

NOVATO SANITARY DISTRICT

June 27, 2011

The Board of Directors of Novato Sanitary District will hold Closed Sessions at 5:30 PM, Monday, June 27, 2011, at the District Offices, 500 Davidson Street, Novato. The Open Session will begin after the closed sessions at approximately 6:30 PM as noted in the Agenda below.

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

CLOSED SESSION:

CONFERENCE WITH LABOR NEGOTIATORS – Government Code Section 54957.6.

Confer with District's labor negotiators, Austris Rungis, Beverly James, Sandeep Karkal.

Employee Organization: Teamsters Local 315.

CLOSED SESSION:

ANTICIPATED LITIGATION –

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: one potential case

Confer with District Counsel.

1. PLEDGE OF ALLEGIANCE:

2. AGENDA APPROVAL:

3. REPORT FROM CLOSED SESSIONS:

4. 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.

5. REVIEW OF MINUTES:

- a. Consider approval of minutes of the June 13, 2011 meeting.

6. CONSENT CALENDAR:

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

- a. Approve regular disbursements, payroll and payroll related disbursements.

**7. WASTEWATER TREATMENT PLANT UPGRADE PROJECT B–
NOVATO TREATMENT PLANT IMPROVEMENTS; PROJECT NO. 72609:**

- a. Consider granting Final Acceptance of the Project to Monterey Mechanical and authorize staff to file the Notice of Completion.

8. FINANCE

- a. Consider adoption of the Preliminary Budget for 2011-12.
- b. Consider approval of financing plan.
- c. Authorize initiating the Certificate of Participation bond sale process.

9. BOARD OF DIRECTORS:

- a. Election of officers for 2011-12.
- b. Appointment of Secretary/Treasurer and Secretary/Treasurer Pro Tem for 2011-12.
- c. Designate and authorize Board Members to sign District checks.

10. WASTEWATER OPERATIONS:

- a. Wastewater Operations Committee Report.
- b. Odor control staff report.

11. UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

- a. Consider Approval of annual Uniform Public Construction Cost Account Act Report.

12. COLLECTION SYSTEM:

- a. Consider approval of expenditure for mainline CCTV camera and tractor.

13. STAFF REPORTS:

- a. North Bay Water Reuse Authority.
- b. Bayside Subdivision Pizarro Avenue sewer repair.

14. BOARD MEMBER REPORTS:

15. MANAGER'S ANNOUNCEMENTS:

16. ADJOURN:

Next resolution no. 3032

Next meeting date: Monday, July 11, 2011, 6:30 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.

June 13, 2011

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, June 13, 2011, at the District offices, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President William C. Long, Members Michael Di Giorgio, Jean Mariani and Dennis Welsh. Member George C. Quesada arrived at 6:36 p.m.

STAFF PRESENT: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal, Finance Officer Laura Creamer and Assistant District Counsel Jennifer Faught.

ALSO PRESENT: Suzanne Brown Crow, Novato resident
John Bailey, Veolia Water
John O'Hare, Veolia Water
Jo Heffelfinger, Novato resident
Dee Johnson, Household Hazardous Waste Manager
Brant Miller, Novato resident
Delyn Kies, Novato resident

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

Consider approval of minutes of the May 23rd and May 26th, 2011 meetings.

On motion of Member Di Giorgio, seconded by Member Welsh and carried with the following vote, the minutes of the May 23rd and May 26th, 2011 meetings were approved as written. Ayes: Di Giorgio, Long, Mariani, Welsh. Absent: Quesada

CONSENT CALENDAR:

Member Di Giorgio requested item b: *Approve temporary Non-Domestic Discharge Permit for North Marin Water District* be removed from the Consent Calendar for further discussion.

The Manager noted that North Marin Water District requested a temporary, non-domestic discharge permit, and per District requirements, must receive Board approval prior to issuance of the permit. She outlined the details of the discharge and recommended approval.

Member Welsh questioned the \$60,000 payment to the California Regional Water Quality Control Board. The Manager explained that the payment was a Mandatory Minimum Penalty for 24 violations which primarily took place during the construction phase of the treatment facility upgrade.

On motion of Member Di Giorgio, seconded by Member Mariani, and carried with the following vote, the following three Consent Calendar items were approved. Ayes: Di Giorgio, Long, Mariani, Welsh. Absent: Quesada

- a. *Approval of regular disbursements in the amount of \$334,974.75, project account disbursements in the amount of \$33,642.90 and Board Member disbursements in the amount of \$2,398.86.*
- b. *Approval of temporary Non-Domestic Discharge Permit for North Marin Water District.*
- c. *Approval of meeting dates of June 27th, July 11th, and July 25th, 2011 at 6:30 p.m.*

SOLID WASTE:

Solid Waste Committee Report. The Manager introduced Dee Johnson, Household Hazardous Waste Coordinator. Ms. Johnson presented the Solid and Hazardous Waste Program Update and discussed the program's activities for the 2010/2011 fiscal year. She detailed the accomplishments of the Household Hazardous Waste and E-Waste programs, and the AB939 Solid Waste Diversion and Zero Waste programs. She discussed the community events in which she participated. Ms. Johnson summarized the educational materials and resources she provided to the Novato community as a means of out-reach.

Ms. Johnson discussed the proposed AB939 Solid & Hazardous Waste Program Budget and the emerging issues for the upcoming 2011/2012 fiscal year. She reviewed the Zero Waste Program's development and the calendar/timetable for these programs in the Franchise Agreement.

President Long thanked Ms. Johnson and noted that her title should be changed from "Consultant" to "Manager". The Manager stated that this change would be made.

Marin County Hazardous and Solid Waste Management Joint Powers Authority (JPA) Executive Committee Report. The Manager discussed the Solid Waste Management JPA. She discussed why the District is not allowed to become a member of the JPA but noted that the JPA is proposing to adopt bylaws so that the City of Novato could designate the District as a representative. She noted she will be meeting with David Frost of the JPA, and will bring further information to the Board after this meeting. The Board discussed the City of Novato's responsibilities for the AB939 program and the effects of this agreement on the District.

Approval of proposal from DLJ Associates to provide consulting services for the 2011-12 fiscal year. The Manager outlined the services DLJ Associates will perform for the District for the 2011/2012 fiscal year and noted the proposed contract amount will be on a time and materials basis with a not-to-exceed limit of \$105,064.

On motion of Member Di Giorgio, seconded by Member Mariani and carried unanimously, the Board approved the proposal from Dee Johnson, Manager of the Household Hazardous Waste and AB 939 Programs, in an amount not-to-exceed \$105,064.

BUDGET:

Presentation of Preliminary Budget for fiscal year 2011-12. The Manager noted that this Preliminary Budget will be reviewed and subsequently adopted at the Board meeting on June 27th. She noted that there will be no increase in rates this year but that the District must hold a hearing on the Sewer Service Charge Report to announce and receive authorization to collect the sewer service charges on the 2011/2012 tax rolls. She stated the Public Hearing will be on July 11th.

The Manager gave an overview of the preliminary budget and noted that expected revenues are lower than the previous year. The Board discussed employee retirement benefits and District paid CALPER's contributions made on behalf of the employees. The Manager discussed the capital projects/improvements which are scheduled for the upcoming fiscal year.

Schedule adoption of Preliminary Budget for June 27, 2011.

On motion of Member Di Giorgio, seconded by Member Quesada and carried unanimously, the Board scheduled adoption of the Preliminary Budget for the June 27, 2011 Board meeting.

COLLECTION SYSTEM CAPITAL PROJECTS:

Consider accepting project and authorize filing of Notice of Completion for Collection System Improvements: Olive/Chase/Orange, Project No. 72706-Phase C. The Deputy Manager-Engineer noted that J&M, Inc. reached substantial completion on the project on March 4, 2011 and that the District has had beneficial occupancy since that time. He discussed the change orders, noting that the estimated aggregate costs will be \$27,581 or less. He requested the Board grant final acceptance and authorize staff to file the Notice of Completion for the project.

On motion of Member Di Giorgio, seconded by Member Quesada and carried unanimously, the Board accepted the Collection System Improvements, Olive/Chase/Orange; Project No. 72706 – Phase C project and authorized staff to file the Notice of Completion.

Consider approval of a contract to replace sewer main in Bolero Court. The Deputy Manager-Engineer outlined the Bolero Court Sewer Repair project noting that the District is seeking to replace approximately 153 feet of 8 inch sewer main at the north end of Bolero Court in the Bahia Area of Novato. The Deputy Manager-Engineer stated that using the informal bid process under the Uniform Public Construction Cost Accounting Act, one bid in the amount of \$33,480.00 was received from Linscott Engineering of San Rafael. He noted that the bid had been reviewed and had been deemed reasonable and accurate. He requested the Board authorize the Manager to award the contract to Linscott Engineering.

On motion of Member Di Giorgio, seconded by Member Mariani and approved unanimously, the Board authorized the Manager to award the Collection System Repairs – Bolero Court Sewer Repair Project, No. 73803-10-05 contract to Linscott Engineering in the amount of \$33,480.00.

ANNUAL TREATMENT PLANT & PUMP STATIONS IMPROVEMENTS:

Approve the final amount of \$32,844.04, and authorize the Manager-Engineer to execute the final Work Report for the Ignacio Wash Down Water Project, Account No. 72805, Work Order No. 72805-10-06. The Manager gave an overview of the project and noted that the work is complete but several adjustments had to be made during construction. The total amount of changes was \$8,384.04 which increased the cost of the work to \$32,844.04. She requested that the Board approve the final amount and authorize the Manager-Engineer to execute the Work Report to Ghilotti Brothers.

On motion of Member Di Giorgio, seconded by Member Welsh and carried unanimously, the Board authorized the Manager-Engineer to execute the Work Report to Ghilotti Brothers in the amount of \$32,844.04 for Work Order No. 72805-10-06.

WASTEWATER TREATMENT PLANT UPGRADE PROJECT PHASE D:

Approve a contract amendment with RMC Water for design services. The Deputy Manager-Engineer noted that the Board of Directors had previously approved a proposal from RMC Water and Environment (RMC) to provide design services for the Recycled Water Facility. He stated that RMC had requested the Board consider a contract amendment in a not-to-exceed amount of \$41,597 for several additional items not included in their original scope of work. The Deputy Manager-Engineer noted that there is also an offsetting credit/deduction of \$7,213 for an under-run on in-scope work items. He recommended the Board approve a contract amendment with RMC to increase the contract amount to \$844,987 and authorize the Manager-Engineer to execute said amendment.

On motion of Member Di Giorgio, seconded by Member Welsh and carried unanimously, the Board approved a contract amendment with RMC Water and Environment to increase the contract amount to \$844,987.00 and authorized the Manager-Engineer to execute said amendment.

Approve a proposal from RMC Water to provide design services during construction. At the request of Member Quesada, the Deputy Manager-Engineer outlined the scope of services (tasks) to be provided under the contract proposal with RMC Water and Environment (RMC). The Deputy Manager-Engineer noted that RMC had submitted a proposal to perform the necessary tasks on a time and materials basis for an amount not to exceed \$611,000. He recommended the Board approve the contract with RMC and authorize the Manager-Engineer to execute an agreement with RMC in an amount not-to-exceed \$611,000.

On motion of Member Quesada, seconded by Member Di Giorgio and carried unanimously, the Board approved a proposal from RMC Water and Environment to provide design services during construction of the WWTP Upgrade Project – Contract C, Recycled Water Facility and authorized the Manager-Engineer to execute an agreement with RMC Water on a time and materials basis for an amount not to exceed \$611,000.

STAFF REPORTS:

North Bay Leadership Council 2011 Economic Insight Conference. The Manager-Engineer stated that she attended the Economic Insight Conference on June 2nd. She discussed the speakers at the conference and noted that she included in the Board packets an executive summary by Dr. Robert Eyler titled, “Changing Government to Fit New Realities”. She noted that Deputy Manager-Engineer Sandeep Karkal and Member Di Giorgio also attended the conference.

She encouraged anyone interested in this topic to visit the North Bay Leadership website at www.northbaycouncil.org.

BOARD MEMBER REPORTS:

North Bay Watershed Association (NBWA) Meeting. Member Di Giorgio, the Novato Sanitary District representative, gave an overview of the topics discussed: sediment management and San Francisco Bay habitat goals. He encouraged those interested in Bay water management to attend the next NBWA meeting on July 8th at the Marin Community Foundation, 5 Hamilton Landing, Suite 200, Novato.

Special District Institute Seminar. Member Mariani discussed her attendance at the Special District Institute (SDI) Seminar in San Diego on June 9th and 10th and stated she received an abundance of useful information. Deputy Manager-Engineer Sandeep Karkal discussed his attendance at the SDI Seminar and noted that the presentations were very comprehensive.

Marin County Council of Mayors & Councilmembers Adhoc Committee on Pension and Other Post Employment Benefits Reform. President Long noted that he and Member Di Giorgio have been attending the Pension Reform committee meetings. He stated that

the Committee is very close to issuing a focused report. He discussed in detail the Committee's progress and noted that there will be a presentation from the Mayors & Councilmembers Adhoc Committee which he will bring before the Board when available. He stated that the overall theme of the Adhoc Committee is to make retirement benefits sustainable.

Member Di Giorgio discussed the importance of a pension system that is sustainable.

President Long discussed a Chamber of Commerce event he attended and noted he spoke with Ralph O'Rears, The Buck Center, who is concerned about Novato Disposal's construction and debris collection service. The Manager stated that she will follow-up with Mr. O'Rears to address his concerns.

Member Quesada noted that the University of California, Berkeley, was awarded the National Rugby Championships. He led the meeting in a Berkeley sports cheer. Member Quesada questioned the roof structures of the wastewater treatment facility clarifiers and questioned if they would be able to withstand severe wind conditions. The Manager noted that the roof covers of the clarifier basins are built in a truss manner which would not be adversely affected by strong winds.

Member Welsh asked for an update on odor complaints. The Manager noted that an "Odor Complaint Log" will be presented at the next Wastewater Operations Committee meeting and will subsequently be shared with the full Board at their June 27th meeting.

MANAGER'S ANNOUNCEMENTS:

Wastewater Operations Committee meeting will be held on June 20th at 2:00 p.m. at the District office.

ADJOURNMENT:

There being no further business to come before the Board, President Long declared the meeting adjourned at 9:18 p.m.

Respectfully submitted,

Beverly B. James, Secretary

Minutes prepared by:
Julie Borda, Admin. Secretary

Novato Sanitary District Check Register

Regular Disb.

06/24/11

June 27, 2011

Date	Num	Name	Credit
Jun 27, 11			
6/27/2011	52968	J&M Inc.	181,632.76
6/27/2011	52985	RMC Water & Environment, I...	101,056.79
6/27/2011	52957	Covello Group, The	48,602.50
6/27/2011	52982	Pacific, Gas & Electric	44,498.97
6/27/2011	52964	Ghilotti Bros. Inc.	32,844.04
6/27/2011	52989	Team Ghilotti, Inc.	9,141.61
6/27/2011	52950	Cagwin & Dorward Inc.	7,618.00
6/27/2011	52945	Barg, Coffin, Lewis & Trapp	7,531.93
6/27/2011	52944	American Express-22062	6,181.16
6/27/2011	52980	Novato Disposal-	5,961.62
6/27/2011	52951	Caltest Analytical Lab Inc.	4,574.55
6/27/2011	52971	Levy, Larfy	3,850.00
6/27/2011	52972	Linscott Engineering Contract...	3,803.50
6/27/2011	52952	Cantarutti Electric, Inc	3,084.00
6/27/2011	52956	Copy Station, Inc.	2,974.93
6/27/2011	52965	Grainger	2,915.11
6/27/2011	52941	3T Equipment Company Inc.	2,605.13
6/27/2011	52942	Able Fence Company	2,412.00
6/27/2011	52986	Royal Petroleum Company	2,060.85
6/27/2011	52953	CDW Government, Inc.	1,952.04
6/27/2011	52949	Brenntag Pacific, Inc.	1,942.04
6/27/2011	52988	Stiles Construction Company	1,932.19
6/27/2011	52967	IEDA, INC	1,819.00
6/27/2011	52960	David Jenkins & Associates	1,282.03
6/27/2011	52969	Kaiser Permanente	1,157.78
6/27/2011	52979	North Marin Water District	1,055.72
6/27/2011	52963	Foster Flow Control	937.71
6/27/2011	52947	Bay Area Barricade Service, I...	846.96
6/27/2011	52962	East Bay Muni Utility District	750.00
6/27/2011	52970	Leonardi Automotive & Electri...	643.08
6/27/2011	52958	CT Promotions	629.50
6/27/2011	52954	CED Santa Rosa, Inc	626.00
6/27/2011	52975	Nextel Communications	510.25
6/27/2011	52966	Hertz Corporation	465.43
6/27/2011	52948	Beecher Engineering	450.00
6/27/2011	52973	Marin County Public Health Lab	360.00
6/27/2011	52955	Claremont EAP, Inc.	295.00
6/27/2011	52977	North Bay Truck Service	286.18
6/27/2011	52984	R & B Company	218.33
6/27/2011	52943	Alhambra	181.13
6/27/2011	52959	CWEAmembers	162.00
6/27/2011	52946	Barnett Medical LLC	150.00
6/27/2011	52981	Orkin Pest Control, Inc.	105.45
6/27/2011	52976	North Bay Portables, Inc.	89.70
6/27/2011	52961	Don Johnsons Pool Service	76.64
6/27/2011	52983	Petty Cash	71.19
6/27/2011	52974	MarinScope Inc.	42.00
6/27/2011	52987	Schwaab Inc.	31.00
6/27/2011	52978	North Marin Auto Parts	3.65
Jun 27, 11			492,421.45

CHECK REGISTER DETAIL PAGES FOLLOWING
HAVE BEEN CORRECTED.

Novato Sanitary District
Operating Check Register Detail
 As of June 27, 2011

	<u>Date</u>	<u>Split</u>	<u>Open Balance</u>
3T Equipment Company Inc.			
	05/31/2011	60150 · Repairs & Maintenance	174.91
	06/01/2011	60150 · Repairs & Maintenance	582.55
	06/06/2011	60150 · Repairs & Maintenance	1,348.81
	06/07/2011	60150 · Repairs & Maintenance	498.86
Total 3T Equipment Company Inc.			<u>2,605.13</u>
Able Fence Company			
	06/09/2011	63150- Repairs & Maintenance	2,412.00
Total Able Fence Company			<u>2,412.00</u>
Alhambra			
	06/09/2011	66100 · Engineering Supplies	181.13
Total Alhambra			<u>181.13</u>
American Express-22062			
	06/13/2011	Various - Travel/Training /Office	6,181.16
Total American Express-22062		Collection/Lab and PS Repairs & Maint	<u>6,181.16</u>
Barg, Coffin, Lewis & Trapp			
	05/16/2011	66122 · Attorney Fees	7,531.93
Total Barg, Coffin, Lewis & Trapp			<u>7,531.93</u>
Barnett Medical LLC			
	11/17/2010	64170 · Pollution Prevention/Public Ed	150.00
Total Barnett Medical LLC			<u>150.00</u>
Bay Area Barricade Service, Inc.			
	06/01/2011	65100 · Operating Supplies	846.96
Total Bay Area Barricade Service, Inc.			<u>846.96</u>
Beecher Engineering			
	06/08/2011	65150 - Repairs and Maintenance	450.00
			<u>450.00</u>
Brenntag Pacific, Inc.			
	06/08/2011	65101 · Operating Chemicals	-40.00
	06/06/2011	65101 · Operating Chemicals	1,982.04
Total Brenntag Pacific, Inc.			<u>1,942.04</u>
Cagwin & Dorward Inc.			
	05/31/2011	72805 · Annual Trtmt Plnt/Pump St Impr	4,994.00
Cagwin & Dorward Inc.			
	05/31/2011	72805 · Annual Trtmt Plnt/Pump St Impr	2,324.00
	05/31/2011	72805 · Annual Trtmt Plnt/Pump St Impr	300.00
Total Cagwin & Dorward Inc.			<u>7,618.00</u>
Caltest Analytical Lab Inc.			
	05/13/2011	64160 · Research & Monitoring	4,574.55
Total Caltest Analytical Lab Inc.			<u>4,574.55</u>

Novato Sanitary District
Operating Check Register Detail
As of June 27, 2011

	<u>Date</u>	<u>Split</u>	<u>Open Balance</u>
Cantarutti Electric, Inc	05/13/2011	72805 · Annual Trtmt Plnt/Pump St Impr	3,084.00
Total Cantarutti Electric, Inc			<u>3,084.00</u>
CDW Government, Inc.	05/11/2011	66090 · Office Expense	995.00
	05/31/2011	66090 · Office Expense	918.67
	06/06/2011	66090 · Office Expense	38.37
Total CDW Government, Inc.			<u>1,952.04</u>
CED Santa Rosa, Inc	06/07/2011	66124 · IT/Misc Electrical	626.00
Total CED Santa Rosa, Inc			<u>626.00</u>
Claremont EAP, Inc.	06/15/2011	66123 · O/S Contractual	295.00
Total Claremont EAP, Inc.			<u>295.00</u>
Copy Station, Inc.	06/22/2011	73002 · WWTP Up - Cont D - Rec- ARRA Fu	2,974.93
Total Copy Station, Inc.			<u>2,974.93</u>
Covello Group, The	06/01/2011	72403 · Pump Station Rehabilitation	32,392.00
	06/01/2011	73002 · WWTP Up - Cont D - Rec- ARRA Fu	8,319.50
	06/01/2011	72706 · 2008 Collection System Improv	7,891.00
Total Covello Group, The			<u>48,602.50</u>
CT Promotions	06/10/2011	64170 · Pollution Prevention/Public Ed	629.50
Total CT Promotions			<u>629.50</u>
CWEAmembers	06/20/2011	66080 · Memberships	76.00
	06/22/2011	66080 · Memberships	86.00
Total CWEAmembers			<u>162.00</u>
David Jenkins & Associates	06/01/2011	66123 · O/S Contractual	1,282.03
Total David Jenkins & Associates			<u>1,282.03</u>
Don Johnsons Pool Service	05/26/2011	65150 · Repairs & Maintenance	76.64
Total Don Johnsons Pool Service			<u>76.64</u>
East Bay Muni Utility District	06/07/2011	64160 · Research & Monitoring	750.00
Total East Bay Muni Utility District			<u>750.00</u>

Novato Sanitary District
Operating Check Register Detail
 As of June 27, 2011

	<u>Date</u>	<u>Split</u>	<u>Open Balance</u>
Foster Flow Control			
	06/07/2011	65150 - Repairs & Maintenance	691.21
	06/09/2011	65150 - Repairs & Maintenance	246.50
Total Foster Flow Control			<u>937.71</u>
Ghilotti Bros. Inc.			
	06/08/2011	72805 · Annual Trtmt Plnt/Pump St Impr	32,844.04
Total Ghilotti Bros. Inc.			<u>32,844.04</u>
Grainger			
	06/01/2011	65150 - Repairs & Maintenance	2,915.11
Total Grainger			<u>2,915.11</u>
Hertz Corporation			
	05/05/2011	67600 · Other - Hazardous Household	465.43
Total Hertz Corporation			<u>465.43</u>
IEDA, INC			
	06/01/2011	66123 · O/S Contractual	1,020.00
	06/03/2011	11350 · Prepaid Expenses	799.00
Total IEDA, INC			<u>1,819.00</u>
J&M Inc.			
	05/23/2011	72706 · 2008 Collection System Improv	181,632.76
Total J&M Inc.			<u>181,632.76</u>
Kaiser Permanente			
	06/03/2011	11350 - Prepaid Expense for Health	1,157.78
Total Kaiser Permanente			<u>1,157.78</u>
Leonardi Automotive & Electric, Inc.			
	06/22/2011	60150 · Repairs & Maintenance	-93.09
	05/31/2011	60150 · Repairs & Maintenance	736.17
Total Leonardi Automotive & Electric, Inc.			<u>643.08</u>
Levy, Larry			
	06/14/2011	66123 · O/S Contractual	3,850.00
Total Levy, Larry			<u>3,850.00</u>
Linscott Engineering Contractors Inc			
	06/01/2011	72804 · Annual Reclamation Fac Imp	1,723.50
	06/20/2011	72803 · Annual Collection Sys Repairs	2,080.00
Total Linscott Engineering Contractors Inc			<u>3,803.50</u>
Marin County Public Health Lab			
	06/10/2011	64160 · Research & Monitoring	360.00
Total Marin County Public Health Lab			<u>360.00</u>

Novato Sanitary District
Operating Check Register Detail
 As of June 27, 2011

	<u>Date</u>	<u>Split</u>	<u>Open Balance</u>
MarinScope Inc.	06/15/2011	66130 · Printing & Publications	42.00
Total MarinScope Inc.			42.00
Nextel Communications			
	06/20/2011	Telephone	510.25
Total Nextel Communications			510.25
North Bay Portables, Inc.			
	06/02/2011	63100 · Operating Supplies	89.70
Total North Bay Portables, Inc.			89.70
North Bay Truck Service			
	06/02/2011	60150 · Repairs & Maintenance	286.18
Total North Bay Truck Service			286.18
North Marin Auto Parts			
	05/16/2011	65150 · Repairs & Maintenance	3.65
Total North Marin Auto Parts			3.65
North Marin Water District			
	05/12/2011	Water	413.71
	06/16/2011	Water	642.01
Total North Marin Water District			1,055.72
Novato Disposal-			
	06/01/2011	66150 · Repairs & Maintenance	282.00
	06/08/2011	67500 · Household Hazardous Waste	5,679.62
Total Novato Disposal-			5,961.62
Orkin Pest Control, Inc.			
	05/26/2011	66150 · Repairs & Maintenance	105.45
Total Orkin Pest Control, Inc.			105.45
Pacific, Gas & Electric			
	06/15/2011	Utilities	44,498.97
Total Pacific, Gas & Electric			44,498.97
Petty Cash			
	06/21/2011	Office/Meetings/supplies	71.19
Total Petty Cash			71.19
R & B Company			
	06/16/2011	63150 · Repairs & Maintenance	218.33
Total R & B Company			218.33
RMC Water & Environment, Inc.			
	06/03/2011	73002 · WWTP Up - Cont D - Rec- ARRA Fu	98,138.36
	06/09/2011	73001 · WWTP Upgrade - Contract C	2,918.43
Total RMC Water & Environment, Inc.			101,056.79

Novato Sanitary District
Operating Check Register Detail
 As of June 27, 2011

	<u>Date</u>	<u>Split</u>	<u>Open Balance</u>
Royal Petroleum Company			
	06/03/2011	Diesel	2,060.85
Total Royal Petroleum Company			<u>2,060.85</u>
Schwaab Inc.			
	06/09/2011	66090 · Office Expense	31.00
Total Schwaab Inc.			<u>31.00</u>
Stiles Construction Company			
	06/06/2011	72805 · Annual Trtmt Plnt/Pump St Impr	1,932.19
Total Stiles Construction Company			<u>1,932.19</u>
Team Ghilotti, Inc.			
	06/07/2011	72803 · Annual Collection Sys Repairs	9,141.61
			<u>9,141.61</u>
TOTAL			<u><u>492,421.45</u></u>

06/24/11

Novato Sanitary District Check Register

June 27, 2011

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
Jun 27, 11			
6/27/2011	2181	Covello Group, The	27,940.44
6/27/2011	2182	Empire Mini Storage - Novato	730.00
Jun 27, 11			<u>28,670.44</u>

06/24/11

Novato Sanitary District Project Check Detail All Transactions

Type	Date	Due Date	Account	Open Balance	Debit
Covello Group, The					
Bill	6/1/2011	6/11/2011	72609 · WWTP Upgrade -...	27,940.44	27,940.44
Total Covello Group, The				27,940.44	27,940.44
Empire Mini Storage - Novato					
Bill	6/16/2011	6/26/2011	72609 · WWTP Upgrade -...	730.00	730.00
Total Empire Mini Storage - Novato				730.00	730.00
TOTAL				28,670.44	28,670.44

Novato Sanitary District
Payroll and P/R Related Check Register

June 2011

Date	Num	Name	Credit
Jun 28, 11			
06/30/2011	ach	June P/R Checks and Vouchers	114,268.53
06/30/2011		Retiree health Benefits	15,117.97
06/28/2011	ach	United States Treasury	24,325.66
06/28/2011	52920	ACS	80.00
06/28/2011	52921	EDD	6,777.09
06/28/2011	52922	Lincoln Financial Group	3,809.80
06/28/2011	52923	Lincoln Financial Group-401a Plan	3,995.88
06/28/2011	52924	Local Union 315	320.00
06/28/2011	52925	Marin Employ Federal Credit Union	517.00
06/28/2011	52926	Torres, Cari	400.00
06/28/2011	52927	State Street Bank & Trust	3,125.00
06/28/2011	52928	North Bay Children's Center	40.00
06/28/2011	52929	CalPers Health	29,267.94
06/28/2011	52930	Lincoln Financial Group-401a Plan	3,403.54
06/28/2011	52940	PERS Retirement	31,133.35
Jun 28, 11			<u><u>236,581.76</u></u>

**NOVATO SANITARY DISTRICT
BOARD AGENDA ITEM SUMMARY**

TITLE: Wastewater Facility Upgrade Project Contract B – Novato Treatment Plant Improvements; Project No. 72609	MEETING DATE: June 27, 2011 AGENDA ITEM NO.:
RECOMMENDED ACTION: Consider granting Final Acceptance of the Project and authorize staff to file the Notice of Completion.	
SUMMARY AND DISCUSSION: <p>On April 9, 2007 the District’s Board of Directors awarded the Contract for the Wastewater Facility Upgrade Project Contract B – Novato Treatment Plant Improvements Project to Monterey Mechanical Company for a low bid amount of \$66,379,000.00. The construction work began on May 21, 2007 and substantial completion was completed in phases with the final phase completed on October 29, 2010.</p> <p>The Contractor has completed the contract work, except as noted below, and the project is ready for final acceptance. The total value of change orders is \$1,657,917 making the current contract value \$68,036,917 which is 2.5% over the original bid amount.</p> <p>There are several outstanding items that remain to be completed as follows:</p> <ol style="list-style-type: none"> 1. Change Order Pricing Resolution: Approximately seventeen items remain open. There are no unusual issues or disputes associated with these items. It is expected that final resolution will add less than \$100,000 to the contract value. 2. Operation & Maintenance Manuals and Resubmittals: There are three open items; no cost impact is expected. 3. Punchlist: There are two open items; no cost impact is expected. <p>It is recommended that final acceptance be granted and staff authorized to file the Notice of Completion.</p>	
ALTERNATIVES: None	
BUDGET INFORMATION: This project was funded under Account No. 72609: WWTP Upgrade Project - Contract B for FY 2010-11, which included a budget amount of \$6,000,000.	
DEPT.MGR.:	MANAGER:



NOVATO SANITARY DISTRICT

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PRELIMINARY BUDGET

FOR

FISCAL YEAR 2011-13

Presented June 2011

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BOARD OF DIRECTORS

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DENNIS WELSH

BEVERLY B. JAMES
Manager-Engineer-Secretary

KENTON L. ALM
Legal Counsel

MEMORANDUM

June 24, 2011

TO: Board of Directors

FROM: Beverly B. James, Manager-Engineer
June Brown, Administrative Services Manager
Laura Creamer, Finance Officer

SUBJECT: 2011-12 Budget Notes

General. The 2011-12 Operating Expenditure Budget, as presented, is 3.8% less than last year's budget. The budget shows revenue based on the same sewer service charge rate as prior year of \$464, allocated as follows: \$276 for Operating and \$188 for Capital.

I. COMPARISON OF 2010-11 BUDGET v. ESTIMATED ACTUAL

A. ESTIMATED REVENUES v. 2010-11 BUDGET

Operating revenues are anticipated to be less than budget estimates by approximately 3.9% or \$355,701. Most of the decrease is a result of the anticipated funds coming from the internet banking fraud in the amount of \$235k however, this amount was accounted for in the previous year as a receivable. In addition, due to the significant decrease in interest earnings over the past year because of market conditions the estimated interest was significantly lower than what had been originally estimated for this year's budget by about \$110k.

B. ESTIMATED EXPENDITURES v. 2010-11 BUDGET

Breakdown Into General Categories:

	<u>2010-11 Budget</u>	<u>Estimated Actual</u>	<u>Difference</u>	<u>% Change</u>
Salaries	2,051,847	2,044,973	-6,874	-0.35%
Contract Operations	2,395,898	2,299,595	-96,303	-4.02%
Materials, Supplies, Services	4,702,077	4,531,244	-170,833	-3.63%
Capital Outlay	0	0	0	0.00%
	<u>9,149,822</u>	<u>8,875,812</u>	<u>-274,010</u>	<u>-2.99 %</u>

II. COMPARISON OF PROPOSED 2011-12 REVENUES v. 2010-11 BUDGET (Total Revenue Decrease Over Last Year's Budget = -\$317,613.00)

The following are significant revenue items that account for the difference:

Interest Earned -110,000

Interest revenue based on deposits in LAIF Fund, however due to the completion of the Facilities Upgrade project, the District has paid the contractor, leaving less cash available in the LAIF Fund to earn interest. In addition, the interest rates are significantly less than anticipated in prior years due to market conditions.

Other Revenue -195,000

No unusual revenue expected in the 2011/12 fiscal year.

B. ANALYSIS OF PROPOSED 2011-12 EXPENDITURES OVER(UNDER) 2010-11 BUDGET

Breakdown Into General Categories:

	<u>Proposed 11-12 Budget</u>	<u>2010-11 Budget</u>	<u>Difference</u>	<u>% Change</u>
Salaries	2,082,116	2,051,847	30,269	1.47%
Contract Operations	2,612,750	2,395,898	216,852	9.05%
Materials, Supplies	4,111,727	4,702,077	-590,350	-10.19%
Capital Outlay	0	0	0	0.00%
	<u>8,806,593</u>	<u>9,149,822</u>	<u>-343,229</u>	<u>- 3.89%</u>

Detailed Expenditures Over/Under Previous Budget (Total Budget Decrease = -\$343,229)

Salaries	30,269
Based on the addition of a Collection System Worker, effective July 2011; and scheduled merit and proposed cost-of-living increases	
Employee Benefits	-218,846
This decrease is based on fewer employees in 2011-12 Than in previous years from thirty to twenty-two employees; Includes projected increase of 7-8% for PERS medical, Delta Dental, Vision Services Plan, and increased workers' compensation insurance premiums.	
Election Expense	60,000
Two Board Members terms are up for election.	
Gas, Oil & Fuel Expense	12,700
Fuel expense projected to continue to increase due to market forces in this industry.	
Insurance Expense	41,600
Based on projected 10% increase in insurance expenses	
Insurance Claims Expense	20,600
Insurance claims expense projected to increase based on pending claims and this includes unemployment claims.	
Attorney Fees	-211,000
Attorney fees are expected to decrease because of the resolution of the bank internet fraud claim. In addition, the completion of the EPA investigation at the federal level.	
Sludge Disposal	- 32,000
This budget item decreased due to the closure of the Ignacio Treatment Plant so there is no need to truck sludge from there to Reclamation.	
Software Maintenance	-48,000
Some software maintenance decreased since we are covered under our contract with Veolia for the Treatment plant portion which made up 40% of the prior year budget.	
Gas & Electricity	- 59,000
Based on prior year experience and the portion for the Treatment plant is part of the Contract Operations budget cost center.	

Other Operational Assistance -47,500

This item is based on last year's experience and anticipated needs for 2011-12. Most of the account in prior year was used for Veolia's services before we were under the current five year contract with this company which began on August 7, 2010.

Outside Services 10,000

Based on past experience this account is expected to increase approximately 15%; the increased cost is for continued root abatement and flow monitoring in the Collection System.

Permits & Fees -136,000

Permits and fees include anticipated fines.

Research and Monitoring 27,400

Based on last year's experience and the continued increase in requirements we project this cost will continue to rise in the coming fiscal years. This is a 11% increase from prior year.

Contract Operations 216,852

Last year, contract began on August 7, 2010, this year Contract will cover entire fiscal period plus there is an allowance for the CPI adjustment thus the increase from prior year.

III. DISCUSSION OF OPERATING BUDGET EXPENDITURES 2011-12 BUDGET (Total Budgeted Expenditures = \$8,806,593)

Salaries and Wages 2,082,117

See Budget Page 11 for breakdown. Includes allowance for an additional Collection System Worker (effective July 2011), 1 part time electrician, 1 temporary lab. intern, and scheduled merit and possible cost-of-living increases.

Employee Benefits **980,680**

Effective January 1, PERS medical, Delta Dental and Vision Services premiums are projected to increase 8%. The District's share of Medicare taxes is 1.45% of salary for those employees subject to Medicare, and 6.2% Social Security for temporary positions. Due to the decrease in employees this has also affected this account.

Estimated breakdown of benefits is as follows:

PERS Retirement	421,142
PERS/Kaiser Medical	346,000
401(a) Plan	40,850
Delta Dental	39,800
Vision Services Plan	7,450
Fort Dearborn Life/LTD Ins.	37,400
CSRMA Workers' Comp. Ins.	74,750
Medicare	28,600
FICA	3,000
Travel Insurance	500

Retiree Health Benefits **230,485**

There are currently 23 District retirees receiving health benefits.

Directors' Fees **45,000**

Payment of \$225.00 per meeting per Director (5) for two Board meetings per month plus extra meetings, 2 Board Members attending 6 Joint City/District Solid Waste Committee meetings, 2 Ad Hoc Personnel Committee meetings, 2 Ad Hoc Refuse Disposal Committee meetings, 12 Wastewater Committee Meetings, 6 New Facilities Committee meetings, 4 Other committee meetings, and 1 Board Member attending North Bay Water Reuse Authority meetings.

Election Expense **60,000**

Two Board Members terms are up for election.

Gasoline, Oil & Fuel **44,500**

Based on last year's actual cost ; and the considerable increase in expense of this particular cost over the past two years.

Insurance **195,600**

The budget is based on last year's actual premiums and includes projected premium increases of approximately 10% for all District policies.

Insurance Claims Expense **45,600**

The District has allocated \$15,000 to cover open claims and any new claims for 2011/12. In addition, we have included an estimate of \$30,600 to cover unemployment claims.

Agency Dues **40,000**

This account will remain the same for fy 2011-12

CASA	\$12,000
CSDA	\$ 4,500
NBWA	\$ 7,000
BADA	\$ 4,000
LAFCO	\$ 8,000
WERF	\$ 1,900
Underground Service Alert	\$ 1,100
Misc	\$ 1,500

Memberships **7,000**

2011-12 expenses for this account are anticipated to be:

WEF	\$ 1,800
CWEA	\$ 3,500
ASCE	\$ 550
Misc	\$ 1,150

Office Expense **25,000**

Decrease from 2010-11 of \$5,000 based on actual charges for current year.

Software Maintenance **50,500**

The \$50,500 is allocated as follows: NTP(covered by Contract with Veolia); Reclamation \$2,500; Lab. and Monitoring \$13,000; Pump Stations \$10,000 and Collection System \$25,000. This is a decrease of \$48,000 from prior year.

Operating Supplies **89,000**

A increase of \$8,400 from last year.

Operating Chemicals **4,000**

Since the treatment plant upgrade, minimal chemicals are required for the pump stations, primarily for odor control.

Sludge Disposal-Contract **148,000**

Sludge hauling costs have decreased by \$32,000, since the Ignacio Treatment Plant has been decommissioned.

Accounting **22,000**

Based on the three year contract with Charles Fedak and Company for preparation of the District audit.

Attorney **190,000**

Decrease of \$211,000 from last year due to the resolution of the bank internet fraud case and the completion of the EPA investigation at the Federal level.

Outside Contractual **220,000**

Budget for following outside services:

Safety	\$ 60,000
Misc. Engineering	\$ 52,000
IEDA Misc. labor relations/comp study	\$ 13,000
Public Outreach	\$ 70,000
Financial/Rates Analysis	\$ 25,000

IT/Misc. Electrical **40,000**

No increase from last year. This account covers software maintenance and equipment purchases for Administration and Engineering, SCADA, and network server, as well as maintenance warranties and subscriptions, and miscellaneous electrical purchases.

Printing & Publication **17,000**

No increase from last year. The majority of printing and publications is related to our outreach to the community through newsletters relating to the progress of Capital projects and the ongoing pollution prevention, zero waste and recycling programs.

Repairs and Maintenance **271,000**

Decrease of \$27,500 from last year. Repairs and maintenance expense is allocated as follows:

Reclamation	\$ 85,000
Lab	\$ 11,000
Pump Stations	\$100,000
Collection System	\$ 35,000
Admin	\$ 45,000

Unusual Equipment Maintenance **50,000**

No increase from prior year due to the recent Waste water Treatment Plant upgrade there is less need for this type of expenditure.

Small Tools **5,500**

The District's small tools budget has decreased by \$700 and is allocated as follows:

Reclamation/Disposal	\$ 1,000
Pump Stations	\$ 2,500
Collection System	\$ 2,000

Outside Services **75,000**

Based on prior year experience, this account is anticipated to increase about \$10,000 and it is used primarily for root abatement and flow monitoring in the Collection System.

Ditch/Dike Maintenance **20,000**

No change from prior year.

Research and Monitoring **275,400**

This budget is for routine NPDES monitoring required by the District's discharge permit including routine sampling for heavy metals, non-domestic monitoring, sludge regulations, influent and effluent priority pollutants monitoring, reclamation monitoring, priority pollutant sampling for E-003, special studies/blending tests, and bacterial studies. This budget item has increased by \$27,500 from last year. Non-domestic monitoring costs are partially offset by permit fees.

Travel, Meetings and Training **35,000**

CASA Conference fees - 3 meetings per year for Manager-Engineer and Board members (\$20,000); CWEA and WEF conferences for various staff members (\$10,000); and training programs for District employees and Board Members (\$5,000).

Pollution Prevention/Public Education **32,000**

Increase of \$7,000 from prior year to cover continued and increasing pollution prevention and public outreach programs.

Gas & Electricity **215,000**

A slight decrease from last year's budget based on this year's experience and projected expense for 2010-11. In addition, a portion of this expenditure for the treatment plant is allocated to the Contract Operations budget located on page 5 of the Preliminary Budget.

Water **17,200**

Decrease of \$5,100 from last year, based on this year's experience.

IV. CAPITAL IMPROVEMENT BUDGET

A. TOTAL CAPITAL IMPROVEMENT EXPENDITURE **18,162,321**
BUDGET:

There are 22 carryover projects (\$18,162,321). All projects are detailed in the preliminary budget on page 17. Part of the expense is for the first payment on the State Revolving Fund Loan in the amount of \$6 Million for Wastewater Treatment Plants Upgrade Project which was completed in this past fiscal year. In addition, the District has ongoing Pump Station rehabilitation projects and collection system improvement projects totaling \$3.5 Million. Further, the District is involved in the Recycled Water project which amounts to about \$6.5 Million. This particular project is also funded in part by the ARRA fund Grant.

B. TOTAL CAPITAL IMPROVEMENT REVENUES **8,885,328**

Capital Service Charges **5,407,578**

The total Capital Service Charge is \$188 based on approved sewer service charges of \$464 which have remained the same from prior year, allocated \$276 to Operating and \$188 to Capital.

Property Taxes **1,893,750**

Based on property tax rolls and assuming a 1% increase in property tax revenue from prior year.

ARRA Grant Revenue **1,359,000**

The District has been awarded an ARRA Grant for The construction of the Recycled Water Facility.

Connection Charges **170,000**

Connection charge revenue is based on \$8,516/edu @ 20 new connections.

**Collector Sewer, Special Equalization
and Trunk Sewer Charges** **4,000**

Based on an estimate of potential collector sewer, special equalization and trunk sewer charges for 2011-12.

Interest Revenue **12,000**

Based on current returns on LAIF investments.

V. VEHICLE REPLACEMENT FUND

An updated analysis of the Vehicle Replacement Fund balance for FY 2011-12 indicates that the contribution from the Operating Fund will be \$64,000 and is broken out as follows:

Reclamation	\$ 7,000
Lab	\$ 1,400
Pump Stations	\$10,000
Collection System	\$40,000
Admin	\$ 5,600

The following vehicles are scheduled to be disposed of this year:

1995 Ford Van
1992 Crane Truck
2006 Chevy Truck
2004 Chevy Truck
1998 Rodder

The following vehicles are scheduled to be purchased this year:

1 Regular size pick-up	\$ 20,000
1 Minivan	\$ 20,000
1 Rodder	\$140,000

VI. SELF-INSURANCE RESERVE FUND

The District purchases general and auto liability coverage in the amount of \$25.5 million with a \$25,000 deductible through the California Sanitation Risk Management Authority (CSRMA). Coverage for Errors and Omissions is included in the CSRMA pooled liability insurance program. Property insurance which provides \$50 million coverage with a \$25,000 deductible, is also through CSRMA. The Self-Insurance Reserve Fund is to cover claims losses under deductibles in these policies and for contingencies.

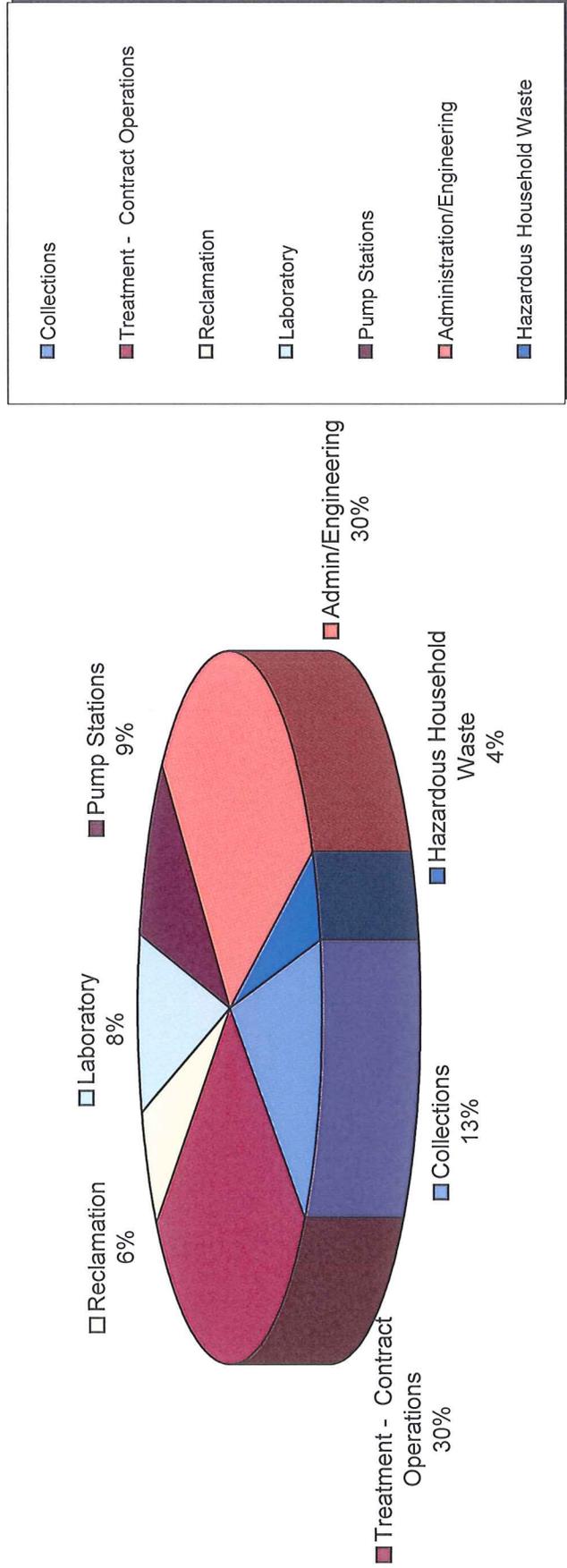
SECTION I

OPERATING FUND SUMMARY SCHEDULES

Novato Sanitary District
2011-13 Preliminary Budget
Operating Budget - Summary of Expenditures

	Budget 10/11	Expenditures thru April 2011	Est Exp 2010-11	Preliminary Budget 2011/12	Preliminary Budget 2012/13
Collections	1,193,905	781,471	1,230,358	1,151,759	1,196,477
Treatment Facilities before Contract	410,249	256,196	316,196	0	0
Treatment - Contract Operations	2,395,898	1,804,839	2,299,595	2,612,750	2,699,910
Reclamation	474,083	333,694	461,284	493,572	503,341
Laboratory	728,819	581,145	703,227	697,207	712,786
Pump Stations	724,075	536,151	654,671	767,298	770,945
Administration/Engineering	2,879,455	2,338,153	2,867,143	2,721,746	2,825,917
Hazardous Household Waste	343,338	203,955	343,338	362,261	373,129
	9,149,822	6,835,603	8,875,812	8,806,593	9,082,505

Preliminary Budget 2011-12 Expenditures by Department



**Novato Sanitary District
2011-13 Preliminary Budget
Operating Budget - Revenue Summary**

	Budget 10/11	Revenues thru April 2011	Est Rev 2010-11	Preliminary Budget 2011/12	Preliminary Budget 2012/13
41010 · Sewer Service Charges (1)	8,023,872	7,803,843	8,023,872	8,023,872	8,023,872
41030 · Plan Check & Inspection Fee	7,500	0	0	500	500
41040 · Permit & Inspection Fee	25,000	3,970	5,000	7,500	7,500
41060 · Interest Income	125,000	13,432	15,000	15,000	15,000
41080 · Engineering & Admin Charges	200,000	0	200,000	200,000	200,000
41090 · Non-domestic Permit Fees (2)	4,000	967	4,000	4,000	4,000
41100 · Garbage Franchise Fees	45,000	45,000	45,000	46,575	46,575
41105 · AB 939 Collector Fees	280,493	280,493	280,493	297,586	297,586
41107 · Oil/Bev/Tire Grants (3)	62,845	40,355	62,845	63,015	63,015
41110 · Sludge Disposal Charges	100	0	0	0	0
41130 · Ranch Income	76,851	0	60,000	60,000	60,000
41140 · Other Revenue (4)	235,000	27,461	30,000	40,000	40,000
41142 · Loss on disposal of assets	0	3,750	3,750	10,000	10,000
Totals	9,085,661	8,219,271	8,729,960	8,768,048	8,768,048

COMMENTS:

- (1) Service charge revenue is based on 2010-11 service charge of \$276/\$188 to capital projects
Note: Total charge is \$464 split between operations and capital.
- (2) Includes application fees, permits and monitoring charges.
- (3) Oil/Bev/Tire Grants \$22,490/ JPA Reimb Fees \$40,355.
- (4) Other revenue includes septic tank hauling fees, and other miscellaneous revenue.

APPROPRIATIONS LIMITATION

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

SECTION II

OPERATING FUND BUDGET

**Novato Sanitary District
2011-13 Budget
Operating Budget - Collections**

	Budget 10/11	Expenditures thru April 2011	Est Exp 2010-11	Preliminary Budget 2011/12	Preliminary Budget 2012/13
60010 · Salaries & Wages	487,569	414,777	490,000	548,712	562,213
60020 · Employee Benefits	314,836	218,738	262,486	264,847	283,764
60060 · Gas, Oil & Fuel	15,000	18,394	22,072	25,000	25,000
60091 · Software Maint	43,000	43,958	43,958	25,000	25,000
60100 · Operating Supplies	18,000	18,578	20,000	27,000	27,000
60150 · Repairs & Maint	45,000	23,297	35,000	35,000	47,000
60152 · Small Tools	2,000	498	2,000	2,000	2,000
60153 · Outside Services	65,000	27,254	45,000	75,000	75,000
60192 · Water	4,000	3,724	4,000	4,200	4,300
60193 · Telephone	2,000	1,582	2,000	2,000	2,000
60200 · Other(Garbage Coll)	2,500	1,828	2,500	3,000	3,200
60201 · Permits & Fees	160,000	8,842	266,342	100,000	100,000
60290 · Vehicle Replacemnt	35,000	0	35,000	40,000	40,000
	1,193,905	781,471	1,230,358	1,151,759	1,196,477

Novato Sanitary District
2011-13 Budget
Operating Budget - Treatment Facilities Contract Operations

	Budget 10/11	Expenditures thru April 2011	Est Exp 2010-11	Preliminary Budget 2011/12	Preliminary Budget 2012/13
61000-1 · Fixed Fee	1,707,983	1,347,586	1,650,182	1,880,000	1,945,000
61000-2 · Insurance & Bonds	37,100	37,750	50,598	51,750	53,600
61000-3 · Major Repr/Replcmnt	92,000	18,322	40,000	104,000	107,000
61000-4 · Water/Permits/Phone	16,000	7,385	16,000	16,000	16,480
61000-5 · Gas & Electricity	542,815	393,796	542,815	561,000	577,830
	2,395,898	1,804,839	2,299,595	2,612,750	2,699,910

**Novato Sanitary District
2011-2013 Budget
Operating Budget -Reclamation**

	Budget 10/11	Expenditures thru April 2011	Est Exp 2010-11	Preliminary Budget 2011/12	Preliminary Budget 2012/13
63010 · Salaries & Wages	29,219	24,601	29,219	30,091	31,144
63020 · Employee Benefits	15,864	13,405	15,864	13,981	14,697
63060 · Gasoline & Oil	5,000	6,648	8,000	8,000	8,500
63091 · Software Maint	2,500	0	2,500	2,500	3,000
63100 · Operating Supplies	3,000	1,619	3,000	3,000	3,000
63115 · Sludge Disposal	130,000	147,868	148,000	148,000	150,000
63150 · Repairs & Maint	85,000	34,235	85,000	85,000	85,000
63151 · Unusual Equipment Maint	50,000	22,232	50,000	50,000	50,000
63152 · Small Tools	1,500	289	1,500	1,000	1,000
63157 · Ditch/Dike Maint	20,000	1,010	20,000	20,000	20,000
63191 · Gas & Electricity	115,000	67,668	81,201	115,000	120,000
63192 · Water	8,000	12,329	8,000	8,000	8,000
63201 · Permits & Fees	2,000	1,791	2,000	2,000	2,000
63290 · Vehicle Replacemnt	7,000	0	7,000	7,000	7,000
	474,083	333,694	461,284	493,572	503,341

COMMENTS:

**Novato Sanitary District
2011-13 Budget
Operating Budget - Laboratory**

	Budget 10/11	Expenditures thru April 2011	Est Exp 2010-11	Preliminary Budget 2011/12	Preliminary Budget 2012/13
64010 · Salaries & Wages	245,579	201,199	241,439	215,791	222,293
64020 · Employee Benefits	139,840	96,966	116,359	101,616	107,193
64060 · Gasoline & Oil	2,000	2,644	4,000	4,000	4,500
64091 · Software Maintenance	13,000	510	13,000	13,000	13,000
64100 · Operating Supplies	40,000	36,526	40,000	40,000	40,000
64150 · Repairs & Maintenance	11,000	7,827	11,000	11,000	11,000
64160 · Research & Monitoring	248,000	201,691	242,030	275,400	275,400
64170 · Pollution Prev/Public Ed	25,000	30,972	31,000	32,000	35,000
64201 · Permits & Fees	3,000	2,811	3,000	3,000	3,000
64290 · Vehicle Replacement	1,400	0	1,400	1,400	1,400
	728,819	581,145	703,227	697,207	712,786

Comments:

**Novato Sanitary District
2011-2013 Budget
Operating Budget - Pump Stations**

	Budget 10/11	Expenditures thru April 2011	Est Exp 2010-11	Preliminary Budget 2011/12	Preliminary Budget 2012/13
65010 · Salaries & Wages	290,611	223,428	268,113	322,371	330,442
65020 · Employee Benefits	176,964	109,587	131,504	159,927	171,103
65060 · Gasoline & Oil	3,000	3,673	4,000	2,500	2,700
65091 · Software Maintenance	10,000	8,464	8,500	10,000	10,000
65100 · Operating Supplies	9,000	6,787	9,000	9,000	9,000
65101 · Operating Chemicals	4,000	0	4,000	4,000	4,200
65150 · Repairs & Maintenance	90,000	84,070	90,000	100,000	100,000
65152 · Small Tools	2,500	627	2,500	2,500	2,500
65191 · Gas & Electricity	95,000	72,508	95,000	100,000	100,000
65192 · Water	10,000	3,290	7,500	5,000	5,000
65193 · Telephone	21,000	16,476	19,772	21,000	21,000
65201 · Permits & Fees	2,000	4,782	4,782	21,000	5,000
65290 · Vehicle Replacement	10,000	2,459	10,000	10,000	10,000
	724,075	536,151	654,671	767,298	770,945

Comments:

Repairs and Maintenance - Bypass hose spool - Cost \$10,000

**Novato Sanitary District
2011-2013 Budget
Operating Budget - Hazardous Household Waste**

	Budget 10/11	Expenditures thru April 2011	Est Exp 2010-11	Preliminary Budget 2011/12	Preliminary Budget 2012/13
67400 · Management Services	91,764	67,488	91,764	102,100	105,163
67500 · Household Hazardous Wst	211,000	135,888	211,000	218,000	224,540
67520 · Permanent HHW Facility	9,000	539	9,000	9,270	9,548
67530 · Used Oil Program	16,574	0	16,574	16,963	17,472
67600 · Other	5,000	40	5,000	5,928	6,106
67610 · City AB 939 Admin Service	10,000	0	10,000	10,000	10,300
	343,338	203,955	343,338	362,261	373,129

Note: 3% Increase.

**Novato Sanitary District
2011-2013 Budget
Operating Budget - Administration**

	Budget 10/11	Expenditures thru April 2011	Est Exp 2010-11	Preliminary Budget 2011/12	Preliminary Budget 2012/13
66010 · Salaries & Wages	935,134	825,404	970,000	965,152	991,735
66020 · Employee Benefits	531,153	366,729	490,075	440,309	460,313
66021 · Retiree Health Benefits	224,068	175,001	224,068	230,485	246,619
66030 · Director's Fees	50,000	33,525	45,000	45,000	45,000
66040 · Election Expense	0	0	0	60,000	60,000
66060 · Gasoline & Oil	5,000	6,749	7,500	5,000	5,000
66070 · Insurance	154,000	170,287	170,300	195,600	215,600
66071 · Insurance Claim Expense	25,000	1,284	10,000	45,600	45,600
66075 · Agency Dues	40,000	38,541	40,000	40,000	41,200
66080 · Memberships	6,000	6,756	7,500	7,000	7,210
66090 · Office Expense	30,000	19,515	22,000	25,000	27,500
66100 · Engineering Supplies	8,000	8,860	10,000	10,000	10,500
66121 · Accounting & Auditing	24,500	21,040	24,500	22,000	22,500
66122 · Attorney Fees	401,000	354,280	401,000	190,000	190,000
66123 · O/S Contractual	220,000	125,936	220,000	220,000	233,000
66124 · IT/Misc Electrical	40,000	38,532	40,000	40,000	40,000
66130 · Printing & Publications	17,000	6,369	17,000	17,000	17,000
66150 · Repairs & Maintenance	40,000	34,281	40,000	40,000	40,000
66170 · Travel, Meetings & Training	40,000	34,637	40,000	35,000	36,050
66193 · Telephone	14,000	11,035	14,000	14,000	14,420
66202 · County Fees-Property Taxes	30,000	30,796	31,000	31,000	31,930
66203 · County Fees-Sewer Ser Chg	30,000	28,597	28,600	29,000	29,870
66250 · Service Charge Sys Exp	9,000	0	9,000	9,000	9,270
66290 · Vehicle Replacement	5,600	0	5,600	5,600	5,600
	2,879,455	2,338,153	2,867,143	2,721,746	2,825,917

Comments:

O/S Contractual in PY:

Safety - \$60,000	60,000.00
IEDA Misc. labor relations and comp study - \$13,000	13,000.00
Misc Engineering	52,000.00
Public Outreach - \$70,000	70,000.00
Financial/Rates	25,000.00

Total	220,000.00
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Novato Sanitary District

2011-2013

Operating Budget - PERSONNEL DETAIL

Number	Position	Dept.	Pay Range	Total	
				2010-11 Salaries	2012/13 Salaries
1.00	Manager-Engineer.....	A/E		168,132	168,132
1.00	Deputy - Manager Engineer.....	A/E	MC122.5	152,136	157,461
1.00	Senior Engineer.....	.75AE/.25PS	MC116.5	113,520	117,493
1.00	Field Services Superintendent.....	.5AE/.25PS/.25Rec	MC117	116,292	120,362
0.46	Administrative Services Specialist	A/E	MC117.5	56,678	58,662
0.00	Administrative Assistant	A/E	MC103.5	-	-
1.00	Administrative Secretary.....	A/E	MC106	67,992	70,372
1.00	Finance Officer.....	A/E	MC112.5	93,396	96,665
1.00	Staff Engineer.....	.5AE/.5CS	47	86,784	89,821
1.00	Construction Inspector.....	A/E	44.5	76,836	79,525
1.00	Information System Specialist II.....	.5AE/.5CS	43.5	73,176	75,737
1.00	Laboratory Supervisor.....	L/M	MC115.5	108,120	111,904
1.00	ECA I.....	L/M	43	71,388	73,887
1.00	Instrument Technician/Electrician.....	.75AE/.25PS	46.5	84,708	87,673
1.00	Collection System Superintendent.....	.67CS/.33PS	MC115	105,480	109,172
1.00	Collection System Leadworker.....	.67CS/.33PS	47	86,784	89,821
5.75	Collection System Worker II.....	.67CS/.33PS	40.5	355,174	388,712
1.00	Collection System Worker I.....	.67CS/.33PS	38.5	47,172	51,182
0.00	Engineering Intern.....	A/E	N/A	-	-
1.00	Collection System Temp.....	C/S	N/A	30,000	-
0.00	Lab. Intern (NMWD)	L/M	N/A	28,000	28,000
0.40	Hourly Electrician	.75AE/.25PS	N/A	40,000	40,000
	Allowance for Overtime.....	C/S		30,000	30,000
	Allowance for Overtime.....	A/E		7,500	7,500
	Allowance for Overtime.....	L/M		2,000	2,000
	Allowance for Standby Duty Pay.....	C/S		20,000	20,000
				-	-
	CCSR.....	PS		1,500	1,500
	Subtotal			2,022,768	2,075,581
	Allowance for Possible COLA - across the board	3.50%		59,347	62,246
				2,082,116	2,137,827
22.61	Administration and Engineering (A/E)	=	965,152	991,735	
	Laboratory and Monitoring (L/M)	=	215,791	222,293	
	Collection System	67% =	548,712	562,213	
	Pump Stations	33% =	322,371	330,442	
	Reclamation Facilities	=	30,091	31,144	
	Total/Check		2,082,116	2,137,827	

SECTION III

CHARTS AND GRAPHS

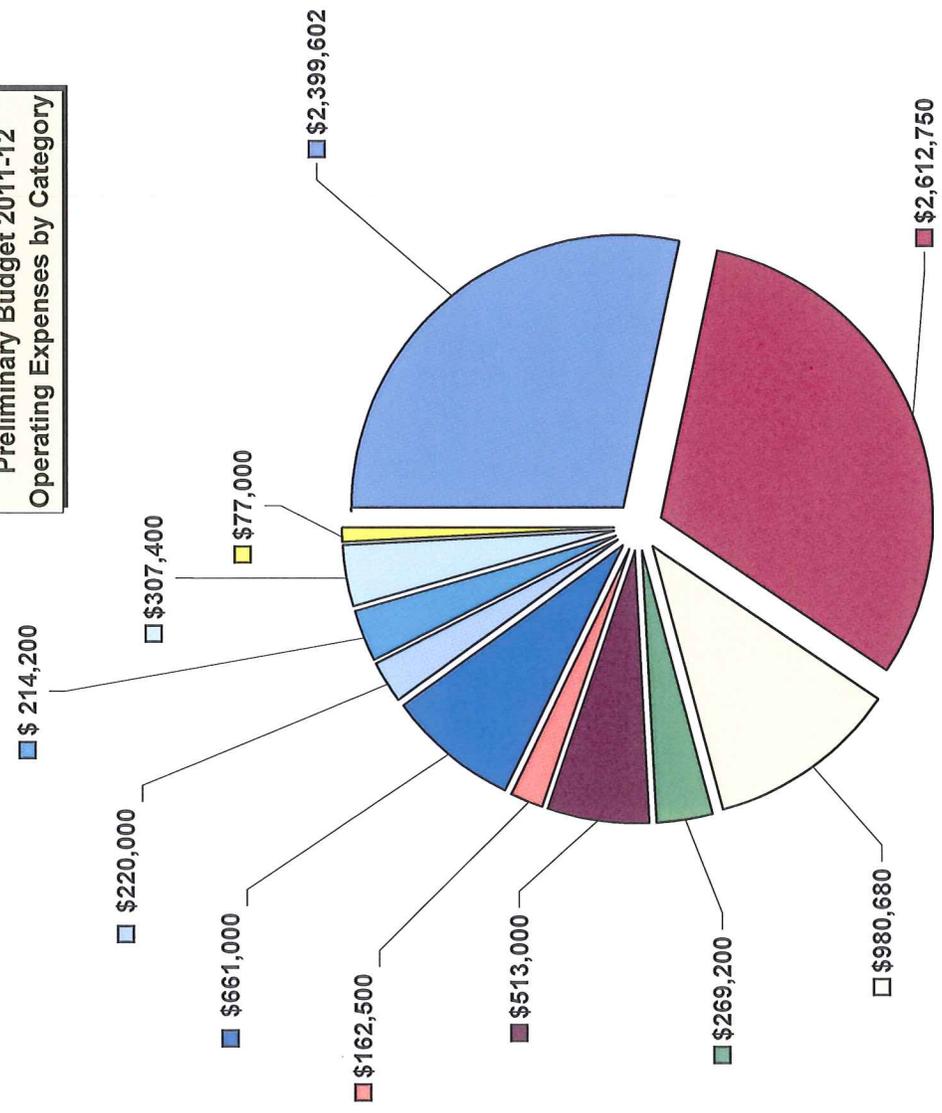
Novato Sanitary District
2011-12 Budget

2011-12 PRELIMINARY BUDGET

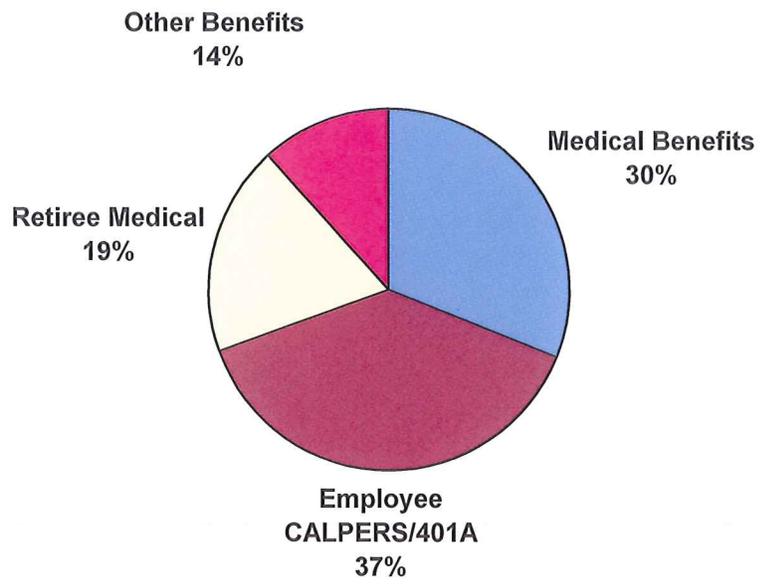
Treatment Facilities	Recl	L-M	Pump Stations	Collection System	A-E	Total	Percent	Over/Under PY Budget	% Over/Under PY Budget
Salaries and Wages	30,091	215,791	322,371	548,712	965,152	2,082,117	23.64%	30,270	1.48%
Employee Benefits	13,981	101,616	159,927	264,847	440,309	980,680	11.14%	(218,846)	-18.24%
Retiree Health Benefits					230,485	230,485	2.62%	6,417	2.86%
Directors' Fees					45,000	45,000	0.51%	(5,000)	-10.00%
Election Expense					60,000	60,000	0.68%	60,000	0.00%
Gasoline, Oil & Fuel	8,000	4,000	2,500	25,000	5,000	44,500	0.51%	12,700	39.94%
Insurance					195,600	195,600	2.22%	41,600	27.01%
Ins Claims Expense					45,600	45,600	0.52%	20,600	82.40%
Agency Dues					40,000	40,000	0.45%	-	0.00%
Memberships					7,000	7,000	0.08%	1,000	16.67%
Office Expense					25,000	25,000	0.28%	(5,000)	-16.67%
Software Maint	2,500	13,000	10,000	25,000		50,500	0.57%	(48,000)	-63.58%
Operating Supplies	3,000	40,000	9,000	27,000	10,000	89,000	1.01%	8,400	10.42%
Operating Chemicals			4,000			4,000	0.05%	(5,000)	-55.56%
Sludge Disposal-Contractual	148,000					148,000	1.68%	(32,000)	-17.78%
Accounting & Auditing					22,000	22,000	0.25%	(2,500)	-10.20%
Attorney					190,000	190,000	2.16%	(211,000)	-70.33%
Outside Consulting					220,000	220,000	2.50%	-	0.00%
IT/Misc. Electrical					40,000	40,000	0.45%	-	0.00%
Printing & Publication					17,000	17,000	0.19%	-	0.00%
Repairs & Maintenance	85,000	11,000	100,000	35,000	40,000	271,000	3.08%	(27,500)	-9.21%
Unusual Equipment Maint	50,000					50,000	0.57%	-	0.00%
Small Tools	1,000		2,500	2,000		5,500	0.06%	(700)	-11.29%
Outside Services				75,000		75,000	0.85%	10,000	15.38%
Ditch/Dike Maintenance	20,000					20,000	0.23%	-	0.00%
Research & Monitoring		275,400				275,400	3.13%	27,400	11.05%
Travel, Mfgs & Train.					35,000	35,000	0.40%	(5,000)	-12.50%
Pollution Prevention/Pub. Ed.		32,000				32,000	0.36%	7,000	28.00%
Gas & Electricity	115,000		100,000			215,000	2.44%	(59,000)	-21.53%
Water	8,000		5,000	4,200		17,200	0.20%	(5,100)	-22.87%
Telephone			21,000	2,000	14,000	37,000	0.42%	(1,245)	-3.26%
Other/Operational Assistance				3,000		3,000	0.03%	(47,500)	-94.06%
Permits & Fees	2,000	3,000	21,000	100,000		126,000	1.43%	(136,000)	-51.91%
Co. Collection Fees					60,000	60,000	0.68%	-	0.00%
Ser. Chg. System Exp					9,000	9,000	0.10%	-	0.00%
Vehicle Replacement	7,000	1,400	10,000	40,000	5,600	64,000	0.73%	5,000	8.47%
Capital Outlay					0	-	0.00%	-	0.00%
AB 939 Solid Waste Programs					362,261	362,261	4.11%	18,923	5.51%
Contract Operations	2,612,750					2,612,750	29.67%	216,852	9.05%
Total	2,612,750	493,572	697,207	1,151,759	3,084,007	8,806,593	100.00%	(343,229)	-3.80%
	29.67%	5.60%	7.92%	13.08%	35.02%	100.00%			

**Preliminary Budget 2011-12
Operating Expenses by Category**

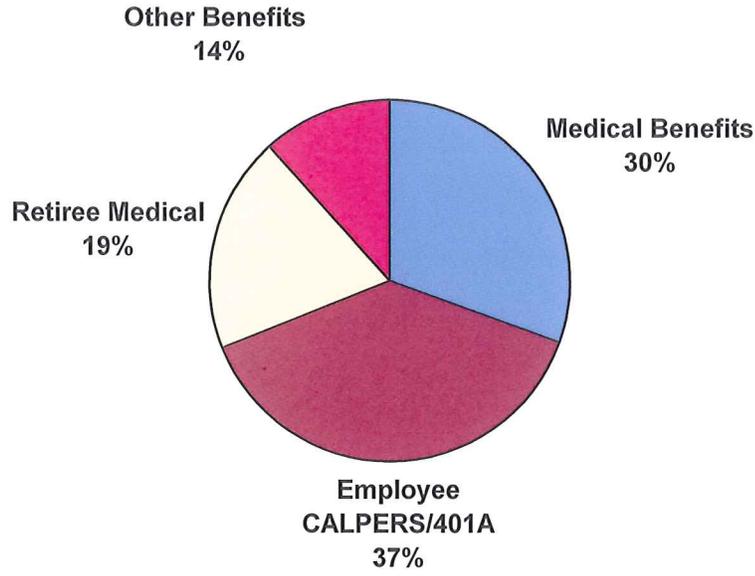
- Personnel - 32.15%
- Contract Ops - 35.01%
- Employee Benefits - 13.14%
- Utilities - 3.61%
- Maintenance - 6.87%
- Supplies - 2.18%
- Fees/charges - 8.86%
- O/S Contractual - 2.95%
- Insurance - 3.23%
- Monitoring - 4.12%
- Other - 1.03%



**2011-12 Preliminary Budget
Employee Benefits**



**2012-13 Preliminary Budget
Employee Benefits**



**Novato Sanitary District
Capital Improvement Budget - Revenue Summary
Budget 2011-13**

		Revenues	Est Rev	Preliminary	Preliminary
	Budget 10/11	thru April 2011	2010-11	Budget	Budget
				2011/12	2012/13
Capital Improvement Income					
51010 · Sewer Service Charges	5,407,578	5,089,063	5,407,578	5,407,578	5,407,578
51015 · Property Taxes	1,875,000	1,618,173	1,875,000	1,893,750	1,893,750
51020 · Connection Charges	162,200	125,657	162,200	170,000	224,000
51030 · Collector Sewer Charges	4,000	0	4,000	4,000	4,000
51040 · Special Equalization Chrg	12,000	135	1,000	6,000	6,000
51060 · Interest	50,000	8,989	12,000	25,000	25,000
51062 · ARRA/IRWM Grant Revenue	0	0	0	1,359,000	250,000
51070 · Other Revenue	859,480	108,813	150,000	20,000	20,000
Total Capital Improvement Income	8,370,258	6,950,830	7,611,778	8,885,328	7,830,328
Comments:	Connection Charges projected to be 20 new connections at \$8,516 each and 25 new connections the following year at \$8,942 each.				

**Novato Sanitary District
Capital Improvements Budget
2011-2013 Budget**

	Budget 10/11	Expenditures thru April 2011	Est Exp 2010-11	Preliminary Budget 2011/12	Preliminary Budget 2012/13
72110 · Drainage PS 3&7 Outfall Rehab	50,000	0	0	0	50,000
72111 · SCADA Phase II	20,000	0	20,000	20,000	20,000
72403 · Pump Station Rehabilitation	3,700,000	486,690	700,000	1,500,000	1,500,000
72508 · N. Bay Water Recycling Auth	90,000	147,669	50,000	50,000	50,000
72509 · NTP Soil & Groundwater Inv	5,000	0	5,000	5,000	5,000
72604 · Laboratory Improvements	30,000	16,850	30,000	30,000	10,000
72607 · WWTP Upgrade-Contract A1	50,000	48,917	50,000	15,000	10,000
72608 · WWTP Upgrade - Contract A2	5,000	0	5,000	10,000	10,000
72609 · WWTP Upgrade - Contract B	6,000,000	5,710,967	6,000,000	400,000	50,000
72611 · Bayside Sewer	10,000	0	0	10,000	25,000
72612 · Southgate Sewer-	3,000	0	0	3,000	10,000
72706 · 2008 Collection System Improv	3,000,000	3,013,924	3,000,000	2,000,000	2,000,000
72707 · Hamilton Wetlands/Outfall Monit	5,000	0	0	5,000	5,000
72708 · Cogeneration	50,000	0	0	50,000	700,000
72801 · Annual Minor Projects	25,000	1,108	25,000	25,000	25,000
72802 · Annual Sewer Adj. for City Proj	25,000	16,252	25,000	25,000	30,000
72803 · Annual Collection Sys Repairs	270,000	67,384	250,000	200,000	200,000
72804 · Annual Reclamation Fac Imp	200,000	136,045	200,000	250,000	250,000
72805 · Annual Trtmt Plnt/Pump St Impr	200,000	72,319	200,000	150,000	150,000
72808 · Strategic Plan Update	50,000	3,383	4,000	50,000	0
73001 · WWTP Upgrade - Contract C	787,500	128,920	30,000	800,000	3,500,000
73002 · WWTP Up-Cont D-Rec(ARRA-25%)	2,951,100	723,128	951,000	6,500,000	500,000
73003 · Admin Building Upgrade	0	4,565	50,000	0	250,000
78500 · Interest - Zions Bank/SRF	170,972	217,658	217,658	6,064,321	5,423,064
Totals	17,697,572	10,795,777	11,812,658	18,162,321	14,773,064



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

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Berkeley, CA 94703
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TO: Board of Directors
Novato Sanitary District

FROM: Tom Gaffney

DATE: June 24, 2011

SUBJ: 2011-2016 Financial Plan

The District has requested Bartle Wells Associates to develop a plan to finance capital projects totaling over \$36.5 million for the fiscal years 2012/13 through 2015/16 as well as project revenue requirements over the same period. We have developed recommendations regarding the level of service charges to adequately fund operation and maintenance, replacements, capital and borrowing costs. Our review includes the latest information on SRF loan disbursements and annual loan payments, capital improvement costs, replacement costs, and required debt service.

To the reasonable extent allowable, the District relies to on pay-as-you-go financing of ongoing capital improvement expenses. However, because nearly \$25 million of projects are identified as necessary over the next three years, a certificate of participation (COP) issue of \$21.65 is projected for next year. Tables showing our findings are included at the end of this memo report.

Table 1 - Operation and maintenance expenses – through FY 2015/16. This table shows NSD's current and preliminary budgets through FY 2012/13. The budgets were developed by District staff and are used as the basis for projecting operation and maintenance expenses beyond 2012/13. The annual O&M costs are readily predictable for wastewater treatment plant operation and maintenance because they are specified in the contract with Veolia and track very closely to inflation.

Table 2 – Preliminary Capital Improvement Program – through FY 2015/16. The table shows a five-year projection of capital improvements and estimated costs. Not including 2011/12 improvements of over \$11.7 million, the future CIP is projected to cost over \$35.6 million. Nearly \$25 million of the projects are required in the next three years..

Table 3 – State Revolving Fund Loans. Nearly \$82 million of treatment plant project costs have been funded by low-interest SRF loans. These loans are an optimal financing method. Repayment of the loans is over a 20-year term with interest at 2.4%. The first payment of \$6.064 million is due during next year and is for interest accrued during construction. Thereafter the loan will be repaid is nineteen equal annual installments of \$5.423 million.

Table 4 – Projected operation and maintenance revenues and expenses. Table 4 shows a projection of operating revenues and expenses for the next ten years. Expenses are adjusted at 3% annually. The table shows that annual service charges would need to increase by a total of \$36 over the following four years beginning in 2012/13. No adjustment in service charges is projected for 2011/12.

Table 5 – Capital cash flow. This table shows a projection of the District's capital improvement revenues and expenses through FY 2021. Major revenue sources include service charges, property taxes and connection charges. Revenue from connection charges has decreased from previous levels because of the general construction industry slowdown.

During the next five years about \$26.4 million of projects are shown. Generally, many of the ongoing capital costs could be funded on a pay-as-you-go basis. However, because of the recent major treatment plant project and because of the large initial amount of capital requirement, borrowing is necessary. A certificate of participation issue of \$21.65 million will fund about \$20 million in project costs. Annual capital service charges are projected to increase from \$186 currently up to \$335 by 2016/17. SRF loan and COP annual payments together will total over \$6.85 million.

Table 6 – Certificate of Participation (COP) Issue. Table 6 shows that a COP issue of \$21.65 million will fund about \$20 million of projects. The remaining issuance amount will fund a reserve fund to provide security and issuance costs. The reserve fund would be available to make the final year's COP payment.

Table 7 - Current and projected service charges. The sum of required capital and operating service charges is shown in Table 7. Service charges are projected to increase by a total of \$39 per year over the next five years from the current level of \$462 to \$657 during 2016/17. The increase averages about 7% annually.

Table 1
Novato Sanitary District
Current and Projected Operating Expense

	Budget 2010-11	Est Exp 2010-11	Preliminary Budget 2011-12	Preliminary Budget 2012-13
Collection	\$1,193,905	\$1,230,358	\$1,151,759	\$1,196,477
Treatment - Before Contract	410,249	316,196	-	-
Treatment - Contract Operations	2,395,898	2,299,595	2,612,750	2,699,910
Reclamation	474,083	461,284	493,572	503,341
Laboratory	728,819	703,227	697,207	712,786
Pump Stations	724,075	654,671	767,298	770,945
Administration	2,879,455	2,867,143	2,721,746	2,825,917
Hazardous Household Waste	343,338	343,338	362,261	373,129
Totals	\$9,149,822	\$8,875,812	\$8,806,593	\$9,082,505

Source: District Budgets

Table 2
Novato Sanitary District
Preliminary Draft Capital Improvements Program 2011-2015

Project No.	Project Name	Category	(estimated) FY2010-11 not in totals	Budget FY2011-12	Budget FY2012-13	FY2013-14	FY2014-15	FY2015-16	TOTAL FY2011-15
72108	BMK 5 Pump Station Rehab.	-	-	-	-				-
72110	Drainage PS #3 & #7 Outfall Rehabilitation	PS	-	-	50,000	-			50,000
72307	Olive St. PS Controls & Emergency Generator		-	-	-				-
72507a	Stonetree Recycled Water		5,000	5,000	5,000				10,000
72508	N. Bay Water Recycling Auth.	recycle	50,000	50,000	50,000	50,000	50,000	50,000	250,000
72509	NTP Soil & Groundwater Invest.	WWTP	5,000	5,000	-	-	-	-	5,000
72604	Laboratory Improvements	WWTP	30,000	30,000	10,000	5,000	5,000	5,000	55,000
72607	WWTP Upgrade - Contract A1	WWTP	50,000	15,000	10,000	10,000	-	-	35,000
72608	WWTP Upgrade - Contract A2	WWTP	5,000	10,000	10,000	10,000	-	-	30,000
72609	WWTP Upgrade - Contract B	WWTP	6,000,000	400,000	50,000	20,000	20,000	20,000	510,000
72611	Bayside Sewer	collection	-	10,000	25,000	25,000	5,000	3,000	68,000
72612	Southgate Sewer	collection	-	3,000	10,000	20,000	3,000	3,000	39,000
72706	Collection System Improvements ⁽¹⁾	collection	3,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
72707	Hamilton Wetlands/Outfall monitoring & planning	other	-	5,000	5,000	5,000	5,000	5,000	25,000
72708	Cogeneration	WWTP	-	50,000	700,000	150,000	50,000	10,000	960,000
72801	Annual Minor Projects	other	25,000	25,000	25,000	25,000	25,000	25,000	125,000
72802	Annual Sewer Adj. for City Projects	collection	25,000	25,000	30,000	25,000	25,000	25,000	130,000
72803	Annual Collection System Repairs (Spot Repairs)	collection	250,000	250,000	250,000	250,000	250,000	250,000	1,250,000
72804	Annual Reclamation Facilities Improvements	reclamation	200,000	150,000	200,000	250,000	300,000	350,000	1,250,000
72805	Annual Treatment Plant & Pump Station Improvements	other	200,000	150,000	200,000	250,000	300,000	350,000	1,250,000
72808	Strategic Plan Update	other	4,000	50,000	50,000	-	-	-	100,000
73001	WWTP Facilites Upgrade - Contract C	WWTP	30,000	800,000	3,500,000	250,000	50,000	10,000	4,610,000
73002	WWTP Facilites Upgrade - Contract D - Recycled Water	WWTP	951,000	6,500,000	500,000	20,000	10,000	10,000	7,040,000
73003	Admin Building Upgrades	other	50,000	-	250,000	-	-	-	250,000
	TOTALS		11,730,000	12,053,000	9,450,000	4,885,000	4,618,000	4,636,000	35,642,000

1 - Beginning FY11-12, includes an allowance of \$1 million for replacing 4-inch decant line from reclamation to Deer Island, and 4-inch digested sludge transfer line from NTP to reclamation

Source: District Preliminary CIP, June 2011

Table 3
Novato Sanitary District
SRF Loan Payments
Loan Amount - \$81,973,200
Term - 20 years; 2.4% Interest

	Date	Outstanding Principal	Interest Payment	Principal Payment	Total Annual Payment
1	FY 2011/12	\$81,973,200	\$6,064,321	\$0	\$6,064,321
2	FY 2012/13	81,973,200	1,967,000	3,456,064	5,423,064
3	FY 2013/14	78,517,136	1,884,000	3,539,064	5,423,064
4	FY 2014/15	74,978,072	1,799,000	3,624,064	5,423,064
5	FY 2015/16	71,354,008	1,712,000	3,711,064	5,423,064
6	FY 2016/17	67,642,944	1,623,000	3,800,064	5,423,064
7	FY 2017/18	63,842,880	1,532,000	3,891,064	5,423,064
8	FY 2018/19	59,951,816	1,439,000	3,984,064	5,423,064
9	FY 2019/20	55,967,752	1,343,000	4,080,064	5,423,064
10	FY 2020/21	51,887,688	1,245,000	4,178,064	5,423,064
11	FY 2021/22	47,709,624	1,145,000	4,278,064	5,423,064
12	FY 2022/23	43,431,560	1,042,000	4,381,064	5,423,064
13	FY 2023/24	39,050,496	937,000	4,486,064	5,423,064
14	FY 2024/25	34,564,432	830,000	4,593,064	5,423,064
15	FY 2025/26	29,971,368	719,000	4,704,064	5,423,064
16	FY 2026/27	25,267,304	606,000	4,817,064	5,423,064
17	FY 2027/28	20,450,240	491,000	4,932,064	5,423,064
18	FY 2028/29	15,518,176	372,000	5,051,064	5,423,064
19	FY 2029/30	10,467,112	251,000	5,172,064	5,423,064
20	FY 2030/31	5,295,048	127,000	5,296,064	5,423,064

Table 4
Novato Sanitary District
Operation and Maintenance
Projected Revenues and Expenses

	Estimated	Preliminary	Projected			
	2010/11	Budget 2011/12	2012/13	2013/14	2014/15	2015/16
Number of equivalent connections	29,070	29,085	29,105	29,130	29,160	29,195
New equivalent connections	15	20	25	30	35	40
Annual operating service charge	\$276	\$276	\$285	\$294	\$303	\$312
Annual service charge increase	\$0.00	\$0.00	\$9.00	\$9.00	\$9.00	\$9.00
Beginning operating fund balance	\$7,164,000	\$7,018,000	\$6,983,000	\$7,030,000	\$7,081,000	\$7,130,000
Operating revenues						
Operating service charges	\$8,024,000	\$8,027,000	\$8,295,000	\$8,564,000	\$8,835,000	\$9,109,000
Other revenues - 1% increase	691,000	730,000	730,000	737,000	744,000	751,000
Interest @ 1.5%	15,000	15,000	105,000	105,000	106,000	107,000
Total operating revenues	\$8,730,000	\$8,772,000	\$9,130,000	\$9,406,000	\$9,685,000	\$9,967,000
Operating expenses (1)						
Collection	\$1,230,358	\$1,152,000	\$1,197,000	\$1,233,000	\$1,270,000	\$1,308,000
Treatment - Before Contract	316,196	-	-	-	-	-
Treatment - Contract Operations	2,299,595	2,613,000	2,700,000	2,781,000	2,864,000	2,950,000
Reclamation	461,284	493,000	503,000	518,000	534,000	550,000
Laboratory	703,227	697,000	713,000	734,000	756,000	779,000
Pump Stations	654,671	767,000	771,000	794,000	818,000	843,000
Administration	2,867,143	2,722,000	2,826,000	2,911,000	2,998,000	3,088,000
Hazardous Household Waste	343,338	363,000	373,000	384,000	396,000	408,000
Total operating expenses	\$8,875,812	\$8,807,000	\$9,083,000	\$9,355,000	\$9,636,000	\$9,926,000
Net annual revenues	-145,812	-35,000	47,000	51,000	49,000	41,000
Ending fund balance	\$7,018,000	\$6,983,000	\$7,030,000	\$7,081,000	\$7,130,000	\$7,171,000

1 - Operating expenses projected to increase by about 3% annually

Table 5
Novato Sanitary District
Projected Capital Cash Flow

	Estimated	Preliminary	
	2010/11	Budget	Budget
		2011/12	2012/13
Number of equivalent connections	29,070	29,145	29,165
New equivalent connections	15	20	25
Annual capital service charge	\$186	\$186	\$216
Connection charge - 4% increase	\$8,110	\$8,516	\$8,940
Beginning capital fund balance (1)	\$3,006,000	\$489,000	\$13,215,000
Capital revenues			
Capital service charges	\$5,407,000	\$5,421,000	\$6,300,000
Property taxes @ 2% after 2011	1,660,000	1,693,000	1,727,000
Connection charges	162,000	170,000	224,000
Interest income @ 1.5%	50,000	50,000	198,000
Other revenues	<u>860,000</u>	<u>20,000</u>	<u>20,000</u>
Annual capital revenue	8,139,000	7,354,000	8,469,000
Reclamation grant proceeds		1,359,000	250,000
New borrowing proceeds		20,000,000	
SRF loan proceeds	<u>6,478,000</u>	<u>2,130,000</u>	
Total annual funding	14,617,000	30,843,000	8,719,000
Capital expenses			
Treatment plant	\$7,071,000	\$7,810,000	\$4,780,000
Collection system	3,275,000	2,288,000	2,315,000
Pump stations	700,000	1,500,000	1,550,000
Reclamation system	250,000	205,000	205,000
Other projects	<u>434,000</u>	<u>250,000</u>	<u>600,000</u>
Subtotal capital projects	11,730,000	12,053,000	9,450,000
Interim financing (4.34% interest)	5,404,000		
COP debt service (4.5%, 25 years)	0	0	1,437,000
SRF Loan pmts (2.4%, 20 years)	<u>0</u>	<u>6,064,000</u>	<u>5,423,000</u>
Annual capital expense	\$17,134,000	\$18,117,000	\$16,310,000
Net annual revenues	-\$2,517,000	\$12,726,000	-\$7,591,000
Ending fund balance	\$489,000	\$13,215,000	\$5,624,000

Table 6
Novato Sanitary District
Certificate of Participation (COP) Issue

Required capital funding		\$20,000,000
Issuance costs		150,000
Reserve fund		<u>1,500,000</u>
Issue amount		\$21,650,000
Annual debt service		
25 years, 4.5%		\$1,460,000
less: earnings on reserve	1.5%	<u>23,000</u>
Net annual debt service		\$1,437,000

Table 7
Novato Sanitary District
Summary of Projected Sewer Service Charges
Annual Cost per Equivalent Dwelling Unit

	Estimated	Perlim. Budget	Projected			
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Operating	\$276	\$276	\$285	\$294	\$303	\$312
Capital	<u>186</u>	<u>186</u>	<u>216</u>	<u>246</u>	<u>276</u>	<u>306</u>
Total	\$462	\$462	\$501	\$540	\$579	\$618
Annual increase	\$0	\$0	\$39	\$39	\$39	\$39

June 24, 2011

To: BOARD OF DIRECTORS

From: Beverly B. James, Manager/Engineer

Re: Financing for Wastewater Treatment Plant and Collection System
Upgrades

Background

Tom Gaffney of Bartle Wells & Assoc. prepared a Financing Plan or Revenue Program as part of the Facilities Plan for the Wastewater Treatment Facilities Upgrade Project in 2005. The original plan, which evaluated financing options recommended obtaining a SRF loan for as much of the project as possible and obtaining bond financing for the balance. The District was able to obtain the low interest SRF loan for \$81,329,083. They also obtained a line of credit of \$30 million to handle cash flow during construction. The financing plan also served as the basis for a series of rate increases that raised rates from \$262/year to \$462/year over a five-year period between 2005 and 2010. The bond amount for required for the wastewater upgrade project was estimated at \$17 million.

Financing Process

To briefly summarize the financing process, the steps are:

- Engage the financing team members
- Define the projects and costs to be financed
- Structure the financing
 - Select the financing option

- Legal documentation
- Investor disclosure – Official Statement
- Sell bonds

- Close Bonds

Financing Team Members

Bond Counsel prepares the legal documents, assures that the financing conforms to statutes, and issues the tax exempt opinion;

Financial Consultant prepares the fiscal analysis, official statement, and helps structure the bonds and obtain the rating and assists in the selection of the Underwriter, Issuer, and Trustee;

Rating Agency assesses the bond risk, ;

Issuer issues the bonds and will be selected through a competitive bid process;

Underwriter is selected through a competitive bid process and sells the bonds;

Trustee is selected through a competitive bid process and holds the funds and tracks payments.

In 2006, the District went through a competitive procurement process to select a Bond Counsel. At the board meeting on January 23, 2006 the Board accepted a proposal from Jones Hall to serve as bond counsel. At the same meeting they accepted a proposal from Bartle Wells Associates to serve as the financial consultants on the bond sale. Copies of the board reports for these two proposals are attached along with an excerpt of the minutes from the meeting. District staff has checked with both Bartle Wells and Jones Hall and they are willing to abide by their 2006 proposals. Both companies were involved in securing the SRF loan and the interim line of credit.

Project Costs

Tom Gaffney has updated the Financing Plan to include project operating and capital costs through fiscal year 2015/16. The major projects that need financing with the bond are the balance on the Wastewater Facility Upgrade Project, the Recycled Water Project, and the collection system replacements. A copy of the plan is included in this board packet. Based on this plan the District needs to net \$20 million from the bond.

Structure the Financing

The first step in structuring the financing is to choose the financing method. The District has evaluated the following financing options:

- SRF loan
- Bank loan
- Certificates of Participation or Revenue Bonds
- General Obligation Bonds

SRF loan: The District obtained the maximum SRF loan for the Wastewater Upgrade Project and has further maximized the amount by negotiating with the State Water Resources Control Board to extend the loan to cover change orders. The total SRF loan is \$81,329,083.

Bank loan: Bank loans are available for approximately the same rates as bonds but only for amounts up to \$10 million and for a period of ten years. The Board discussed obtaining a bank loan instead of a bond at their meeting on March 5, 2011 but determined that it would not be adequate for this project.

Certificates of Participation (COP) or Revenue Bonds: COPs with a Revenue pledge allow the District to pledge revenue from sewer service charges to support the debt. The disadvantage is that the cost of issuance is approximately 1.5% of the loan and one year's payment needs to be set aside in reserve so the total bond amount is 10% more than the bond proceeds needed. The advantage is that the term of the bond can be longer to better match the life of the asset and lower the annual payments. Current bond interest rates are relatively low compared to historical rates. The Board of Directors can authorize a COP so that it can be obtained

General Obligation Bonds: General Obligation Bonds require a levy on property tax rolls to support the debt. They therefore require a 2/3's vote of the registered voters. They have a significantly higher cost of issuance than COPs because of the election costs. There is also the uncertainty and delay associated with the election. The advantage is a savings of approximately 0.25 to 0.5% on the bond interest. In California GO bonds are rarely used for sewer projects because of the above reasons and because assessed property values are not an equitable reflection of wastewater usage.

Tom Gaffney recommends and District staff concurs that the best option for the District at this time is COPs. The item on the agenda tonight is for the Board to authorize initiating the process to sell Certificates of Participation.

The Next Steps

Bartle Wells will prepare the Official Statement (OS) as they have for at least 400 other issues. The OS would be electronically distributed to all potentially

Board of Directors

June 24, 2011

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interested parties and would also be listed in the Daily Bond Buyer's calendar of upcoming competitive bond sales.

Bartle Wells will assist the District to select a rating agency, prepare submittals, and assist at a presentation. They will also assist the District in preparing the request for proposals for underwriters and trustees and assist in evaluating the proposals.

Generally the bond issuance process is seamless and quite interesting. Most agencies are only applying for one rating and are using S&P because they have updated their municipal rating process to be more uniform with private corporation ratings. The defaults on municipal rated securities is miniscule compared to similarly rated corporate bonds.

Schedule

A schedule for the Bond Sale is attached.

**Novato Sanitary District
COP Sale Schedule
2011 Revenue Certificates of Participation
Planned Sale Date: Wednesday, September 7, 2011**

Action	Date	Responsibility
Select Financial Consultant/Bond Counsel NSD	Jan 2006	
Authorization to proceed	June 27, 2011	NSD
Draft POS	July 25, 2011	BWA
Draft legal docs/notice of sale	July 25, 2011	JH
RFP for Trustee	July 28, 2011	BWA \ NSD
Finalize POS – to Board packet	August 8, 2011	BWA
Finalize legal docs/notice of sale – to Board packet	August 8, 2011	JH \ BWA
Notice to Bond Buyer	August 8, 2011	JH \ BWA
Select Trustee	August 19, 2011	BWA \ NSD
Board call for sale of COP's	August 22, 2011	BWA \ NSD
Rating agency (tentative)	August 25	NSD \ BWA \ S&P
Final POS/NOS distributed	August 25, 2011	BWA
Receive ratings	September 2, 2011	S&P
Receive bids on COP's, award to low bidder	September 7, 2011	All
Final OS	September 12, 2011	BWA
Prepare closing documents/pre-closing	September 22, 2011	JH \ NSD
Closing and receipt of funds	September 23, 2011	JH \ NSD

Board of Directors' meeting dates: Second and fourth Mondays

June							July							August						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4						1	2		1	2	3	4	5	6
5	6	7	8	9	10	11	3	4	5	6	7	8	9	6	8	9	10	11	12	13
12	13	14	15	16	17	18	10	11	12	13	14	15	16	13	15	16	17	18	19	20
19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27
26	27	28	29	30			24	25	26	27	28	29	30	28	29	30	31			
							31													
September							October							November						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3	2	3	4	5	6	7	1/8			1	2	3	4	5
4	5	6	7	8	9	10	9	10	11	12	13	14	15	6	7	8	9	10	11	12
11	12	13	14	15	16	17	16	17	18	19	20	21	22	13	14	15	16	17	18	19
18	19	20	21	22	23	24	23	24	25	26	27	28	29	20	21	22	23	24	25	26
25	26	27	28	29	30		30	31						27	28	29	30			

Excerpt from Minutes of Board Meeting on 1/23/2006

Receive report on financing plan and schedule: Tom Gaffney of Bartle Wells Associates, financial consultants, reported to the Board on various options for financing the District's Wastewater Treatment Facilities Upgrade Project. Financing will likely be a combination of State Revolving Fund (SRF) loans, bank loans, and bond financing. The State Revolving Fund program may be available, at least for Phase III of the District's project, with interest rates in the vicinity of 2.7%. However, the program has been inactive for the past two years and there is a backlog of applications. He noted that, under the SRF program, there will be some ineligible costs. Other financing options include the issuance of bonds, probably in the form of Certificates of Participation. Mr. Gaffney's recommendation is to pursue interim financing in the form of a bank bridging loan which currently carries an interest rate of approximately 4.7% to 4.8%, pending the securing of permanent financing. He will report back to the Board at a future meeting with a plan to include variable and fixed bank loans.

Consider acceptance of a proposal from Bartle Wells for bond sale services: The Manager presented a proposal from Bartle Wells for bond sale services which will be conducted in cooperation with bond counsel. She described the scope of work proposed to be performed for a fixed fee of \$40,000.00 plus direct expenses not to exceed \$2,500.00. On motion of Member DiGiorgio, seconded by Member Fritz, and carried unanimously, the Board authorized acceptance of the proposal from Bartle Wells in the amount of \$40,000.00 plus direct expenses of \$2,500.00.

Consider acceptance of a proposal from Jones Hall to serve as bond counsel: The Manager reported that the District requested proposals from the firms of Jones Hall and Sidley Austin to provide bond counsel services. District staff was assisted by legal counsel Kent Alm and financial consultant Tom Gaffney in the review of the proposals. Staff recommends accepting the proposal of Jones Hall to perform the work on a contingency basis payable at the closing of the bond issue based on the principal amount as set forth in the following schedule:

- 1% of the first \$1,000,000 of principal, plus
- ½% of the next \$5,000,000 of principal, plus
- ¼% of the next \$5,000,000 of principal, plus
- 1/8% of the remaining principal amount with a cap on the fee of \$50,000.00.

Board of Directors

June 24, 2011

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On motion of Member Quesada, seconded by Member Fritz, and carried unanimously, the Board authorized acceptance of the proposal from Jones Hall to serve as bond counsel.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Wastewater Treatment Facilities Upgrade – Final Design; Project No. 2005-03	MEETING DATE: January 23, 2006 AGENDA ITEM NO.:
RECOMMENDED ACTION: Approve a proposal from Jones Hall to serve as Bond Counsel	
SUMMARY AND DISCUSSION: <p>Novato Sanitary District is planning to construct the treatment plant upgrade project estimated to cost \$75 million with a combination of reserves, revenues, State Revolving Fund loans and by issuing bonds (probably in the form of Certificates of Participation). The District requested proposals from two firms to provide bond counsel services: Jones Hall and Sidley Austin. Both firms are well-qualified. Tom Gaffney of Bartle Wells and District Counsel Kent Alm assisted in the evaluation of the proposals. District staff recommends that the Board of Directors accept the proposal from Jones Hall because of their significant experience in similar projects that combined SRF, bank loans, and bond financing in the area. Jones Hall has extensive experience in special district financing and is currently serving as Bond Counsel to Las Gallinas Valley Sanitary District and the City of Petaluma. The Bond Counsel Services would include:</p> <ul style="list-style-type: none"> • Render bond counsel opinion • Prepare and review documents necessary to the authorization, issuance, sale, and delivery of bonds. • Assist District in obtaining in necessary government approvals. • Review legal issues relating to the structure of the bond issue. • Prepare the sections of the Preliminary Official Statement that relate to the bonds, financing documents, bond counsel opinion, and tax exemption. • Assist District in presenting information to rating organizations relating to legal issues affecting the issuance of the bonds. • Prepare the notice of sale • Lead the bond closing effort <p>Staff recommends accepting Jones Hall proposal to do the above work on a contingency basis payable at the closing of the bond issue based on the principal amount as set forth in the following schedule:</p> <p style="padding-left: 40px;"> 1% of the first \$1,000,000 of principal plus ½% of the next \$5,000,000 of principal plus ¼% of the next \$5,000,000 of principal plus 1/8% of the remaining principal amount with a cap on the fee of \$50,000. </p>	
ALTERNATIVES: Do not accept the proposal.	
BUDGET INFORMATION: The 2005-06 CIP budget for this project is \$7,000,000 of which \$6,240,000 is encumbered, leaving a current available budget of \$760,000.	
DEPT. MGR.:	MANAGER:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Wastewater Treatment Facilities Upgrade – Final Design; Project No. 2005-03	MEETING DATE: January 23, 2006 AGENDA ITEM NO.:
RECOMMENDED ACTION: Approve a proposal from Bartle Wells Associates for bond sale services.	
SUMMARY AND DISCUSSION: <p>Tom Gaffney of Bartle Wells Associates has been providing financial advisory services to the District for many years and has prepared the District's Revenue program, service charge structure, and has assisted in previous bond financing. They are currently completing the work necessary for the State Revolving Fund loan application.</p> <p>Novato Sanitary District is planning to construct the treatment plant upgrade project estimated to cost \$75 million with a combination of reserves, revenues, State Revolving Fund loans and by issuing bonds (probably in the form of Certificates of Participation). Bartle Wells proposes to assist the District in the bond sale process in cooperation with the Bond Counsel by providing the following services:</p> <ul style="list-style-type: none"> • Assist with the preparation of District reimbursement resolution • Review and recommend appropriate amount of bond issue • Establish a schedule and task list for bond sale • Recommend preliminary bond terms and conditions • Arrange and coordinate electronic bidding service • Assemble, review and analyze financial data for debt issue security • Prepare Preliminary Official Statement • Review legal documents • Assist with Bond rating and insurance • Bond marketing • Assist in bond sale • Prepare Final Official Statement • Review Closing documents <p>Staff recommends accepting Bartle Wells Associates proposal to do the above work for a fixed fee of \$40,000 plus direct expenses not to exceed \$2,500.</p>	
ALTERNATIVES: Do not accept the proposal.	
BUDGET INFORMATION: The 2005-06 CIP budget for this project is \$7,000,000 of which \$6,200,000 is encumbered, leaving a current available budget of \$800,000.	
DEPT. MGR.:	MANAGER:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Board of Directors: Election of Officers, Appointments	MEETING DATE: June 27, 2011
AGENDA ITEM NO.:	
RECOMMENDED ACTION:	
<p>SUMMARY AND DISCUSSION:</p> <p>The District Board traditionally elects members to serve as President and President Pro-Tem at the second meeting in June each year. Typically these officers are elected for two consecutive terms. A list of the officers for the past six years is attached.</p> <p>The Board also appoints the Secretary Treasurer and the Secretary Treasurer Pro-Tem. The Manager/Engineer serves as the Secretary Treasurer and the Administrative Secretary that normally attends Board meetings serves as the Secretary Treasurer Pro Tem.</p> <p>Typically the President, President Pro-Tem, and immediate Past President have been authorized to represent the Board to sign checks.</p>	
ALTERNATIVES: NA.	
BUDGET INFORMATION: NA	
DEPT.MGR.:	MANAGER:

OFFICERS 2010-11:

President: William C. Long
President Pro-Tem: James D. Fritz/ Michael Di Giorgio
Secretary/Treasurer: Beverly B. James
Secretary Pro-Tem: Julie Borda
Check Signers: Michael Di Giorgio, William C. Long,
James D. Fritz, Beverly B. James,
June Penn Brown

OFFICERS 2009-10:

President: Michael Di Giorgio
President Pro-Tem: William C. Long
Secretary/Treasurer: Beverly B. James
Secretary Pro-Tem: June Penn Brown
Check Signers: Michael Di Giorgio, William C. Long,
James D. Fritz, Beverly B. James,
June Penn Brown

OFFICERS 2008-09:

President: Michael Di Giorgio
President Pro-Tem: William C. Long
Secretary/Treasurer: Beverly B. James
Secretary Pro-Tem: June Penn Brown
Check Signers: Michael Di Giorgio, William C. Long,
James D. Fritz, Beverly B. James,
June Penn Brown

OFFICERS 2007-08:

President: James D. Fritz
President Pro-Tem: Michael DiGiorgio
Secretary/Treasurer: Beverly B. James
Secretary Pro Tem: June Penn Brown
Check Signers: James D. Fritz, Michael DiGiorgio,
William C. Long, Beverly James,
June Penn Brown

OFFICERS 2006-07:

President: James D. Fritz
President Pro-Tem: Michael DiGiorgio
Secretary/Treasurer: Beverly B. James
Secretary Pro Tem: June Penn Brown
Check Signers: James D. Fritz, Michael DiGiorgio,
William C. Long, Beverly James
June Penn Brown

OFFICERS 2005-06:

President: Arthur T. Knutson
President Pro-Tem: William C. Long
Secretary/Treasurer: Beverly B. James
Secretary Pro Tem: June Penn Brown

**NOVATO SANITARY DISTRICT
MONTHLY OPERATIONS REPORT
MAY 2011**

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**TREATMENT PLANT MONTHLY OPERATIONS REPORT
May 2011**

Prepared for

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

Prepared by

Veolia Water West Operating Services, Inc. (VWWOS)

TREATMENT PLANT PERFORMANCE SUMMARY:

MAY 2011:

Parameter	Monthly Performance			
	Value		Limit	
	Ave	Max	#1	#2
Flow, MGD (monthly ave / max / peak #1)	4.804	6.280		
Influent BOD ₅ , mg/L (month ave / max)	9,934	12,032		
Influent TSS, mg/L (monthly ave / max)	14,851	24,899		
Effluent BOD ₅ , mg/L (monthly ave / weekly max)	8	16	15	30
Effluent TSS, mg/L (monthly ave / weekly max)	8	11	10	20
Effluent BOD ₅ - % Removal	97			
Effluent TSS - % Removal	98			
Ammonia mg/L (monthly average / daily max)	0.87	2.30		
pH, su (min / max)	6.6	7.1	6.5	8.5
Enterococcus, mpn (30 day geo mean)	6.2		35	
Fecal Coliform, mpn (30 day median)	9.5		140	
Fecal Coliform, mpn (90 th percentile)	200		430	
Total Coliform, mpn (5 sample median)				
Total Permit Exceedances (NPDES)	0			

Discussion of Violations / Excursions: NONE

OPERATIONS & MAINTENANCE STATUS / REVIEW:

Key events for the period:

General:

Novato

- Digester #2 removed from service
- Aeration Basin #3 removed from service
- Turblex Motor Bearing – greasing 3 times per week per Manufacturer to determine vibration cause.
- Contractor repaired 3 way hot water valve on Digester
- Ashbrook contacted regarding GBT #1 Bearing – warranty issue
- Repair of high pressure water pump
- Air flow at scrubber bed #1 checked week of 5/23/11
- Odor Scrubber placed at Manhole at East end of the treatment plant – trial period
- Increased air flow at scrubber bed #1 - 5/25/11
- Daily odor patrol in the Lea/McClelland area with Jerome Meter being performed
- BAAQMD - 1 Confirmed complaint – aeration basins

Ignacio

- Pulled and stored flash mixer @ Ignacio Dechlorination Station

Sludge Lagoons

- Problem isolating Sludge Lagoon #4 – Repaired 5/24/11

CONSTRUCTION UPDATE:

- Contractor out week of 5/16/11 to paint scum beach on Primary Clarifier #1

SOP REVIEW/DEVELOPMENT:

- Table top review - Removal and Restoration of Aeration Basins from Service
- Table top review - Wet Weather Pumps – Flows Exceeding 22 MGD
- Table top review - Load Shedding

ADMINISTRATION:

- Electronic Self Monitoring Report Submitted for April, submitted in May

SAFETY AND TRAINING:

- Monthly plant safety inspections for Novato WWTF completed on May 31, 2011
- Five Minute Tailgate training is held daily with the O&M staff.
- No safety incidents for the month of May 2011
- Fire Extinguisher Hands on Training/Demonstration 5/10/11
- 1 Year no recordable/loss time accidents for Operations – May 31, 2011

MISCELLANEOUS

- PCMP Meetings held Weekly
- Bryce Behnke – continuing work on eSMR through the month

Veolia Support Staff On/Off Site (Various Times)

John O'Hare	Technical Support
Aaron Winer	Management and Administration
Bryce Behnke	Technical Support

WORK ORDER STATISTICS

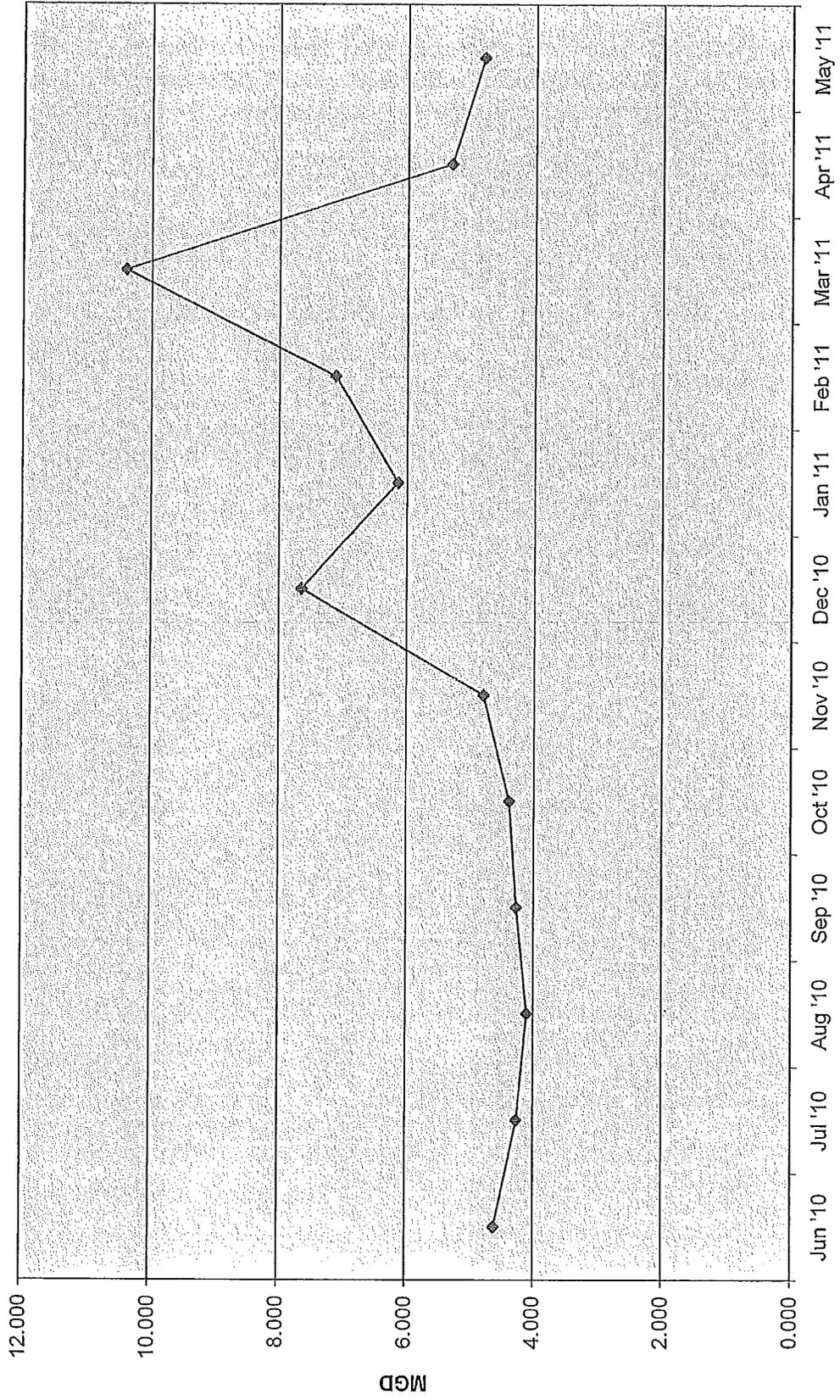
May 1, 2011 - May 31, 2011

	Open Work Orders Due Prior to 5/1/11	Open Work Orders 5/1/11 - 5/31/11	Total Open Work Orders
Preventative	25	273	298
Corrective	2	20	22
Total	27	293	320

	Closed Work Orders 5/1/11 - 5/31/11
Preventative	297
Corrective	17
Total	314

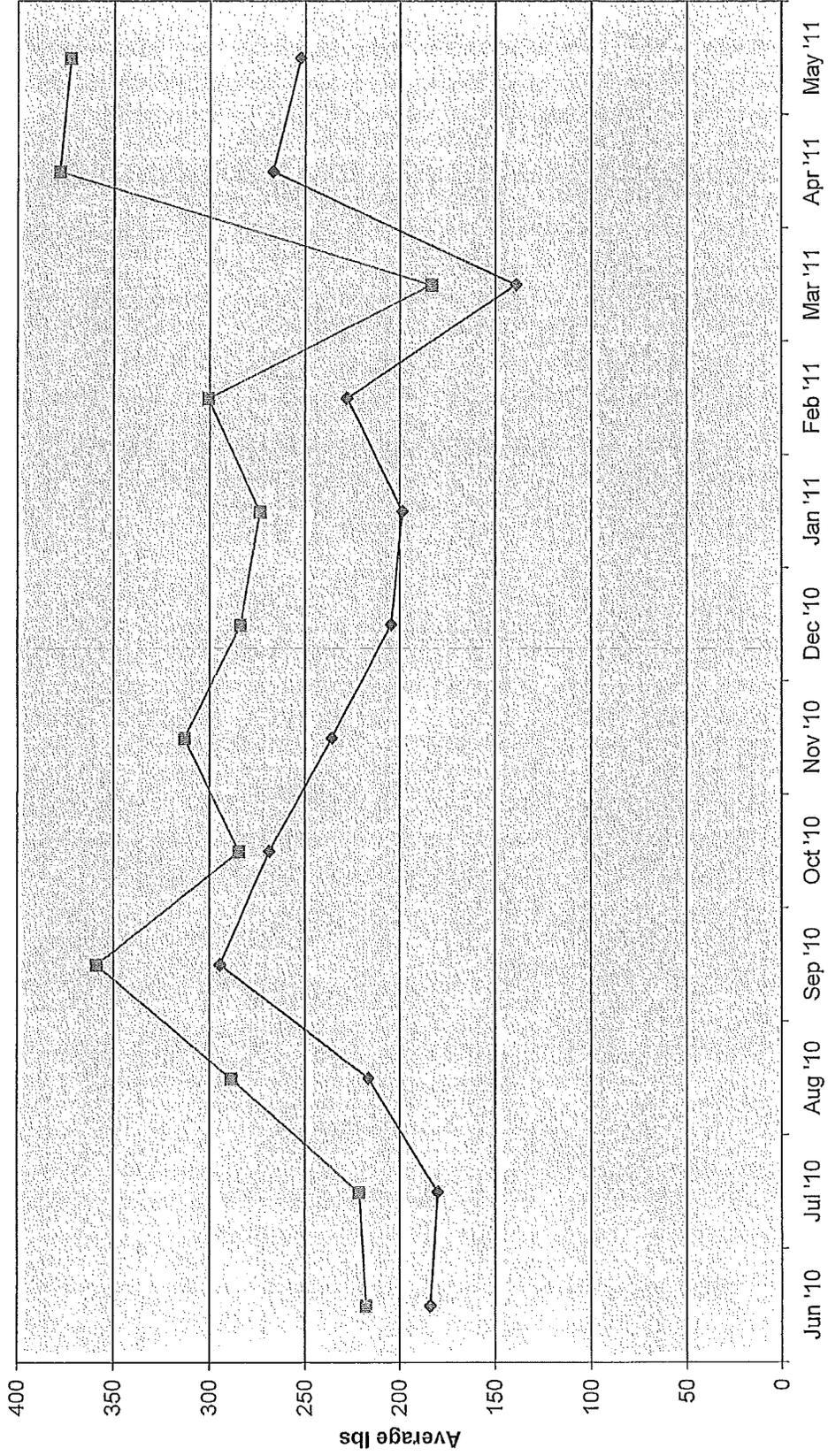
Total Outstanding Work Orders as of June 1, 2011	6
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Plant Flow



Influent Load BOD TSS lbs

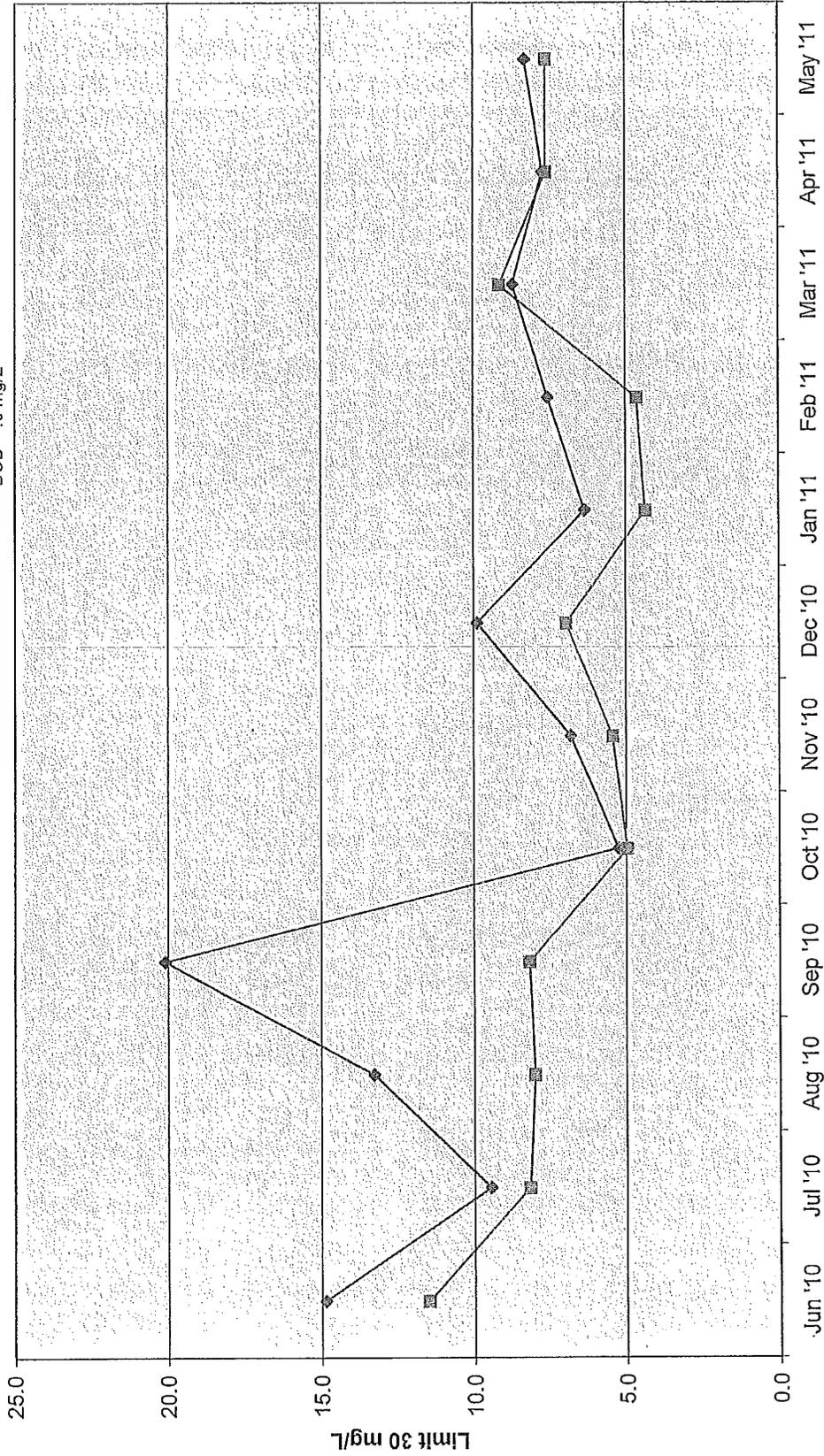
—◆— BOD —■— TSS



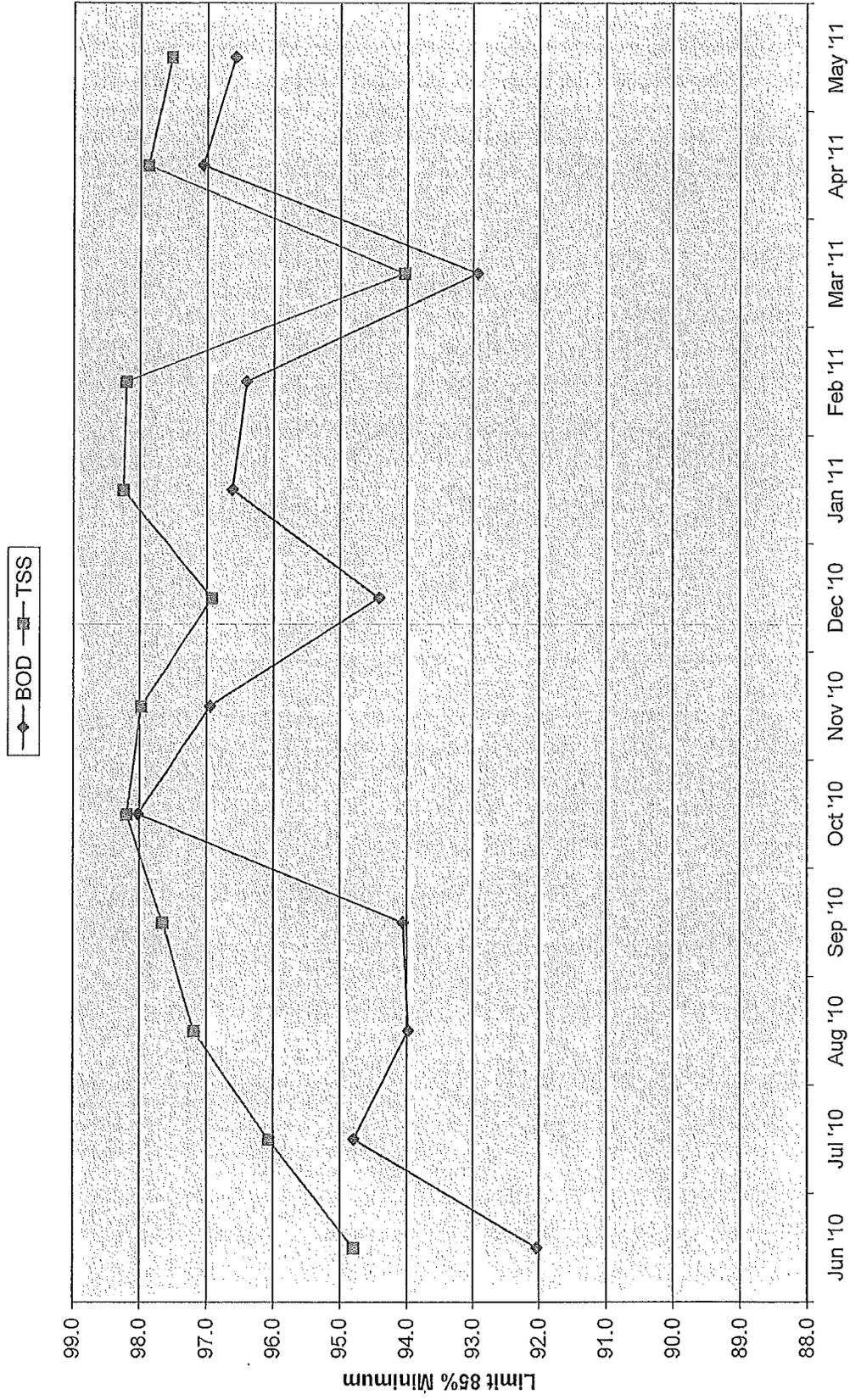
Effluent BOD TSS Concentration

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

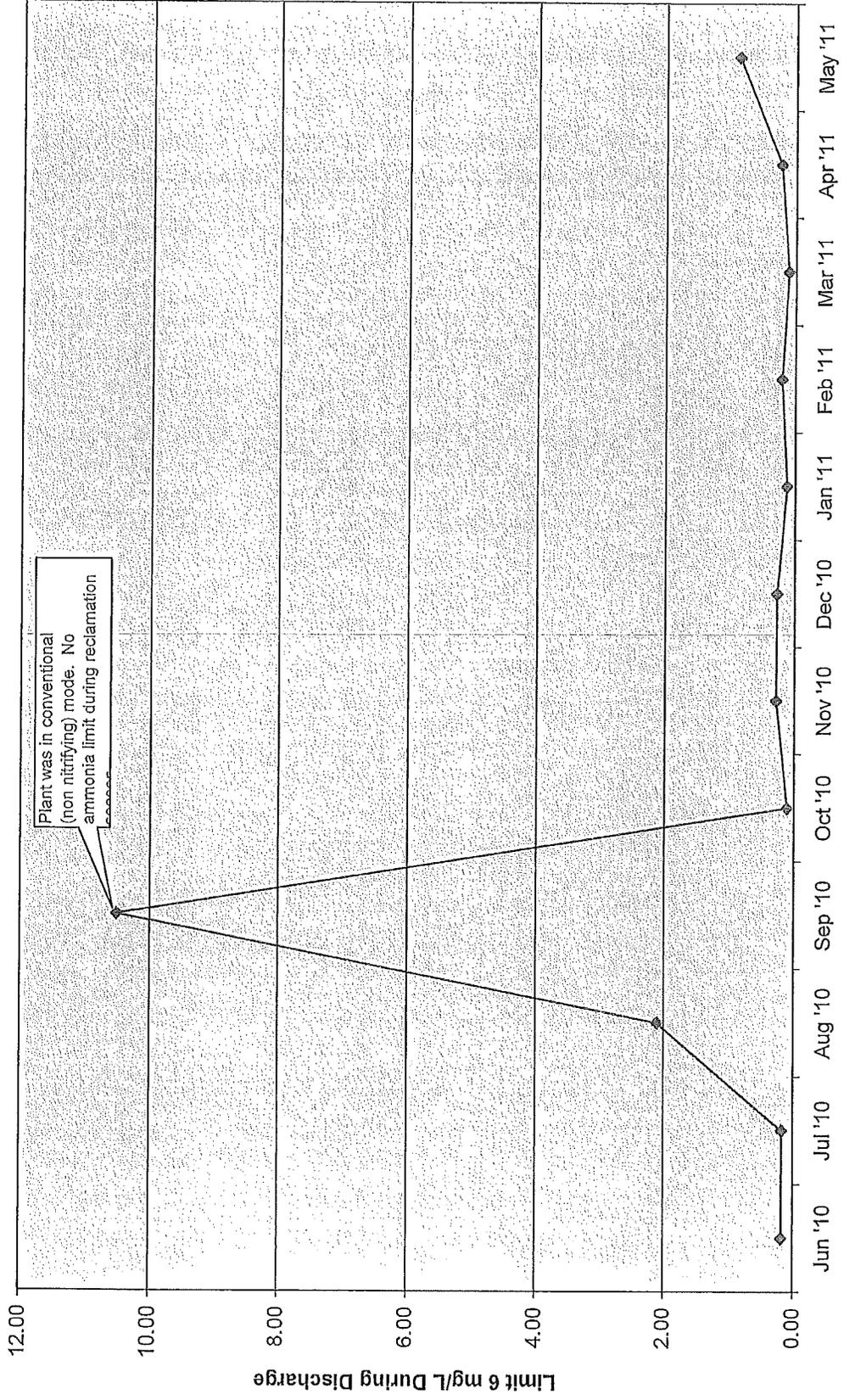
Legend:
 BOD (diamond marker)
 TSS (square marker)



BOD TSS Percent Removal



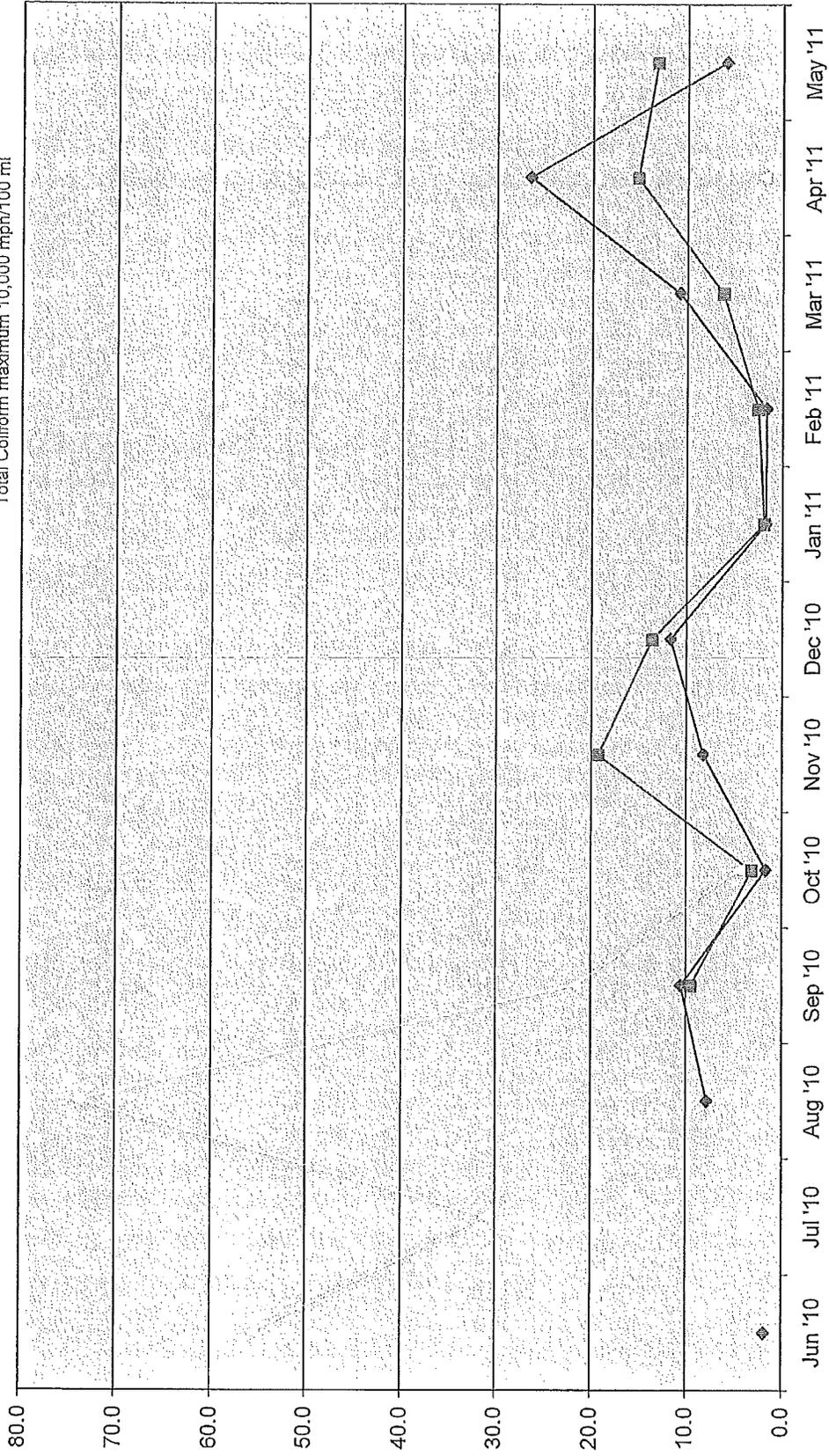
Effluent Ammonia



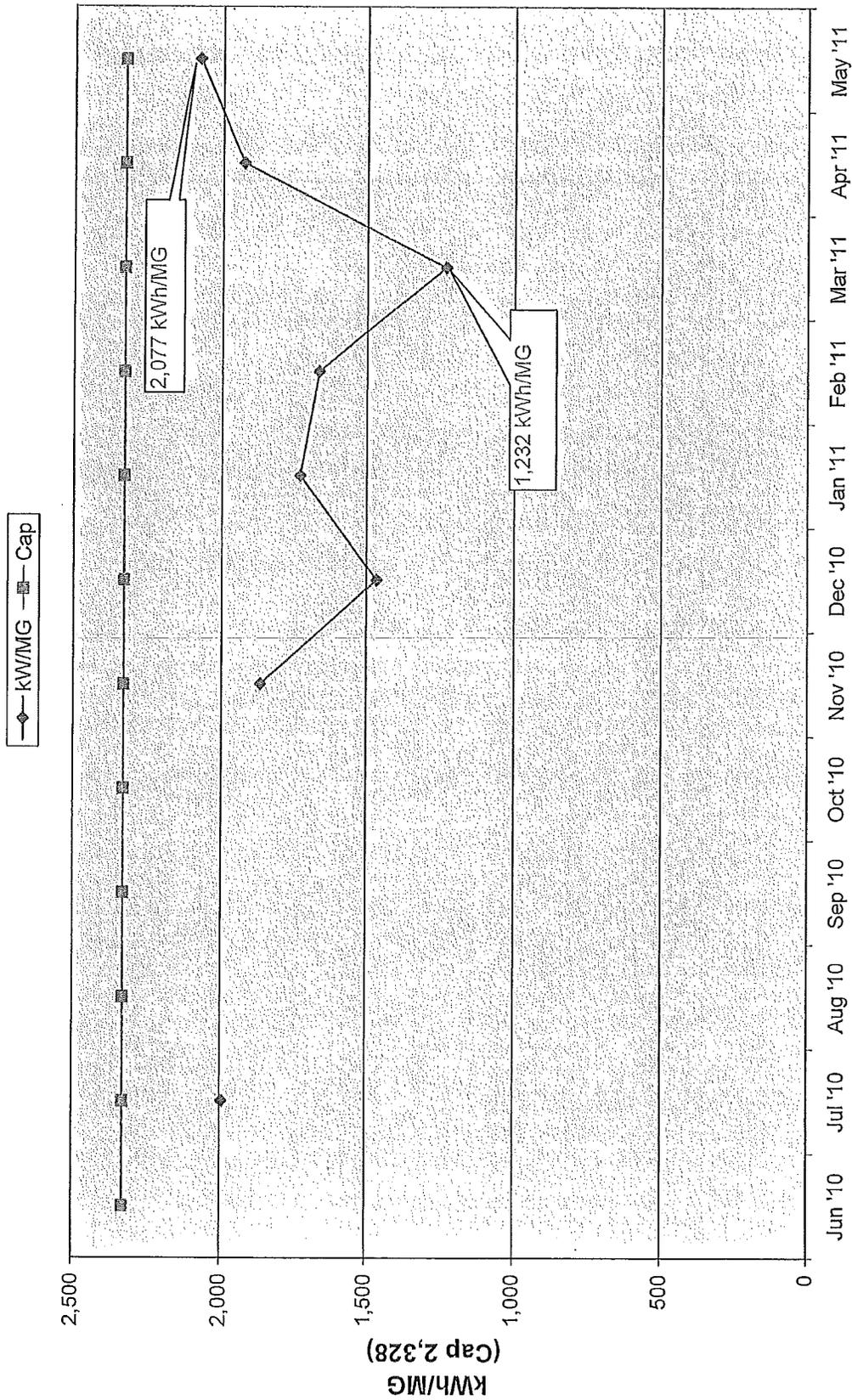
Disinfection

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

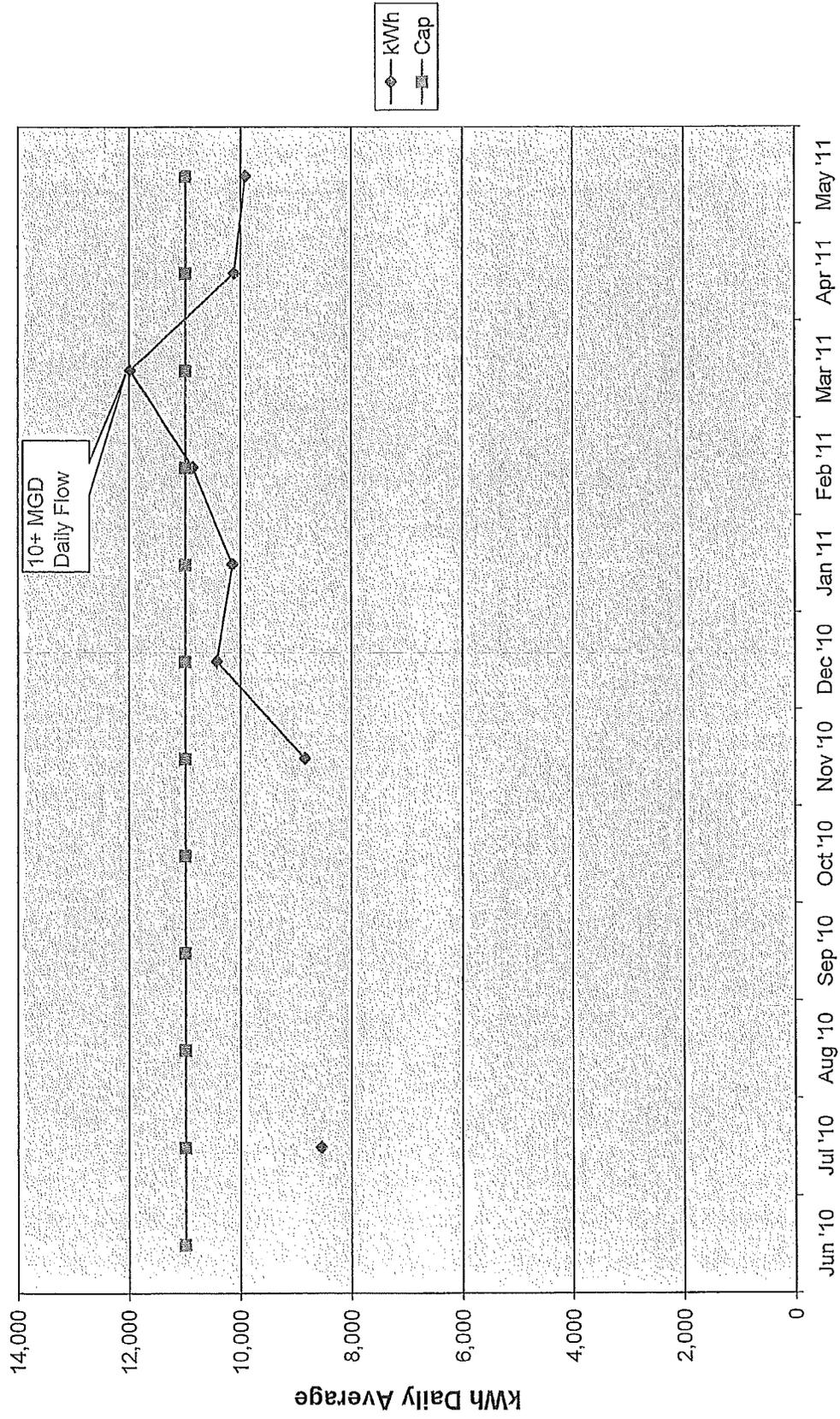
—◆— Entero —■— Fecal — Total



Energy kWh/MG



Energy kWh



**Novato Sanitary District
Collection System Operations Report
May, 2011**

General:

For the month of May 2011, the Collection System Department spent about 67% of its time on sewer maintenance, and 33% of their time on pump station maintenance. At full strength, the department has eight (8) workers plus the Superintendent for Collections System and Pump Station O&M.

After accounting for vacations, holidays, sick leave, and industrial injury leave, for the month of May, the Collection System had the equivalent of: (a) 3.5 full time field workers plus the Collection System Superintendent for on Sewer Maintenance, and (b) 1.7 full time field workers Plus the Collection System Superintendent on Pump Station Maintenance.

Sewer Maintenance:

A total of 53,110 feet of sewer pipelines was cleaned for the month. Staff completed 294 maintenance work orders with 25 outstanding work orders. Both parameters are within current established production goals for the department. The department had one employee out on continuing industrial leave(s) and one open position which impacted the ability to televise sewer lines. Graphs showing the length of line cleaned/month, footage cleaned/hour worked, along with the overflows/month is attached.

Pump Station Maintenance:

Approximately 223 lift station inspections were conducted for the month of May 2011, with 99 of the visits generated through the new pump station-centric JobCal Plus CMMS system that was brought on-line in April 2011. The breakdown of these inspections is as follows: 22 Flygt submersible pump stations, 2 times per month, 10 Gorman/Rupp dry well/wet well stations, 1 entry per month, and 4 main stations that are visited daily. Staff also made provisions to apply ferric chloride at the Bahia Main Pump Station to reduce odor potential from the Bahia force main in the McClelland/Lea Dr. neighborhood adjacent to the Novato Treatment Plant. Five manhole liners were also installed in the neighborhood to mitigate potential odor issues.

Pump Station Construction:

As part of the District's continuing multi-year Pump Station Rehabilitation Project (Capital Improvement Project No. 72403), construction began on the Bayside lift station.

Sanitary Sewer Overflows:

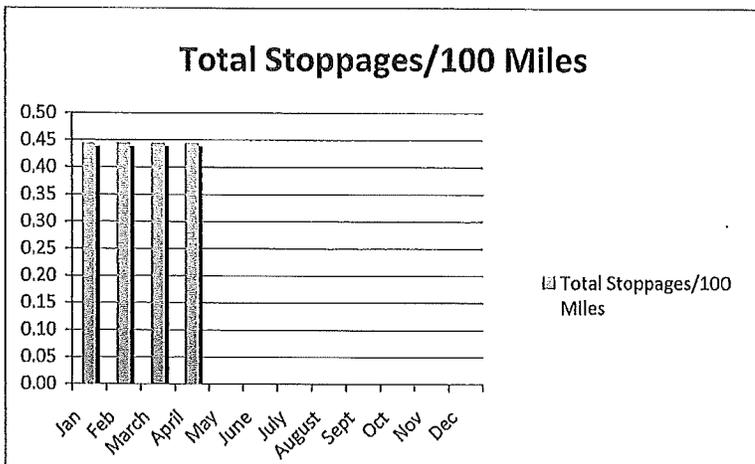
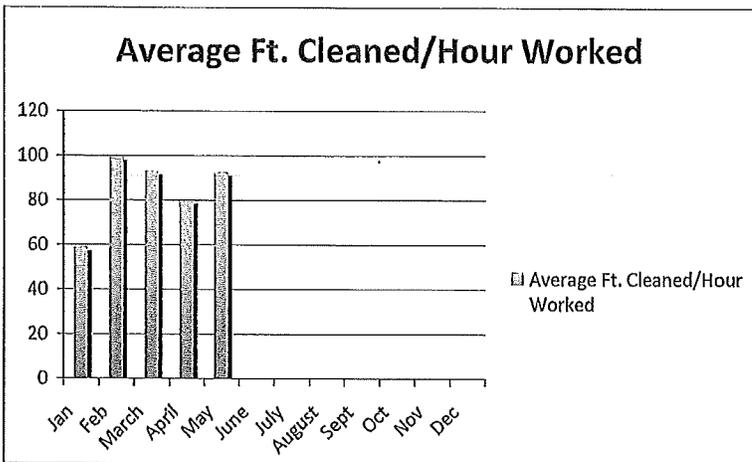
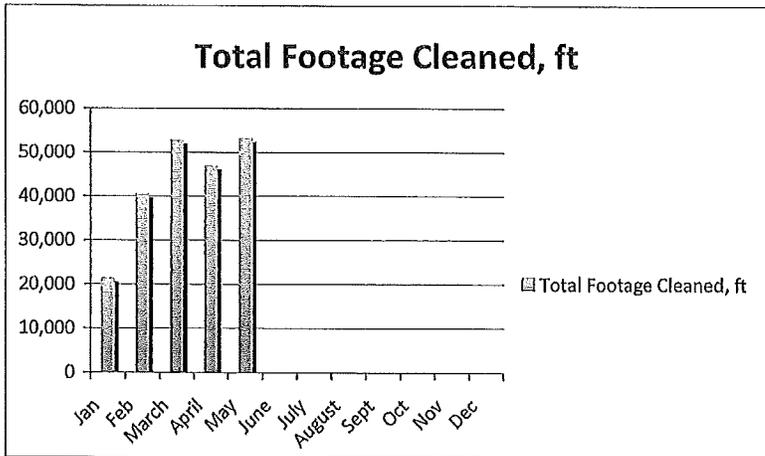
There were no Sanitary Sewer Overflows for the month of May 2011.

Collection System Operations Report 2011

Novato Sanitary District
Collection System Monthly Report For 2011

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
Employee Hours Worked	437	504	612	588	627									
Number of Employees	2	3	4	3	4								2,466	
Regular Time Worked on Coll. Sys.	353	407	566	554	574								263	
Regular Time Worked on Other	42	59	53	18	91								1,998	
Vacation/Sick Leave/Holiday	628	448	312	295	315								174	
Overtime Worked on Coll. Sys.	31	11	44	34	54								32	
Overtime Worked on Other	1	27	5	0	0								3	
After Hours Callouts	1	1	1	0	0								29	
Service calls, normal hours	10	1	7	4	7								100	
Average S.C. response time (mins)	19	10	30	19	22									20
Productivity														
Rodder Work Orders Generated, ft	8	43	29	8	80								26,542	5,308
Rodder 3203 FL Cleaned	1,363	7,810	3,200	2,074	12,075									
Flusher Work Orders Generated, ft	103	155	247	231	210								34,133	6,827
Truck 3205V FL Cleaned	8,643	0	11,741	13,603	146								153,474	30,695
Truck 3205V FL Cleaned	11,231	32,463	37,597	31,294	40,689									
Camera Work Orders Generated, ft	0	0	0	0	0								4,333	1,083
Camera FL Videoed		0	583	0	3,750								1,075	215
Work Orders Completed	111	198	233	239	294								52	10
Work Orders backlog	5	1	14	7	25								214,655	17,888
Total Footage Cleaned	21,360	40,428	52,765	46,972	53,110	0	0	0	0	0	0	0		
Stoppages														
Minor	1	1	1	1	0								4	
Major	0	1	0	1	0								2	
Overflow Gallons	2,500	53	1,610	60	0	NA	NA	NA	NA	NA	NA	NA	4,223	
Volume Recovered	0	0	1,208	0	0	NA	NA	NA	NA	NA	NA	NA	1,208	
Percent Recovered	0%	0%	75%	0%	0%	NA	NA	NA	NA	NA	NA	NA	29%	
Benchmarks														
Average FL Cleaned/Hour Worked	59	99	93	80	93	NA	NA	NA	NA	NA	NA	NA	1.8	
Total Stoppages/100 Miles	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	
Average spill response time (mins)	38	20	12	10	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	
Callouts/100 Miles	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1	
Overtime hours/100 Miles	14	5	20	0	0	0	0	0	0	0	0	0	1	
Overflow Gallons/100 Miles	1111	24	716	27	0	NA	NA	NA	NA	NA	NA	NA	1877	

Collection System Operations Graphs 2011



Pump Station Monthly Report 2011

Novato Sanitary District
Pump Station Monthly Report For 2011

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
Employee Hours Worked	312	395	470	345	306	0	0	0	0	0	0	0	1,593	
Number of Employees	2	2	3	2	2	0	0	0	0	0	0	0	236	
Regular Time Worked on Pump Sta	271	356	412	293	261								27	
Overtime Worked on Pump Sta	41	40	58	52	45									
After Hours Callouts	3	6	8	1	9									
Average Callout response time (mins)	0	0	18	15	20									11
Work Orders														
Number generated in month	NA	NA	38	92	102									
Number closed in month	NA	NA	38	87	99									
Backlog	NA	NA	NA	5	3									

NOVATO SANITARY DISTRICT

Reclamation Facilities

Monthly Report for May, 2011

Summary

The rancher began cutting hay around May 9th but hay cutting was severely impacted and baling delayed due to rains. Some cattle was brought in just to eat the crop on Parcel 38 (Site 3). Irrigation systems were tested and repaired as required.

Rancher Operations

The rancher began cutting hay on May 9th. Rain showers have been passing through every week severely impacting hay production. Parcels 72, 73, 74, 77 & 78 on Site 7 and Parcels 31 & 32 on Site 3 cut this month. The Rancher was only able to clear parcel 3 on Site 7 by the end of the month. The rancher reported that the market may be good this year due to the lack of alfalfa on the market as long as the rain stays away.

A small load of cattle was brought into parcel 38 (Site 3) to let the cows eat the crop down. This parcel was previously plowed and work was not complete due to wet conditions, leaving the parcel undrivable for harvesting equipment.

Irrigation Systems

Irrigation control systems throughout Reclamation were tested. Troubleshooting was and continues to be performed as parcels become available. Each parcel is subdivided into irrigation zones and staff is working their way through the Reclamation Facility on a zone-by-zone basis and determining required repairs and improvements at each zone. On a preliminary basis, it appears that the majority of irrigation zones for Sites 2 and 7 will perform in a generally satisfactory manner, while about half the zones in Site 3 will require some infrastructure upgrades.

Irrigation Pump Station

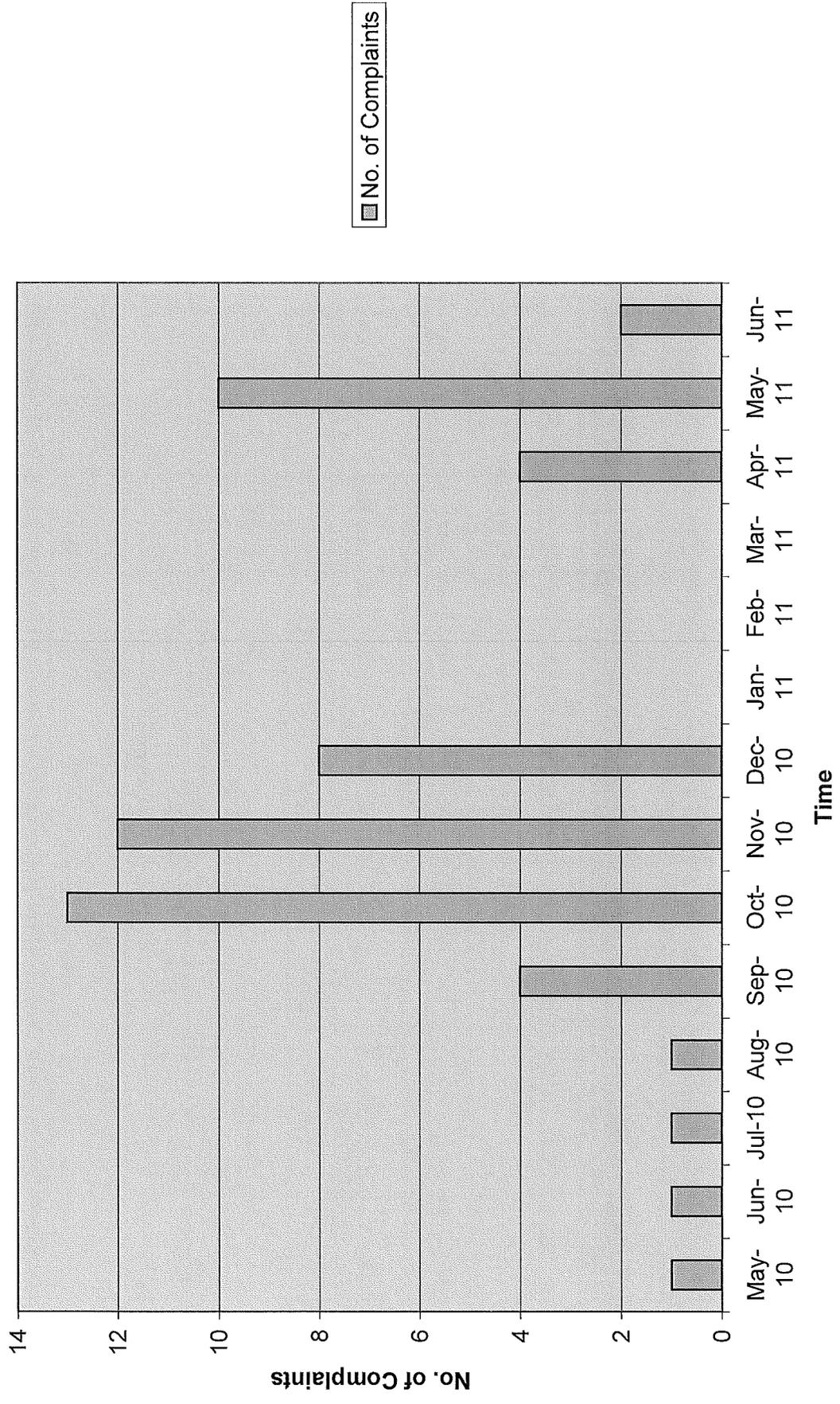
19.73 MG of recycled water (636,300 per day average) was applied to Sites 2 & 3 in May.

Dedicated Land Disposal

The DLD is full of rain water and will need to be emptied in order to apply biosolids later this year.

No.	Date	Time	Address	Intensity / Description
1	5/24/2010		Lea Dr.	Strong
2	6/25/2010	9:05 AM		Ignacio - Digesters and Clarifiers
3	7/6/2010	12:07 PM	1138 Lea Dr.	Strong
4	8/19/2010	Unknown	Unknown	Odor complaint from night before 8/18/10 no information given
5	9/10/2010	1:26 PM	1139 McClelland Dr.	Strong
6	9/23/2010	11:05 AM	Lea Dr.	Strong
7	9/23/2010	12:50 PM	Lea Dr.	Strong
8	9/25/2010	1:08 PM		Aeration Basins & other unknown sweet smell
9	10/1/2010			
10	10/3/2010	11:30 AM	485 Lea	Strong Intermittent
11	10/5/2010	8:30 AM	108 Bahama Reef	Sewage smell very bad
12	10/8/2010	2:37 PM	485 Lea	Moderate to Strong two weeks
13	10/14/2010	10:00 PM	Lea	Strong
14	10/15/2010	9:58 PM	485 Lea	Strong
15	10/17/2010	8:53 AM	485 Lea	Strong
16	10/18/2010	7:20 PM	485 Lea	Strong
17	10/19/2010	9:53 PM	485 Lea	Strong
18	10/26/2010	9:13 AM	485 Lea	Moderate to Strong
19	10/27/2010	4:39 PM	485 Lea	Moderate to Strong
20	10/31/2010	11:54 AM	485 Lea	Moderate Rotting Cabbage Smell
21	10/31/2001	12:18 PM	485 Lea	Strong
22	10/31/2010	2:40 PM	487 Lea Ct.	Intermittent for months
23	11/8/2010	9:10 PM	485 Lea	Strong to Mild intermittent rotting vegetation
24	11/9/2010	11:05 AM	487 Lea Dr.	Intermittent Strong
25	11/14/2010	9:58 AM	487 Lea Ct.	Strong
26	11/15/2010	7:38 PM	485 Lea	Strong to Mild intermittent rotting vegetation
27	11/15/2010	10:22 PM	485 Lea	Strong - Headworks Type Odor
28	11/16/2010	7:33 PM	487 Lea Ct.	Better Today - Follow up
29	11/18/2010	7:50 AM	487 Lea Ct.	
30	11/18/2010	8:00 AM	485 Lea Ct	
31	11/26/2010	3:30 PM		Strong
32	11/28/2010	12:17 PM	1134 Lea Dr	Mild odor noted
33	11/30/2010	8:27 AM	487 Lea Ct.	Strong to Moderate
34	11/30/2010	9:08 AM	487 Lea Ct.	Strong
35	12/2/2010	2:24 PM	1134 Lea Dr	Strong
36	12/2/2010	4:26 PM	485 Lea	Intermittent Strong to Moderate
37	12/5/2010	4:15 PM	1139 McClelland Dr.	
38	12/6/2010	3:20 PM	1134 Lea Dr	Odor acid - chemical
39	12/14&15/10	10:54 AM	487 Lea Ct.	Moderate Intermittent
40	12/14/2010	1:30 PM	1139 McClelland Dr.	Moderate Intermittent
41	12/24/2010	6:40 PM	487 Lea Ct.	
42	4/1/2010	8:57 AM	487 Lea Ct.	Moderate Intermittent
43	4/13/2011	4:57 PM	487 Lea Ct.	Moderate Intermittent
44	4/23/2011	1:37 PM	487 Lea Ct.	
45	4/29/2011	9:28 AM	487 Lea Ct.	Strong
46	5/13/2011	7:45 AM		Moderate to Strong
47	5/16/2011	4:30 PM	1139 McClelland Dr.	Moderate to Strong
48	5/16/2011	10:40 AM	487 Lea Ct.	Moderate
49	5/17/2011	4:10 PM	487 Lea Ct.	Strong
50	5/21/2011	1:00 PM	1134 Lea Dr	Intermittent
51	5/23/2011	9:54 AM		Moderate
52	5/28/2011	7:40 AM	487 Lea Ct.	
53	5/28/2011	1:44 PM	487 Lea Ct.	
54	5/31/2011	1:25 PM	1136 Lea	Moderate
55	5/31/2011	3:02 PM	BAAQMD	
56	6/3/2011	6:41 PM	487 Lea Ct.	Moderate
57	6/10/2011	8:10 AM		Moderate to Strong

Odor Complaint Log



NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Uniform Public Construction Cost Accounting Act Implementation	MEETING DATE: June 27, 2011
AGENDA ITEM NO.:	
RECOMMENDED ACTION: Receive report on Uniform Public Construction Cost Accounting Act (UPCCAA) implementation for fiscal year FY10-11.	
SUMMARY AND DISCUSSION:	
<p>The District utilizes the Uniform Public Construction Cost Accounting Act (UPCCAA, or the "Act") to perform certain projects each year. The Act allows local agencies to perform these projects if the agency elects to follow the cost accounting procedures set forth in the Cost Accounting Policies and Procedures Manual of the California Uniform Construction Cost Accounting Commission (Commission). The Act is enacted under Public Contracts Code Sections 22000 through 22045. The District utilizes this Act under its adopted Resolution No. 2947 dated August 28, 2006.</p> <p>The Act provides for alternative bidding procedures as follows: (a) projects of \$30,000 or less may be performed by negotiated contract or by purchase order, (b) projects of \$125,000 or less may be let to contract by the informal procedures set forth in the Act, and (c) projects of more than \$125,000 are to be let to contract by formal bidding procedures. In short, the Act allows the District to complete projects with less administrative effort while maintaining work quality.</p> <p>For FY10-11, the District utilized the Act provisions under item (a) and (b) above to complete work across the following projects/accounts:</p> <ol style="list-style-type: none"> 1. Account No. 72803 (Collection System) - total amount \$114,635, five contractors 2. Account No. 72804 (Reclamation facilities) - total amount \$81,048, eight contractors 3. Account No. 72805 (Treatment Plant & Pump Stations) - total amount \$162,633, eight contractors 4. Account No. 72607 (Contract A1) – total amount \$22,155, one contractor 5. Account No. 72609 (Contract B) – total \$174,545, two contractors. <p>The total amount of work performed under the UPCCAA in 2010-11 was \$555,016. Of this three projects were over \$30,000: Junction Boxes 2 and 3 and Bolero Ct. sewer repair.</p>	
ALTERNATIVES: NA.	
BUDGET INFORMATION: NA	
DEPT.MGR.:	MANAGER:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Annual Collection System Repairs: Account No. 72803; Mainline CCTV camera and tractor unit	MEETING DATE: June 27, 2011 AGENDA ITEM NO.:
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RECOMMENDED ACTION: Review proposals for a mainline CCTV camera and tractor, and authorize the Manager-Engineer to issue a purchase order in an amount of \$30,000 for purchase of such unit from WECO Industries.

SUMMARY AND DISCUSSION:

The FY2010-11 Capital Improvements Budget for Account No. 72803 includes an allowance for the purchase of a new mainline CCTV camera and tractor in the amount of \$40,000.00. Staff solicited quotes and conducted onsite and field demonstrations to select the unit best suited to the District's operational needs.

Demonstrations were conducted by three vendors: 3T Equipment Company, Inc., WECO Industries, and Municipal Maintenance Equipment (M.M.E.). All of the units demonstrated were compatible with the District's existing Aries video inspection equipment. After the demonstrations were complete, staff requested and received proposals from each vendor as listed below.

Vendor	Equipment Manufacturer	Cost
3T Equipment Co.	RST	\$32,028.00
M.M.E.	Aries (Existing Equip.)	\$34,132.25
Weco Ind.	Cues	\$27,250.00

After thorough evaluation of the equipment demonstrated, staff recommends the purchase of the Cues camera/tractor unit from MME. The Cues camera/tractor unit is six to eight inches shorter than the District's existing system allowing video inspection access to line segments that the District is currently unable to inspect. Adding this unit to the District's inventory will provide redundancy in the event of equipment breakdowns and more flexibility to the Collections Department operations.

Staff recommends that the Board authorize the Manager-Engineer to issue a purchase order to WECO Industries in the amount of \$30,000.00 for the purchase of a new Cues mainline CCTV camera/tractor unit.

ALTERNATIVES: Do not approve the purchase.

BUDGET INFORMATION: This purchase will be funded from FY2010-11 Capital Improvements Budget for Account No. 72803 - Annual Collection Systems Repairs, which included a budget amount of \$270,000, and has a balance of \$95,806.

DEPT.MGR.:	MANAGER:
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NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Staff Report: North Bay Water Reuse Authority (NBWRA)	MEETING DATE: June 27, 2011 AGENDA ITEM NO.:
RECOMMENDED ACTION:	
SUMMARY AND DISCUSSION: <p>The Technical Advisory Committee of NBWRA held a meeting by conference call on June 20, 2011. A review of the budget showed that NBWRA will complete the 2010-11 fiscal year on budget and that all participating agencies have paid their assessments. The Water Smart Grant application for approximately \$1.3 million has been conditionally approved. This will fund the completion of the Novato South project. The ARRA projects are proceeding. A remaining action item is the Ohlone Mitigation Bank Agreement which is being prepared to go to the NBWRA Board at its August meeting.</p> <p>The Integrated Regional Water Management Program grants are in the public review phase prior to a final decision on the part of the Department of Water Resources. If the grants are awarded as in the draft approval, Bay Area Clean Water Agencies (BACWA) will be the administering agency and each of the NBWRA agencies will contract individually with BACWA.</p>	
ALTERNATIVES: NA.	
BUDGET INFORMATION: NA	
DEPT.MGR.:	MANAGER:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Staff Report: Bayside Subdivision, Pizarro Avenue Sewer Repair	MEETING DATE: June 27, 2011 AGENDA ITEM NO.:
RECOMMENDED ACTION: Information only	
SUMMARY AND DISCUSSION: <p>Concerns about differential settlement of the sewers in the Bayside subdivision date back to at least 1998 when the sewers were installed by Greystone Homes. The District has not accepted the sewer system because differential settlement has caused them to significantly deviate from District's standards for line and grade. The worst problem occurs in an easement going from Alhambra Court to Pizarro Avenue. The District has been attempting to get the developer to resolve the problems throughout the intervening years and there have been a number of engineering analyses and solutions proposed.</p> <p>Lennar Homes, which has acquired Greystone Homes, recently proposed to correct the settlement problem in this easement by injecting grout under the manhole and sewer to bring it up to grade. They chose this method rather than excavation and replacement because they felt that it would be effective and cause less disruption to adjacent properties. They began construction at the beginning of June. They ran into difficulties because of the rock backfill and the width of the original trench so that a job that was originally expected to take two to three weeks is now likely to take up to six weeks. The work is very disruptive to nearby homeowners due to the noise, dust, and heavy equipment. District staff has worked with Lennar Homes to have them bring in more modern equipment with noise reduction features.</p>	
ALTERNATIVES: NA.	
BUDGET INFORMATION: NA	
DEPT.MGR.:	MANAGER: