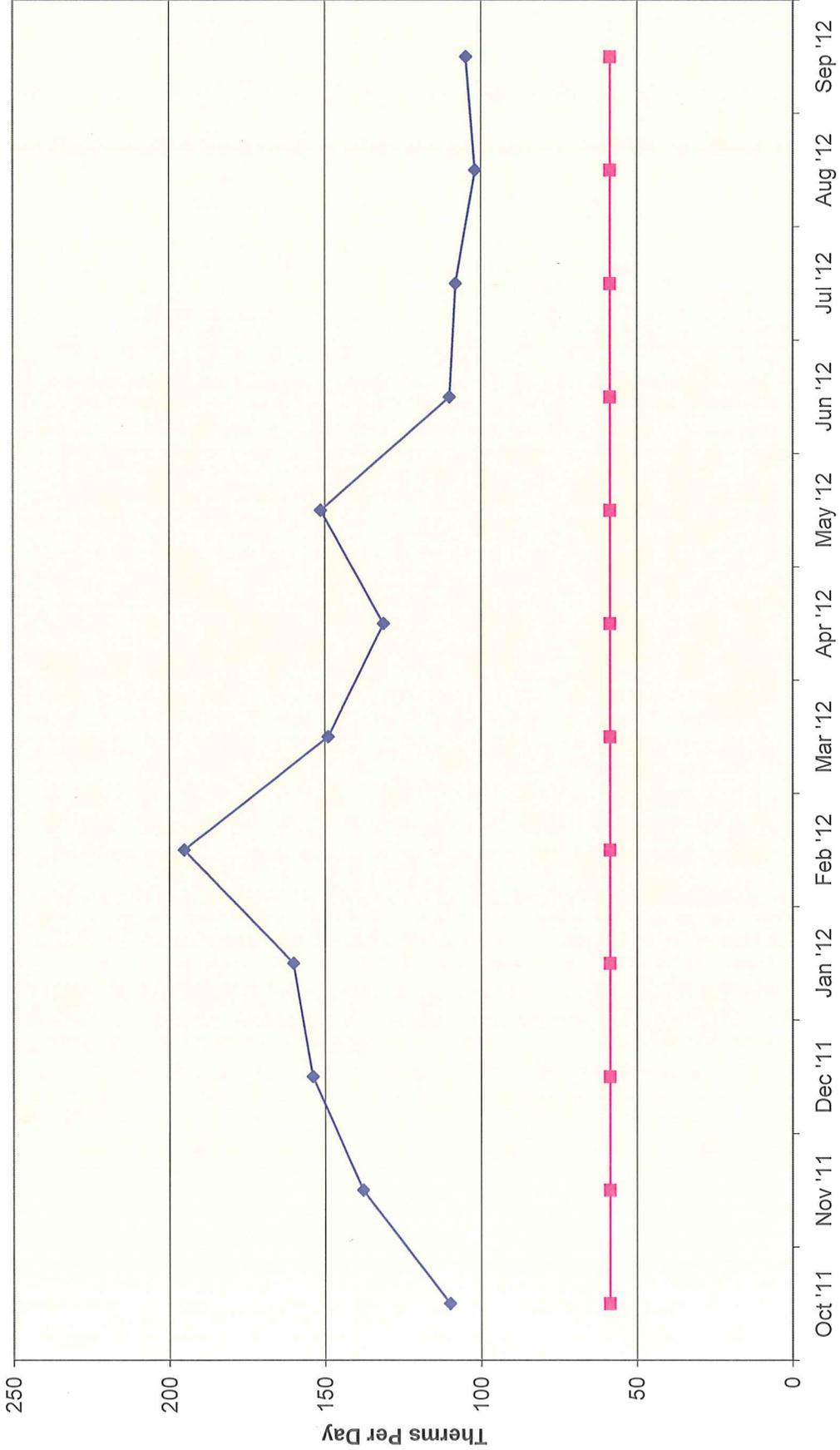


Energy kWh



Natural Gas Use

◆ Natural Gas ■ Cap



ODOR LOG

September 24-30

NEIGHBOR	Mon 9/24	Tue 9/25	Wed 9/26	Thu 9/27	Fri 9/28	Sat 9/29	Sun 9/30
	Time	Time	Time	Time	Time	Time	Time
Guinan	1 3 7:00	1 3 16:00	1 1 6:00		1 6 8:00		
Carlamagno							
Erze							
Matan							
Johnstone							
Ruda							
Holmes							
Total							
Notes							

Legend

Description	Intensity
Aeration Basins	1
Raw Sewage	2
H2S	3
Aeration + Sewage	4
Aeration, Sewage, H2S	5
Sewage + H2S	6
Other (see notes)	7
Not Specified / Unknown	8
Mild Intermittent	1
Mild Persistent	2
Moderate Intermittent	3
Moderate Persistent	4
Strong Intermittent	5
Strong Persistent	6
Other (see notes)	7
Not Specified / Unknown	8

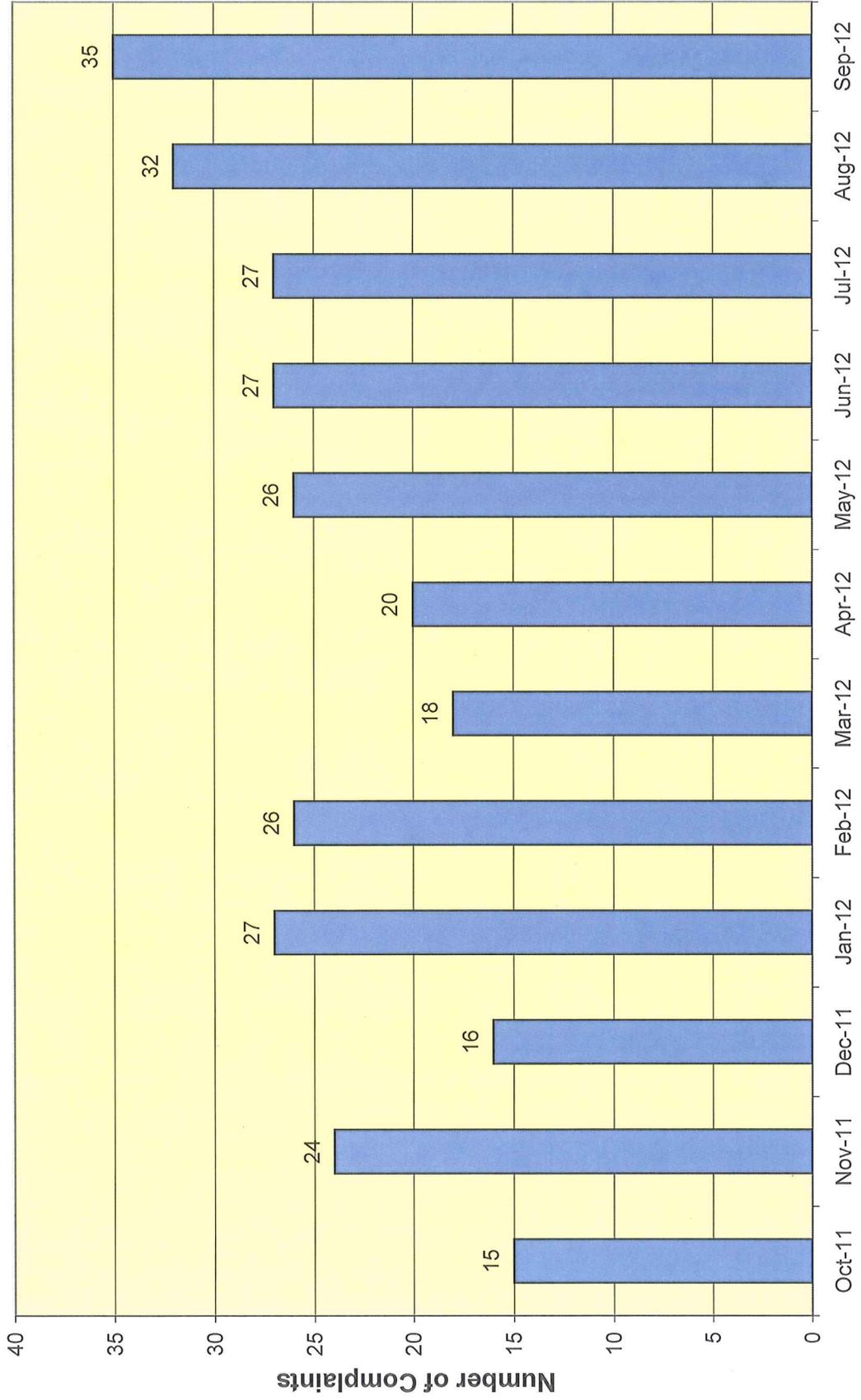
Email -

Thursday 9/20 am starting at 6:30 am thru 9:00 am classified as mild intermittent
 Friday 9/21 on & off starting at 4 pm thru 11 pm varied in classification mild to moderate to strong intermittent to persistent
 Sunday 9/23 pm from 6 pm until bedtime at 11:30 pm classified as moderate to strong persistent
Monday 9/24 on & off all day starting at 7 am thru the evening 10:00 pm classified as mild to moderate intermittent
Tuesday 9/25 pm on & off from 4 pm until 11:30 pm classified as mild to moderate intermittent
Wednesday 9/26 @ 6:00 am classified as mild intermittent

Email - Detected Aeration Type Odors all day Friday 9/28 starting at 8:00 am and continuing on & off throughout the day & evening until 12:15 am Saturday 9/29. Classified at times as Strong Persistent to Moderate Intermittent.

**Bob Guinan
1144 Lea Dr**

Complaints Received



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

General:

For the month of September 2012, the Collection System Department spent about 52% of its time on sewer maintenance, and 48% of its time on pump station maintenance.

After accounting for all leaves for the month of September, the Collection System had the equivalent of: (a) 1.8 full time field workers for on Sewer Maintenance, and (b) 1.6 full time field workers on Pump Station Maintenance.

Sewer Maintenance:

A total of 33,492 feet of sewer pipelines were cleaned for the month. Staff completed 161 maintenance work orders generated by the ICOMMM3 CMMS system, with no 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.

Pump Station Maintenance:

The Collection System Department conducted 257 lift station inspections for the month of September, 2012, with 137 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, 9 Gorman/Rupp dry well/wet well stations, 1 entry per month, and 4 main stations that are visited daily. District personnel installed a new Flygt submersible pump at the Bahia 4 pump station.

A Collection Systems 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.

Safety and Training:

The Collection System crew attended weekly safety tailgate meetings. Collection System staff attended 8 hrs. of training on the revised Confined Space Entry program.

Safety performance was excellent with no lost time accidents for a total of 534 accident-free days at the end of September 2012

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

Sanitary Sewer Overflows (SSOs):

For the month of September 2012, there were two (2) SSOs as discussed below.

No.	Date	Location	Amount, gal	Cause
1	9/17/2012	732 Rowland Blvd	6,048	Lateral Roots
2	9/26/2012	217 Fairway Drive	8,136	Root Intrusion

SSO at 732 Rowland Blvd.: The Collections department had previously cleaned the impacted sewer main from which this SSO occurred in May 2012, and had it chemically root-treated in June 2012.

Following the SSO, staff conducted interviews with the residents of seven of the eight homes tributary to the discharge manhole on the impacted main. It was determined that the SSO was caused by lateral roots cut out the lateral for the property at 27 Pierce Drive and pushed into the District's main. As a follow-up action to the SSO, staff televised and cleaned downstream sections of the main and did not find any other evidence of root intrusion.

SSO at 217 Fairway Drive: The Collections department had previously inspected (by CCTV) the impacted sewer main from which this SSO occurred in December 2011. No debris or root blockage had been observed in the main at that time. District staff responding to the SSO found that of the 4 homes upstream of this sewer main segment, only two homes were tributary to the discharge manhole of this line segment. Also, given the inaccessible location of the manhole on a steep hillside upslope in a backyard, it would have been hard to notice any overflow.

Following the SSO, staff conducted interviews with the residents of the two homes. The homeowner of 217 Fairway estimated that the discharge had been occurring for about two months and only realized something was awry when they noticed their lawn was getting soggy. He then sent this gardener up on the hillside to investigate and realized it was a discharging manhole. The resident then notified the City of Novato via e-mail on 9/21/12, letting them know about a "water leak" on the hillside. City staff responded on 9/26/12, realized that it was a sewer manhole and notified the Sanitary District at 3:45pm on 9/26/12.

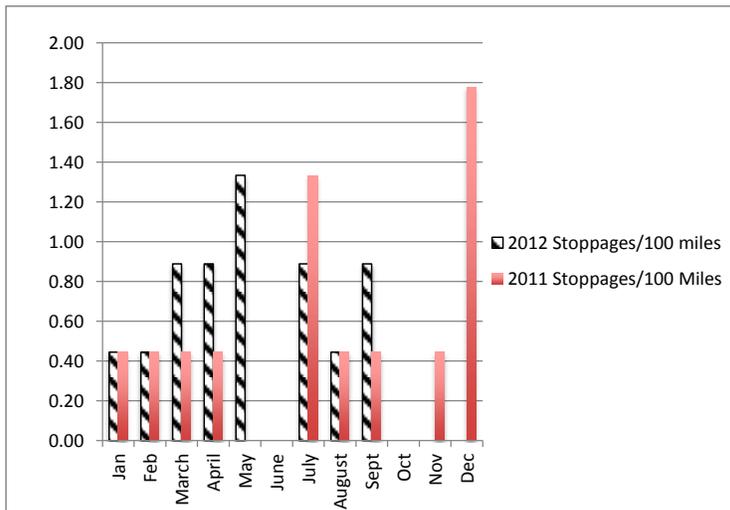
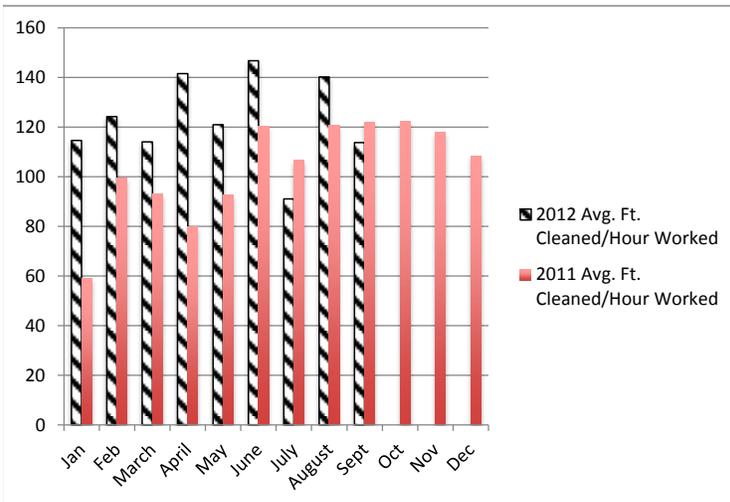
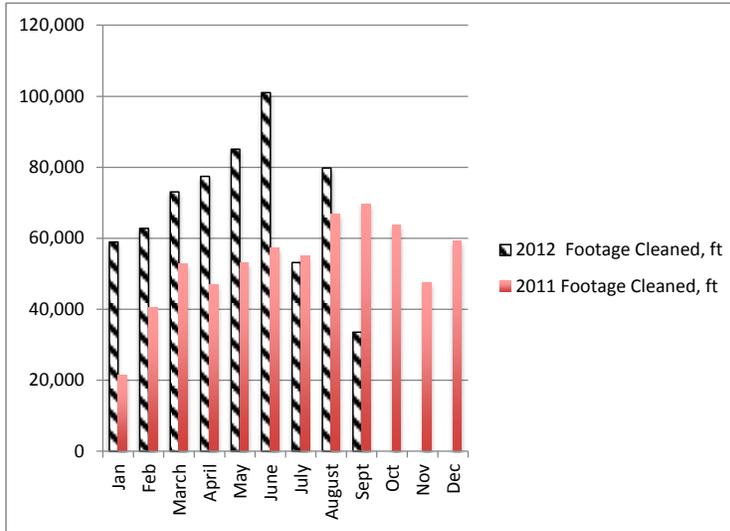
Novato Sanitary District
Collection System Monthly Report For 2012

	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	0	0	0	5,322	
Number of Employees	3.2	3.2	4.0	3.3	4.1	4.2	3.5	3.5	1.8	0.0	0.0	0.0		
Regular Time Worked on Coll. Sys., hrs	514	505	640	547	703	688	584	569	295				5,044	
Regular Time Worked on Other, hrs ⁽¹⁾	69	148	174	189	153	232	341	336	383				2,024	
Regular Time Worked on CCTV ⁽²⁾									NA				0	
Vacation/Sick Leave/Holiday, hrs	221	357	292	365	371	77	194	257	142				2,276	
Overtime Worked on Coll. Sys., hrs	33	44	49	29	6	35	27	44	12				278	
Overtime Worked on Other, hrs ⁽¹⁾	1	0	3	13	1	7	1	10	30				65	
Overtime Worked on CCTV ⁽²⁾									NA				0	
After Hours Callouts, #	1	2	0	0	0	1	0	1	0				5	
Service calls, normal hours, #	7	3	8	4	6	6	8	3	10				55	
Average S.C. response time, mins	29	30	23	13	14	14	18	20	19				180	20
Productivity														
Rodder Work Orders Generated, ft	16	18	3	54	92	75	56	13	10				337	
Rodder 3203 Ft. Cleaned	1,626	1,064	708	10,369	12,117	12,886	8,995	3,071	2,936				53,772	5,975
Flusher Work Orders Generated	275	286	299	344	428	452	235	454	151				2,924	
Truck 3205V Ft. Cleaned	7,667	23,744	0	2,364	2,125	0	6,892	24,699	6,366				73,857	8,206
Truck 3206V Ft. Cleaned	49,636	37,928	59,307	64,640	70,815	88,100	37,294	51,970	24,190				483,880	53,764
Camera Ft. Videoed	5,274	1,031	13,000	1,565	8,545	17,237	23,790	15,534	19,268				105,244	11,694
Work Orders Completed	291	304	302	398	520	527	291	467	161	NA	NA	NA	3,261	362
Work Orders backlog	14	42	67	41	27	28	16	0	0				235	26
Total Footage Cleaned	58,929	62,736	73,015	77,373	85,057	100,986	53,181	79,740	33,492	0	0	0	624,509	52,042
Stoppages	1	1	2	2	3	0	2	1	2				14	
Minor	0	1	2	2	3	0	1	1	0				10	
Major	1	0	0	0	0	0	1	0	2				4	
Overflow Gallons	75	26	398	316	68	0	3,385	5	14,184				18,457	
Volume Recovered	0	26	108	93	63	0	3,385	5	707				4,387	
Percent Recovered	0%	100%	27%	29%	93%	NA	100%	100%	5%	NA	NA	NA	24%	
Benchmarks														
Average Ft. Cleaned/Hour Worked	115	124	114	142	121	147	91	140	114	NA	NA	NA	NA	123
Total Stoppages/100 Miles	0.4	0.4	0.9	0.9	1.3	0.0	0.9	0.4	0.9	0.0	0.0	0.0	6.2	NA
Average spill response time (mins)	8	9	20	20	28	0	14	60	17	NA	NA	NA	NA	20
Callouts/100 Miles	0.4	0.9	0.0	0.0	0.0	0.4	0.0	0	0	NA	NA	NA	2.2	0.2
Overtime hours/100 Miles	15	20	22	13	3	16	12	1	481	NA	NA	NA	124	64
Overflow Gallons/100 Miles	33	12	177	140	30	0	1504	2	6304	0	0	0	8203	

⁽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

	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	0	0	0	2,883	
Number of Employees	1.9	1.5	1.9	1.6	2.3	1.9	2.0	1.8	1.6	0.0	0.0	0.0		1.4
Regular Time Worked on Pump Sta	254	236	280	246	281	277	294	283	234				2,385	
Overtime Worked on Pump Sta	80	27	56	30	120	54	58	25	50				499	
After Hours Callouts	4	2	6	2	3	4	4	4	4				33	
Average Callout response time (mins)	23	25	38	27	34	22	24	23	35				251	28
Work Orders														
Number generated in month	114	154	112	105	119	119	130	123	119	0	0	0	1095	
Number closed in month	87	73	88	80	92	93	103	97	137					
Backlog	27	81	24	25	27	26	27	26	8					

NOVATO SANITARY DISTRICT
Wastewater Operations Committee Meeting
Reclamation Facilities Report
September 2012

Summary:

The rancher worked on sprinkler repairs and weed spraying this month. There were no significant changes in the irrigated parcels and irrigation times have been shortened to maintain a balanced pond level. The motor for Irrigation Pump No. 2 failed in August and repairs will be completed after the irrigation season closes. Both Irrigation Strainers failed due to failed shear keys in each and were repaired and placed back in operation. 58.10 MG of recycled water was irrigated during the month of September. Pond depth at the end of the month averaged 6.2 feet. Sludge Lagoons 2, 3, 5 & 6 were pumped out to the Dedicated Land Disposal area. Solids were also excavated out of Sludge Lagoon No. 1 and spread in the Dedicated Land Disposal Area.

Ranch Operations:

The rancher continues to repair sprinklers broken by hay removal operations and cattle. The rancher is also spraying thistles and weeds around the sprinkler heads.

Irrigation Systems:

Site 2: As previously reported, valves and actuators in Parcel 6 have failed and need to be replaced. Refurbished valves and actuators and corral fencing have been received and staff will schedule the replacement work in October when irrigation demand is low. This is also the case for Zone 1 in Parcel 7. Zone 2 in Parcel 8 is also malfunctioning and staff is trouble-shooting the problem. A new control board will be installed in October to see if that solves the problem. Irrigation times in all Parcels have been reduced to balance Plant flow into the Storage Ponds with irrigation flow to the Parcels to maintain a balanced pond level.

Site 3: All zones in all Parcels are functioning normally and there is nothing to report. Irrigation times in all Parcels have been reduced to balance Plant flow into the Storage Ponds with irrigation flow to the Parcels to maintain a balanced pond level.

Site 7: All zones in all Parcels are functioning normally. Zone 3 in Parcel 7 and Zone 3 in Parcel 8 were left off as these two Zones are in an area that gets too wet. Irrigation times in all Parcels have been reduced to balance Plant flow into the Storage Ponds with irrigation flow to the Parcels to maintain a balanced pond level. Irrigation was stopped late in the month and Drainage Pump Station No. 7 was activated to pump the ditches down in preparation for the Culvert Replacement Project in the main ditch. Irrigation may resume after the culvert replacement work is complete, weather permitting.

Irrigation Pump Station:

The 400 Hp motor for Pump 2 failed in July and staff has received quotes for repair. This work will be completed after the irrigation season closes.

**NOVATO SANITARY DISTRICT
Wastewater Operations Committee Meeting
Reclamation Facilities Report
September 2012**

Both irrigation water strainers failed this month preventing steady irrigation for approximately one week until staff could troubleshoot problem and make repairs. Staff found that brass shear keys in the drives for each strainer failed preventing the backwash mechanism from functioning correctly, allowing the strainers to plug up and eventually causing the irrigation pumps to shut down due to low flow conditions to sustain irrigation. The shear keys were replaced and the strainers were placed back in operation.

58.10 MG of recycled water (1.94 MG per day average) was irrigated during the month of September. Pond depth at the end of the month averaged 6.2 feet between the two storage ponds.

Sludge Handling & Disposal:

The contractor pumped approximately 1,730,000 gallons of sludge out of Lagoon No. 2, 3, 5 & 6 into the Dedicated Land Disposal (DLD) Area. The contractor also excavated approximately 1,170 cubic yards of solids out of Sludge Lagoon No. 1 and spread it in the Dedicated Land Disposal Area.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: NBWRA: Approval of Phase 2 Scoping Study and NBWRA Budget Amendment	MEETING DATE: October 22, 2012 AGENDA ITEM NO.: 8.a.
RECOMMENDED ACTION: Consider authorizing the District's representative to the NBWRA Board of Directors to approve the Final Phase 2 Scoping Study proposal and NBWRA budget amendment.	
SUMMARY AND DISCUSSION: <p>At the time the NBWRA 2012-13 budget was approved in May 2012 there were a number of uncertainties remaining regarding the scope of the phase 2 work. In particular it was unclear how many agencies would be participating and the projects that would be included in the study. At that time, NBWRA approved only finishing the Project Definition work and the completion of the application to include the projects in the Integrated Regional Water Management Plan Update, which was due on September 1, 2012. The District learned this week that the NBWRA Phase 2 project was rated first out of 320 Bay Area projects in the preliminary evaluation of the applications.</p> <p>At this time both the agencies participating and the projects to be included have been better defined pending final scope and budget approval by the boards of the current members of NBWRA. The Board of NBWRA will be considering approval of the Phase 2 Scope of Work and authorizing execution of a contract with CDM-Smith to complete the work. A copy of the proposal is attached. The NBWRA Board will also be considering a budget amendment to complete the work. A copy of the amended budget is attached along with a breakdown showing the additional charges accruing to Novato Sanitary District.</p> <p>The total cost to the District for the Phase 2 Scoping Study is \$40,312 of which \$20,156 will be for the 2012-13 fiscal year. The amount could be up to \$23,500 for each of the years if Napa Sanitation decides not to move forward.</p> <p>Staff recommends authorizing the District representative, Bill Long to approve the budget amendment and proposal.</p>	
ALTERNATIVES: Do authorize approval	
BUDGET INFORMATION: This project will be funded from the budget for NBWRA Project 72508. The FY12-13 budget for this account is \$380,440 of which \$280,440 has been expended to reimburse NMWD's previous participation.	
DEPT.MGR.:	MANAGER-ENGINEER:

NBWRA TAC Meeting Proposed Final Phase 2 Scoping Study

October 15, 2012



The Scoping Studies Have Evolved

- 💧 The Scoping Study process has served the NBWRA well
- 💧 This last investigation provides a basis for decisions on the full Phase 2 Feasibility Study & EIR/EIS
- 💧 Prior Scoping Studies served as catalysts for agency input & provided direction for the final study
- 💧 Content & scope have evolved in response to member priorities, issues, and comments
- 💧 This study has been refocused to:
 - Build on the Program purpose
 - Expand support for projects and program-wide applications
 - Establish the level of detail needed for the NBWRA to make Phase 2 decisions



Catalysts for Refocusing Study Direction

- Board & TAC direction postponed decision regarding final Scoping Study:
 - As a consequence, we passed on the opportunity for Federal funds
 - Therefore, we will accomplish studies using only local funds
- Board direction:
 - Confirm participation of new & existing agencies
 - Develop Program priorities to provide direction on projects moving to Feasibility Study
- Integrate concepts for additional projects and uses identified since Project Definition Study



Changes in Response to Constraints & Direction

- Reduced costs
- Reformatted & broadened scope:
 - Incorporated decision-making process
 - Focused effort on the planning tasks
 - Reduced engineering & technical detail
 - Included focused meetings with agencies to refine identified concepts
 - Expanded focus from only storage to all facilities
 - Linked workshops to planning & technical tasks
- Results:
 - Agreed upon projects for Feasibility Study
 - Costs associated with the scope for Feasibility Study & EIR/EIS



Workshops Link Analysis and Member Input

💧 Workshop #1

- Define objectives & criteria for Phase 2 projects
- Present workplan; agency commitment to workplan

💧 Workshop #2

- Review objectives & criteria for approval
- Discuss potential multi-purpose storage concepts

💧 Workshop #3

- Present projects & storage requirements
- Discuss the path forward to selection

💧 Workshop #4

- Present list of potential projects
- Project conceptual layouts
- Discuss upcoming screening process

💧 Workshop #5

- Review project screening & prioritization
- Board provide direction on project

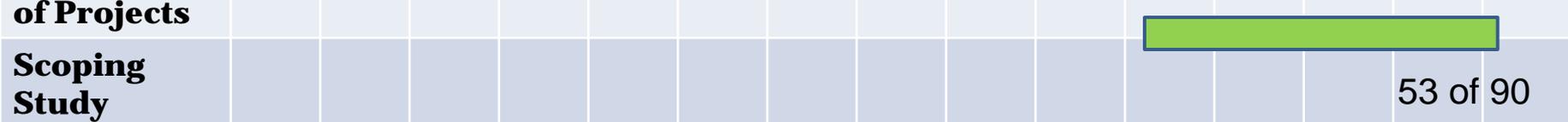
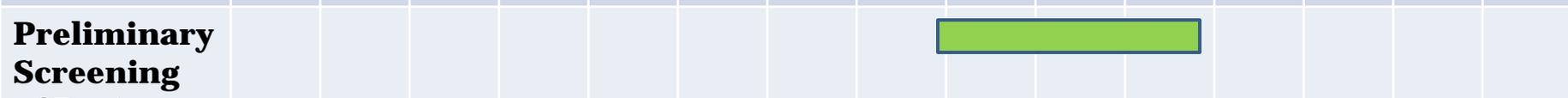
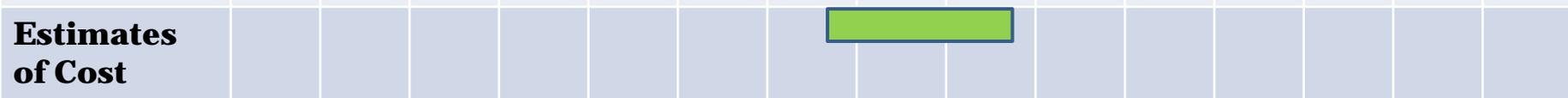
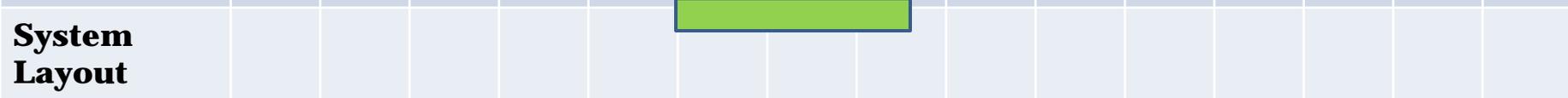
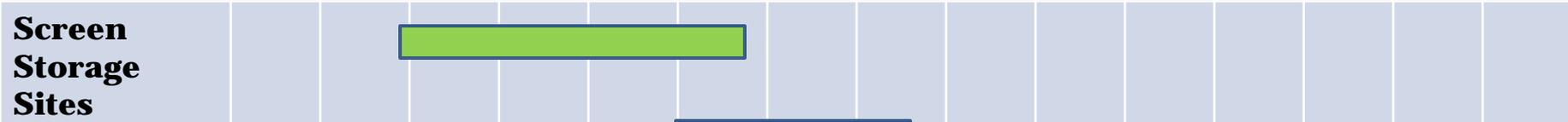
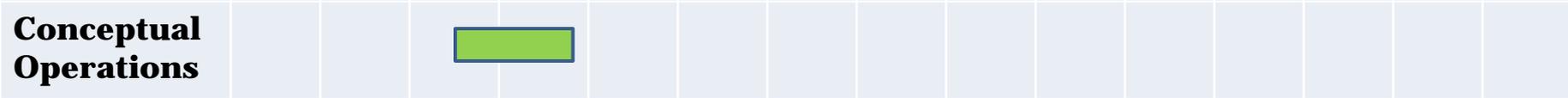
💧 Workshop #6 – Presentation of draft findings

💧 Workshop #7 – Summary presentation of scoping studies & recommendations



Activity	2013												Item No. 148.b		
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M

Workshops	◆ 1		◆ 2		◆ 3			◆ 4			◆ 5		◆ 6		◆ 7
	<ul style="list-style-type: none"> Define objectives & criteria for Phase 2 projects Present workplan Agency commitment to workplan 		<ul style="list-style-type: none"> Review objectives & criteria for approval Discuss potential multi-purpose storage concepts 		<ul style="list-style-type: none"> Present projects & storage requirements Discuss the path forward to selection 			<ul style="list-style-type: none"> Present list of potential projects Project conceptual layouts Discuss upcoming screening process 			<ul style="list-style-type: none"> Review project screening & prioritization Provide direction on project 		<ul style="list-style-type: none"> Presentation of Draft findings 		<ul style="list-style-type: none"> Summary presentation of scoping studies and recommendations



Discussion & Recommended Action

- 💧 Discussion & questions
- 💧 Recommendation: Approve final Phase 2 Scoping Study & send to Board of Directors for consideration and action at November 19th meeting



Workshop Dates

- 💧 Workshop #1 – January 28, 2013
- 💧 Workshop #2 – March 18, 2013
- 💧 Workshop #3 – May 20, 2013
- 💧 Workshop #4 – August 19, 2013
- 💧 Workshop #5 – November 18, 2013
- 💧 Workshop #6 – January 27, 2014
- 💧 Workshop #7 – March 17, 2014



ITEM NO. 9 REVISED FY2012/13 BUDGET AND COST ALLOCATIONS**Action Requested**

Approve a revised FY2012/13 Budget and Cost Allocation for presentation and approval by the Board at the August 20, 2012 Board Meeting.

The only modifications to the proposed revised budget are to include the 18-month Scoping Study and Workshops and two additional members for Phase 2 cost sharing, City of Petaluma and Marin Municipal Water District. The Scoping Study and Workshops would begin January 1 2013. The following items are attached for the TAC's consideration:

- Proposed Fiscal Year Budget for FY2012/13
- Member Agency Cost Allocations – Proposed Revisions, including 2 new agencies for Phase 2 and Joint Use
- October 5 2012 email from Remleh Scherzinger indicating City of Petaluma's desire to become a signatory to the Memorandum of Understanding.
- October 4, 2012 email from Michael Ban, indicating Marin Municipal Water District's acceptance of an invitation to participate in Phase 2
- October 4, 2012 letter from City of American Canyon declining participation in the Phase 2 Scoping Study

The 18-month Phase 2 Scoping Study includes the actual scoping study and associated workshops at a total cost of \$443,650, which is the figure that was discussed at the August TAC meeting. The cost includes consultants at \$434,500 and SCWA administration at \$9,150. The costs are proposed to be split equally between FY2012/13 and FY2013/14 and shared equally by the eight participating agencies (six current members and two new members). Each agency would pay \$27,728 per fiscal year.

Joint Use cost allocation has also been modified to include the two new agencies. For the first six months of FY2012/13 the current seven member agencies would pay equal Joint Use costs. Beginning January 1, 2013 Joint Use costs would be shared equally by nine agencies (seven current members and two new members).

Overall, for FY2012/13 there is an increase to the current member agencies participating in Phase 2 of \$20,156. Each new agency would pay \$54,228 in FY2012/13 and an estimated \$80,728 in FY2013/14

The presentation shows estimated costs for FY2013/14 since the 18-month Scoping Study spans two fiscal years. The presentation assumes that all other costs will remain the same. The Finance Committee will be meeting later this month to consider a FY2013/14 Budget. There will likely be reductions in Phase 1 costs and some possible increases in Phase 2 costs associated with funding opportunities and the Feasibility Study.

Recommendation

Approve the revised FY2012/13 Budget and Cost Allocation for presentation and approval by the Board at the August 20, 2012 Board Meeting

North Bay Water Reuse Authority
Proposed Fiscal Year Budgets
Fiscal Year 2012/13

Budgets/Scopes Proposed Revision

October 11, 2012

	Approved 8/20/12	Proposed Revision
Phase 1 Support	FY2012/13	FY2012/13
Program Management - RMC	-	-
Planning, Engineering and Funding Management - CDM Smith	75,000	75,000
Environmental Documentation, Permitting and Monitoring - ESA	20,000	20,000
SCWA Administration	100,000	100,000
Contingency - included in consultant costs	-	-
Total Costs for Phase 1 Support	195,000	195,000

	FY2012/13	FY2012/13
Phase 2 Support		
Program Management - RMC	-	-
Program Development and Federal Funding - Bryant & Associates	-	-
Federal Authorizations and Appropriations - The Ferguson Group	-	-
Planning, Engineering and Funding Management - CDM Smith	-	-
Environmental Documentation, Permitting and Monitoring - ESA	-	-
Outreach and Community Support - Data Instincts	-	-
SCWA Administration	-	-
Contingency - included in consultant costs	-	-
Total Costs for Phase 2 Support	-	-

	FY2012/13	FY2012/13
Phase 2 Scoping Study (18 - month)		
Planning and Engineering - CDM Smith	-	183,510
Planning and Engineering - Brown & Caldwell	-	134,670
Program Development and Federal Funding - Bryant & Associates	-	31,770
SCWA Administration	-	9,150
Contingency - included in costs	-	-
Total Costs for Scoping Study	-	359,100

FY Cost Scoping Study		
FY2012/13	FY2013/14	Total
91,755	91,755	183,510
67,335	67,335	
15,885	15,885	31,770
4,575	4,575	9,150
-	-	-
179,550	179,550	359,100

	FY2012/13	FY2012/13
Phase 2 Scoping Studies Workshops (18 -month)		
Planning and Engineering - CDM Smith	-	29,510
Planning and Engineering - Brown & Caldwell	-	43,850
Program Development and Federal Funding - Bryant & Associates	-	11,190
SCWA Administration	-	-
Contingency - included in costs	-	-
Total Costs for Scoping Study Workshops	-	84,550

FY Cost Workshops		
FY2012/13	FY2013/14	Total
14,755	14,755	29,510
21,925	21,925	
5,595	5,595	11,190
-	-	-
-	-	-
42,275	42,275	84,550

Total Costs for Scoping Study & Workshops	\$443,650
--	------------------

221,825	221,825	443,650
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	FY2012/13	FY2012/13
Joint Use		
Program Management - RMC	106,000	106,000
Program Development and Federal Funding - Bryant & Associates	178,000	178,000
Federal Authorizations and Appropriations - The Ferguson Group	60,000	60,000
State Funding / State Outreach - KP Public Affairs	33,000	33,000
Outreach and Community Support - Data Instincts	50,000	50,000
SCWA Administration	50,000	50,000
Contingency - included in consultant costs	-	-
Total Costs for Joint Use	477,000	477,000

	FY2012/13	FY2012/13
Total Costs (including Phase 2 18-month Scoping Study)		
Program Management - RMC	106,000	106,000
Program Development and Federal Funding - Bryant & Associates	178,000	220,960
Federal Authorizations and Appropriations - The Ferguson Group	60,000	60,000
Planning, Engineering and Funding Management - CDM Smith	75,000	288,020
Planning, Engineering and Funding Management - Brown & Cald	-	178,520
Environmental Documentation, Permitting and Monitoring - ESA	20,000	20,000
State Funding / State Outreach - KP Public Affairs	33,000	33,000
Outreach and Community Support - Data Instincts	50,000	50,000
SCWA Administration	150,000	159,150
Contingency - included in consultant costs	-	-
Total Costs for NBWRP	672,000	1,115,650

FY Costs		
FY2012/13	FY2013/14	Total
106,000	106,000	212,000
199,480	199,480	398,960
60,000	60,000	120,000
181,510	181,510	363,020
89,260	89,260	178,520
20,000	20,000	40,000
33,000	33,000	66,000
50,000	50,000	100,000
154,575	154,575	309,150
-	-	-
893,825	893,825	1,787,650

Assumes FY13/14 Costs for Phase 1 and Joint Use remain the same.

North Bay Water Reuse Authority
Proposed Agency Cost Allocations
Fiscal Year 2012/13 and FY2013/14 Estimate

Member Agency Cost Allocations - Proposed Revision
October 11, 2012

2 New Agencies for Phase 2 and Joint Use

Phase 1 Support										
25% Shared Equally Between 7 Agencies/ 75% Shared By Phase 1 Benefit	Total Budget	USBR Share	NBWRA Share	Las Gallinas Valley Sanitary District	Napa Sanitation District	Novato Sanitary District	Sonoma Valley County Sanitation District	Sonoma County Water Agency	North Marin Water District	Napa County
MOU Percent for Phase 1				7.239%	31.894%	8.611%	27.473%	3.571%	17.640%	3.571%
Program Management - RMC	-	-	-	-	-	-	-	-	-	-
Planning, Engineering and Funding Management - CDM Smith	75,000	-	75,000	5,429	23,921	6,458	20,605	2,679	13,230	2,679
Environmental Documentation, Permitting and Monitoring - ESA	20,000	-	20,000	1,448	6,379	1,722	5,495	714	3,528	714
SCWA Administration	100,000	-	100,000	7,239	31,894	8,611	27,473	3,571	17,640	3,571
Contingency - included in consultant costs	-	-	-	-	-	-	-	-	-	-
Total	\$195,000	\$0	\$195,000	\$14,116	\$62,194	\$16,792	\$53,572	\$6,964	\$34,398	\$6,964

100.000%

Approved August 20, 2012

FY Phase 1 Cost		
FY2012/13	FY2013/14 Estimate	Total
-	-	-
75,000	75,000	150,000
20,000	20,000	40,000
100,000	100,000	200,000
-	-	-
195,000	195,000	390,000

Phase 2 Support, Scoping Study and Workshops (18 - month)												
Shared Equally Between Current and New Member Agencies	Total Budget	USBR Share	NBWRA Share	Las Gallinas Valley Sanitary District	Napa Sanitation District	Novato Sanitary District	Sonoma Valley County Sanitation District	Sonoma County Water Agency	North Marin Water District	Napa County	City of Petaluma	Marin Municipal Water District
Planning and Engineering - CDM Smith	213,020	-	213,020	13,314	13,314	13,314	13,314	13,314	-	13,314	13,314	13,314
Planning and Engineering - Brown & Caldwell	178,520	-	178,520	11,158	11,158	11,158	11,158	11,158	-	11,158	11,158	11,158
Program Development and Federal Funding - Bryant & Associates	42,960	-	42,960	2,685	2,685	2,685	2,685	2,685	-	2,685	2,685	2,685
SCWA Administration	9,150	-	9,150	572	572	572	572	572	-	572	572	572
Contingency - included in costs	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$443,650	\$0	\$443,650	\$27,728	\$27,728	\$27,728	\$27,728	\$27,728	\$0	\$27,728	\$27,728	\$27,728

Approved August 20, 2012

FY Cost Scoping Study		
FY2012/13	FY2013/14 Estimate	Total
106,510	106,510	213,020
89,260	89,260	178,520
21,480	21,480	42,960
4,575	4,575	9,150
-	-	-
221,825	221,825	443,650

Joint Use												
Shared Equally Between Current and New Member Agencies	Total Budget	USBR Share	NBWRA Share	Las Gallinas Valley Sanitary District	Napa Sanitation District	Novato Sanitary District	Sonoma Valley County Sanitation District	Sonoma County Water Agency	North Marin Water District	Napa County	City of Petaluma	Marin Municipal Water District
Program Management - RMC	106,000	-	106,000	13,460	13,460	13,460	13,460	13,460	13,460	13,460	5,889	5,889
Program Development and Federal Funding - Bryant & Associates	178,000	-	178,000	22,603	22,603	22,603	22,603	22,603	22,603	22,603	9,889	9,889
Federal Authorizations and Appropriations - The Ferguson Group	60,000	-	60,000	7,619	7,619	7,619	7,619	7,619	7,619	7,619	3,333	3,333
State Funding / State Outreach - KP Public Affairs	33,000	-	33,000	4,190	4,190	4,190	4,190	4,190	4,190	4,190	1,833	1,833
Outreach and Community Support - Data Instincts	50,000	-	50,000	6,349	6,349	6,349	6,349	6,349	6,349	6,349	2,778	2,778
SCWA Administration	50,000	-	50,000	6,349	6,349	6,349	6,349	6,349	6,349	6,349	2,778	2,778
Contingency - included in consultant costs	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$477,000	\$0	\$477,000	\$60,571	\$60,571	\$60,571	\$60,571	\$60,571	\$60,571	\$60,571	\$26,500	\$26,500

Approved August 20, 2012

FY Phase 1 Cost		
FY2012/13	FY2013/14 Estimate	Total
106,000	106,000	212,000
178,000	178,000	356,000
60,000	60,000	120,000
33,000	33,000	66,000
50,000	50,000	100,000
50,000	50,000	100,000
-	-	-
477,000	477,000	954,000

Total Cost per Agency for FY 2012/13												
Total Budget	USBR Share	NBWRA Share	Las Gallinas Valley Sanitary District	Napa Sanitation District	Novato Sanitary District	Sonoma Valley County Sanitation District	Sonoma County Water Agency	North Marin Water District	Napa County	City of Petaluma	Marin Municipal Water District	
Revised Proposal	\$893,825	\$0	\$893,825	\$102,415	\$150,494	\$105,091	\$141,872	\$95,264	\$94,969	\$95,264	\$54,228	\$54,228
Approved August 20, 2012	\$672,000	\$0	\$672,000	\$82,259	\$130,337	\$84,935	\$121,715	\$75,107	\$102,541	\$75,107	\$0	\$0
Difference	\$221,825	\$0	\$221,825	\$20,156	\$20,157	\$20,156	\$20,157	\$20,157	(\$7,572)	\$20,157	\$54,228	\$54,228

Revised Proposal

Approved August 20, 2012

Difference

Total Cost per Agency for FY 2013/14 (Estimate)												
Total Budget	USBR Share	NBWRA Share	Las Gallinas Valley Sanitary District	Napa Sanitation District	Novato Sanitary District	Sonoma Valley County Sanitation District	Sonoma County Water Agency	North Marin Water District	Napa County	City of Petaluma	Marin Municipal Water District	
	\$893,825	\$0	\$893,825	\$94,844	\$142,922	\$97,520	\$134,300	\$87,692	\$87,398	\$87,692	\$80,728	\$80,728
Difference from FY2012/13	\$0	\$0	\$0	(\$7,571)	(\$7,571)	(\$7,571)	(\$7,571)	(\$7,571)	(\$7,571)	(\$7,571)	\$26,500	\$26,500

Difference from FY2012/13

Chuck Weir

From: Scherzinger, Remleh <rscherzinger@ci.petaluma.ca.us>
Sent: Friday, October 05, 2012 10:02 AM
To: Chuck Weir; 'Ginger Bryant'
Cc: Kevin Booker; 'Marc Bautista'
Subject: Petaluma Membership NBWRA

Good Morning Ginger and Chuck,

Pursuant to City council Resolution 2011-092 we have direction to join the JPA and execute the second amendment. We are very please to become a contributing member of the NBWRA and are looking forward to working with everyone on this regional effort.

Regards.

Remleh Scherzinger, P.E.

City of Petaluma

Utilitites - Engineering Manager / Dept of Public Works & Utilities

707-778-4546

From: Michael Ban [mban@marinwater.org]
Sent: Thursday, October 04, 2012 8:20 AM
To: vsbryant@sbcglobal.net
Subject: Invitation to Participate In the North Bay Water Reuse Program and Final Phase 2 Scoping Study

Dear Ginger,

Thank you for attending the MMWD Board of Directors meeting last night. As you know, the Board adopted Resolution No. 8166 accepting the North Bay Water Reuse Authority's invitation to participate in the North Bay Water Reuse Program and Final Phase 2 Scoping Study.

We greatly appreciate the NBWRA's invitation to participate and look forward to working with you and all of the Authority's members on the Phase 2 program.

Sincerely,

Michael Ban, P.E.
Environmental & Engineering Services Manager
Marin Municipal Water District
220 Nellen Avenue
Corte Madera, CA 94925-1169

Ph: (415)945-1435
mban@marinwater.org



CITY OF AMERICAN CANYON

October 4, 2012

Chairman Keith Caldwell
North Bay Water Reuse Authority
500 Davidson Street
Novato, CA 94945

Subject: Invitation to participate in NBWR Program and Phase 2 scoping study

Dear NBWRA Chair Caldwell and Members of the Board:

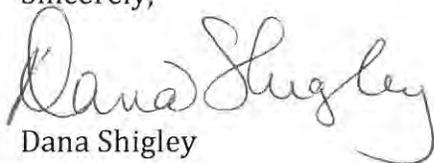
On behalf of the City of American Canyon, I appreciate that the North Bay Water Reuse Authority has taken a regional leadership role of scoping out the needs of the production, distribution, and storage of recycled water. This is a precious resource that holds many obvious and subtle implications in the ongoing efforts by all California communities to balance the needs of providing safe drinking water while remaining in compliance with regulatory standards and strategic water supply management.

The City of American Canyon, through the consistent efforts of its City Council, has taken the subject of water very seriously. In 2005 we learned during our first urban water management plan process that, unless we took proactive and assertive water management activities, we would today be experiencing severe water shortages. Avoiding this draconian situation was achieved through council leadership of policies that improved conservation, acquired alternate water supplies, and constructed a water reuse system.

Most recently American Canyon has been subjected to significant revenue reductions, a flat economic recovery, and the remarkable effort by our citizenry to limit and conserve their use of water. These factors result in a financial environment wherein we are working with a very limited discretionary water fund budget. While I recognize that there is certainly a long-term benefit of participating in a regional solution to the challenges of storing and distributing recycled water and the long-term grant funding opportunities this might bring, the City has equal and more pressing challenges of recovering our economic health, completing our distribution system, ensuring adequate water supply from our treatment facility, meeting the requirements of previous grants and other funding sources, and retiring past obligations incurred to construct the existing system. Therefore, we must decline participation in the Phase 2 scoping study until we can resolve these more pressing matters.

I sincerely appreciate NBWRA's offer and look forward to partner with the NBWRA in the future.

Sincerely,

A handwritten signature in cursive script that reads "Dana Shigley". The signature is written in black ink and is positioned above the printed name and title.

Dana Shigley
City Manager

cc: Mayor and City Council Members
Ginger Bryant, Program Development
Michael Throne, Public Works Director
Steve Moore, Water Systems Manager

**Novato Sanitary District
STATEMENT OF INVESTMENT POLICY
October 12, 2012**

The Statement of Investment Policy for Novato Sanitary District includes the revised California Government Code Section 53600 effective January 1, 1996.

Funds Management

This investment policy applies to all financial assets of Novato Sanitary District, including Operating Funds, Capital Improvement Funds and Bond Funds.

Regular Warrants Account: As cash is received, it is deposited in the District's Money Market Checking Account with Westamerica Bank. Cash on hand is reviewed daily and all inactive or reserve funds above the minimum balance are wire transferred periodically to the State Local Agency Investment Fund (LAIF), or invested locally in certificates of deposit. When the District writes checks, for whatever purpose, funds are withdrawn from LAIF to cover the checks written.

Payroll Account: The District's payroll is prepared in-house. All pay checks and pay vouchers (for direct deposit) are processed through the District's Payroll Account with Westamerica Bank. After the checks and vouchers are reconciled, funds to cover payroll are transferred from the Operating Account to the Payroll Account.

Petty Cash Account: The District maintains a Petty Cash account with a balance not to exceed \$1,000.00. This account is for small purchases.

~~**SRF Project Account**~~ **Capital Projects Account:** This account is used to track capital project expenditures throughout the year. Any excess balance above the minimum balance is wire transferred to LAIF. When the District writes checks for project expenses funds are withdrawn from LAIF to cover the checks written. Funds are transferred from the regular warrants account after this account has been funded by LAIF, for operating and project expenses.

ARRA Grant Project Account: This account is established to receive grant funds under the American Reinvestment and Recovery Act for partial financing of the District's Recycled Water Project. The project is part of the regional recycled water project administered by the North Bay Water Reuse Authority.

Funds not included in the policy include deferred compensation funds since the assets of the plan are held for the exclusive benefit of plan participants and their beneficiaries and the individual plan participants are responsible for the investment of these accounts.

Comment [BJ1]: This account has been renamed the "Capital Projects Account" since all of the funds have been processed for the SRF Loan and a separate account is needed for the capital projects funded by the COP.

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Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard as stated in California Government Code (CGC) Section 53600.3 and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Objectives

As specified in CGC Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
2. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.
3. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Delegation of Authority

Authority to manage the investment program is derived from CGC Sections 53600, et seq. Management responsibility for the investment program is hereby delegated to the Treasurer, Beverly B. James, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. The following employees are authorized to telephone instructions for deposits and withdrawals from the District bank account to the State Treasurer and vice versa:

Beverly B. James, Manager-Engineer

~~June Brown, Laura M. Creamer, Finance Officer~~ Laura M. Creamer, Finance Officer

Comment [LC2]: Laura Creamer was added here and June Brown was removed due to June's part time status.

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Transfers between the District's five Westamerica Bank accounts may be made electronically by Beverly James, Manager-Engineer and Laura Creamer, Finance Officer.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of CGC 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard. In addition, the District maintains a public officials' surety bond in the amount of \$200,000.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Authorized Financial Institutions and Dealers

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Treasurer shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

Designated depositories for the deposit of inactive funds are:

Local Banks: Bank of America, Wells Fargo Bank and Westamerica Bank.

Local Savings and Loan Associations: Citbank and Chase Bank.

State Treasurer's Local Agency Investment Fund (LAIF). The LAIF is made up of pooled funds from California local agencies which are invested by the State Treasurer. The maximum deposit allowed per agency is \$50,000,000 (effective 11/15/09). There is no minimum investment period and interest is earned daily. Money can be withdrawn within 24 hours.

Authorized and Suitable Investments

It is the practice of the District to invest inactive operating and capital improvement funds only with the State Treasurer's Local Agency Investment Fund and/or with local banks and savings and loans.

Prohibited Investments. Under the provisions of CGC Section 53601.6 and 53631.5, the District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

State Revolving Fund Loan

The following describes the state revolving fund loan with the State of California through the State Water Resources Control Board. This loan is specifically for the Wastewater Treatment Project Upgrade. Project expenses are reimbursed by this loan shortly after the District pays the contractor for the worked performed on the Wastewater Treatment Project Upgrade. The first payment on this loan was made in December of 2011 and these payments will continue until January of 2031.

Certificates of Participation Bond Fund

The District issued \$21,750,000 Certificates of Participation in October of 2011 to fund the construction program. The construction program consists of projects to improve the treatment plant, collection system, pump stations, and reclamation system, including associated planning, engineering and administrative costs as outlined in the District's five year capital improvement program. These funds are held in a separate LAIF account and administered through the Bank of New York Mellon N.A. The District requests reimbursement for capital project expenditures from this account on a monthly basis. Payments on this loan began in February of 2012, and will continue for a time period of twenty years. The interest rate ranges from 3% - 4.75%.

Comment [LC3]: New Bond Fund due to newly issued Certificates of Participation in October 2011.

Collateralization

All certificates of deposit must be collateralized by U.S. Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under CGC Section 53601(i)(2).

Safekeeping and Custody

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement as required by CGC Section 53601.

Diversification

The District will diversify its investments by security type and institution. It is the policy of the District to remit money not required for immediate needs to LAIF for purposes of investment. Assets in the pooled money account are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

Reporting

In accordance with CGC Section 53646(b)(1), Treasurer shall submit to each member of the Board of Directors a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for the District by third party contracted managers. The report will also include the source of the portfolio valuation. As specified in CGC Section 53646(e), if all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions.

The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and, (2) the District will meet its expenditure obligations for the next six months as required by CGC Section 53646(b)(2) and (3) respectively. The Treasurer shall maintain a complete and timely record of all investment transactions.

Investment Policy Adoption

The Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

Statement of Investment Policy
October 12, 2012

t:\personnel\june's word files\invest2012.doc

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

**TITLE: Asset Deletion Report for Fiscal
Year 2011-12**

MEETING DATE: 10/22/12

AGENDA ITEM NO.:

RECOMMENDED ACTION: No action required.

SUMMARY AND DISCUSSION:

As part of the District's annual audit process, staff prepares fixed asset reports including reports of items added or deleted during the fiscal year.

The attached asset deletion report is provided for fiscal year 2011-12. The first page is a summary of all items deleted, followed by a detailed description of each component.

ALTERNATIVES: n/a

BUDGET INFORMATION: No budget impact.

DEPT.MGR.:

MANAGER:

FIXED ASSET REPORT - SUMMARY

Includes All Items Disposed of During the Fiscal Year
Ending June 30, 2012

	Original Cost			Accum Deprec	Book Value		
	Purchased	Contributed	Total		Purchased	Contributed	Total
BUILDING AND IMPROVEMENTS	355,594.00	0.00	355,594.00	10,644.00	344,950.00	0.00	344,950.00
FACILITIES EQUIPMENT	195,854.00	0.00	195,854.00	185,584.00	10,270.00	0.00	10,270.00
PUMP STATION EQUIPMENT	126,470.00		126,470.00	112,372.00	14,086.00	0.00	14,086.00
GENERAL EQUIPMENT	52,573.00	0.00	52,573.00	52,352.00	221.00	0.00	221.00
							0.00
	730,491.00	0.00	730,491.00	360,952.00	369,527.00	0.00	369,527.00
Adjustment for Old Land Depreciation				7,708.00			
GRAND TOTALS	730,491.00	0.00	730,491.00	360,952.00	369,527.00	0.00	369,527.00

Note: Calculated based on transfer of assets from old program to new QB program.

** In old system, need to back out of general ledger.

**Listing of Deleted/Disposed of Assets for Buildings & Improvements
As of June 30, 2012**

Date Purchased	Description	Cost
Pump Stations		
Jun-68	Site Work-AutoMart PS	500.00
Jun-69	Site Work-Bahia 01 PS	2,380.00
Jun-69	Site Work-Bahia 02 PS	500.00
Jun-69	Site Work-Bahia 04 PS	500.00
Jun-66	Site Work-BMK 01 PS	500.00
Ignacio PS		
Jun-92	Digester Cleaning	329,452.00
Jun-91	Surveyor Markers	669.00
Marin Village PS		
Jun-72	Site Work	618.00
Jun-53	Site Work	2,640.00
NTP Improvements		
Jun-91	Added Improvements	960.00
Reclamation		
Jun-93	Site 3 - Ditch Cleaning	9,975.00
Scottsdale PS		
Jun-70	Scottsdale S (BG)	6,400.00
Jun-70	Site Work	500.00
		<u>355,594.00</u>

**Listing of Deleted/Disposed of Assets for Facilities Equipment
As of June 30, 2012**

Date Purchased	Description	Cost
Ignacio Plant		
Jun-06	CSU DSU Modem	450.00
Jun-87	Fuel Pump	3,894.00
Novato Plant		
Jun-87	Biotower -Feed Pump	38,793.00
Reclamation		
Jun-07	Plugs and Valves (12)	17,490.00
Drainage PS		
Jun-86	Controller	5,605.00
Jun-10	Valves	3,113.00
Irrigation PS		
Jun-86	Air Compressors(2)	22,922.00
Jun-86	Cathodic Prot Rectifier	11,210.00
Jun-86	Pneumatic Butterfly Valve	11,350.00
Jun-95	Sprinkler Heads	81,027.00
		<u>195,854.00</u>

**Listing of Deleted/Disposed of Assets for Pump Station Equipment
As of June 30, 2012**

Date Purchased	Description	Cost
Jun-08	Backup Rotating Assembly	4,074.00
Jun-07	PS Cutter Assembly	2,392.00
Bahia Main PS		
Jun-69	Annunciator	1,500.00
Jun-69	MC 4 Panels	6,600.00
BMK 01 PS		
Jun-07	PS-Sub pump	3,405.00
BMK 02 PS		
Jun-07	PS-Motor	5,194.00
Jun-05	Chopper Pump	7,752.00
BMK 04 PS		
Jun-06	Chopper Pump	7,697.00
BMK 07 PS		
Jun-07	Chopper Pump	7,588.00
BMK 08 PS		
Jun-01	PS Equipment	16,443.00
E. Hamilton PS		
Jun-89	Back flow Preventor	708.00
Jun-91	Power Filters	3,143.00
Jun-89	Sump Pump	708.00
Main Village PS		
Jun-74	Pump #2	4,450.00
Olive PS		
Jun-74	Barminutor	16,068.00
Jun-74	Pump #1	17,304.00
Jun-74	Pump #2	18,540.00
Jun-97	Water Pump	866.00
Southgate PS		
Jun-08	Rotating Assembly	2,038.00
		<u>126,470.00</u>

**Listing of Deleted/Disposed of Assets for General Equipment
As of June 30, 2012**

Date Purchased	Description	Cost
Laboratory Equipment		
Jun-74	Hot Plates/Oven	758.00
Jun-04	Refrigerator	400.00
Jun-93	Sampler - Nov Eff	3,100.00
Jun-93	Sampler - Nov Inf	3,100.00
Jun-89	Vacuum Pump	550.00
Jun-75	Water Bath	400.00
Office Equipment		
Jun-99	Backup System	2,576.00
Jun-07	Computer - Dell	403.00
Jun-02	Computer-Front	2,157.00
Jun-03	Computer-Const Inspector	2,259.00
Jun-02	Computer-Operations	1,720.00
Jun-02	Computer - Scada	1,012.00
Jun-06	Computer - Steve	1,985.00
Jun-05	Computer - Mech tech	1,396.00
Jun-04	Computer - Collections	1,444.00
Jun-02	Laptop Computer	3,723.00
Jun-00	Laser Jet Printer	1,912.00
Jun-07	PDA Admin	420.00
Jun-99	Scanner	539.00
Jun-03	Server	5,160.00
Jun-90	Typewriter	842.00
Office Furniture		
Jun-85	Various Drawer files	1,734.00
Jun-70	Drawer map files	680.00
Jun-85	Desk/chair	540.00
Jun-66	Drafting Table	200.00
Jun-84	Folding Tables	750.00
Jun-85	Lunch tables	160.00
Portable Equipment		
Jun-87	A Frame	400.00
Jun-72	Air Masks	4,000.00
Jun-84	Air Masks	4,400.00
Jun-91	Current Tracer	685.00
Jun-94	Electric Pipe Die	1,000.00
Shop Equipment		
Jun-86	Airless Paint Sprayer	1,200.00
Jun-74	Drill Press	300.00
Jun-84	Electric Welder	150.00
Jun-79	Gas Welder	350.00
Jun-86	Press	165.00
	Rounding	3.00
		<u>52,573.00</u>

QUARTERLY INVESTMENT REPORT -- For Quarter Ended September 30, 2012

INVESTMENT	ACTIVITY	July	August	September	QTR TOTAL
STATE TREASURER'S INVESTMENT FUND	Total deposits/transfers in	410,000	0	340,000	750,000
	Total transfers out	566,000	1,120,000	244,000	1,930,000
	Minimum daily balance	9,929,493	8,809,493	8,809,493	8,809,493
Current Yield 0.35%	Maximum daily balance	10,076,366	9,929,493	8,905,493	10,076,366
	Interest earned			8,431	8,431
TRUST ACCOUNT					
BANK OF NEW YORK MELLON For COP Bond Funds	Total deposits/transfers in				0
	Total transfers out	1,095,315	0	823,692	1,919,007
	Minimum daily balance	13,336,318	13,336,318	12,524,696	12,524,696
	Maximum daily balance	14,431,619	13,348,374	13,336,318	14,431,619
	Interest earned		12,055	15	12,070
The LAIF Pooled Money Investment Account Report is attached as specified in California Government Code Section 53646(e)					
CHECKING ACCOUNTS					
Interest Rate	<u>Regular Warrants Account</u>				
0.03%	Total deposits & transfers in	2,023,241	1,219,011	1,188,815	4,431,067
	Total checks & transfers out	2,459,596	1,177,777	1,185,002	4,822,375
	Minimum daily balance	21,808	34,213	45,346	21,808
	Maximum daily balance	1,366,869	460,844	1,100,825	1,366,869
	Interest earned	10	4	9	23
	<u>Payroll Account</u>				
	Total transfers in	128,600	126,700	119,600	374,900
	Total checks & transfers out	128,404	125,517	120,417	374,338
	Minimum daily balance	445	641	591	445
	Maximum daily balance	125,771	114,957	108,177	125,771
	<u>Project Account</u>				
	Total transfers in	1,297,900	442,300	233,500	1,973,700
	Total checks & transfers out	1,845,301	460,940	111,329	2,417,570
	Minimum daily balance	2,544	2,553	5,967	2,544
	Maximum daily balance	998,301	325,083	213,659	213,659
	Interest earned	7	1	1	9
	<u>ARRA Grant Project Account</u>				
	Total transfers in	0	12	0	12
	Total checks & transfers out	12	0	0	12
	Minimum daily balance	719	719	731	719
	Maximum daily balance	731	731	731	731
	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 July 21, 2011.

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

(2) LAIF interest rate is currently .35% which is a slight decrease from .36% in June of 2012 and .38% for March of 2012 and December of 2011.

Bill Lockyer, State Treasurer



Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)

2012 LAIF CONFERENCE REGISTRATION

PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
9/28/2012	0.34	0.36	244
9/29/2012	0.34	0.34	244
9/30/2012	0.35	0.36	242
10/1/2012	0.36	0.36	257
10/2/2012	0.36	0.36	258
10/3/2012	0.36	0.36	256
10/4/2012	0.35	0.36	250
10/5/2012	0.35	0.36	250
10/6/2012	0.35	0.36	250
10/7/2012	0.35	0.36	250
10/8/2012	0.35	0.36	248
10/9/2012	0.36	0.36	249
10/10/2012	0.36	0.36	253
10/11/2012	0.36	0.36	252

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

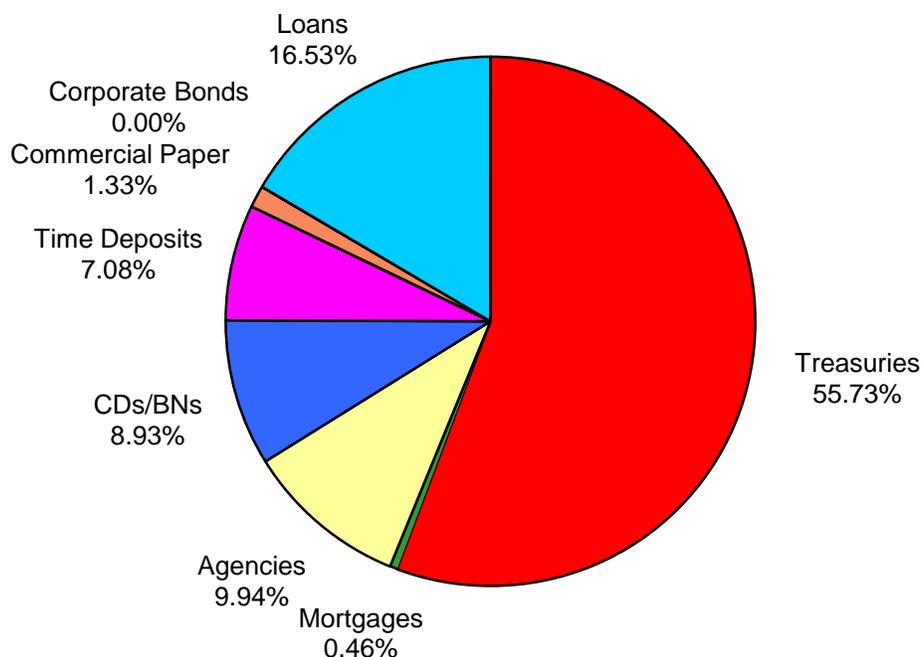
Quarter ending 09/30/2012

Apportionment Rate: 0.35%
 Earnings Ratio: .00000970563155028
 Fair Value Factor: 1.001314072
 Daily: 0.35%
 Quarter To Date: 0.36%
 Average Life: 242

PMIA Average Monthly Effective Yields

SEPTEMBER 2012 0.348%
 AUGUST 2012 0.377%
 JULY 2012 0.363%

Pooled Money Investment Account
 Portfolio Composition
 \$62.2 Billion
 09/30/12



**State of California
Pooled Money Investment Account
Market Valuation
9/30/2012**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 18,622,718,015.43	\$ 18,633,178,830.48	\$ 18,635,752,500.00	NA
Notes	\$ 16,030,416,483.54	\$ 16,030,283,286.84	\$ 16,083,000,000.00	\$ 25,090,146.00
Federal Agency:				
SBA	\$ 537,943,833.73	\$ 537,943,833.73	\$ 538,479,078.66	\$ 556,597.69
MBS-REMICs	\$ 289,018,179.51	\$ 289,018,179.51	\$ 313,485,757.91	\$ 1,380,307.69
Debentures	\$ 750,426,660.88	\$ 750,426,660.88	\$ 751,330,500.00	\$ 1,246,665.50
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 4,493,107,222.16	\$ 4,495,775,805.52	\$ 4,496,997,000.00	NA
GNMA	\$ 9,091.91	\$ 9,091.91	\$ 9,168.82	\$ 90.18
IBRD Debenture	\$ 399,951,803.28	\$ 399,951,803.28	\$ 400,000,000.00	\$ 583,332.00
IBRD Deb FR	\$ -	\$ -	\$ -	\$ -
CDs and YCDs FR	\$ 400,000,000.00	\$ 400,000,000.00	\$ 400,000,000.00	\$ 345,585.56
Bank Notes	\$ -	\$ -	\$ -	\$ -
CDs and YCDs	\$ 5,150,000,000.00	\$ 5,150,000,000.00	\$ 5,149,301,400.29	\$ 1,963,819.45
Commercial Paper	\$ 824,860,041.65	\$ 824,971,430.55	\$ 824,932,222.22	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 4,402,640,000.00	\$ 4,402,640,000.00	\$ 4,402,640,000.00	NA
AB 55 & GF Loans	\$ 10,280,783,040.72	\$ 10,280,783,040.72	\$ 10,280,783,040.72	NA
TOTAL	\$ 62,181,874,372.81	\$ 62,194,981,963.42	\$ 62,276,710,668.62	\$ 31,166,544.07

Fair Value Including Accrued Interest

\$ 62,307,877,212.69

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 (**1.001314072**). 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 \$20,026,281.45 or \$20,000,000.00 x **1.001314072**.

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	\$ 2,450	\$ 1,300	\$ 1,450	\$ 600	\$ 2,150	\$ 2,200	\$ 1,600	\$ 8,500	\$ 4,100	\$ 6,050	\$ 4,300		
REPO													
TDs	\$ 1,487	\$ 744	\$ 875	\$ 733	\$ 245	\$ 319							
AGENCY	\$ 738	\$ 1,250	\$ 439	\$ 200				\$ 3,200		\$ 800	\$ 1,108		
BAs													
CP	\$ 625	\$ 200											
CDs + BNs	\$ 4,000	\$ 650	\$ 300					\$ 200		\$ 400			
CORP BND													
TOTAL													
\$ 53,213	\$ 9,300	\$ 4,144	\$ 3,064	\$ 1,533	\$ 2,395	\$ 2,519	\$ 1,600	\$ 11,900	\$ 4,100	\$ 7,250	\$ 5,408	\$ -	\$ -
PERCENT	17.5%	7.8%	5.8%	2.9%	4.5%	4.7%	3.0%	22.4%	7.7%	13.6%	10.2%	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 BOARD AGENDA ITEM SUMMARY

TITLE: Capital Projects - Annual Collection System Repairs – 2012 Pipeburst Project; Project 72706, Phase H	MEETING DATE: October 22, 2012 AGENDA ITEM NO.: 10.a.												
RECOMMENDED ACTION: Review bids received for the 2012 Pipeburst Project, reject all bids, and authorize the Manager-Engineer to so inform all bidders.													
SUMMARY AND DISCUSSION: On August 27, 2012 the Board of Directors approved the 2012 Pipebursting Project and authorized staff to advertise for bids. On September 25, 2012, 6 bids were received as follows: <table data-bbox="191 657 755 856"><tr><td>1. Bay Pacific Pipelines:</td><td>\$359,935.00</td></tr><tr><td>2. Darcy & Harty:</td><td>\$368,497.00</td></tr><tr><td>3. J. Howard Engineering:</td><td>\$375,965.00</td></tr><tr><td>4. Team Ghilotti:</td><td>\$443,875.00</td></tr><tr><td>5. WR Forde & Associates:</td><td>\$527,066.00</td></tr><tr><td>6. Valentine Corporation:</td><td>\$548,142.00</td></tr></table> Staff has reviewed the bids and recommends that the Board of Directors reject the bids as allowed under Section 20166 of the Public Contract Code which states: “In its discretion, the legislative body may reject any bids presented and readvertise” so staff can reassess the project scope. Therefore, it is recommended that the Board reject all current bids for the 2012 Pipebursting Project and authorize the Manager-Engineer to so inform all bidders.		1. Bay Pacific Pipelines:	\$359,935.00	2. Darcy & Harty:	\$368,497.00	3. J. Howard Engineering:	\$375,965.00	4. Team Ghilotti:	\$443,875.00	5. WR Forde & Associates:	\$527,066.00	6. Valentine Corporation:	\$548,142.00
1. Bay Pacific Pipelines:	\$359,935.00												
2. Darcy & Harty:	\$368,497.00												
3. J. Howard Engineering:	\$375,965.00												
4. Team Ghilotti:	\$443,875.00												
5. WR Forde & Associates:	\$527,066.00												
6. Valentine Corporation:	\$548,142.00												
ALTERNATIVES: N/A.													
BUDGET INFORMATION: The FY 11-12 Budget for Account No. 72706 includes a budget amount of \$1,220,000.													
DEPT.MGR.:	MANAGER:												

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

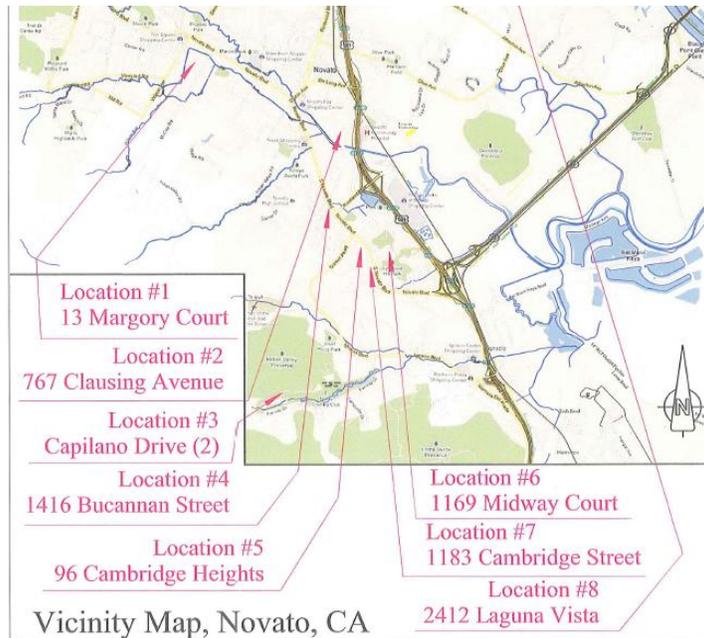
TITLE: Capital Projects: Annual Collection System Repairs – 2012 Miscellaneous Sewer Repairs Group 2; Project 72803-11-06	MEETING DATE: October 22, 2012 AGENDA ITEM NO.: 10.b.
--	--

RECOMMENDED ACTION: Grant Final Acceptance of the 2012 Miscellaneous Sewer Repairs Group 2, and authorize staff to file the Notice of Completion.

SUMMARY AND DISCUSSION:

On June 11, 2012 the District Board of Directors awarded the Contract for the 2012 Miscellaneous Sewer Repairs Group 2 to WR Forde & Associates for a low bid amount of \$83,910.00. The work began on the project on August 10, 2012 and substantial completion was on August 31, 2012. The work included repairs to the sewer main at eight different locations throughout Novato.

The Contractor has completed the project and the project is ready for final acceptance. The final cost to complete the project is \$83,535.68 or \$374.32 lower than the Contract amount. There were four change orders on this project, three additive and one deductive. It is recommended that final acceptance be granted, and staff authorized to file the Notice of Completion.



ALTERNATIVES: N/A

BUDGET INFORMATION: This project was funded under Account 72803, Annual Collection System Repairs.

DEPT.MGR.:

MANAGER-ENGINEER:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Annual Reclamation Facilities Improvements; Project 72804	MEETING DATE: October 22, 2012 Agenda Item No. 10.c.
RECOMMENDED ACTION: Consider approval of proposal from Custom Tractor Supply (CTS) to rehabilitate irrigated parcels of the Reclamation Facility in the not-to-exceed amount of \$96,000, and authorize the Manager-Engineer to execute a contract in this amount.	
SUMMARY AND DISCUSSION: <p style="margin-top: 10px;">In 2010 the District began a program to rehabilitate parcels of irrigated pasture land throughout the Reclamation Facilities. The majority of the parcels are in need of disking, leveling and reseeded due to settlement. The settlement creates areas that pond water killing the grasses and producing mosquitoes. The disking will also break up the compaction caused by cattle grazing which over time stunts the growth of the grasses. Staff believes that the District needs to rehabilitate the pastures to extend the life of the Facility. This rehabilitation would also be consistent with the recommendations of prior reports on the District's pastures prepared on behalf of the District by Dr. Stephanie Larson of the UC Agricultural Extension Service.</p> <p>Previously, the District has contracted with Custom Tractor Service (CTS) of Petaluma to perform this work. CTS is the only contractor in this area that performs this type of farming work and performs similar work at the Las Gallinas Valley Sanitary District's Reclamation Area on an annual basis. CTS completed the two-year rehabilitation process of Parcels 21, 25 & 34 last year and the crop yield was exceptional and there is no standing water in the fields after irrigation.</p> <p>This year staff would like to complete the second year of the two-year rehabilitation process on Parcel 38 (30 acres) and Parcel 78 (51 acres) which includes disking, leveling, lime application, seeding and ring rolling to cover the seed. In addition staff would like to begin the first-year rehabilitation process on Parcel 24 (10 acres) & Parcel 28 (21 acres) which includes disking, seeding with rye and ring rolling.</p> <p>CTS has submitted a proposal to the District in the amount of \$1,053.75 per acre to disc, level, apply lime as needed and plant District furnished seed to Parcels 38 & 78 and \$332.50 per acre to just disk & seed Parcels 24 & 28. The proposal is based on performing the work on a time and materials basis due to the unknown quantities of leveling and lime required. Staff has reviewed the proposal and concluded that there is adequate time included in the proposal to level the pasture.</p> <p>Staff recommends the Board accept CTS's proposal and authorize the Manager-Engineer to execute an agreement with CTS to perform rehabilitation work in Parcels 24, 28, 34 & 38 in the not-to-exceed amount of \$96,000.00.</p>	
ALTERNATIVES: Do not approve the expenditure.	
BUDGET INFORMATION: This project will be funded from the budget for Annual Reclamation Facilities Improvement (Project 72804). The FY12-13 budget for this account is \$350,000, of which about \$39,590 has been expended as of September 30, 2012.	
DEPT. MGR.:	MANAGER:

Item 11a: San Francisco Bay Regional Water Quality Control Board document

This document is provided as a separate attachment in your packet. Due to electronic errors, this document could not be merged with the full packet.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: NPDES Permit SEP: Simmons Slough Wetlands Enhancement Project

**MEETING DATE: October 22, 2012
Agenda Item No. 11.b.**

RECOMMENDED ACTION: Make CEQA findings and issue Notice of Exemption for the Simmons Slough Wetlands Enhancement Project

SUMMARY AND DISCUSSION:

The District agreed to fund this Supplemental Environmental Project has part of the Settlement Agreement R2-2012-0012 (Agreement). Under the Agreement the District must provide the SF Regional Board with documentation of CEQA compliance.

The Marin Audubon Society is implementing the SEP and has evaluated the project and prepared a Notice of Exemption a copy of which is attached. The project qualifies for a Categorical Exemption under the following code sections:

- Small Habitat Restoration Project, Class 33, pursuant to Section 15333; and

The project description is included in the Agreement a copy of which was provided under Agenda Item 11.a. It consists of removing non-native vegetation and planting native vegetation on 4.3 acres of the Marin Audubon Society property adjacent to Simmons Slough and Deer Island.

ALTERNATIVES: Do not approve CEQA.

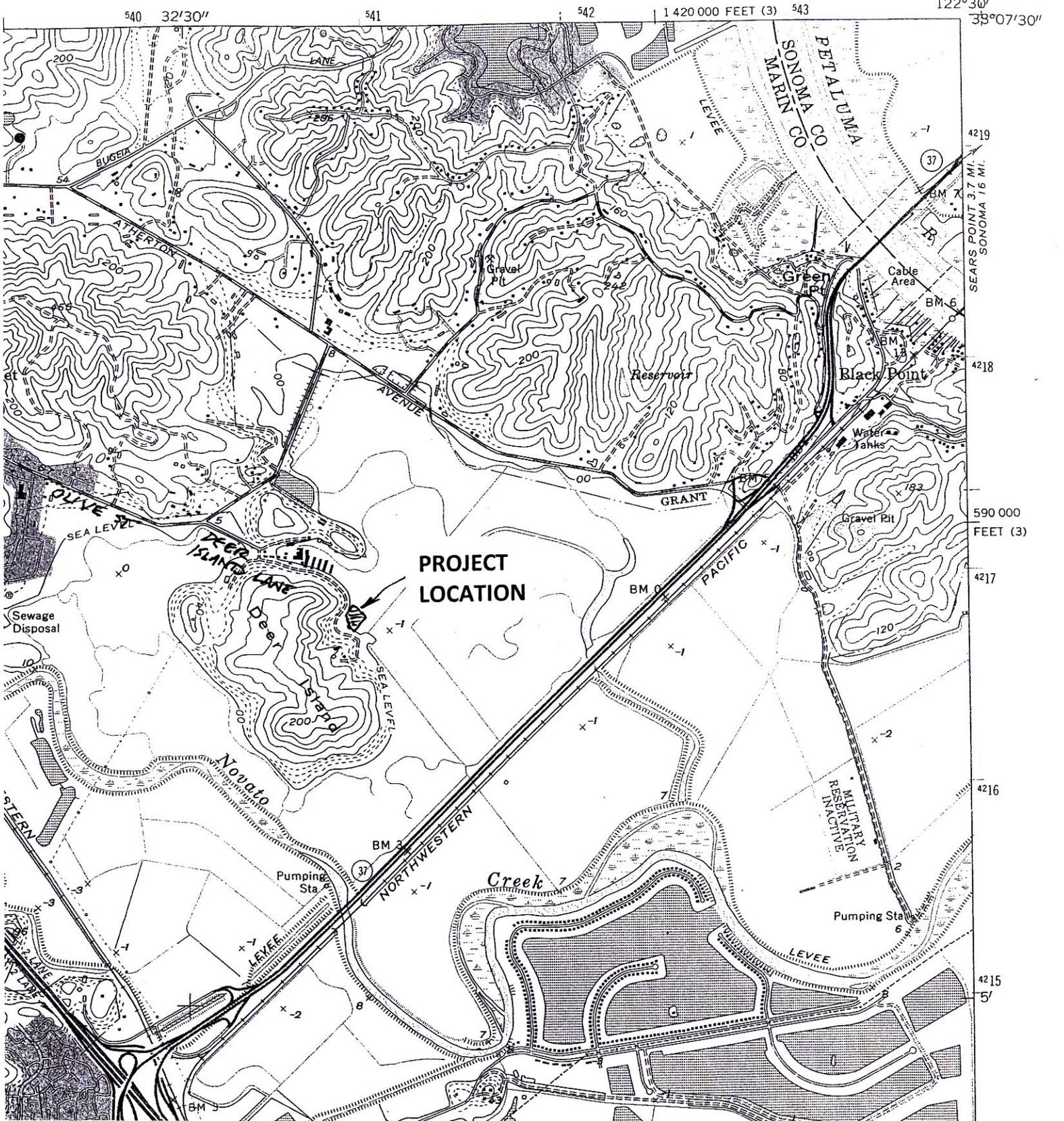
BUDGET INFORMATION: This project will be funded from the Permits and Fees accounts for Collection Systems, Pump Stations, Treatment Facilities, and Reclamation, which have a combined budget of \$424,000.

DEPT. MGR.:

MANAGER:

NOVATO QUADRANGLE
CALIFORNIA
7.5 MINUTE SERIES (TOPOGRAPHIC)
SE/4 PETALUMA 15' QUADRANGLE

1560 III NW
(SEARS PO.)



**NOVATO SANITARY DISTRICT
SUPPLEMENTAL ENVIRONMENTAL PROJECT
SIMMONS SLOUGH WETLAND ENHANCEMENT PROJECT**

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: NPDES Permit SEP: Bahia Tidal Pond Enhancement and Marsh Monitoring Project

**MEETING DATE: October 22, 2012
Agenda Item No. 11.c.**

RECOMMENDED ACTION: Make CEQA findings and issue Notice of Exemption for the Bahia Tidal Pond Enhancement and Marsh Monitoring Project

SUMMARY AND DISCUSSION:

The District agreed to fund this Supplemental Environmental Project has part of the Settlement Agreement R2-2012-0012 (Agreement). Under the Agreement the District must provide the SF Regional Board with documentation of CEQA compliance.

The Marin Audubon Society is implementing the SEP and has evaluated the project and prepared a Notice of Exemption a copy of which is attached. The project qualifies for a Categorical Exemption under the following code sections:

- Small Habitat Restoration Project, Class 33, pursuant to Section 15333; and
- Information and Data Collection, Class 6, pursuant to Section 15306.

The project description is included in the Agreement a copy of which was provided under Agenda Item 11.a. It consists of removing non-native vegetation, planting native vegetation and monitoring marsh habitat adjacent to existing Marin Audubon Society ponds in Bahia.

ALTERNATIVES: Do not approve CEQA.

BUDGET INFORMATION: This project will be funded from the Permits and Fees accounts for Collection Systems, Pump Stations, Treatment Facilities, and Reclamation, which have a combined budget of \$424,000.

DEPT. MGR.:

MANAGER:

NOTICE OF EXEMPTION

TO:	<input type="checkbox"/> Clerk of the Board of Supervisors or <input checked="" type="checkbox"/> County Clerk County of: Marin	FROM:	Novato Sanitary District 500 Davidson St. Novato, CA 94945
1.	Project Title:	Bahia Tidal Pond Enhancement and Marsh Monitoring Project	
2.	Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15’ or 7 1/2’ topographical map identified by quadrangle name):	End of Topaz Drive which intersects with Bahia Drive, Novato. See attached map.	
3.	(a) Project Location – City:	Novato	
	(b) Project Location – County:	Marin	
4.	Description of nature, purpose, and beneficiaries of Project:	Removal of non-native invasive vegetation and planting of native vegetation on 2.3 acres of transition zone around a 5 acre tidal pond to create wildlife habitat and the conduct of the year 3 monitoring of the 2008 Tidal Marsh Restoration Project at Bahia..	
5.	Name of Public Agency approving project:	Novato Sanitary District	
6.	Name of Person or Agency carrying out project:	Novato Sanitary District	
7.	Exempt status: (check one)		
	(a) <input type="checkbox"/> Ministerial project.		
	(b) <input type="checkbox"/> Not a project.		
	(c) <input type="checkbox"/> Emergency Project.		
	(d) <input checked="" type="checkbox"/> Categorical Exemption. State type and class number:	Small Habitat Restoration Project, Class 33, pursuant to Section 15333. Information and Data Collection, Class 6, pursuant to Section 15306.	
	(e) <input type="checkbox"/> Declared Emergency.		
	(f) <input type="checkbox"/> Statutory Exemption.		
	(g) <input type="checkbox"/> Other. Explanation:		
8.	Reason why project was exempt:	Habitat restoration project area is less than 5 acres and involves removal of non-native invasive vegetation and planting of native vegetation to create habitat for wildlife. Monitoring is information and data collection and will not result in a serious disturbance to an environmental resource.	
9.	Contact Person:	Beverly B. James, District Manager-Engineer	
	Telephone:	415-892-1694	

Date Received for Filing: _____

(Clerk Stamp Here)

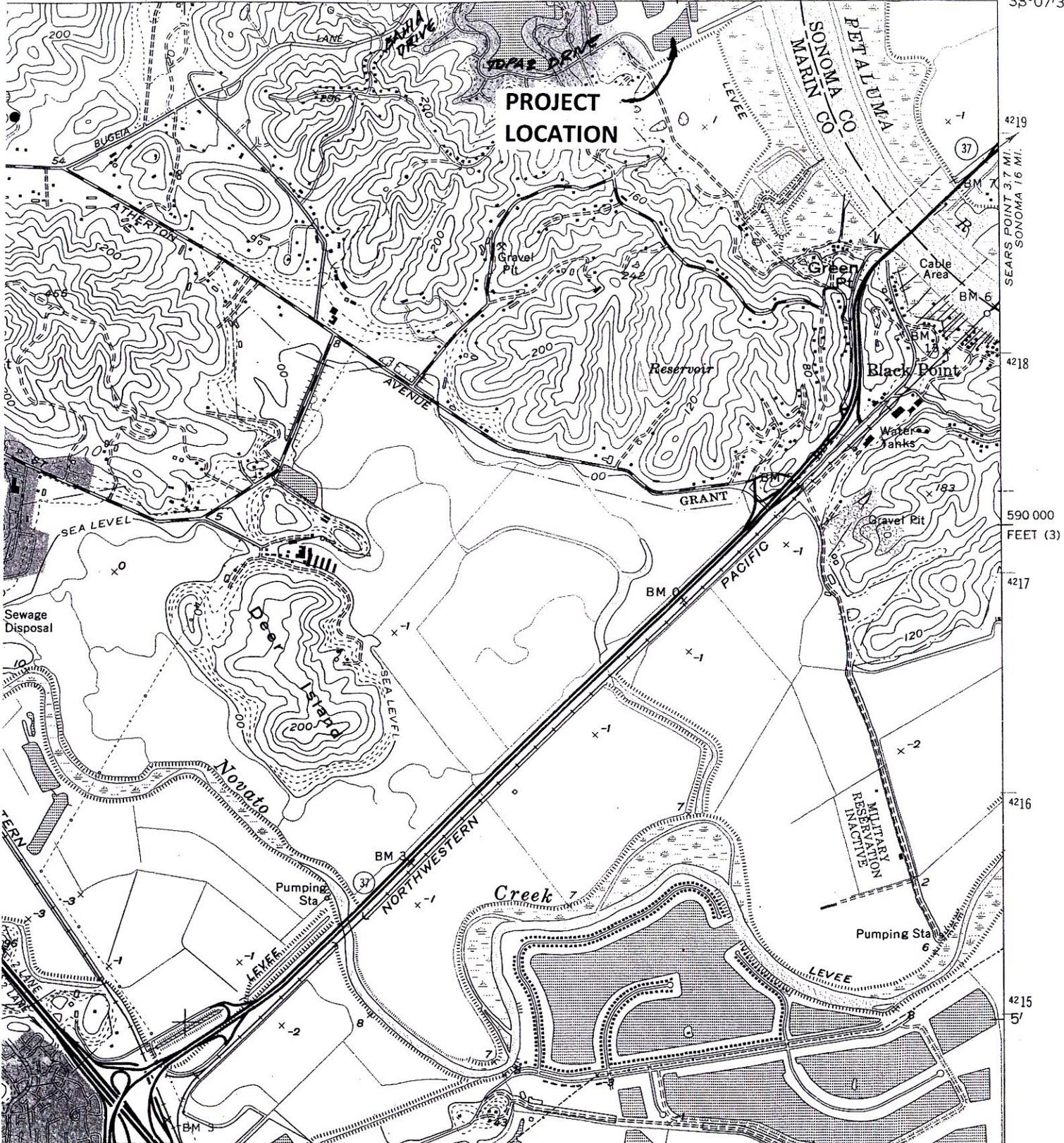
Signature (Lead Agency Representative)

Title

NOVATO QUADRANGLE
CALIFORNIA
7.5 MINUTE SERIES (TOPOGRAPHIC)
SE/4 PETALUMA 15' QUADRANGLE

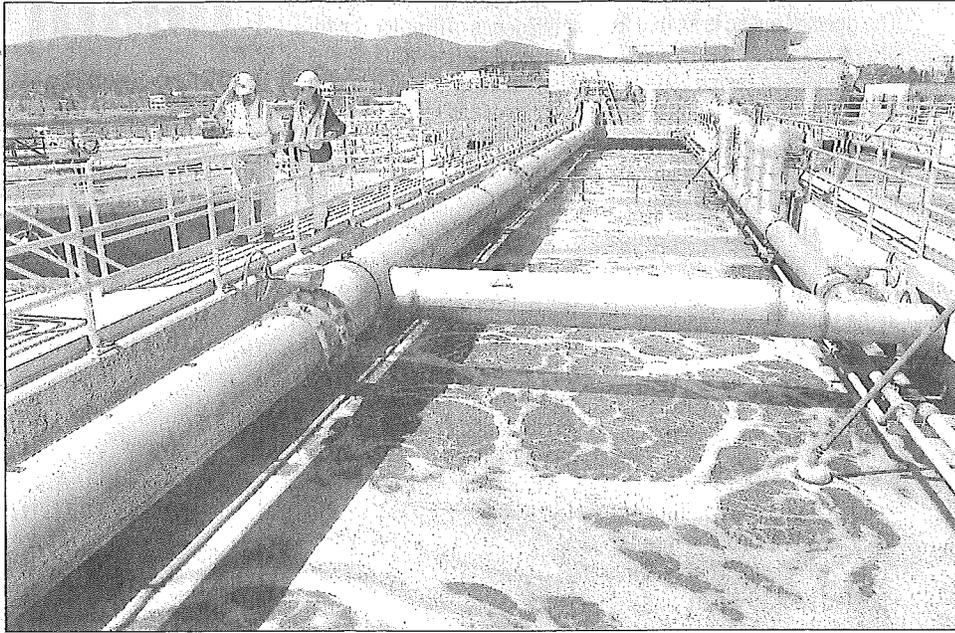
1560 III NW
(SEARS POINT)

540 32°30' 541 542 1 420 000 FEET (3) 543 122°30' 38°07'30"



**NOVATO SANITARY DISTRICT
SUPPLEMENTAL ENVIRONMENTAL PROJECT
BAHIA TIDAL POND ENHANCEMENT AND MARSH MONITORING PROJECT**

NOVATO



IJ archive/Robert Tong

Novato Sanitary District employees walk along the aeration basins at the water treatment plant operated by the Novato Sanitary District in 2010. The district reached a \$344,000 settlement with water quality officials over a series of sewage flows and overflows.

Sanitary district agrees to pay \$344,000 for spills

By Janis Mara
Marin Independent Journal

The Novato Sanitary District has reached a \$344,000 settlement with regulators over 30 sewage spills and overflows totaling more than 500,000 gallons that occurred from 2007 to 2010, officials announced Wednesday.

The settlement was reached with the San Francisco Regional Water Quality Control Board on all outstanding sanitary sewer regulatory issues during that time span, the district said. It also settles allegations that led to a U.S. Environmental Protection Agency raid of the district's office and a

15-month federal investigation.

The spills and overflows occurred before the district's new plant was opened in 2010, said Beverly James, the district's manager-engineer. Many of the problems can be attributed to aging equipment, she said.

"We've done a lot since the events that led to this. We have a brand new treatment plant, we have improved the capacity of the sewer pipeline system and repaired pipes, and we're going to keep working at it," James said.

The district is rebuilding the more than 200 miles of sewage collection pipes in

its 1960s-era sewer system as part of a \$200 million, 15-year program expected to be finished by 2015.

The settlement mostly covers a group of spills from 2007 to 2010 previously addressed in a September 2010 complaint by the water quality board. It also addresses allegations by the EPA that led to the raid of the district office and a 15-month Department of Justice investigation. That investigation ended without criminal penalties being sought for alleged 2007 spills, James said.

Contact Janis Mara via email at jmara@marinij.com. Follow her at [Twitter.com/jmara](https://twitter.com/jmara).

New Novato water recycling plant makes a splash

Posted:

marinij.com

As water flowed through a purple pipe into a series of filters, a crowd of workers and officials gathered at the Novato Sanitary District on Thursday to dedicate its new \$6 million recycling plant.

The 1.7-million-gallon recycling center will treat wastewater from the community, and underground pipes installed by the North Marin Water District will take the water to landscapes including those of Fireman's Fund Insurance Co. in Novato. The two public agencies are partners in the project, financed by state and federal grants as well as ratepayer money.

"We will be making better use of our resources now," said Bill Long, chairman of the Novato Sanitary District board, to the crowd of about 100 that spilled out of the white tent set up for the occasion.

"There is more to do in the future, but this is a big step for the community," he said. Long said the ultimate goal is to eliminate all discharge of wastewater to San Pablo Bay.

"Reusing treated wastewater from homes and businesses makes good sense because it saves Novato's fresh drinking water for other important purposes and reduces the need for additional wastewater storage," said Beverly James, the sanitary district's general manager-engineer, speaking over the low hum of the plant's air compressor.

The plant will save Novato 150 million gallons of water a year, enough to supply about 1,400 single-family homes for a year. It will provide what is known as tertiary treatment. When someone flushes a toilet in Novato, the wastewater travels to the Novato Sanitary District's sewage treatment plant, where it receives primary and secondary treatment.

For some time, the district has had facilities that take raw sewage and treat it to the point that it is safe to put in the bay or use for pastures. The new plant takes that water and filters and disinfects it so it is safe to use in places like golf courses and country clubs for irrigation.

Water in those locations must be cleaner because, for example, a sprinkler might go off and douse a visitor, James said.

This is the second launch of a water recycling plant in Marin in less than three weeks. A plant that pumps water from San Rafael's Las Gallinas Valley Sanitary District to irrigate schools, parks and fields in Novato was dedicated Sept. 25.

Contact Janis Mara via email at jmara@marinij.com. Follow her at [Twitter.com/jmara](https://twitter.com/jmara).



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Novato Sanitary District Ends Saga by Paying \$344,000 Settlement

Spills and overflows in 2007-2010 led to an agreement announced Wednesday.

By [Brent Ainsworth](#) | [Email the author](#) | October 17, 2012

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A long, stressful ordeal is over for the [Novato Sanitary District](#). Five months after [a legal settlement was reached](#) over sewer spills and overflows from 2007-2010, the book has been closed and the total cost to the district — \$344,000 in fines — has been finalized.

The saga started with [an unannounced visit](#) by officials from the U.S. Environmental Protection Agency — accompanied by armed FBI agents — on May 19, 2009. About a dozen federal agents escorted employees out of the complex and the copied information from hard drives and confiscated 17 boxes of printouts, according to the district's legal representative.

"We are pleased to move on," Manager/Engineer Beverly James said Wednesday. "I think the state and regional boards did a very thorough job and we agree totally with their conclusions. ... It was definitely high stress for a while."

James said the district's budgets for 2011-12 and 2012-13 included sufficient funds to cover the fines.

The district was fined often in the 1990s and 2000s before it made a commitment to upgrade its facilities and hire [Veolia Water](#) to operate its new treatment plant. Veolia is in the middle of a five-year, \$15.7 million deal to run the plant — a deal that district said would save ratepayers millions.

James said she expects that this will be the last settlement of this size and type facing the district. The 1960s-era system on Davidson Street is undergoing a \$200 million makeover spread over 15 years. It will be complete by about 2015, she said.

The fines, covering 30 spills or overflows, all took place when the old treatment plant was still in operation.

"It's been very important to maintain your infrastructure and have an updated treatment plant that is robust with backup equipment," she said. "That's vital in today's regulatory environment. The investments we've been making are going to prevent this type of thing in the future."

The biggest fines were from incidents that took place during winter storms and flooding in 2008, James said.

[San Francisco Regional Water Quality Control Board](#) has authorized the district to apply \$140,138 of the fines to Audubon wetlands habitat restoration projects in Bahia and Simonds Slough that will eradicate non-native vegetation, install native plant species and improve potential habitat for rare and endangered species including the red-legged frog, according to a release by the Novato Sanitary District.

"We are pleased that the regional board allowed almost half the fine to go toward projects that will benefit the Novato area," James said.

The EPA raid stemmed in part from an accusation that wastewater was discharged incorrectly from the old treatment plant, but the federal investigation was dropped without any action against the district. The issue was referred to state regulators, who filed a report in conjunction with district-hired experts. In the end, there was no merit to the accusation.

James said she was never interviewed by investigators and for a long period had no idea what prompted the raid. Eventually more information was requested, and "we figured out what it was all about based on the questions they were asking," James said. It wasn't until settlement negotiations began that the EPA revealed what it had been looking for, she said.

Part of Veolia Water's contract is to cover any fines associated with spills or overflows from the treatment plant.

James credited district board members and the community for helping the staff get through the ordeal.

"Having a good board and a supportive community has made a big difference," she said. "The community has supported our substantial investment (in the upgrades), and we know we will reliably meet regulations."

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Brant

8:26 pm on Wednesday, October 17, 2012

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The Novato Sanitary District is doing a great job of updating its collection system, its pump stations, and its waste water treatment plant. Capital project upgrades and competent operations will ensure that biologically active waste water is safely transported to the treatment plant where it will be converted to environmentally friendly discharge water. The recent completion of a recycled water treatment facility, in conjunction with North Marin Water District's new distribution system, will save potable water for use by Novato residents. They have delivered all those benefits while maintaining rates to us users that are among the lowest in the County. Three cheers for Novato Sanitary.



Tina McMillan

8:38 pm on Wednesday, October 17, 2012

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Thank you to the staff at the Novato Sanitary District and to board members: Michael Di Giorgio, Jean Mariani, William C. Long, Jerry Peters and Dennis Welsh.

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