

NOVATO SANITARY DISTRICT

Meeting Date: January 13, 2014

The Board of Directors of Novato Sanitary District will hold a regular meeting at 6:00 p.m., Monday, January 13, 2014, at the District Offices, 500 Davidson Street, Novato.

Materials related to items on this agenda are available for public inspection in the District Office, 500 Davidson Street, Novato, during normal business hours. They are also available on the District's website: www.novatosan.com.

AGENDA

1. PLEDGE OF ALLEGIANCE:

2. AGENDA APPROVAL:

3. PUBLIC COMMENT (PLEASE OBSERVE A THREE-MINUTE TIME LIMIT):

This item is to allow anyone present to comment on any subject not on the agenda, or to request consideration to place an item on a future agenda. Individuals will be limited to a three-minute presentation. No action will be taken by the Board at this time as a result of any public comments made.

4. REVIEW OF MINUTES:

- a. Consider approval of minutes of the December 9, 2013 meeting.

5. CONSENT CALENDAR:

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

- a. Approve regular disbursements.
- b. Approve December payroll and payroll related disbursements.
- c. Accept Fixed Asset Deletion Report for Fiscal Year 2012-13.

6. FINANCE COMMITTEE:

- a. Receive 2012-13 Audit report.

7. WASTEWATER OPERATIONS:

- a. Wastewater Operations Committee Report.
- b. Odor control, noise, and landscaping report.

8. STRATEGIC PLANNING AND NEW FACILITIES COMMITTEE:

- a. Status report on 2013 Strategic Plan workplan.

9. ADMINISTRATION:

- a. Consider authorizing Director Brant Miller to sign checks.
- b. Consider approval of the 2014 Safety Incentive Program.

10. MARIN COUNTY CIVIL GRAND JURY:

- a. Review Marin County Civil Grand Jury survey response.

11. CAPITAL PROJECTS

- a. Review bids received, and consider accepting the lowest responsive bid and authorize Manager-Engineer to execute a contract with Fieldstone Construction for the Pump Station Drainage Improvements and Bypass Pipe Connections Project 72805-13-01
- b. Review bids received, consider accepting the lowest responsive bid and authorize Manager-Engineer to execute a contract with Valentine Corporation for the Pump Station Rehabilitation Project Unit 5, Project 72403.
- c. Consider approval of a contract with The Covello Group for construction management services for the Pump Station Rehabilitation Project Unit 5 and authorize the Manager-Engineer to execute an agreement.
- d. Review bids received, accept the lowest responsive bid and authorize the Manager-Engineer to execute a contract with EC Applications, Inc. for the Recycled Water Chlorine Contact Basin Baffle Modification, Project No. 73002.

12. BOARD MEMBER REPORTS:

- a. North Bay Watershed Association meeting.

13. MANAGER'S ANNOUNCEMENTS:

14. ADJOURNMENT:

Next resolution no. 3067

Next regular meeting date: Monday, January 27, 2014, 6:00 PM at the Novato Sanitary District office, 500 Davidson Street, Novato, CA

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 892-1694 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

A meeting of the Board of Directors of the Novato Sanitary District was held at 6:00 p.m., Monday, December 9, 2013, at the District Office, 500 Davidson Street, Novato.

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

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

ALSO PRESENT: John Bailey, Project Manager, Veolia Water
Brian Exberger, Assistant Project Manager, Veolia Water
John O'Hare, Technical Manager, Veolia Water
Thomas Swidler, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as written.

PUBLIC COMMENT: None.

BOARD OF DIRECTORS:

- Receive Statement of Appointment of Nominees in lieu of election. The County of Marin Elections Department stated that pursuant to Elections Code Sec. 10515, if an election is not held, the person(s) nominated shall be appointed by the Board of Supervisors and shall serve as elected. The Manager announced that the following individuals were elected for a term of four years to the Novato Sanitary District Board of Directors: William C. Long, Michael Di Giorgio, and Brant Miller.

- Administration of Oath of Office and seating of elected Board Members. The Manager administered the Oath of Office to Board Members William C. Long, Michael Di Giorgio and Brant Miller. The elected Board members were seated.

- Consider adoption of resolution determining persons entitled to fill office. The Manager read Resolution No. 3066.

On motion of Member Mariani, seconded by Member Peters and carried unanimously, the Board adopted Resolution No. 3066: A Resolution Determining Persons entitled to Fill Offices.

- Presidential appointment of committee members. President Di Giorgio announced all committee members would remain the same and that Member Miller would fill the

vacancies left by Member Welsh. He stated that the Member Miller would be appointed to the following committee:

- Solid Waste Committee, Member
- New Facilities Committee, Alternate
- Finance Committee, Alternate

REVIEW OF MINUTES:

Consider approval of the November 21, 2013 meeting minutes.

Member Miller stated that he would abstain from voting as he was not a Board member for this meeting.

On motion of Member Peters, seconded by Member Long, and carried with the following vote, the minutes of the November 21, 2013 Board meeting were approved. Ayes: Di Giorgio, Long, Mariani, Peters. Abstain: Miller.

CONSENT CALENDAR:

Member Mariani requested item c. be pulled from the Consent Calendar for further consideration.

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

- a. Approval of regular disbursements in the amount of \$316,164.67, capital project account disbursements in the amount of \$5,870,045.67, and Board member related expenses in the amount of \$1,957.67. Ratification of November disbursements as follows: regular disbursements in the amount of \$158,939.97 and capital project account disbursements in the amount of \$271,958.96.
- b. Set meeting dates for January 13 and 27, February 10 and 24, 2014.

- Item c: Accept Fixed Asset Deletion Report for Fiscal Year 2012-13: Member Mariani requested clarification of the report. The Manager stated that she would review the report with the Finance Officer and present it to the Board at the January 13th meeting.

NORTH BAY WATER REUSE AUTHORITY:

- Scoping Study overview report. The Manager provided a Power Point presentation from the North Bay Water Reuse Authority (NBWRA) Phase II Project Scoping Study. She outlined the progress of the Study and summarized the findings. She stated that the next step will be to review the projects in light of potentially available local, state, and federal funds in order to determine the scope of the studies required to demonstrate

project feasibility. The Manager noted that Novato's share of the feasibility study cost would be \$400,000 over a 3-year study period if there were no federal grants.

CAPITAL PROJECTS:

- Consider approval of Memorandum of Agreement with the County of Marin for the Novato Creek Watershed Program. Prior to discussion on this issue, Member Long recused himself.

The Manager noted that the County of Marin has authorized a program to integrate flood protection and wetland restoration in the Novato Creek Watershed and has invited the District to help fund the program. The Manager stated that the District has a significant interest in the lower Novato Creek Watershed because of existing water recycling infrastructure and conveyance structures. She provided slides which illustrated the conceptual plans being considered for the lower Novato Creek Watershed.

On motion of Member Peters, seconded by Member Miller and passed with the following vote, the Board approved the Memorandum of Agreement with the County of Marin for the Novato Watershed Program: Ayes: Di Giorgio, Mariani, Miller and Peters. Member Long was not present for the vote.

- Consider approval of a budget amendment creating a new Capital Project "72809 Novato Creek Watershed Project" with a final budget of \$50,000 in FY 2013/14 and a preliminary budget of \$50,000 in FY 2014/15. The Manager discussed the program's significant consideration of the lower Novato Creek and the focus on the baylands which directly impact District facilities. She requested that the Board approve a budget amendment from the original amount of \$30,000 to the proposed amount of \$100,000 for the Watershed Project.

On motion of Member Mariani, seconded by Member Peters and passed with the following vote, the Board approved a budget amendment adding item 73100 Novato Creek Watershed for an amount of \$50,000 in 2013/14 and \$50,000 in 2014/15. Ayes: Di Giorgio, Mariani, Miller and Peters. Member Long was not present for the vote.

Member Long returned to the Board meeting and was seated.

BOARD MEMBER REPORTS:

- North Bay Watershed Association (NBWA) meeting. President Di Giorgio discussed his attendance at the NBWA meeting which was held on December 6th at the Lucchesi Center in Petaluma. He discussed two presentations which were given: "Richardson Bay and Sea Level Rise" and "The Napa-Sonoma Salt Marsh Restoration Project".

MANAGER'S ANNOUNCEMENTS:

- The Manager was pleased to announce the CWEA Redwood Empire Section annual awards ceremony recipients:
 - Javier Vega, Collections Systems Worker of the Year
 - Novato Sanitary District Recycled Water Facility: Engineering Achievement Award
 - Joint Public Education Award, Large Budget
- The Finance Committee meeting will be held on Thursday, December 12th at 6 p.m.
- The Wastewater Operations Committee meeting will be held on Monday, December 16th at 2 p.m.
- The Strategic Planning and New Facilities Committee meeting will be held on Monday, December 16th at 4 p.m.
- The next Regular Board meeting will be held on Monday, January 13th, 2014.
- The California Association of Sanitation Agencies (CASA) 2014 Winter Conference will take place from January 15th – 17th in Indian Wells, CA.

ADJOURNMENT: There being no further business to come before the Board, President Di Giorgio adjourned the meeting at 7:34 p.m.

Respectfully submitted,

Beverly B. James
Secretary

Julie Swoboda, Recording

Novato Sanitary District Operating Check Register

For December 23, 2013

Date	Num	Name	Credit
Dec 23, 13			
12/23/2013	56455	Pacific, Gas & Electric	49,909.06
12/23/2013	56457	PSC	20,197.96
12/23/2013	56440	Eaton Corporation	15,283.40
12/23/2013	56438	Caltest Analytical Lab Inc.	10,102.30
12/23/2013	56439	E & M Electric & Machinery, I...	4,727.96
12/23/2013	56431	American Express-21007	3,694.84
12/23/2013	56432	Aqua Science	2,610.00
12/23/2013	56459	Stiles Construction Company	2,511.60
12/23/2013	56435	Brown & Caldwell, Inc.	2,262.71
12/23/2013	56442	Irvine Consulting Services Inc.	2,160.00
12/23/2013	56451	North Marin Water District	1,846.66
12/23/2013	56466	WECO	1,691.24
12/23/2013	56446	Marin Mechanical II, Inc.	1,518.67
12/23/2013	56448	MME	1,200.04
12/23/2013	56452	North Marin Water District - L...	1,100.00
12/23/2013	56441	IEDA, INC	1,051.00
12/23/2013	56453	North Marin Water District Pa...	1,030.25
12/23/2013	56462	U.S. Bank Card (2)(June)	784.91
12/23/2013	56464	Verizon EQ	598.70
12/23/2013	56467	WOW Windows	450.00
12/23/2013	56436	Cagwin & Dorward Inc.	435.00
12/23/2013	56444	Leonardi Automotive & Electr...	418.73
12/23/2013	56458	Siemens Water Technologies...	248.98
12/23/2013	56463	Unicorn Group	213.86
12/23/2013	56433	B.W.S. Distributors, Inc.	207.10
12/23/2013	56465	Verizon Wireless-	198.87
12/23/2013	56445	Marin Independent Journal	196.14
12/23/2013	56447	Maselli & Sons Inc.	175.92
12/23/2013	56456	Petty Cash	166.13
12/23/2013	56429	AirGas USA, LLC.	145.32
12/23/2013	56443	Labworks Equipment, Inc.	127.53
12/23/2013	56450	North Marin Auto Parts	99.82
12/23/2013	56449	North Bay Portables, Inc.	92.20
12/23/2013	56437	CalChamber	90.03
12/23/2013	56461	U.S. Bank Card (1)(Bev)	80.33
12/23/2013	56434	Bearings & Hydraulics	78.85
12/23/2013	56454	Novato Builders Supply	74.55
12/23/2013	56430	Alpha Analytical Lab, Inc.	68.00
12/23/2013	56460	U.S. Bank (Sandeep)	25.00
Dec 23, 13			127,873.66

Novato Sanitary District
Operating Check Register Detail
For December 23, 2013

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
AirGas USA, LLC.			
	12/05/2013	60100 · Operating Supplies	145.32
Total AirGas USA, LLC.			<u>145.32</u>
Alpha Analytical Lab, Inc.			
	12/03/2013	64160 · Research & Monitoring	68.00
Total Alpha Analytical Lab, Inc.			<u>68.00</u>
American Express-21007			
	12/13/2013	64085 · Safety	86.59
	12/13/2013	64160 · Research & Monitoring	41.98
	12/13/2013	65150 · Repairs & Maintenance	371.10
	12/13/2013	66124 · IT/Misc Electrical	780.32
	12/13/2013	66170 · Travel, Meetings & Training	283.78
	12/13/2013	66090 · Office Expense	1,088.76
	12/13/2013	66150 · Repairs & Maintenance	431.12
	12/13/2013	66090 · Office Expense	319.20
	12/13/2013	65193 · Telephone	291.99
Total American Express-21007			<u>3,694.84</u>
Aqua Science			
	12/02/2013	64160 · Research & Monitoring	2,610.00
Total Aqua Science			<u>2,610.00</u>
B.W.S. Distributors, Inc.			
	12/10/2013	60100 · Operating Supplies	207.10
Total B.W.S. Distributors, Inc.			<u>207.10</u>
Bearings & Hydraulics			
	12/02/2013	60150 · Repairs & Maintenance	78.85
Total Bearings & Hydraulics			<u>78.85</u>
Brown & Caldwell, Inc.			
	12/06/2013	66123 · O/S Contractual	2,262.71
Total Brown & Caldwell, Inc.			<u>2,262.71</u>
Cagwin & Dorward Inc.			
	12/01/2013	66150 · Repairs & Maintenance	435.00
Total Cagwin & Dorward Inc.			<u>435.00</u>
CalChamber			
	12/12/2013	66090 · Office Expense	90.03
Total CalChamber			<u>90.03</u>
Caltest Analytical Lab Inc.			
	12/12/2013	64160 · Research & Monitoring	10,102.30
Total Caltest Analytical Lab Inc.			<u>10,102.30</u>
E & M Electric & Machinery, Inc.			
	12/03/2013	65091 · Software Maintenance	3,309.57
	12/03/2013	63091 · Software Maintenance	1,418.39
Total E & M Electric & Machinery, Inc.			<u>4,727.96</u>
Eaton Corporation			
	10/10/2013	66123 · O/S Contractual	10,200.00
	11/22/2013	66123 · O/S Contractual	5,083.40
Total Eaton Corporation			<u>15,283.40</u>
IEDA, INC			
	12/01/2013	66123 · O/S Contractual	1,051.00
Total IEDA, INC			<u>1,051.00</u>
Irvine Consulting Services Inc.			
	11/30/2013	66124 · IT/Misc Electrical	2,160.00
Total Irvine Consulting Services Inc.			<u>2,160.00</u>
Labworks Equipment, Inc.			
	12/09/2013	64100 · Operating Supplies	127.53
Total Labworks Equipment, Inc.			<u>127.53</u>

Novato Sanitary District
Operating Check Register Detail
For December 23, 2013

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
Leonardi Automotive & Electric, Inc.			
	12/03/2013	60150 · Repairs & Maintenance	418.73
Total Leonardi Automotive & Electric, Inc.			<u>418.73</u>
Marin Independent Journal			
	11/30/2013	66090 · Office Expense	105.45
	12/15/2013	66130 · Printing & Publications	90.69
Total Marin Independent Journal			<u>196.14</u>
Marin Mechanical II, Inc.			
	12/02/2013	65150 · Repairs & Maintenance	454.18
	12/18/2013	65150 · Repairs & Maintenance	623.51
	12/18/2013	66150 · Repairs & Maintenance	440.98
Total Marin Mechanical II, Inc.			<u>1,518.67</u>
Maselli & Sons Inc.			
	12/06/2013	65100 · Operating Supplies	175.92
Total Maselli & Sons Inc.			<u>175.92</u>
MME			
	12/02/2013	60150 · Repairs & Maintenance	553.66
	12/02/2013	60150 · Repairs & Maintenance	646.38
Total MME			<u>1,200.04</u>
North Bay Portables, Inc.			
	12/03/2013	63100 · Operating Supplies	92.20
Total North Bay Portables, Inc.			<u>92.20</u>
North Marin Auto Parts			
	11/05/2013	65100 · Operating Supplies	66.46
	12/09/2013	60152 · Small Tools	29.84
	12/09/2013	60100 · Operating Supplies	3.52
Total North Marin Auto Parts			<u>99.82</u>
North Marin Water District			
	12/05/2013	60192 · Water	181.60
	12/05/2013	60192 · Water	181.60
	12/05/2013	60192 · Water	382.76
	12/05/2013	60192 · Water	1,057.70
	12/05/2013	65192 · Water	43.00
Total North Marin Water District			<u>1,846.66</u>
North Marin Water District - Lab			
	12/09/2013	64160 · Research & Monitoring	1,100.00
Total North Marin Water District - Lab			<u>1,100.00</u>
North Marin Water District Payroll			
	12/09/2013	64010 · Salaries & Wages	1,030.25
Total North Marin Water District Payroll			<u>1,030.25</u>
Novato Builders Supply			
	12/17/2013	66150 · Repairs & Maintenance	48.39
	12/17/2013	66150 · Repairs & Maintenance	26.16
Total Novato Builders Supply			<u>74.55</u>
Pacific, Gas & Electric			
	12/02/2013	65191 · Gas & Electricity	1.55
	12/02/2013	65191 · Gas & Electricity	13.23
	12/11/2013	61000-5 · Gas & Electricity	38,363.28
	12/11/2013	63191 · Gas & Electricity	5,014.77
	12/11/2013	65191 · Gas & Electricity	6,516.23
Total Pacific, Gas & Electric			<u>49,909.06</u>

Novato Sanitary District
Operating Check Register Detail
For December 23, 2013

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
Petty Cash			
	12/18/2013	60060 · Gas, Oil & Fuel	10.01
	12/18/2013	66170 · Travel, Meetings & Training	90.00
	12/18/2013	60100 · Operating Supplies	16.08
	12/18/2013	66060 · Gasoline & Oil	20.04
	12/18/2013	65060 · Gasoline & Oil	30.00
Total Petty Cash			<u>166.13</u>
PSC			
	10/31/2013	67500 · Household Hazardous Waste	16,779.26
	12/15/2013	67500 · Household Hazardous Waste	3,418.70
Total PSC			<u>20,197.96</u>
Siemens Water Technologies, LLC			
	11/12/2013	64100 · Operating Supplies	248.98
Total Siemens Water Technologies, LLC			<u>248.98</u>
Stiles Construction Company			
	12/12/2013	65150 · Repairs & Maintenance	1,255.80
	12/12/2013	65150 · Repairs & Maintenance	1,255.80
Total Stiles Construction Company			<u>2,511.60</u>
U.S. Bank (Sandeep)			
	12/02/2013	66170 · Travel, Meetings & Training	25.00
Total U.S. Bank (Sandeep)			<u>25.00</u>
U.S. Bank Card (1)(Bev)			
	12/11/2013	66170 · Travel, Meetings & Training	80.33
Total U.S. Bank Card (1)(Bev)			<u>80.33</u>
U.S. Bank Card (2)(June)			
	12/02/2013	66124 · IT/Misc Electrical	306.93
	12/02/2013	66124 · IT/Misc Electrical	284.38
	12/02/2013	66090 · Office Expense	52.99
	12/02/2013	66150 · Repairs & Maintenance	140.61
Total U.S. Bank Card (2)(June)			<u>784.91</u>
Unicorn Group			
	12/11/2013	66090 · Office Expense	213.86
Total Unicorn Group			<u>213.86</u>
Verizon EQ			
	11/28/2013	65193 · Telephone	598.70
Total Verizon EQ			<u>598.70</u>
Verizon Wireless-			
	12/06/2013	60193 · Telephone	63.67
	12/06/2013	65193 · Telephone	42.44
	12/06/2013	66193 · Telephone	92.76
Total Verizon Wireless-			<u>198.87</u>
WECO			
	10/04/2013	60150 · Repairs & Maintenance	1,691.24
Total WECO			<u>1,691.24</u>
WOW Windows			
	12/09/2013	66150 · Repairs & Maintenance	450.00
Total WOW Windows			<u>450.00</u>
TOTAL			<u><u>127,873.66</u></u>

Novato Sanitary District Capital Projects Check Register

December 23, 2013

Date	Num	Name	Credit
Dec 23, 13			
12/23/2013	2620	County of Marin-public works	18,000.00
12/23/2013	2624	Linscott Engineering Contrac...	9,520.20
12/23/2013	2625	Maggiora & Ghilotti Inc.	8,666.00
12/23/2013	2627	Scotts Concrete	4,855.00
12/23/2013	2619	Cagwin & Dorward Inc.	3,042.50
12/23/2013	2623	LeBallister's Inc	1,504.00
12/23/2013	2622	Lateral-Sammons	1,500.00
12/23/2013	2628	WesTech	1,373.57
12/23/2013	2626	Scaffold Solutions	133.95
12/23/2013	2621	Daniel Macdonald AIA Archit...	69.20
Dec 23, 13			48,664.42

Novato Sanitary District
Capital Projects Check Register Detail
For December 23, 2013

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
Cagwin & Dorward Inc.			
	11/30/2013	72804 · Annual Reclamation Fac Imp	3,042.50
Total Cagwin & Dorward Inc.			<u>3,042.50</u>
County of Marin-public works			
	11/05/2013	72802 · Annual Sewer Adj. for City Proj	10,000.00
	11/05/2013	72803 · Annual Collection Sys Repairs	8,000.00
Total County of Marin-public works			<u>18,000.00</u>
Daniel Macdonald AIA Architects, Inc.			
	11/30/2013	72805 · Annual Trtmt Plnt/Pump St Impr	69.20
Total Daniel Macdonald AIA Architects, Inc.			<u>69.20</u>
Lateral-Sammons			
	12/18/2013	72706 · Collection System Improv	1,500.00
Total Lateral-Sammons			<u>1,500.00</u>
LeBallister's Inc			
	12/02/2013	72804 · Annual Reclamation Fac Imp	1,504.00
Total LeBallister's Inc			<u>1,504.00</u>
Linscott Engineering Contractors Inc			
	12/09/2013	72803 · Annual Collection Sys Repairs	2,881.90
	12/09/2013	72803 · Annual Collection Sys Repairs	2,314.17
	12/09/2013	72803 · Annual Collection Sys Repairs	2,364.17
	12/09/2013	72803 · Annual Collection Sys Repairs	1,959.96
Total Linscott Engineering Contractors Inc			<u>9,520.20</u>
Maggiora & Ghilotti Inc.			
	12/09/2013	72805 · Annual Trtmt Plnt/Pump St Impr	8,666.00
Total Maggiora & Ghilotti Inc.			<u>8,666.00</u>
Scaffold Solutions			
	12/09/2013	73001 · WWTP Upgrade - Contract C	133.95
Total Scaffold Solutions			<u>133.95</u>
Scotts Concrete			
	12/05/2013	72803 · Annual Collection Sys Repairs	4,855.00
Total Scotts Concrete			<u>4,855.00</u>
WesTech			
	10/30/2013	73001 · WWTP Upgrade - Contract C	1,373.57
Total WesTech			<u>1,373.57</u>
TOTAL			<u><u>48,664.42</u></u>

01/09/14

Novato Sanitary District Board Fees for December 2013

January 10, 2014

Date	Num	Name	Credit
Jan 10, 14			
1/10/2014		Long, William C	766.46
1/10/2014		Di Giorgio, Michael	696.30
1/10/2014		Mariani, Jean M	600.60
1/10/2014		Peters, A. Gerald	389.57
1/10/2014		Miller, Brant	207.78
Jan 10, 14			<u>2,660.71</u>

Novato Sanitary District Operating Check Register

For January 13, 2014

Date	Num	Name	Credit
Jan 13, 14			
1/13/2014	56486	CSRMA-	168,235.00
1/13/2014	56506	PSC	31,512.07
1/13/2014	56516	U.S. Bank Card (2)(June)	8,555.55
1/13/2014	56500	North Marin Water District	8,261.04
1/13/2014	56495	Johnson, Dee	5,130.00
1/13/2014	56511	Shape Incorporated	2,882.98
1/13/2014	56475	Associated Corrosion Engine...	2,835.00
1/13/2014	56489	Dearborn National	2,607.18
1/13/2014	56503	O'Haire, Kelly	2,500.00
1/13/2014	56510	RMC Water & Environment, I...	2,247.23
1/13/2014	56513	Smart	1,360.04
1/13/2014	56484	Comet Building Maintenance,...	1,320.00
1/13/2014	56507	Rauch Communication Cons...	1,175.25
1/13/2014	56498	North Bay Truck Service	1,134.11
1/13/2014	56480	California Diesel & Power	1,075.68
1/13/2014	56478	Beecher Engineering	900.00
1/13/2014	56485	Control Systems West, Inc.	891.25
1/13/2014	56501	Novato Disposal-	712.35
1/13/2014	56518	Verizon EQ	598.82
1/13/2014	56496	MME	553.62
1/13/2014	56520	Vision Service Plan	545.24
1/13/2014	56490	Deluxe for Business, Inc.	511.60
1/13/2014	56505	Pini Hardware	500.89
1/13/2014	56481	Cantarutti Electric, Inc	499.99
1/13/2014	56494	IDEXX Distributing Corp.	439.15
1/13/2014	56473	Adamson, Robert D.	312.50
1/13/2014	56492	Electronic Innovations, Inc	303.53
1/13/2014	56483	Claremont EAP, Inc.	295.00
1/13/2014	56482	CDW Government, Inc.	285.00
1/13/2014	56476	AT&T Mobility	272.07
1/13/2014	56479	Cagwin & Dorward Inc.	253.25
1/13/2014	56488	Datco Billing Inc.	245.70
1/13/2014	56519	Verizon Wireless-	237.18
1/13/2014	56508	Red Cloud Voice & Wireless,...	198.94
1/13/2014	56487	CWEAmembers	195.00
1/13/2014	56474	American Messaging	139.08
1/13/2014	56491	Don Johnsons Pool Service	136.23
1/13/2014	56504	Orkin Pest Control, Inc.	127.60
1/13/2014	56497	North Bay Portables, Inc.	92.20
1/13/2014	56493	Grainger	91.45
1/13/2014	56477	Barnett Medical LLC	90.00
1/13/2014	56521	Zenith Instant Printing, Inc.	76.30
1/13/2014	56512	Siemens Industry Inc. - Lab	75.00
1/13/2014	56515	U.S. Bank Card (1)(Bev)	74.28
1/13/2014	56514	Staples Business Adv Inc.	63.22
1/13/2014	56499	North Marin Auto Parts	54.44
1/13/2014	56509	Ricoh USA, Inc.	41.00
1/13/2014	56502	Novato Lock	16.32
1/13/2014	56517	United Parcel Service	2.34
Jan 13, 14			250,661.67

Novato Sanitary District
Operating Check Register Detail
For January 13, 2014

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
Adamson, Robert D.			
	12/26/2013	64160 · Research & Monitoring	312.50
Total Adamson, Robert D.			<u>312.50</u>
American Messaging			
	01/01/2014	61000-4 · Water/Permits/Telephone	24.00
	01/01/2014	65193 · Telephone	103.61
	01/01/2014	60193 · Telephone	11.47
Total American Messaging			<u>139.08</u>
Associated Corrosion Engineers			
	12/12/2013	63151 · Unusual Equipment Maintenance	945.00
	12/12/2013	63151 · Unusual Equipment Maintenance	1,890.00
Total Associated Corrosion Engineers			<u>2,835.00</u>
AT&T Mobility			
	12/16/2013	66193 · Telephone	170.59
	12/16/2013	65193 · Telephone	50.74
	12/16/2013	60193 · Telephone	50.74
Total AT&T Mobility			<u>272.07</u>
Barnett Medical LLC			
	11/27/2013	67500 · Household Hazardous Waste	45.00
	12/06/2013	67500 · Household Hazardous Waste	45.00
Total Barnett Medical LLC			<u>90.00</u>
Beecher Engineering			
	12/25/2013	63151 · Unusual Equipment Maintenance	900.00
Total Beecher Engineering			<u>900.00</u>
Cagwin & Dorward Inc.			
	12/30/2013	65150 · Repairs & Maintenance	253.25
Total Cagwin & Dorward Inc.			<u>253.25</u>
California Diesel & Power			
	12/02/2013	65150 · Repairs & Maintenance	562.50
	12/19/2013	65150 · Repairs & Maintenance	513.18
Total California Diesel & Power			<u>1,075.68</u>
Cantarutti Electric, Inc			
	12/04/2013	66150 · Repairs & Maintenance	499.99
Total Cantarutti Electric, Inc			<u>499.99</u>
CDW Government, Inc.			
	12/06/2013	66124 · IT/Misc Electrical	285.00
Total CDW Government, Inc.			<u>285.00</u>
Claremont EAP, Inc.			
	12/16/2013	66123 · O/S Contractual	295.00
Total Claremont EAP, Inc.			<u>295.00</u>
Comet Building Maintenance, Inc.			
	12/21/2013	66150 · Repairs & Maintenance	1,090.00
	12/21/2013	60150 · Repairs & Maintenance	115.00
	12/21/2013	65150 · Repairs & Maintenance	115.00
Total Comet Building Maintenance, Inc.			<u>1,320.00</u>
Control Systems West, Inc.			
	12/30/2013	65153 · Outside Services, Electrical	891.25
Total Control Systems West, Inc.			<u>891.25</u>
CSRMA-			
	12/23/2013	66070 · Insurance	168,235.00
Total CSRMA-			<u>168,235.00</u>
CWEAmembers			
	01/01/2014	66080 · Memberships	195.00
Total CWEAmembers			<u>195.00</u>

Novato Sanitary District
Operating Check Register Detail
For January 13, 2014

	Date	Account	Amount
Datco Billing Inc.			
	01/01/2014	66123 · O/S Contractual	245.70
Total Datco Billing Inc.			<u>245.70</u>
Dearborn National			
	01/01/2014	66020 · Employee Benefits	2,607.18
Total Dearborn National			<u>2,607.18</u>
Deluxe for Business, Inc.			
	12/24/2013	66090 · Office Expense	511.60
Total Deluxe for Business, Inc.			<u>511.60</u>
Don Johnsons Pool Service			
	12/24/2013	65100 · Operating Supplies	130.78
	12/30/2013	65100 · Operating Supplies	5.45
Total Don Johnsons Pool Service			<u>136.23</u>
Electronic Innovations, Inc			
	12/17/2013	65150 · Repairs & Maintenance	303.53
Total Electronic Innovations, Inc			<u>303.53</u>
Grainger			
	12/26/2013	65085 · Safety Expenses	91.45
Total Grainger			<u>91.45</u>
IDEXX Distributing Corp.			
	12/19/2013	64100 · Operating Supplies	439.15
Total IDEXX Distributing Corp.			<u>439.15</u>
Johnson, Dee			
	01/01/2014	67400 · Consulting Services	1,170.00
	01/01/2014	67400 · Consulting Services	3,870.00
	01/01/2014	67530 · Used Oil/Beverage Cont Grant	90.00
Total Johnson, Dee			<u>5,130.00</u>
MME			
	12/18/2013	60150 · Repairs & Maintenance	553.62
Total MME			<u>553.62</u>
North Bay Portables, Inc.			
	12/31/2013	63100 · Operating Supplies	92.20
Total North Bay Portables, Inc.			<u>92.20</u>
North Bay Truck Service			
	11/06/2013	60100 · Operating Supplies	133.79
	12/18/2013	60150 · Repairs & Maintenance	437.19
	12/19/2013	60150 · Repairs & Maintenance	100.00
	12/22/2013	60150 · Repairs & Maintenance	463.13
Total North Bay Truck Service			<u>1,134.11</u>
North Marin Auto Parts			
	12/19/2013	65150 · Repairs & Maintenance	19.79
	12/27/2013	65100 · Operating Supplies	34.65
Total North Marin Auto Parts			<u>54.44</u>
North Marin Water District			
	12/12/2013	61000-4 · Water/Permits/Telephone	3,023.97
	12/12/2013	63192 · Water - Reclamation	3,963.91
	12/12/2013	65192 · Water	703.16
	01/03/2014	65201 · Permits & Fees	570.00
Total North Marin Water District			<u>8,261.04</u>
Novato Disposal-			
	01/01/2014	66150 · Repairs & Maintenance	712.35
Total Novato Disposal-			<u>712.35</u>

Novato Sanitary District
Operating Check Register Detail
For January 13, 2014

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
Novato Lock			
	01/03/2014	60100 · Operating Supplies	16.32
Total Novato Lock			<u>16.32</u>
O'Haire, Kelly			
	01/13/2014	66071 · Insurance Claim Expense	2,500.00
Total O'Haire, Kelly			<u>2,500.00</u>
Orkin Pest Control, Inc.			
	12/03/2013	66150 · Repairs & Maintenance	127.60
Total Orkin Pest Control, Inc.			<u>127.60</u>
Pini Hardware			
	01/02/2014	60100 · Operating Supplies	60.22
	01/02/2014	65100 · Operating Supplies	314.92
	01/02/2014	66150 · Repairs & Maintenance	125.75
Total Pini Hardware			<u>500.89</u>
PSC			
	11/20/2013	67500 · Household Hazardous Waste	17,578.52
	12/18/2013	67500 · Household Hazardous Waste	13,933.55
Total PSC			<u>31,512.07</u>
Rauch Communication Consultants. Inc.			
	01/06/2014	66123 · O/S Contractual	1,175.25
Total Rauch Communication Consultants. Inc.			<u>1,175.25</u>
Red Cloud Voice & Wireless, Inc.			
	12/19/2013	60100 · Operating Supplies	198.94
Total Red Cloud Voice & Wireless, Inc.			<u>198.94</u>
Ricoh USA, Inc.			
	12/16/2013	66090 · Office Expense	41.00
Total Ricoh USA, Inc.			<u>41.00</u>
RMC Water & Environment, Inc.			
	12/16/2013	64160 · Research & Monitoring	2,247.23
Total RMC Water & Environment, Inc.			<u>2,247.23</u>
Shape Incorporated			
	12/17/2013	65150 · Repairs & Maintenance	1,658.98
	12/17/2013	65150 · Repairs & Maintenance	1,224.00
Total Shape Incorporated			<u>2,882.98</u>
Siemens Industry Inc. - Lab			
	12/13/2013	64100 · Operating Supplies	75.00
Total Siemens Industry Inc. - Lab			<u>75.00</u>
Smart			
	12/15/2013	60201 · Permits & Fees	680.02
	12/15/2013	60201 · Permits & Fees	680.02
Total Smart			<u>1,360.04</u>
Staples Business Adv Inc.			
	12/14/2013	66090 · Office Expense	31.61
	12/21/2013	66090 · Office Expense	31.61
Total Staples Business Adv Inc.			<u>63.22</u>
U.S. Bank Card (1)(Bev)			
	12/03/2013	66170 · Travel, Meetings & Training	44.00
	12/03/2013	66060 · Gasoline & Oil	30.28
Total U.S. Bank Card (1)(Bev)			<u>74.28</u>

Novato Sanitary District
Operating Check Register Detail
For January 13, 2014

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
U.S. Bank Card (2)(June)			
	01/09/2014	66090 · Office Expense	56.19
	01/09/2014	66170 · Travel, Meetings & Training	2,850.00
	01/09/2014	66124 · IT/Misc Electrical	1,490.87
Phone charges Verizon (2 Months)	01/09/2014	21016 · U.S. Bank Visa	3,647.91
	01/09/2014	65150 · Repairs & Maintenance	49.79
	01/09/2014	65150 · Repairs & Maintenance	460.79
Total U.S. Bank Card (2)(June)			<u>8,555.55</u>
United Parcel Service			
	12/14/2013	66090 · Office Expense	2.34
Total United Parcel Service			<u>2.34</u>
Verizon EQ			
	12/28/2013	65193 · Telephone	598.82
Total Verizon EQ			<u>598.82</u>
Verizon Wireless-			
	12/25/2013	60193 · Telephone	66.43
	12/25/2013	65193 · Telephone	44.28
	12/25/2013	66193 · Telephone	126.47
Total Verizon Wireless-			<u>237.18</u>
Vision Service Plan			
	12/19/2013	66020 · Employee Benefits	545.24
Total Vision Service Plan			<u>545.24</u>
Zenith Instant Printing, Inc.			
	12/19/2013	66090 · Office Expense	76.30
Total Zenith Instant Printing, Inc.			<u>76.30</u>
TOTAL			<u><u>250,661.67</u></u>

Novato Sanitary District Capital Projects Check Register

January 13, 2014

Date	Num	Name	Credit
Jan 13, 14			
1/13/2014	2638	Terracon Pipe Lines Inc	288,859.47
1/13/2014	2636	R E Smith Contractor, Inc.	148,248.94
1/13/2014	2630	Covello Group, The	41,278.56
1/13/2014	2631	Custom Tractor Service	28,737.50
1/13/2014	2637	RMC Water & Environment, I...	16,335.06
1/13/2014	2633	LeBallister's Inc	8,868.00
1/13/2014	2629	ACD Telecommunications	8,708.10
1/13/2014	2635	Nute Engineering Inc.	7,153.90
1/13/2014	2639	WesTech	3,916.00
1/13/2014	2634	Novato, City	2,242.50
1/13/2014	2632	Lateral-Cheney	1,500.00
1/13/2014	2640	Electronic Innovations, Inc	391.81
Jan 13, 14			556,239.84

Novato Sanitary District
Capital Projects
Check Register Detail for January 13, 2014

	<u>Date</u>	<u>Account</u>	<u>Amount</u>
ACD Telecommunications			
	12/04/2013	73003 - Admin Bldg/Maint.Bldg Upgrades	8,063.93
	12/24/2013	73003 - Admin Bldg/Maint.Bldg Upgrades	644.17
Total ACD Telecommunications			<u>8,708.10</u>
Covello Group, The			
	12/31/2013	73001 - WWTP Upgrade - Contract C	18,906.06
	12/31/2013	72706 - Collection System Improv	21,802.50
	12/31/2013	72403 - Pump Station Rehabilitation	570.00
Total Covello Group, The			<u>41,278.56</u>
Custom Tractor Service			
	12/27/2013	72804 - Annual Reclamation Fac Imp	7,552.50
	12/27/2013	72804 - Annual Reclamation Fac Imp	7,647.50
	12/27/2013	72804 - Annual Reclamation Fac Imp	7,647.50
	12/27/2013	72804 - Annual Reclamation Fac Imp	5,890.00
Total Custom Tractor Service			<u>28,737.50</u>
Electronic Innovations, Inc			
	12/17/2013	73003 - Admin Bldg/Maint.Bldg Upgrades	391.81
Total Electronic Innovations, Inc			<u>391.81</u>
Lateral-Cheney			
	01/01/2014	72706 - Collection System Improv	1,500.00
Total Lateral-Cheney			<u>1,500.00</u>
LeBallister's Inc			
	10/21/2013	72804 - Annual Reclamation Fac Imp	8,848.00
	12/03/2013	72804 - Annual Reclamation Fac Imp	20.00
Total LeBallister's Inc			<u>8,868.00</u>
Novato, City			
	12/11/2013	72803 - Annual Collection Sys Repairs	2,242.50
Total Novato, City			<u>2,242.50</u>
Nute Engineering Inc.			
	12/11/2013	72706 - Collection System Improv	2,012.50
	12/11/2013	72110 - Drainage PS 3&7 Outfall Rehab	692.00
	12/11/2013	72706 - Collection System Improv	4,449.40
Total Nute Engineering Inc.			<u>7,153.90</u>
R E Smith Contractor, Inc.			
	01/03/2014	73001 - WWTP Upgrade - Contract C	148,248.94
Total R E Smith Contractor, Inc.			<u>148,248.94</u>
RMC Water & Environment, Inc.			
	12/16/2013	72707 - Hamilton Wetlands/Outfall Monit	305.00
	12/17/2013	73001 - WWTP Upgrade - Contract C	16,030.06
Total RMC Water & Environment, Inc.			<u>16,335.06</u>
Terracon Pipe Lines Inc			
	12/12/2013	72706 - Collection System Improv	288,859.47
Total Terracon Pipe Lines Inc			<u>288,859.47</u>
WesTech			
	11/12/2013	73001 - WWTP Upgrade - Contract C	3,916.00
Total WesTech			<u>3,916.00</u>
TOTAL			<u><u>556,239.84</u></u>

**Novato Sanitary District
Safety Recognition Check Summary
for 2013**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
01/23/2014	Safety Recognition for 2013	5,610.00
01/23/2014	United States Treasury	75.49
		<u><u>5,685.49</u></u>

Novato Sanitary District
Payroll and Payroll Related Check Register
December 2013

<u>Date</u>	<u>Description</u>	<u>Amount</u>
12/31/2013	December - Payroll	122,393.59
12/20/2013	December - Retirees Health Benefits	17,534.50
12/20/2013	CalPers Health	35,556.63
12/20/2013	CALPERS Retirement	23,094.15
12/20/2013	United States Treasury	25,192.90
12/20/2013	CalPers Supplemental Income Plan	1,500.00
12/20/2013	EDD	7,006.57
12/20/2013	Lincoln Financial Group	7,386.18
12/20/2013	Lincoln Financial Group-401a Plan	4,330.34
12/20/2013	Lincoln Financial Group-401a Plan	4,084.83
12/20/2013	CALPERS Retirement	4,858.49
12/20/2013	Local Union 315	520.00
12/20/2013	Marin Employ Federal Credit Union	517.00
12/20/2013	Operating Engineers Trust	358.23
		<u>254,333.41</u>

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Asset Deletion Report for Fiscal Year 2012-13	MEETING DATE: 1/13/14 AGENDA ITEM NO.:
RECOMMENDED ACTION: No action required.	
SUMMARY AND DISCUSSION: As part of the District's annual audit process, staff prepares fixed asset reports including reports of items added or deleted during the fiscal year. The attached asset deletion report is provided for fiscal year 2012-13. The following page is a detailed description of each asset disposed of during the year.	
ALTERNATIVES: n/a	
BUDGET INFORMATION: No budget impact.	
DEPT.MGR.:	MANAGER:

Fixed Assets Disposed of In Fiscal Year 2012/13

Detail of Assets Auctioned in fiscal year

Date Acquired	Asset Description	Date disposed	Proceeds	Cost	Accum Depr	Gain/(Loss) on Sale
07/01/87	8" Pump	6/30/13	1,500.00	31,151.00	31,151.00	1,500.00
07/01/85	Bob Cat 1985	6/30/13	5,000.00	45,000.00	45,000.00	5,000.00
07/01/85	Trailer -1985	6/30/13	600.00	5,000.00	5,000.00	600.00
07/01/94	Trailer Air Compressor	6/30/13	2,000.00	8,795.00	8,795.00	2,000.00
**	1986 Trailer/w/Towable Generator	6/30/13	5,750.00	28,178.00	28,178.00	5,750.00
07/01/92(a)	Crane Truck	6/30/12	-	64,296.00	64,296.00	-
**	(2) Small 5x8 Trailers	6/30/13	500.00	**	**	500.00
	Less Selling Expenses:		15,350.00	182,420.00	182,420.00	15,350.00
	Commission and Transportation		(1,088.50)			(1,088.50)
	Subtotal		14,261.50	182,420.00	182,420.00	14,261.50

Detail of Remaining Disposed of Assets:

07/01/74	Pump #3 (Marin Village)	6/30/13	-	4,450.00	4,450.00	-
07/01/85	(2) Control Panels(BMK 9 and 10)	6/30/13	-	4,821.00	3,787.62	(1,033.38)
07/01/85	(2) Pump #1(BMK 9 and 10)	6/30/13	-	7,230.00	7,230.00	-
07/01/85	(2) Pump #2(BMK 9 and 10)	6/30/13	-	7,230.00	7,230.00	-
07/01/90	(2) DW Sewage Pump(E. Hamilton)	6/30/13	-	60,000.00	54,000.00	(6,000.00)
07/01/07(b)	Iron Eagle Trailer	6/30/13	-	1,733.00	1,733.00	-
07/01/06(b)	John Deere Gator	6/30/13	-	8,576.00	5,574.40	(3,001.60)
	Subtotal		-	94,040.00	84,005.02	(10,034.98)
Total			14,261.50	276,460.00	266,425.02	4,226.52

** Unknown, no longer on asset listing assume full depreciation.

(a) The 1992 Crane truck was auctioned in previous year we are still trying to collect the proceeds; apparently sold out of state.

(b) Stolen in June of 2012.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

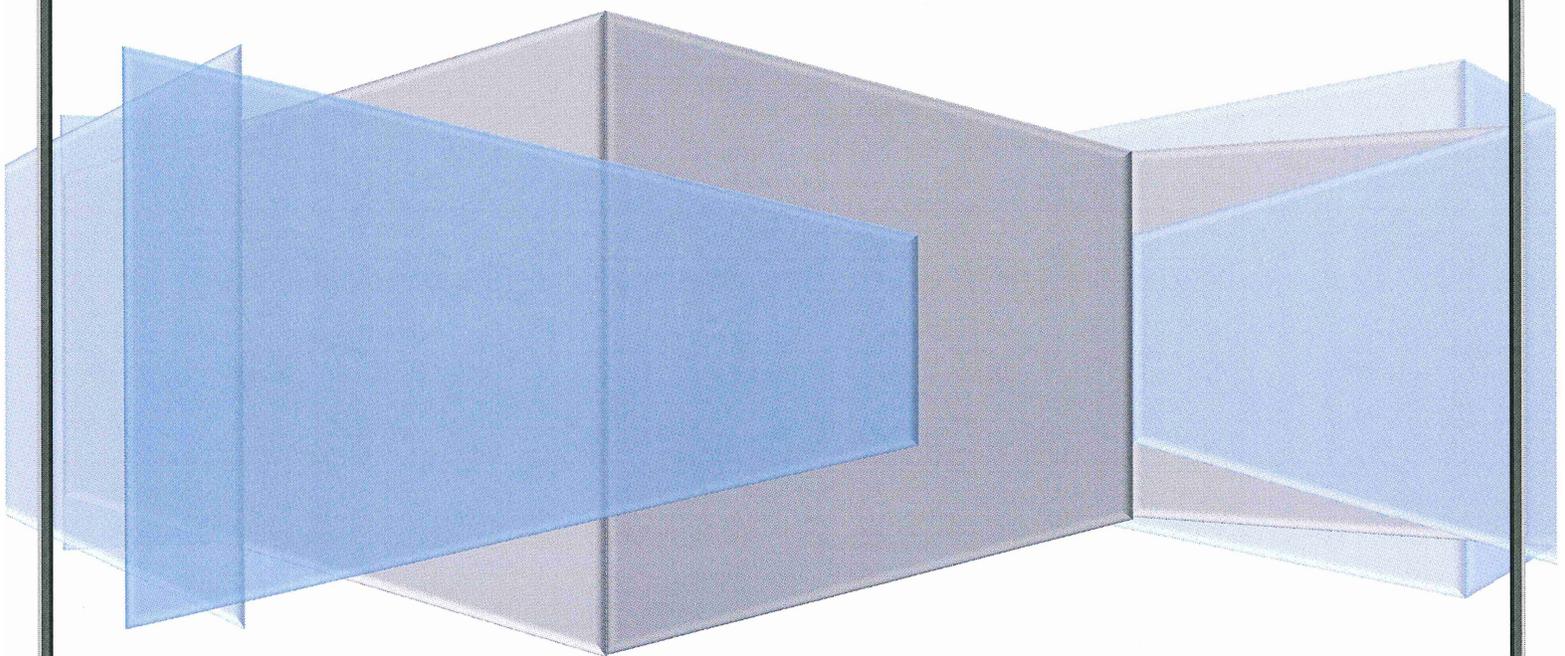
TITLE: Presentation of Annual Financial Audit for the Years ended June 30, 2013 and 2012	MEETING DATE: 1/13/14 AGENDA ITEM NO.: 6.a.
RECOMMENDED ACTION: No action required.	
SUMMARY AND DISCUSSION: Our annual financial audit for the year ended June 30, 2013 was completed on December 6, 2013 by our auditors, Maze and Associates. Maze and Associates presented a draft of this report to our Finance Committee on December 12, 2013. Their comments have been incorporated into the final annual audit report. Our auditors have issued an unmodified opinion on our audited financial report for the fiscal years ended June 30, 2013 and 2012. I would like to call your attention to the statistical section pages 42-55 which give a great deal of interesting information about the District and its operations over the past ten years. In this section, there is information regarding financial trends as well as demographic data. Another item of interest is for the third year in a row, we have submitted our report for the Certificate of Achievement for Excellence in Financial Reporting (CAFR Award) to the Government of Finance Officers Association (GFOA). We have received this recognition from the GFOA for the past two years. The Comprehensive Annual Financial Report is provided for the fiscal years ended June 30, 2013 and 2012 and will be presented by our auditors, Maze and Associates.	
ALTERNATIVES: n/a	
BUDGET INFORMATION: No budget impact.	
DEPT.MGR.:	MANAGER:

NOVATO SANITARY DISTRICT
Novato, CA



Comprehensive Annual
Financial Report

For the Fiscal Years Ended June 30, 2013 and 2012



**NOVATO SANITARY DISTRICT, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

**NOVATO SANITARY DISTRICT
500 Davidson Street
Novato, California 94945
(415) 892-1694 – www.novatosan.com**

Prepared by:

*Beverly James, Manager-Engineer
Laura Creamer, Finance Officer*

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**NOVATO SANITARY DISTRICT
Comprehensive Annual Financial Report
For the Years Ended June 30, 2013 and 2012**

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**NOVATO SANITARY DISTRICT
Comprehensive Annual Financial Report
For the Years Ended June 30, 2013 and 2012**

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Introductory Section

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December 2, 2013

To: The Honorable President and Members of the Board of Directors and Customers of the Novato Sanitary District:

State law requires that all general-purpose local governments and special districts publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Comprehensive Annual Financial Report (CAFR) of the Novato Sanitary District (District) for fiscal year ended June 30, 2013 is hereby submitted as required. Maze & Associates, a firm of licensed certified public accountants, has audited the Novato Sanitary District's financial statements.

This report is organized into four sections: (1) Introductory (2) Financial (3) Supplemental Information and (4) Statistical. The Introductory section offers general information about the District's organization and current District activities and reports on a summary of significant financial results. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis of the District's basic financial statement, and the District's audited basic financial statements with accompanying notes. The Supplemental Information section includes schedules for the purposes of additional analysis. The Statistical section presents un-audited ten-year historical financial, demographic, and statistical information pertinent to the District's operations.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditors' Report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the Novato Sanitary District for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Novato Sanitary District's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

PROFILE OF THE DISTRICT

The Novato Sanitary District was formed in October 1925 pursuant to the Sanitary District Act of 1923 (California Health and Safety Code, Sections 6400 et seq). Established as an Independent Enterprise Special District, the District is authorized to provide wastewater collection and treatment services, to levy rates and fees to support those services, and to regulate collection of garbage and refuse. The District is located in northern Marin County and is approximately 25 miles north of the City and County of San Francisco.

The District has an upgraded and expanded treatment plant designed for average dry weather flow of 7.1 million gallons per day, providing wastewater service to the sewered areas of the City of Novato as well as developed areas outside the city limits. The District encompasses 24.66 square miles and serves approximately 56,000 residents. Wastewater from the District's service area is transported to the Novato Wastewater Treatment Plant where it is treated to federally mandated standards to protect the public health.

The District also operates a Wastewater Reclamation Facility consisting of some 820 acres of farmland in three separate sites adjacent to Highway 37. This acreage is irrigated with recycled water during the summer months for grazing cattle during 5-6 months of the year. Another unique feature of the reclamation facility is a 10-acre wildlife pond utilizing recycled water. The pond supports a variety of freshwater aquatic life and grasses, and is a preserve for birds and other forms of wildlife. A third feature of the reclamation facility is the 6 acres of treated bio solids storage ponds and 15 acres of dedicated disposal site.

In cooperation with the North Marin Water District, up to 1.7 million gallons per day of Title 22 recycled water is produced for use for landscape irrigation in Northern and Eastern Novato.

In addition, the District operates a Household Hazardous Waste program and is responsible for refuse, recycling and green-waste collection through its oversight of a franchise.

Governance

The affairs of the District are directed by a five member Board of Directors elected at large by the registered voters residing in the District. The directors are residents of the District and have the same concerns as their constituents. The board members, who serve four-year staggered terms, are responsible for establishing policy and ordinances, adopting the annual budget, and hiring the District's Manager-Engineer. The Manager-Engineer is responsible for carrying out the policies and ordinances of the District board and for overseeing the day-to-day operations of the District.

Mission and Vision

The mission of the Novato Sanitary District is as follows:

Novato Sanitary District provides responsible environmental and economical wastewater and solid waste resource management for Novato.

The District's long-term vision is as follows:

Creating worth from all of Novato's waste.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Novato Sanitary District operates.

Local Economy

The District has a predominantly residential ratepayer base, with residential users accounting for 75% of equivalent dwelling units. The local economy also includes some 2,500 commercial businesses. No major industrial wastewater producers exist within the District's service area. In general, the District's service area is significantly built out with densification anticipated in the downtown area and commercial corridors. Future growth areas are areas zoned very low density residential.

As an independent enterprise special district having the ability to adjust service rates as required, the District's operating revenues are somewhat insulated from the local economy. The District's operating revenues tend to increase with growth periods and stabilize during non-growth periods. Conceivably, the greatest threat to operating revenues would be from a significant reduction in the service area population. As the District reaches build out, it is anticipated that growth in District revenues will remain stable.

Capacity fees are collected as new units are connected to the District. During the housing boom of the early 2000's the District experienced very strong revenues from capacity fees. It is anticipated that capacity fee revenues will slow dramatically as the District approaches build out.

Property taxes accounted for approximately 9.8% and 10.3% of the District's total revenue for FYE 2012 and 2013, respectively. Due to the current conditions in the housing market, property tax revenues are not expected to increase at prior year historical rates and may remain flat or decrease in the near future due to reduction in values and reassessments.

Long-Term Financial Planning

The District's Board of Directors is aware of the need to ensure the District's financial stability. Through a coordinated strategic process, the Board has established a series of policies and plans to effectively meet the District's anticipated future needs. The cornerstone of these policies is the District's 2011 Comprehensive Financial Plan that forecasts the District's expenditures and revenue needs for the next four years. The District utilizes this information to anticipate future expense obligations and to develop programs to ensure these expense obligations are fully funded.

RELEVANT FINANCIAL POLICIES

Reserve Policy

The District has established a Reserve Policy to anticipate and prepare for unforeseen events and to establish and maintain the required reserves for the State Revolving Fund loan and the Certificates of Participation. The District has also established Capital and Operating Fund targets as of July 1st each year in order to provide sufficient cash flow for expenses in that fiscal year.

Investment Policy

The Investment Policy establishes guidelines for the investment of available funds. The Investment Policy incorporates the "prudent investor" standard as stated in California Government Code (CGC) Section 53600.3. The primary objectives, in priority order, of the District's investment activities are the following: 1) safety, 2) liquidity, and 3) yield. The District's funds are invested in the State Local Agency Investment Fund, in accordance with California Government Code, as described in Footnote 2 of the Basic Financial Statements.

INTERNAL CONTROLS

The District is responsible for establishing and maintaining an internal control structure designed to ensure that the District's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with GAAP. The internal structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that; 1) the cost of control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

MAJOR INITIATIVES

The District has initiated several major projects to upgrade infrastructure and ensure the adequacy of facilities.

- 1) The District recently completed a major upgrade to its wastewater treatment facilities. Financed by a California State Revolving Fund loan the District upgraded and expanded its Novato Treatment Plant to treat the combined flow of two wastewater treatment plants. The new treatment plant replaces two aging facilities with a single new modernized plant. A major new pump station and pipeline replaced an aging and obsolete plant. Improvements include efficient treatment processes that comply with all current standards, re-use of the portions of the plant built since the 1980's that are still usable, and addition of backup facilities in case of equipment failure or emergencies. Debt service payments are paid semi-annually through 2031 at an interest rate of 2.40%.
- 2) A Collection System Improvement and Pump Station Rehabilitation Program is underway to replace aging sewer lines that are reaching the end of their useful lives. The program is designed to meet the District's needs for the next 25 to 50 years. Construction is ongoing and is expected to require work for several more years.
- 3) The District developed a Sewer System Plan more than a decade ago. Since then much progress has been made. With about 220 miles of sewer pipelines, 6,000 manholes, plus other critical facilities, many of which are 50 or 60 years old, there is more work to do. The District has been investing up to \$5 million each year in sewer upgrades to repair the wear and tear from past decades.
- 4) The District's 2011 Comprehensive Financial Plan Update which projects the likely future financial condition of the District and provides guidance in the decision making process.
- 5) Due to the success of the District's Lateral Replacement Program over the past year, the program will continue to provide incentives for ratepayers to repair their private laterals. The program reimburses ratepayers up to \$1,500 for lateral replacement installation. During the fiscal year 2013 the District contributed \$19,500 for the replacement and repair of thirteen damaged private laterals.
- 6) The District completed construction of a 1.7 million gallons per day Recycled Water Treatment Facility in September 2012. The project is part of a regional recycled water program – North Bay Water Reuse Authority. Twenty-five percent of the cost is covered by a grant from the U.S. Bureau of Reclamation. Five percent is covered by a grant from the California Department of Water Resources. The recycled water will be distributed by North Marin Water District to irrigate a golf course, landscaping, cemeteries, and playing fields in Northern and Eastern Novato. The Facility was operational in September of 2012.

COLLABORATIVE PARTNERSHIPS

The District 's success in providing low-cost, high-quality service is due in part to the successful strategy of forming collaborative partnerships with a number of different entities.

Zero Waste Program. In addition to franchising garbage collection and disposal with Novato Disposal Service, the District is responsible for meeting mandates of AB 939, the California Integrated Waste Management Act of 1989. A Zero Waste Program with Novato Disposal Service will take recycling to the next level by dramatically reducing what goes to the landfill, without a rate increase beyond inflation.

Specialized Staff Sharing. The District shared a single full-time safety officer with four other Marin County sanitary agencies. The District and North Marin Water District also have a Mutual Aid Agreement to share highly skilled laboratory staff.

Cost-Saving Management of Treatment Plant. The District contracts with Veolia Water to operate its newly upgraded treatment facilities, achieving both cost savings and environmental compliance.

Millions in Funding from Collaborative Recycled Water Program. By working collaboratively with North Marin Water District and other neighboring agencies, the District has helped obtain over \$2.6 million in federal grant funding to expand recycled water use in Novato.

RISK MANAGEMENT

The District is a member of the California Sanitation Risk Management Authority (CSRMA). CSRMA is a public joint powers authority that provides a full service risk management program for public sanitation agencies. The day-to-day operations of CSRMA are governed by its bylaws and other executive policies adopted by its Board of Directors. CSRMA provides comprehensive property, liability and workers' compensation protection to the District.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The District is a member of the California Public Employees' Retirement System (CalPERS) and participates in a three-tiered defined benefit pension plan. The three tiers are as follows: 2% @ 55, 2% @ 60 and 2% @ 62 defined benefit pension plans. For more information, please refer to Footnote 10 of the Basic Financial Statements.

The District provides post-employment healthcare benefits to eligible retirees based on a formula adopted by the District Board in July 2008. Depending on date of hire, years of service, and age at retirement, the benefits range from full coverage for retiree and one dependent to 1.5% of base salary to a Medical After Retirement Account for employees hired after July 2008. Employees who retired prior to the adoption of the vesting formula in 2008 receive full coverage for retiree and eligible dependents. Twenty-three individuals are currently participating in the District's post-employment health care program. The District does not provide pension or medical benefits to retired members of the Board of Directors.

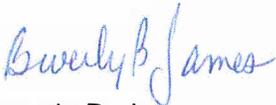
INDEPENDENT AUDIT

The Government Code requires an annual audit of the District's financial records by a Certified Public Accountant. The District selected, through a competitive process, the firm of Maze & Associates to conduct the audit. The auditor report on the financial statements and schedules are included in the financial section of this report.

ACKNOWLEDGEMENTS

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. A special note of appreciation goes to Laura Creamer, CPA, the District's Finance Officer, for her assistance with developing this report. We would also like to recognize the members of the Board of Directors' Finance Committee, Jean Mariani and William Long. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Novato Sanitary District's fiscal policies.

Respectfully submitted,



Beverly B. James
Manager-Engineer

Leaders in Protecting the Environment

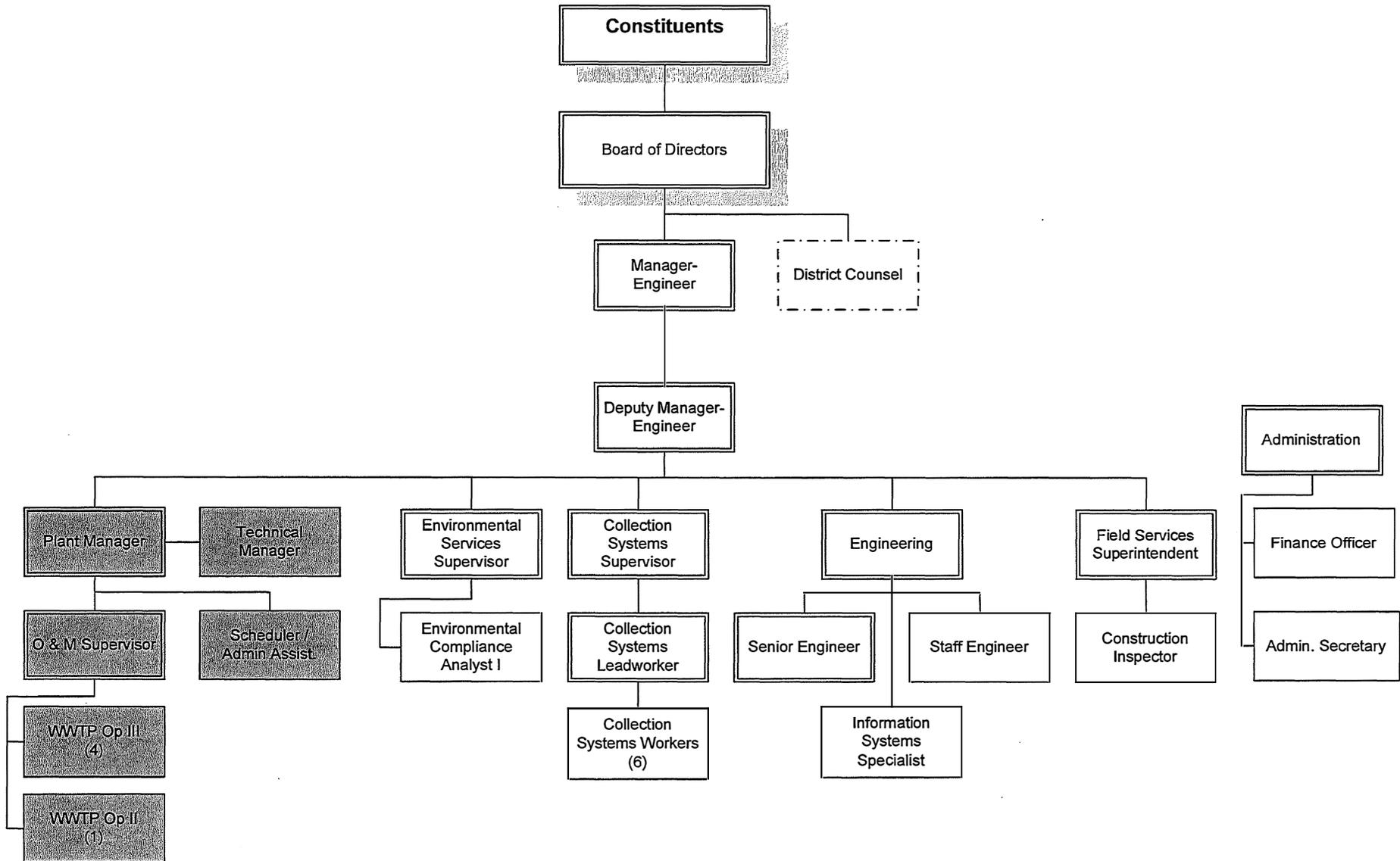
Novato Sanitary District provides wastewater collection, treatment, recycling and disposal services for the community of Novato, California. In addition, the District is responsible for refuse disposal, recycling, and greenwaste collection through its franchise collector, Novato Disposal Service.

Novato Sanitary District Board of Directors as of June 30, 2013

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>First Seated on Board</u>	<u>Current Term</u>
Michael Di Giorgio	President	Elected	12/2005	12/09-12/13
William C. Long	Director	Elected	12/2001	12/09-12/13
Jean Mariani	Director	Elected	5/2011	12/11-12/15
Dennis J. Welsh	Director	Elected	12/2009	12/09-12/13
Gerald Peters	Director	Elected	12/2011	12/11-12/15

**Novato Sanitary District
Beverly James, Manager-Engineer
500 Davidson Street
Novato, California 94945
(415) 892-1694 – www.novatosan.com**

XI:





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June 30, 2012

Executive Director/CEO

Financial Section

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Novato Sanitary District, California
Novato, California

Report on Financial Statements

We have audited the accompanying financial statements of the Novato Sanitary (District) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2013 and 2012, and the changes in financial position and, cash flows thereof in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2013 and required a restatement to the financial statements:

Statement 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. See Note 1N to the financial statements for relevant disclosures.

Statement 65 - *Items Previously Reported as Assets and Liabilities*. See Note 13 to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Introductory Section and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Pleasant Hill, California
December 6, 2013

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Novato Sanitary District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2013 and 2012. The two-year presentation is provided for comparative purposes. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2013, the District's assets decreased 1.4% or \$3,111,865 to \$217,080,476 due primarily to the payment on our debt obligations. In 2012, the District's assets increased 11.1% or \$22,074,324 to \$220,192,341 due to proceeds from the issuance of the Certificates of Participation.
- In 2013, the District's net position increased 1.5% or \$1,709,383 to \$114,697,634. In 2012, the District's net position increased 2.2% or \$2,516,731 to \$112,988,251.
- In 2013, the District's operating revenues increased 7.8% or \$1,116,244 due to the approved rate increase of approximately 6.7% in June of 2012. In 2012, the District's operating revenues decreased .6% or \$91,156.
- In 2013, the District's capital contributions decreased 93.6% or \$2,172,885 due to no grants in this fiscal year as in prior year. In 2012, the District's capital contributions increased 365% or \$1,821,696 due to the receipt of grant funding from the American Reinvestment and Recovery Act (ARRA) and the Prop 84 Grant.
- In 2013, the District's operating expenses before depreciation decreased 16.9% or \$1,654,475 due to the following: Administration – CALPers side fund paid off in 2012, Collections – reduction of sewer outflows, and Pump Stations – lower operating costs for new pump stations. In 2012, the District's operating expenses before depreciation increased 15.3% or \$1,294,222 due primarily to the payoff of the CALPers side fund of approximately \$1.2 million.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District’s finances is, “Is the District better off or worse off as a result of this year’s activities?” The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year’s revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District’s *net position* and changes in them. You can think of the District’s net position – the difference between assets and deferred outflows and liabilities and deferred inflows – as one way to measure the District’s financial health, or *financial position*. Over time, *increases or decreases* in the District’s net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State wastewater standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 15 through 35.

Statement of Net Position

Condensed Statements of Net Position						
	2013	2012	Change	2011	Change	
Assets:						
Current assets	\$ 23,453,892	26,303,224	(2,849,332)	10,291,808	16,011,416	
Non-current assets	-	-	-	-	-	
Capital assets, net	193,626,584	193,889,117	(262,533)	187,826,209	6,062,908	
Total assets	217,080,476	220,192,341	(3,111,865)	198,118,017	22,074,324	
Liabilities:						
Current liabilities	6,856,759	7,515,697	(658,938)	5,690,488	1,825,209	
Non-current liabilities	95,526,083	99,688,393	(4,162,310)	81,956,009	17,732,384	
Total liabilities	102,382,842	107,204,090	(4,821,248)	87,646,497	19,557,593	
Net Position as restated (Note 8)						
Net investment in capital assets	104,411,068	105,262,788	(851,720)	106,497,126	(1,234,338)	
Unrestricted	10,286,566	7,725,463	2,561,103	3,974,394	3,751,069	
Total net position	114,697,634	112,988,251	1,709,383	110,471,520	2,516,731	
Total liabilities and net position	\$ 217,080,476	220,192,341	(3,111,865)	198,118,017	22,074,324	

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets of the District exceeded liabilities by \$114,697,634 and \$112,988,251 as of June 30, 2013 and June 30, 2012, respectively.

By far the largest portion of the District’s net position (91% and 93% as of June 30, 2013 and 2012, respectively) reflects the District’s investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District’s service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2013 and 2012, the District showed a positive balance in its unrestricted net position of \$10,286,566 and \$7,725,463 respectively, which may be utilized in future years. See note 8 for further discussion.

Statement of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position					
	2013	2012	Change	2011	Change
Revenues:					
Operating revenues	\$ 15,341,529	14,225,285	1,116,244	14,316,441	(91,156)
Non-operating revenues	1,980,806	2,088,099	(107,293)	1,972,683	115,416
Total revenues	17,322,335	16,313,384	1,008,951	16,289,124	24,260
Expenses:					
Operating expenses	8,103,790	9,758,265	(1,654,475)	8,464,043	1,294,222
Depreciation and amortization	4,602,353	3,238,715	1,363,638	2,306,550	932,165
Non-operating expenses	3,053,758	3,055,503	(1,745)	6,891,446	(3,835,943)
Total expenses	15,759,901	16,052,483	(292,582)	17,662,039	(1,609,556)
Net income before capital contributions	1,562,434	260,901	1,301,533	(1,372,915)	1,633,816
Capital contributions	146,949	2,319,834	(2,172,885)	498,138	1,821,696
Change in net position	1,709,383	2,580,735	(871,352)	(874,777)	3,455,512
Net position, beginning of year	112,988,251	110,471,520	2,516,731	111,346,297	(874,777)
Prior year restatement(Note 13)	-	(64,004)	64,004	-	(64,004)
Net position, end of year	\$ 114,697,634	112,988,251	1,709,383	110,471,520	2,516,731

The statement of revenues, expenses and changes of net position shows how the District's net position changed during the fiscal years. In the case of the District, net position increased by \$1,709,383 and \$2,516,731 for the fiscal years ended June 30, 2013 and 2012, respectively. A closer examination of the sources of changes in net position reveals that:

In 2013, the District's sewer service charges increased 7.3% or \$999,695 primarily due to the rate increase approved in June of 2012 of approximately 6.7% in the first year.

In 2013, the District's capital contributions decreased 93.6% or \$2,172,885. In 2012, the District's capital contributions increased 365% or \$1,821,696. These changes are primarily due to the grant funding received by the District in fiscal year ended June 30, 2012.

In 2013, the District's operating expenses before depreciation decreased 16.9% or \$1,654,475 due to the following: Administration – CALPers side fund paid off in 2012, Collections – reduction in Administrative Civil Liability costs because of a reduction in sewer overflows, and Pump Stations – lower operating costs due to new pump stations. In 2012, the District's operating expenses before depreciation increased 15.3% or \$1,294,222 due primarily to the payoff of the CALPers side fund of approximately \$1.2 million.

Operating and Non-Operating Revenues

	2013	2012	Change	2011	Change
Operating revenues:					
Sewer service charges	\$ 14,670,826	13,671,131	999,695	13,570,839	100,292
Other service charges	305,154	227,067	78,087	447,577	(220,510)
Permit, inspection and other fees	34,505	21,441	13,064	9,532	11,909
Recycled water facility	33,458	8,060	25,398	8,000	60
AB939 – solid waste programs	297,586	297,586	-	280,493	17,093
Total operating revenues	15,341,529	14,225,285	1,116,244	14,316,441	(91,156)
Non-operating revenue:					
Property taxes	1,795,481	1,795,489	(8)	1,773,877	21,612
Franchise fees	46,170	45,000	1,170	45,000	-
Rental revenue	67,246	(18,901)	86,147	50,000	(68,901)
Interest earnings	67,050	37,129	29,921	30,387	6,742
Gain on sale/disposition of assets	2,529		2,529		
Other non-operating revenues	2,030	229,382	(227,352)	73,419	155,963
Total non-operating revenues	1,980,506	2,088,099	(107,593)	1,972,683	115,416
Total revenues	\$ 17,322,035	16,313,384	1,008,651	16,289,124	24,260

Total revenues increased by \$1,008,651 and increased by \$24,260 in fiscal years 2013 and 2012, respectively.

Operating and Non-Operating Expenses

	2013	2012	Change	2011	Change
Operating expenses:					
Collection system	\$ 1,022,006	1,274,730	(252,724)	963,487	311,243
Treatment plant	2,561,301	2,560,633	668	2,566,139	(5,506)
Wastewater reclamation and disposal	423,670	442,266	(18,596)	355,218	87,048
Laboratory and monitoring	572,718	621,758	(49,040)	688,238	(66,480)
Sewers and pump stations	668,427	758,563	(90,136)	673,344	85,219
Recycled water facility	31,301	-	31,301	-	-
AB939 – solid waste programs	318,616	310,890	7,726	307,137	3,753
Administrative and engineering	2,505,751	3,789,425	(1,283,674)	2,910,480	878,945
Total operating expenses	8,103,790	9,758,265	(1,654,475)	8,464,043	1,294,222
Depreciation and amortization exp.	4,602,353	3,238,715	1,363,638	2,306,550	932,165
Non-operating expenses:					
Interest expense	2,712,097	2,669,346	42,751	209,456	2,459,890
Deferred charges amortization	-	10,564	(10,564)	16,744	(6,180)
Loss on sale/disposition of assets	-	367,095	(367,095)	6,634,450	(6,267,355)
Other non-operating expenses	341,661	8,498	333,163	30,796	(22,298)
Total non-operating expenses	3,053,758	3,055,503	(1,745)	6,891,446	(3,835,943)
Total expenses	\$ 15,759,901	16,052,483	(292,582)	17,662,039	(1,609,556)

Total expenses decreased by \$292,582 and decreased by \$1,609,556 in fiscal years 2013 and 2012, respectively.

Capital Asset Administration

Changes in capital assets amounts for 2013 were as follows:						
		Balance		Transfers/		Balance
		2012	Additions	Deletions	Reclassifications	2013
Capital assets:						
Non-depreciable assets	\$	16,430,111	622,662	(8,688,920)	(1,235)	8,362,618
Depreciable assets		217,700,000	3,728,894	8,440,638	1,235	229,870,767
Accumulated depreciation		(40,240,994)	(4,602,353)	236,546		(44,606,801)
Total capital assets ,net	\$	193,889,117	(250,797)	(11,736)	-	193,626,584
Changes in capital assets amounts for 2012 were as follows:						
		Balance		Transfers/		Balance
		2011	Additions	Deletions	Reclassifications	2012
Capital assets:						
Non-depreciable assets	\$	9,713,762	7,850,553	(1,134,204)		16,430,111
Depreciable assets		215,476,914	2,953,577	(730,491)		217,700,000
Accumulated depreciation		(37,364,467)	(3,245,189)	368,662		(40,240,994)
Total capital assets ,net	\$	187,826,209	7,558,941	(1,496,033)	-	193,889,117

At the end of fiscal year 2013 and 2012, the District’s investment in capital assets amounted to \$193,626,584 and \$193,889,117 (net of accumulated depreciation), respectively. This investment in capital assets includes land, land improvements, sewer collection and outfall system, buildings and structures, equipment, vehicles and construction-in-process, etc. Major capital assets additions during the year include improvements to portions of the District’s sewer collection and treatment system and pump stations. (See note 4 for further details)

Debt Administration

Changes in long-term debt amounts for 2013 were as follows:						
		Balance				Balance
		2012	Additions	Deletions		2013
Loan payable		81,307,947	-	(3,431,967)		77,875,980
2011 Certificates Of Participation		21,750,000	-	(800,000)		20,950,000
Total long-term debt	\$	103,057,947	-	(4,231,967)		98,825,980
Changes in long-term debt amounts for 2012 were as follows:						
		Balance				Balance
		2011	Additions	Deletions		2012
Long-term debt:						
Loan payable	\$	81,329,083	-	(21,136)		81,307,947
2011 Certificates Of Participation		-	21,750,000			21,750,000
Total long-term debt	\$	81,329,083	21,750,000	(21,136)		103,057,947

During fiscal year 2012, the District issued new 2011 Certificates of Participation and began making payments on the SRF loan. See note 6 for further details of the District’s long-term debt.

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net assets or operating results based on past, present and future events.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Manager-Engineer at 500 Davidson Street, Novato, California, 94945.

Basic Financial Statements

NOVATO SANITARY DISTRICT
STATEMENTS OF NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$13,231,902	\$10,331,492
Restricted - cash and investments (Note 2)	9,610,464	14,595,327
Accrued interest receivable	13,401	15,093
Accounts receivable, net (Note 3)	544,544	1,308,499
Prepaid expenses and other deposits	53,581	52,813
Total current assets	23,453,892	26,303,224
NON-CURRENT ASSETS		
Capital assets - not being depreciated (Note 4)	8,362,618	16,430,111
Capital assets - being depreciated (Note 4)	185,263,966	177,459,006
Total non-current assets	193,626,584	193,889,117
TOTAL ASSETS	\$217,080,476	\$220,192,341
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$978,949	\$1,780,576
Payable to other agency		285,000
Customers deposit and unearned revenue	38,006	44,041
Restricted - special assessment payable	166,077	163,708
Accrued interest payable	1,293,552	971,294
Long-term liabilities - due within one year:		
Compensated absences (Note 5)	40,242	39,111
State Revolving Fund Loan payable (Note 6)	3,509,933	3,431,967
Certificates of Participation (Note 6)	830,000	800,000
Total current liabilities	6,856,759	7,515,697
NON-CURRENT LIABILITIES		
Long-term liabilities - due in more than one year:		
Compensated absences (Note 5)	120,725	117,334
Other post-employment benefits payable (Note 7)	919,311	745,079
State Revolving Fund Loan payable (Note 6)	74,366,047	77,875,980
Certificates of Participation (Note 6)	20,120,000	20,950,000
Total non-current liabilities	95,526,083	99,688,393
TOTAL LIABILITIES	102,382,842	107,204,090
NET POSITION (Note 8)		
Net investment in capital assets	104,411,068	105,262,788
Unrestricted	10,286,566	7,725,463
TOTAL NET POSITION	114,697,634	112,988,251
TOTAL LIABILITIES AND NET POSITION	\$217,080,476	\$220,192,341

See accompanying notes to financial statements

NOVATO SANITARY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
OPERATING REVENUES		
Sewer service charges	\$14,670,826	\$13,671,131
Other service charges	305,154	227,067
Permit, inspection and other fees	34,505	21,441
Recycled water facility	33,458	8,060
AB939 - solid waste programs	297,586	297,586
Total operating revenues	15,341,529	14,225,285
OPERATING EXPENSES		
Collection system	1,022,006	1,274,730
Treatment plant	2,561,301	2,560,633
Wastewater reclamation and disposal	423,670	442,266
Laboratory and monitoring	572,718	621,758
Sewers and pump stations	668,427	758,563
AB939 - solid waste programs	318,616	310,890
Recycled water	31,301	
Administrative and engineering	2,505,751	3,789,425
Total operating expenses	8,103,790	9,758,265
Operating income before depreciation	7,237,739	4,467,020
Depreciation and amortization	(4,602,353)	(3,238,715)
OPERATING INCOME	2,635,386	1,228,305
NONOPERATING REVENUES (EXPENSES)		
Property taxes	1,795,781	1,795,489
Franchise fees	46,170	45,000
Rental revenue	67,246	(18,901)
Interest income	67,050	37,129
Interest expense	(2,712,097)	(2,669,346)
Deferred charges amortization		(10,564)
Gain (loss) on sale/disposition of capital assets	2,529	(367,095)
Other non-operating revenues	2,030	229,382
Other non-operating expenses	(341,661)	(8,498)
Total nonoperating revenues (expenses), net	(1,072,952)	(967,404)
Net income (loss) before capital contributions	1,562,434	260,901
CAPITAL CONTRIBUTIONS		
Connection fees	146,949	880,541
Capital contributions		5,732
Capital grants		1,433,561
Total capital contributions	146,949	2,319,834
CHANGES IN NET POSITION	1,709,383	2,580,735
NET POSITION, BEGINNING OF YEAR	112,988,251	110,471,520
Prior year restatement due to implementation of GASB 65 (Note 13)		(64,004)
NET POSITION, END OF YEAR (AS RESTATED)	\$114,697,634	\$112,988,251

See accompanying notes to financial statements

NOVATO SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers for sewer service charges and services	\$16,220,930	\$14,211,233
Cash paid to employees for salaries, wages and benefits	(1,922,742)	(1,967,391)
Cash paid to vendors and suppliers for materials and services	(7,435,016)	(6,704,120)
Cash Flows from Operating Activities	6,863,172	5,539,722
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	1,795,781	1,795,489
Cash Flows from Noncapital Financing Activities	1,795,781	1,795,489
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(4,351,556)	(9,668,718)
Proceeds from sale of capital assets	14,265	
Capital contributions	146,949	2,319,834
Proceeds received from loan payable		2,129,875
Proceeds received from Certificates of Participation		21,750,000
Principal payments on long-term debt	(4,231,967)	(21,136)
Interest payments on long-term debt	(2,389,839)	(6,002,780)
Cash Flows from Capital and Related Financing Activities	(10,812,148)	10,507,075
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	68,742	36,286
Cash Flows from Investing Activities	68,742	36,286
NET CASH FLOWS	(2,084,453)	17,878,572
Cash, beginning of year	24,926,819	7,048,247
Cash, end of year	\$22,842,366	\$24,926,819
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$13,231,902	\$10,331,492
Restricted - cash and cash equivalents	9,610,464	14,595,327
Total cash and cash equivalents	\$22,842,366	\$24,926,819

(Continued)

NOVATO SANITARY DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$2,635,386</u>	<u>\$1,228,305</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	4,602,353	3,238,715
Other non-operating revenues	115,446	255,481
Other non-operating expenses	(341,661)	(8,498)
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable - sewer services	763,955	(269,533)
Prepaid expenses and other deposits	(768)	7,657
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(801,627)	532,749
Payable to other agency	(285,000)	285,000
Customer deposits and deferred revenue	(6,035)	30,998
Restricted - special assessment payable	2,369	2,540
Compensated absences	4,522	3,285
Other post-employment benefits payable	174,232	233,023
Total adjustments	<u>4,227,786</u>	<u>4,311,417</u>
Net cash provided by operating activities	<u><u>\$6,863,172</u></u>	<u><u>\$5,539,722</u></u>
Schedule of Non-Cash Investing and Financing Activities:		
Change in fair market value of investments	\$3,608	\$27,789
Capital contributions		5,732

See accompanying notes to financial statements

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**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012**

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Organization and Operations of the Reporting Entity*

The Novato Sanitary District (District) is a separate governmental unit established as a Special District of the State of California, created in 1925. The District provides sewage collection, treatment, reclamation, and disposal services to an area of about 25 square miles in and around the City of Novato in Marin County, California. Revenues are derived principally from sewer service charges collected from commercial and residential customers within the District's service area. The District is governed by a five-member Board of Directors who serve four year terms.

B. *Basis of Accounting and Measurement Focus*

Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing wastewater service, treatment and collection to its service area on a continuing basis be financed or recovered primarily through user charges (sewer service charges), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as sewer service charges as well as treatment and collection charges, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. *Use of Estimates*

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

D. *Cash and Cash Equivalents*

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012**

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. *Investments*

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

F. *Accounts Receivable and Allowance for Uncollectible Accounts*

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

G. *Property Taxes and Sewer Assessments*

The Marin County Assessor's Office assesses all real and personal property within the County each year. The Marin County Tax Collector's Office bills and collects the District's share of property taxes and assessments. The Marin County Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the Marin County which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

H. *Prepaid Expenses*

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

I. *Capital Assets*

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Contributed assets are recorded at estimated fair market value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Sewer system improvements - 15 years
- Sewer collection and outfall system - 50 to 100 years
- Buildings and structures - 15 to 50 years
- Sewer facilities equipment - 5 to 35 years
- Equipment - 5 to 35 years

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012**

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. *Compensated Absences*

The District's policy is to permit employees to accumulate earned vacation up to a total of 240 hours during their first 15 years of service and 320 hours after 15 years of service. Upon termination of employment, employees are paid all unused vacation and forfeit any unused sick time unless the employee retires from the District in which case unused sick leave is counted 100% towards CalPERS service credits.

K. *Sewer Service Charges*

The majority of sewer service charges are billed annually on the County of Marin's property tax bills.

L. *Capital Contributions*

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or connection to the District's system.

M. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

N. *Net Position*

The financial statements utilize a net position presentation. Net positions are categorized as follows:

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- **Restricted Net Position** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** - This component of net position consists of net assets that do not meet the definition of *restricted* or *net investment in capital assets*.

NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

NOTE 2 – CASH AND INVESTMENTS

Cash and cash equivalents as of June 30, are classified in the accompanying financial statements as follows:

	2013	2012
Cash and cash equivalents	\$13,231,902	\$10,331,492
Restricted cash and investments	9,610,464	14,595,327
Total Cash and Investments	\$22,842,366	\$24,926,819

Cash and cash equivalents as of June 30, consist of the following:

	2013	2012
<i>Held by District:</i>		
Cash on hand	\$538	\$252
Deposits with financial institutions	26,457	418,582
Local Agency Investment Fund	13,204,907	10,076,367
<i>Held by Fiscal Agent:</i>		
Deposits with financial institutions	1,697,252	1,723,214
Local Agency Investment Fund	7,913,212	12,708,404
Total Cash and Investments	\$22,842,366	\$24,926,819

A. *Investments Authorized by the California Government Code and the District's Investment Policy*

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State and Local Agency Bonds, Notes and Warrants	5 years		100%	None
Registered State bonds, Notes and Warrants	5 years		100%	None
U.S. Treasury Obligations	5 years		100%	None
Federal Agency Securities	5 years		100%	None
Banker's Acceptances	270 days		40%	30%
Prime Commercial Paper	180 days	A-1	25%	10%
Negotiable Certificates of Deposit	5 years	AA	30%	None
Repurchase Agreements	1 year		100%	None
Reverse Repurchase Agreements	92/30 days		20% of base	None
Medium-term Notes	5 years	AA	30%	None
Money Market Mutual Funds	N/A		15%	10%
Mortgage Pass-through Securities	N/A		30%	None
California Local Agency Investment Fund	N/A		\$40 million per account	None
Passbook Savings Account Demand Deposits	N/A		100%	None

NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

NOTE 2 –CASH AND INVESTMENTS (Continued)

B. *Investments Authorized by the District's Debt Issues*

The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with District resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions related to maturities and credit ratings, where applicable, of these investments:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality (per S&P)
Federal Securities		
U.S. Agency Securities		A
Interest Bearing Deposit Accounts, including Certificates of Deposit		A or fully insured by the FDIC
Commercial Paper	180 days	Highest Short-Term Rating
Federal Funds or Bankers' Acceptances	1 year	Highest Rating Category
Money Market Funds		AAAm-G, AAAm or Aam
Obligations the interest on which is excludable from gross income pursuant to IRS Tax Code Section 103		A
Obligations issued by any corporation organized and operating within the U.S. with assets > \$500 million		A
Municipal Bonds or Notes		Two Highest Categories
Guaranteed Investment Agreements		A
California Local Agency Investment Fund (LAIF)		

NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

NOTE 2 –CASH AND INVESTMENTS (Continued)

C. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balances, up to \$250,000 at June 30, 2013 and 2012 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2013 and 2012, these investments matured in an average of 278 and 268 days, respectively.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012**

NOTE 2 – CASH AND INVESTMENTS (Continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2013 and 2012, the Local Agency Investment Fund was not rated.

F. Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer that represent 5% or more of total District's investments at June 30, 2013 and 2012, respectively.

NOTE 3 – ACCOUNTS RECEIVABLE

The District's accounts receivable at June 30, was as follows:

<u>Description</u>	<u>2013</u>	<u>2012</u>
Sewer services	\$338,862	\$209,489
Governmental agencies		51,874
Capital grant		886,120
Property tax	66,268	122,414
Recycling	51,962	
Other, net of allowance	87,452	38,602
	<u>\$544,544</u>	<u>\$1,308,499</u>

NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

NOTE 4 – CAPITAL ASSETS

A. Capital Assets Activity

Changes in capital assets for the current fiscal year were as follows:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Reclassifications</u>	<u>Balance June 30, 2013</u>
Non-depreciable assets:					
Land and land rights	\$2,774,742			(\$1,235)	\$2,773,507
Easements	2,118,095				2,118,095
Construction-in-process	<u>11,537,274</u>	<u>\$622,662</u>	<u>(\$8,688,920)</u>		<u>3,471,016</u>
Total non-depreciable assets	<u>16,430,111</u>	<u>622,662</u>	<u>(8,688,920)</u>	<u>(1,235)</u>	<u>8,362,618</u>
Depreciable assets:					
Sewer system improvements	162,355,711	2,824,901	8,688,920	27,996	173,897,528
Sewer collection and outfall system	46,515,619	419,495		(26,761)	46,908,353
Sewer facilities equipment	6,895,689	478,464	(83,731)		7,290,422
Equipment	<u>1,932,981</u>	<u>6,034</u>	<u>(164,551)</u>		<u>1,774,464</u>
Total depreciable assets	<u>217,700,000</u>	<u>3,728,894</u>	<u>8,440,638</u>	<u>1,235</u>	<u>229,870,767</u>
Accumulated depreciation:					
Sewer system improvements	(21,083,218)	(3,762,697)			(24,845,915)
Sewer collection and outfall system	(13,164,363)	(480,408)			(13,644,771)
Sewer facilities equipment	(5,007,310)	(243,417)	76,698		(5,174,029)
Equipment	<u>(986,103)</u>	<u>(115,831)</u>	<u>159,848</u>		<u>(942,086)</u>
Total accumulated depreciation	<u>(40,240,994)</u>	<u>(4,602,353)</u>	<u>236,546</u>		<u>(44,606,801)</u>
Total depreciable assets, net	<u>177,459,006</u>	<u>(873,459)</u>	<u>8,677,184</u>	<u>1,235</u>	<u>185,263,966</u>
Total capital assets, net	<u><u>\$193,889,117</u></u>	<u><u>(\$250,797)</u></u>	<u><u>(\$11,736)</u></u>		<u><u>\$193,626,584</u></u>

Major capital assets additions during the year include improvements to portions of the District's sewer collection and treatment system and pump stations.

NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

NOTE 4 – CAPITAL ASSETS (Continued)

Changes in capital assets for the prior fiscal year were as follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2012</u>
Non-depreciable assets:				
Land and land rights	\$2,774,742			\$2,774,742
Easements	2,112,363	\$5,732		2,118,095
Construction-in-process	4,826,657	7,844,821	(\$1,134,204)	11,537,274
Total non-depreciable assets	<u>9,713,762</u>	<u>7,850,553</u>	<u>(1,134,204)</u>	<u>16,430,111</u>
Depreciable assets:				
Sewer system improvements	159,878,106	2,833,199	(355,594)	162,355,711
Sewer collection and outfall system	46,515,619			46,515,619
Sewer facilities equipment	7,199,641	101,592	(405,544)	6,895,689
Equipment	1,883,548	18,786	30,647	1,932,981
Total depreciable assets	<u>215,476,914</u>	<u>2,953,577</u>	<u>(730,491)</u>	<u>217,700,000</u>
Accumulated depreciation:				
Sewer system improvements	(18,586,610)	(2,507,252)	10,644	(21,083,218)
Sewer collection and outfall system	(12,684,880)	(479,483)		(13,164,363)
Sewer facilities equipment	(5,155,345)	(157,631)	305,666	(5,007,310)
Equipment	(937,632)	(100,823)	52,352	(986,103)
Total accumulated depreciation	<u>(37,364,467)</u>	<u>(3,245,189)</u>	<u>368,662</u>	<u>(40,240,994)</u>
Total depreciable assets, net	<u>178,112,447</u>	<u>(291,612)</u>	<u>(361,829)</u>	<u>177,459,006</u>
Total capital assets, net	<u><u>\$187,826,209</u></u>	<u><u>\$7,558,941</u></u>	<u><u>(\$1,496,033)</u></u>	<u><u>\$193,889,117</u></u>

Major capital assets additions during the year include construction of the District's new recycled water facility and other buildings, structures and improvements.

B. Construction-In-Process

The District is involved in various construction projects throughout the year. Once completed, projects are capitalized and depreciated over the life of the asset.

Construction-in-process consists of the following projects as of June 30:

<u>Projects</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Wastewater treatment plant upgrade	\$879,643	\$7,947,232	\$1,279,999
Collection system improvements	1,747,180	2,119,019	2,015,244
Pump station rehabilitation	785,526	803,188	936,614
North Bay Water Reuse Authority		526,016	475,385
NTP soil and groundwater project			100,273
Various other minor projects <\$50,000	58,667	141,819	19,142
Total	<u><u>\$3,471,016</u></u>	<u><u>\$11,537,274</u></u>	<u><u>\$4,826,657</u></u>

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012**

NOTE 5 – COMPENSATED ABSENCES

The changes to compensated absences balances at June 30, were as follows:

<u>Balance 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2013</u>	<u>Due Within One Year</u>
\$156,445	\$20,706	(\$16,184)	\$160,967	\$40,242

<u>Balance 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2012</u>	<u>Due Within One Year</u>
\$153,160	\$4,072	(\$787)	\$156,445	\$39,111

NOTE 6 – LONG-TERM DEBT

A. Long-Term Debt Activity

Changes in long-term debt amounts for 2012-2013 were as follows:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>	<u>Due within one year</u>
Long-term debt:					
2011 Wastewater Revenue Certificates of Participation	\$21,750,000		(\$800,000)	\$20,950,000	\$830,000
SRF Loan payable	81,307,947		(3,431,967)	77,875,980	3,509,933
Total long-term debt	<u>\$103,057,947</u>		<u>(\$4,231,967)</u>	<u>\$98,825,980</u>	<u>\$4,339,933</u>

Changes in long-term debt amounts for 2011-2012 were as follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>	<u>Due within one year</u>
Long-term debt:					
2011 Wastewater Revenue Certificates of Participation		\$21,750,000		\$21,750,000	\$800,000
SRF Loan payable	\$81,329,083		(\$21,136)	81,307,947	3,431,967
Total long-term debt	<u>\$81,329,083</u>	<u>\$21,750,000</u>	<u>(\$21,136)</u>	<u>\$103,057,947</u>	<u>\$4,231,967</u>

B. 2011 Wastewater Revenue Certificates of Participation

The District issued \$21,750,000 in Wastewater Revenue Certificates of Participation on September 27, 2011 to finance the construction of wastewater system improvements and pay issuance costs. The Certificates are payable from net revenues of the District and bear interest rates of 3.00%-4.75%. Interest payments are due February 1 and August 1 of each year, commencing on February 1, 2012. Principal payments are due February 1 of each year commencing February 1, 2013 through 2032.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012**

NOTE 6 – LONG-TERM DEBT (Continued)

The following table summarizes the debt service maturity of the District for the 2011 Certificates of Participation:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$830,000	\$861,698	\$1,691,698
2015	855,000	836,798	1,691,798
2016	885,000	811,148	1,696,148
2017	905,000	775,748	1,680,748
2018	925,000	739,548	1,664,548
2019-2023	5,015,000	3,123,540	\$8,138,540
2024-2028	5,960,000	2,047,848	\$8,007,848
2029-2032	5,575,000	654,154	\$6,229,154
Total	<u>\$20,950,000</u>	<u>\$9,850,482</u>	<u>\$30,800,482</u>

C. *Loan Payable - State Water Resources Control Board Loan*

In fiscal year 2008, the District was granted a loan for \$81,329,083 from the California State Water Resources Control Board under the State Revolving Fund (SRF) loan program to upgrade and expand the Novato Treatment Plant to treat the combined flow of the District's wastewater treatment plants. The funds received are Federal funding provided to the State of California under the Federal Clean Water Act.

The District constructed the Ignacio Transfer Pump Station at the site of the Ignacio Treatment Plant along with the Ignacio Conveyance Force Main to convey flow from the Ignacio Transfer Pump Station to the Novato Treatment Plant.

As of June 30, 2013, the District has received \$81,329,083 from the SRF loan program. Interest accrues on the obligation at a rate of 2.40% compounded annually. The first debt service payment was paid on December 31, 2011 and each December 31st thereafter through fiscal year 2031. The following table summarizes the debt service maturity of the District for this loan as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$3,509,933	\$1,869,024	\$5,378,957
2015	3,594,171	1,784,785	5,378,956
2016	3,680,431	1,698,525	5,378,956
2017	3,768,762	1,610,195	5,378,957
2018	3,859,212	1,519,744	5,378,956
2019-2023	20,730,642	6,164,139	26,894,781
2024-2028	23,340,627	3,554,153	26,894,780
2029-2031	15,392,202	744,666	16,136,868
Total	<u>\$77,875,980</u>	<u>\$18,945,231</u>	<u>\$96,821,211</u>

**NOVATO SANITARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended June 30, 2013 and 2012**

NOTE 7 – POST EMPLOYMENT BENEFITS PAYABLE

The District implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). Required disclosures are presented below.

A. Plan Description – Eligibility

The District pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District.

Membership in the OPEB plan consisted of the following members as of June 30:

	2013	2012	2011
Active plan members	19	20	20
Retirees and beneficiaries receiving benefits	23	23	24
Total plan membership	42	43	44

B. Single-Employer Plan - Description of Benefits

The District offers post employment medical benefits to retired employees who satisfy the eligibility rules. Spouses, surviving spouses and eligible dependents are also eligible to receive benefits. Retirees may enroll in any plan available through the District's CalPERS medical plan. The contribution requirements of Plan members and the District were adopted by the Board of Directors in July 2008 as follows:

The District contributes toward post-retirement benefits for employees who retire after age 50 with at least 5 years of service. For those employed prior to July 1, 2008, who retire after age 55 with at least 10 years of service, the District will pay the full monthly premiums for medical coverage for the retired employee, but not more than the Kaiser Northern California amount. If the retiree is at least age 60 with at least 15 years of service, the premium for the employee's one eligible spouse is paid. Coverage is for the lives of the retired employee and spouse. Medical coverage is provided under any plans offered by CalPERS.

For all other employees, hired on or after July 1, 2008, who retire after age 50 with at least 5 years of service, the District will pay the minimum CalPERS medical benefit. In 2013 and 2012, respectively, this minimum amount was \$115 and \$112 per month. This benefit is paid for as long as the retiree or spouse is living, provided he/she is covered under the CalPERS medical plans.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012**

NOTE 7 – POST EMPLOYMENT BENEFITS PAYABLE (Continued)
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C. *Funding Policy*

The District is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 15.141% of the annual covered payroll.

The District will pay 100% of the cost of the post-employment benefit plan for those employees employed prior to July, 1, 2008 and meet the required service years. The District will pay the minimum CalPERS medical benefit for all other employees who do not meet the previously noted service requirements. The District funds the plan on a pay-as-you-go basis and records a liability for the difference between pay-as-you-go and the actuarially determined ARC cost.

D. *Actuarial Assumptions*

The annual required contribution (ARC) was determined as part of a July 1, 2012 actuarial valuation using the entry age normal cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.0% investment rate of return, (b) 0.0% projected annual salary increase, (c) 4.0% inflation rate and (d) health care cost trend rates from 5.0% to 7.0% for medical benefits. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least tri-ennially as results are compared to past expectations and new estimates are made about the future. The District's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012**

NOTE 7 – POST EMPLOYMENT BENEFITS PAYABLE (Continued)

E. Funding Progress and Funded Status

The District's Net OPEB Obligation (NOO) is recorded in the Statement of Net Position and is calculated as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$402,145	\$458,282	\$443,883
Interest on net OPEB obligation	29,803	20,777	11,233
Adjustment to annual required contribution	<u>(45,628)</u>	<u>(31,172)</u>	<u>(16,535)</u>
Total annual OPEB expense	386,320	447,887	438,581
Change in net OPEB payable obligation:			
Age adjusted contributions made	<u>(212,088)</u>	<u>(214,864)</u>	<u>(209,761)</u>
Total change in net OPEB payable obligation	174,232	233,023	228,820
OPEB payable - beginning of year	<u>745,079</u>	<u>512,056</u>	<u>283,236</u>
OPEB payable - end of year	<u><u>\$919,311</u></u>	<u><u>\$745,079</u></u>	<u><u>\$512,056</u></u>

The actuarial accrued liability (AAL) representing the present value of future benefits as of June 30, 2013 amounted to \$5,347,276 per the actuarial study dated July 1, 2012.

The Plan's annual required contributions and actual contributions for fiscal years ended June 30, is set forth below:

Three-Year History of Net OPEB Obligation

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Age Adjusted Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation Payable</u>
2013	\$386,320	\$212,088	54.90%	\$919,311
2012	447,887	214,864	47.97%	745,079
2011	438,581	209,761	47.83%	512,056

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012**

NOTE 7 – POST EMPLOYMENT BENEFITS PAYABLE (Continued)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the last three actuarial studies are presented below:

Required Supplemental Information - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$0	\$5,347,276	\$5,347,276	0.00%	\$1,973,900	270.899%
7/1/2010	0	6,112,283	6,112,283	0.00%	2,000,000	305.610%
7/1/2009	0	5,554,000	5,554,000	0.00%	2,350,000	236.340%

NOTE 8 – NET POSITION

Calculation of net position as of June 30, were as follows:

	<u>2013</u>	<u>2012</u>
<i>Net investment in capital assets:</i>		
Capital assets - not being depreciated	\$8,362,618	\$16,430,111
Capital assets, net - being depreciated	185,263,966	177,459,006
SRF Loan Payable	(77,875,980)	(81,307,947)
Certificates of Participation	(20,950,000)	(21,750,000)
Unspent proceeds	9,610,464	14,431,618
Total investment in capital assets	<u>104,411,068</u>	<u>105,262,788</u>
<i>Unrestricted net position:</i>		
Non-spendable net position:		
Prepaid expenses and deposits	53,581	52,813
Total non-spendable net position	<u>53,581</u>	<u>52,813</u>
Spendable net position are designated as follows:		
Undesignated net position reserve	10,232,985	7,672,650
Total spendable net position	<u>10,232,985</u>	<u>7,672,650</u>
Total unrestricted net position	<u>10,286,566</u>	<u>7,725,463</u>
Total net position	<u><u>\$114,697,634</u></u>	<u><u>\$112,988,251</u></u>

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012**

NOTE 9 – DEFERRED COMPENSATION SAVINGS PLAN

The District's employees may participate in two 457 Deferred Compensation Programs (Programs). The Programs are available to all District employees and are entirely voluntary. The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in these Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. The District makes no matching contributions to the Programs.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all Program assets held in trust by the District's two deferred compensation programs at June 30, 2013 and 2012 amounted to \$2,277,403 and \$2,064,124, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

The District also offers a 401(a) Plan (Plan) to management and confidential employees. The District contributes 2.5% of base salary for all qualified employees, with the exception of the Manager-Engineer and Deputy Manager. The District's contribution for the Manager-Engineer is equivalent to the maximum of a 457 plan's annual contribution, and the District's contribution for the Deputy Manager is 8% of his base salary. Employee contributions to this Plan are mandatory for qualified employees. Market value of all Plan assets held in trust by the District's 401(a) Plan at June 30, 2013 and 2012 amounted to \$517,284 and \$402,885, respectively.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

A. *Plan Description*

The Agency contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multi-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the Agency. Copies of CalPERS annual financial report may be obtained from their Executive Office: 400 P Street, Sacramento, CA, 95814.

**NOVATO SANITARY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Years Ended June 30, 2013 and 2012**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Funding Policy

The District has three tiers of employees for determining retirement benefits – Tier I is for those employees hired prior to January 1, 2012, Tier II is for those employees hired between January 1, 2012 through December 31, 2012, and Tier III is for those employees hired on or after January 1, 2013.

The employee contribution rate for Tier I plan members in the 2.0% at 55 Risk Pool Retirement Plan with CalPERS, is 7.846%% of their annual covered salary of which the employee pays 1% and the District pays 6%. The contribution rate for Tier II plan members in the 2% at 60 Risk Pool Retirement Plan with CalPERS, is 7.846% of their annual covered salary of which the employee pays the entire 7%. The contribution rate for Tier III plan members in the 2% at 62 Risk Pool Retirement Plan with CalPERS, is 6.25% of reportable compensation, of which the employee pays 6.25%. The District makes these contributions required of District employees on their behalf and for their account.

Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension costs (APC) percentage of payroll for fiscal years 2013, 2012 and 2011 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2013, 2012 and 2011, the District's annual contributions for the CalPERS plan were equal to the Agency's required and actual contributions for each fiscal year as follows:

Three Year Trend Information:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>APC Percentage of Payroll</u>
2010-2011	\$251,631	100%	\$0	12.937%
2011-2012	215,351	100%	0	14.028%/10.059% *
2012-2013	316,059	100%	0	10.238%

* The required contribution percentage for the District was adjusted after the pay-off of the Side Fund.

**NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012**

NOTE 11 –RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the California Sanitation Risk Management Authority (CSRMA), an intergovernmental risk sharing joint powers authority currently operating as a common risk management and loss prevention program for sixty California sanitation districts. The District pays an annual premium to CSRMA for its public liability and workers compensation risk coverage. The Agreement for formation of the CSRMA provides that CSRMA will be self-sustaining through member premiums and will provide specific excess insurance through commercial companies. The CSRMA is allowed to make additional assessments to its members based on a retrospective premium adjustment process. At June 30, 2013, the District participated in the self insurance programs of the CSRMA as follows:

- General and automotive liability, including errors and omissions and employment practices liability (EPL): The District is self-insured through the CSRMA up to \$15,500,000 with a \$25,000 deductible (\$25,000 for EPL, \$25,000 for sewer backup, and \$2,500 for E&O) per occurrence. Excess liability insurance is purchased above the \$15,500,000 self-insured layer to \$25,550,000 through CSRMA.
- Workers' compensation and employer's liability: The District is self-insured through the CSRMA up to \$750,000 with a deductible of \$0 per claim. The District purchased through CSRMA, additional excess workers' compensation coverage and excess employer's liability coverage of \$1,000,000.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$1,000,000 per loss for public employee dishonesty, forgery or alteration, computer fraud, coverage of up to \$100,000 for faithful performance and coverage up to \$10,000 for theft, with a deductible of \$10,000 per claim.
- Special form property coverage up to \$56,157,464 with a deductible of \$25,000 per claim. Included in this coverage are a public entity pollution liability policy for up to \$25,000,000 and a cyber liability policy for up to \$20,000,000.
- Public entity physical damage up to \$989,262 total value, with a \$2,000/\$5,000 deductible.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2013, 2012 and 2011. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2013, 2012 and 2011.

NOVATO SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended June 30, 2013 and 2012

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. *Local Improvement District Bonds*

Within the District's boundaries, there exists Assessment District No. 2001 (Novato Heights) which was formed for the sole purpose of financing sewer system improvements. The District is not liable for repayment of any bonds issued to finance these local improvements. The District acts as the agent for the property owners within the assessment district by collecting assessments, forwarding collections to bondholders, and initiating foreclosure procedures if appropriate. The outstanding balance on these bonds as of June 30, 2013 and 2012 was \$1,255,000 and \$1,350,000, respectively.

B. *Construction Contracts*

The District has a variety of agreements with developers and private parties relating to the installation, improvement or modification of transmission facilities and distribution systems within its service area. The financing of such improvements is provided primarily from advances for construction and the District's capital replacement reserve. The District has committed to approximately \$3,294,412 of open construction contracts as of June 30, 2013.

C. *Grant Awards*

Grant funds received by the District are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

D. *Litigation*

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 13 – PRIOR PERIOD RESTATEMENT

During fiscal year ended June 30, 2013, the District early implemented the provisions of GASB 65, *Items Previously Reported as Assets and Liabilities*, requiring the District to restate the deferred charges previously recognized. The net impact of (\$64,004) to the ending balance of net position is shown on the Statements of Revenues, Expenses and Changes in Net Position.

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Required Supplementary Information

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Novato Sanitary District
Schedule of Funding Status – Other Post-Employment Benefits Obligation
For the Years Ended June 30, 2013 and 2012

Funded Status and Funding Progress of the Plan

Required Supplemental Information - Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$0	\$5,347,276	\$5,347,276	0.00%	\$1,973,900	270.899%
7/1/2010	0	6,112,283	6,112,283	0.00%	2,000,000	305.610%
7/1/2009	0	5,554,000	5,554,000	0.00%	2,350,000	236.340%

The most recent valuation (dated July 1, 2012) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$5,347,276. There are no plan assets because the District funds on a pay as-you-go basis. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2013 was estimated at \$1,973,900. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 270.899%.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2012
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	20 Years as of the valuation date
Asset valuation method	15 Years smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increase	3.30% -14.20%
Inflation rate	2.75%
Health care cost trend rates	5.00% - 7.00%

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Statistical Information Section

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**Novato Sanitary District
Statistical Section**

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

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	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District's Financial performance and well-being have changed over time.	42-44
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenue, sewer service charges.	45-50
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the District's ability to issue additional debt in the future.	51-52
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	53
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides.	54-55

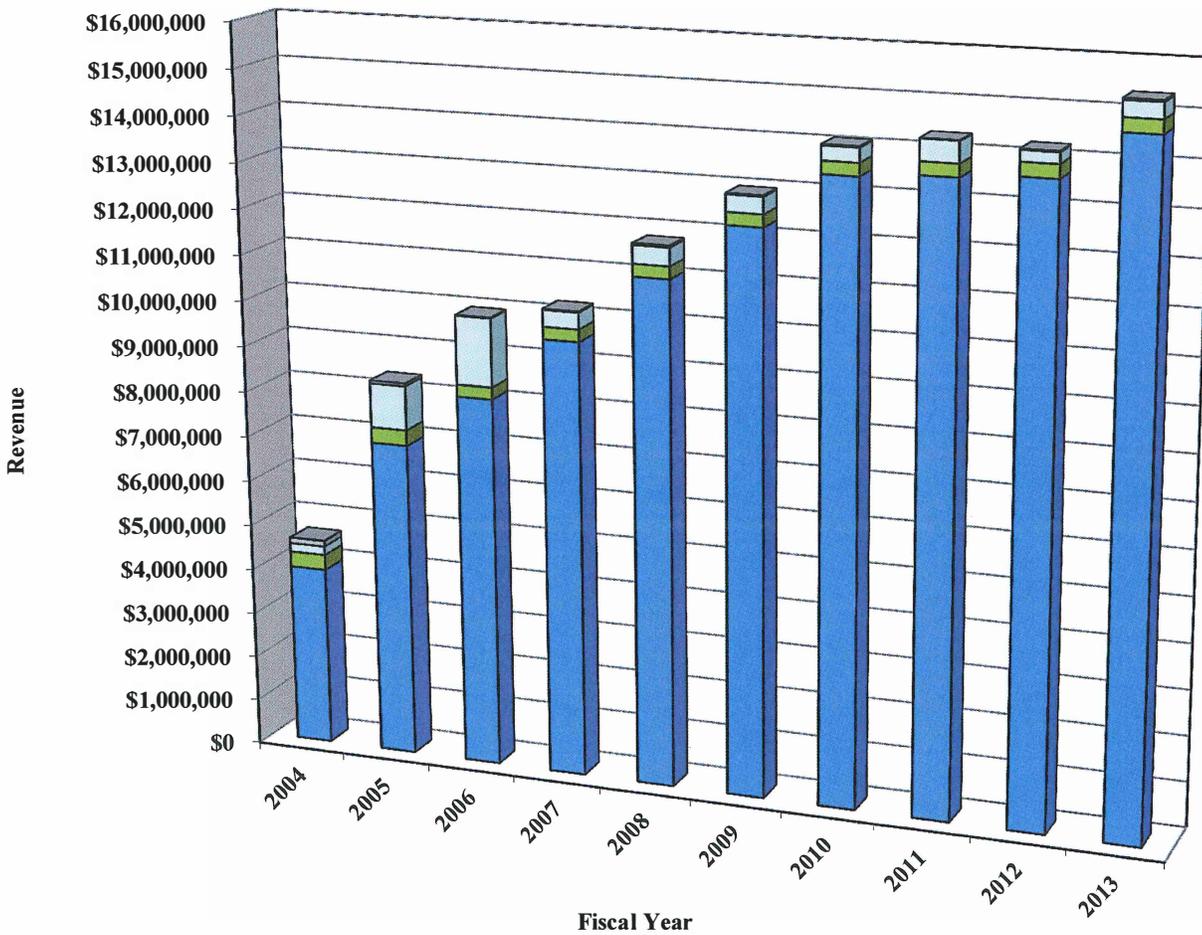
Novato Sanitary District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Changes in net assets:										
Operating revenues (see Schedule 2)	\$ 4,626,891	8,339,963	9,937,511	10,226,728	11,768,650	12,948,148	14,071,716	14,316,441	14,225,285	15,341,529
Operating expenses (see Schedule 3)	(5,220,170)	(5,656,823)	(5,848,165)	(6,919,638)	(7,464,243)	(7,685,390)	(9,654,452)	(8,464,043)	(9,758,265)	(8,103,790)
Depreciation and amortization	(810,357)	(871,142)	(912,921)	(967,449)	(1,326,027)	(2,227,627)	(2,288,892)	(2,306,550)	(3,238,715)	(4,602,353)
Operating income(loss)	(1,403,636)	1,811,998	3,176,425	2,339,641	2,978,380	3,035,131	2,128,372	3,545,848	1,228,305	2,635,386
Non-operating revenues(expenses)										
Property taxes	1,392,792	1,279,567	1,385,156	1,796,003	1,995,120	1,928,207	1,866,049	1,773,877	1,795,489	1,795,781
Interest	196,824	254,031	330,052	657,453	1,081,073	702,002	196,303	30,387	37,129	67,050
Interest expense	(71,863)	(43,064)	(20,687)	(383,161)	(1,305,067)	(1,302,270)	(1,211,880)	(209,456)	(2,669,346)	(2,712,097)
Connection Fees									-	-
Special Equalization Charges	15,267	18,339	437	527	2,908	-			76	32
Franchise fees/Rental Income	117,517	117,517	122,517	127,517	127,517	127,517	45,000	95,000	26,099	113,416
Deferred Charges Amortization	-	-	-	-	-	(18,689)	(18,689)	(16,744)	(10,564)	-
Gain/(Loss) on sale/disposition of assets	(822,873)	(111,529)	(101,481)	(453,852)	(221,920)	(83,842)	(909,553)	(6,634,450)	(367,095)	2,529
Other revenue/(expense), net	(1,112)	(875)	(11,911)	-	-	(2,022)	(17,644)	42,623	220,808	(339,663)
Total non-operating revenues(expenses), net	826,552	1,513,986	1,704,083	1,744,487	1,679,631	1,350,903	(50,414)	(4,918,763)	(967,404)	(1,072,952)
Net income before capital contributions	(577,084)	3,325,984	4,880,508	4,084,128	4,658,011	4,386,034	2,077,958	(1,372,915)	260,901	1,562,434
Connection Fees	1,460,645	675,451	511,830	2,325,277	316,609	647,101	1,277,790	174,631	880,541	146,949
Capital contributions	1,374,674	242,866	3,342,124	333,885	338,915	395,702	446,867	101,818	5,732	-
Capital Grant								221,689	1,433,561	-
Changes in net position	\$ 2,258,235	4,244,301	8,734,462	6,743,290	5,313,535	5,428,837	3,802,615	(874,777)	2,580,735	1,709,383
Net position by component:										
Net Investment in capital assets	\$ 76,163,663	81,353,813	95,265,483	77,039,741	83,754,794	79,067,990	102,065,015	106,497,126	105,198,784	104,411,068
Unrestricted	12,176,517	11,230,668	6,053,460	31,022,492	29,620,974	28,475,692	9,281,282	3,974,394	7,789,467	10,286,566
Total net position	\$ 88,340,180	92,584,481	101,318,943	108,062,233	113,375,768	107,543,682	111,346,297	110,471,520	112,988,251	114,697,634

Source: Novato Sanitary District Accounting Department

**Novato Sanitary District
Operating Revenue By Source
Last Ten Fiscal Years**

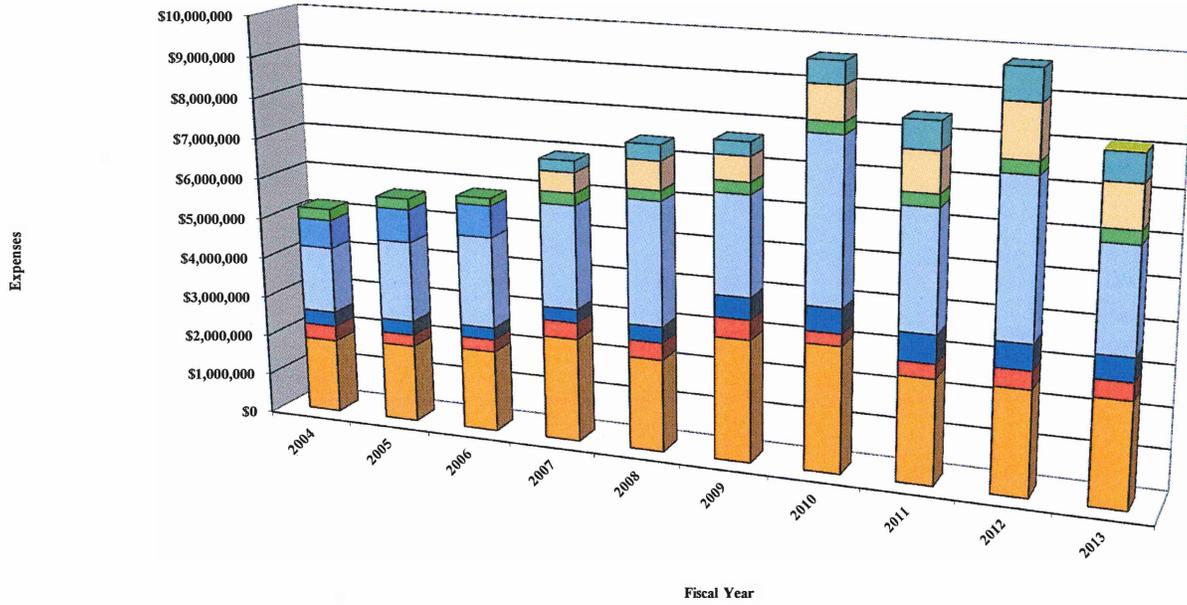
Fiscal Year	Wastewater Service Charges	Permits, Inspections and Other Fees	AB 939 Solid Waste Program	Other Operating Revenue	Total Operating Revenue
2004	\$3,966,670	\$127,888	\$341,509	\$190,824	\$4,626,891
2005	6,961,866	61,562	345,215	971,320	8,339,963
2006	8,161,755	15,146	264,378	1,496,232	9,937,511
2007	9,573,338	20,063	271,378	361,949	10,226,728
2008	11,063,829	39,291	271,862	393,668	11,768,650
2009	12,286,426	27,408	271,862	362,452	12,948,148
2010	13,462,437	23,163	277,299	308,817	14,071,716
2011	13,570,839	9,532	280,493	455,577	14,316,441
2012	13,671,131	21,441	297,586	235,127	14,225,285
2013	14,670,826	34,505	297,586	338,612	15,341,529



Source: Novato Sanitary District Accounting Department

**Novato Sanitary District
Operating Expenses by Activity
Last Ten Fiscal Years**

Fiscal Year	Collection System	Wastewater Treatment	Wastewater Reclamation/Disposal	Laboratory & Monitoring	Pump Stations	Sewer and Pump Stations	Recycled Water Facility	AB939 -Solid Waste Programs	Administration & Engineering	Total Operating Expenses
2004		\$1,843,595	\$380,532	\$366,882		\$709,261		\$278,422	\$1,641,478	\$5,220,170
2005		1,930,880	290,195	350,754		821,807		266,646	1,996,541	5,656,823
2006		2,020,955	307,605	303,287		784,996		181,886	2,249,436	5,848,165
2007	\$493,029	2,569,632	411,564	331,627	\$280,028			297,396	2,536,362	6,919,638
2008	694,147	2,289,718	426,492	389,036	383,503			249,797	3,031,550	7,464,243
2009	599,787	3,017,245	486,514	537,069	332,808			286,682	2,425,285	7,685,390
2010	828,832	3,102,119	296,268	597,743	540,641			284,999	4,003,850	9,654,452
2011	963,487	2,566,139	355,218	688,238	673,344			307,137	2,910,480	8,464,043
2012	1,274,730	2,560,633	442,266	621,758	758,563			310,890	3,789,425	9,758,265
2013	1,022,006	2,561,301	423,670	572,718	668,427		\$31,301	318,616	2,505,751	8,103,790



Notes:
Beginning in 2007, Collection and Pump Stations were separate departments previously classified under the Sewer and Pump Stations department.
Beginning in 2012, the Recycled Water Facility began operations.

Source: Novato Sanitary District Accounting Department

**Novato Sanitary District
Assessed Value of Taxable Property
Last Ten Years**

Fiscal Year	Assessed Value	Percent Change
2004	\$7,093,625,831	
2005	7,910,248,923	11.51%
2006	8,838,973,455	11.74%
2007	9,491,627,231	7.38%
2008	9,829,812,081	3.56%
2009	9,580,325,664	-2.54%
2010	9,432,410,765	-1.54%
2011	9,349,746,271	-0.88%
2012	9,248,463,186	-1.95%
2013	9,615,958,493	2.85%

Source: County of Marin Tax Assessor

**Novato Sanitary District
Property Tax Levies and Collections
Last Ten Fiscal Years**

Year	Total	Tax Levy		Tax Collections			Current Year % Collected
		Prior Year	Current Year	Total	Prior Year	Current Year	
2004	\$1,370,217	\$1,016	\$1,369,201	\$1,370,217	\$1,016	\$1,369,201	100.0%
2005	1,277,062	2,460	1,274,602	1,277,062	2,460	1,274,602	100.0%
2006	1,437,714	1,096	1,436,617	1,437,713	1,096	1,436,617	100.0%
2007	1,762,233	1,745	1,760,488	1,762,233	1,745	1,760,488	100.0%
2008	2,002,026	2,202	1,999,824	2,002,026	2,202	1,999,824	100.0%
2009	1,928,207	1,701	1,926,506	1,928,207	1,701	1,926,506	100.0%
2010	1,725,949	1,752	1,724,197	1,725,949	1,752	1,724,197	100.0%
2011	1,773,877	2,696	1,771,181	1,773,877	2,696	1,771,181	100.0%
2012	1,795,167	2,066	1,793,101	1,795,167	2,066	1,793,101	100.0%
2013	1,795,782	1,562	1,794,220	1,795,765	1,545	1,794,220	100.0%

Source: Novato Sanitary District

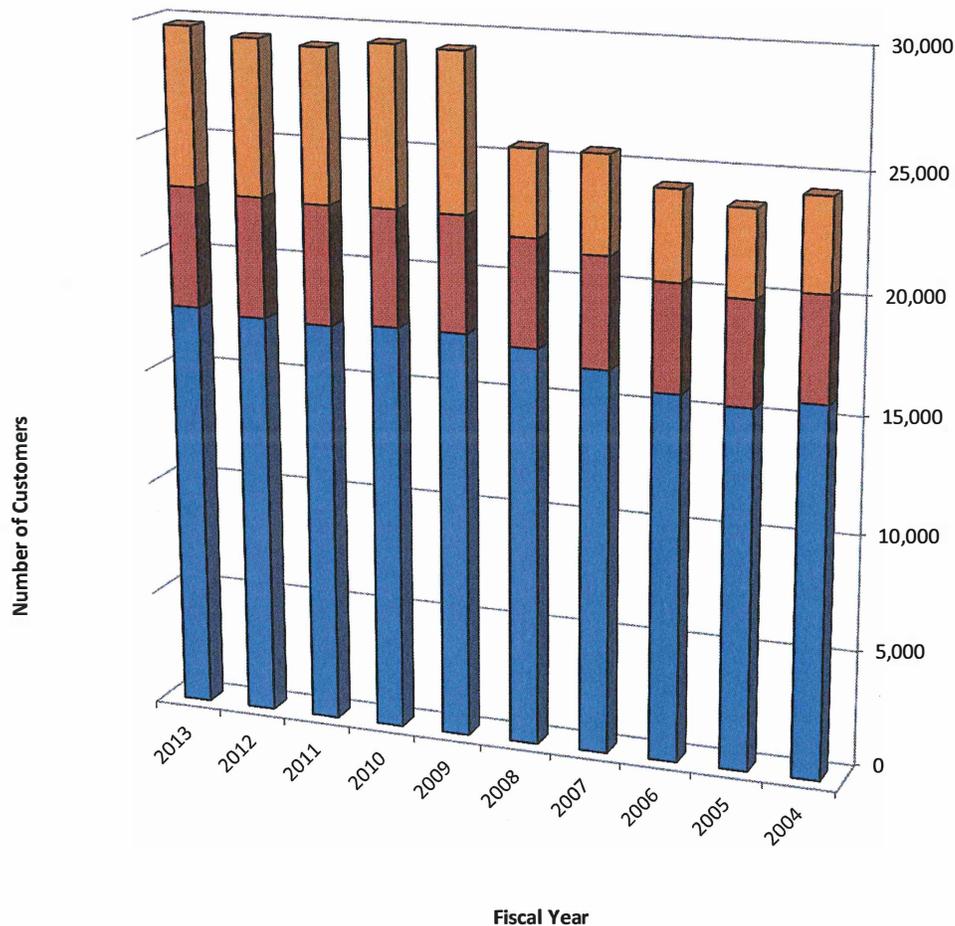
**Novato Sanitary District
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Current Tax Levy	Current Tax Collections	Percent of Current Taxes	Prior Year Tax Collections,	Percent of Current Taxes	Net Collections
2004	\$1,369,201	\$1,369,201	100.0%	\$1,016	0.1%	\$ 1,370,217
2005	1,274,602	1,274,602	100.0%	2,460	0.2%	1,277,062
2006	1,436,617	1,436,617	100.0%	1,096	0.1%	1,437,713
2007	1,760,488	1,760,488	100.0%	1,745	0.1%	1,762,233
2008	1,999,824	1,999,824	100.0%	2,202	0.1%	2,002,026
2009	1,926,506	1,926,506	100.0%	1,701	0.1%	1,928,207
2010	1,724,197	1,724,197	100.0%	1,752	0.1%	1,725,949
2011	1,773,877	1,771,181	99.8%	2,696	0.2%	1,773,877
2012	1,793,101	1,793,101	100.0%	2,066	0.1%	1,795,167
2013	1,794,220	1,794,220	100.0%	1,562	0.1%	1,795,782

Source: Novato Sanitary District Accounting Department

Novato Sanitary District
Equivalent Dwelling Units by Customer Type at Fiscal Year-End⁽¹⁾
Last Ten Fiscal Years⁽²⁾

Fiscal Year	Single Family Residential	Multi family Residential	Commercial	Total
2004	15,933.20	4,484.80	3,929.92	24,347.92
2005	15,519.20	4,457.00	3,690.88	23,667.08
2006	15,816.80	4,598.60	3,820.10	24,235.50
2007	16,559.00	4,735.60	4,165.15	25,459.75
2008	17,193.00	4,608.20	3,681.99	25,483.19
2009	17,572.20	4,969.60	6,745.96	29,287.76
2010	17,568.60	5,016.80	6,811.97	29,397.37
2011	17,407.40	5,130.40	6,576.55	29,114.35
2012	17,474.40	5,182.60	6,677.08	29,334.08
2013	17,705.80	5,184.20	6,814.04	29,704.04



Notes:

The District charges its customers a flat rate per equivalent dwelling unit (EDU) and the fee appears on the customers' annual property tax bills.

Number of customers as of June 30 of fiscal year.

Multi family residential includes apartments and condominiums.

Source: Novato Sanitary District Operations Department

**Novato Sanitary District
Wastewater Service Charges
Last Ten Fiscal Years**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Price per EDU per year	\$ 262	\$ 302	\$ 342	\$ 382	\$ 422	\$ 462	\$ 462	\$ 462	\$ 462	\$ 493
Price per EDU per month	\$ 21.83	\$ 25.17	\$ 28.50	\$ 31.83	\$ 35.17	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 41.08

EDUs

EDU Factors

Single Family	1
Apartments, Condominiums, Duplexes and Townhouses	1 per living unit
Motor Home or Trailer Park	1 per space
Guest House with kitchen and bedroom	1 per living unit
Guest House without kitchen	0 per living unit

Non Residential

*Charge per square
foot*

*Charge per HCF
water use*

Base Charge/ Unspecified	\$ 0.20	\$ 2.69
Auditoriums theaters	\$ 0.20	\$ 2.69
Auto service stations	\$ 0.20	\$ 2.69
Churches	\$ 0.20	\$ 2.69
Gymnasium w/ showers	\$ 0.20	\$ 2.69
Office	\$ 0.20	\$ 2.69
Public office	\$ 0.20	\$ 2.69
Retail	\$ 0.20	\$ 2.69
School classrooms/administration	\$ 0.20	\$ 2.69
Meeting halls with kitchens	\$ 0.20	\$ 3.77
Mortuary	\$ 0.20	\$ 5.85
Supermarkets	\$ 0.20	\$ 5.85
Dental offices	\$ 0.27	\$ 2.69
Hospitals	\$ 0.27	\$ 2.69
Medical offices	\$ 0.27	\$ 2.69
Veterinary offices	\$ 0.27	\$ 2.69
Bakeries	\$ 0.41	\$ 5.85
Cafeteria/dining area	\$ 0.41	\$ 5.85
Delicatessens	\$ 0.41	\$ 5.85
Ice Cream/yogurt shops	\$ 0.41	\$ 5.85
Restaurants cafes	\$ 0.41	\$ 5.85
Laundry and Laundromats	\$ 0.61	\$ 3.77
Warehouse or Storage not live/work	\$ -00	\$ -00

Notes:

Rates as of July 1 of each year

Source: Novato Sanitary District Engineering Department

**Novato Sanitary District
Principal Customers
Current Fiscal Year and Ten Years Ago**

Customer	2013		2004	
	EDU's	Percentage of Total	EDU's	Percentage of Total
Fireman's Fund	367	1.25%	392	1.61%
Novato Unified School District	402	1.37%	127	0.52%
Vintage Oaks Shopping Center (not including Costco or Target	285	0.97%	324	1.33%
BioMarin	197	0.67%	114	0.47%
Hamilton Hangars (3-10)	173	0.59%	-	0.00%
Nave Bros	164	0.56%	120	0.49%
Novato Community Hospital	89	0.30%	52	0.21%
City Of Novato	63	0.21%	38	0.16%
Condiotti Enterprises Inc.	128	0.44%	71	0.29%
Novato Fair Shopping Center	118	0.40%	130	0.53%
Total EDUs: Principal customers	1,986	6.77%	1,368	5.61%
Total Equivalent Dwelling Units (EDUs)	29,334	100.00%	24,350	100.00%

Source: Novato Sanitary District Engineering Department

**Novato Sanitary District
Debt Coverage
Last Ten Fiscal Years**

Fiscal Year	Net Revenues	Operating Expenses ⁽¹⁾	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2004	\$6,985,951	(\$5,220,170)	\$1,765,781	\$450,000	\$71,863	\$521,863	3.38
2005	10,572,464	(5,656,823)	4,915,641	300,000	43,064	343,064	14.33
2006	12,174,111	(5,848,165)	6,325,946	300,000	20,687	320,687	19.73
2007	14,679,653	(6,919,638)	7,760,015	325,000	383,161	708,161	10.96
2008	14,753,348	(7,464,243)	7,289,105	-	1,305,067	1,305,067	5.59
2009	16,248,422	(7,685,390)	8,563,032	-	1,302,270	1,302,270	6.58
2010	16,510,972	(9,654,452)	6,856,520	24,773,024	1,211,880	25,984,904	0.264
2011	10,003,454	(8,464,043)	1,539,411	5,233,207	209,456	5,442,663	0.283
2012	18,241,329	(9,758,265)	8,483,064	21,136	2,669,346	2,690,482	3.153
2013	19,763,009	(8,103,790)	11,659,219	4,231,967	2,712,097	6,944,064	1.679

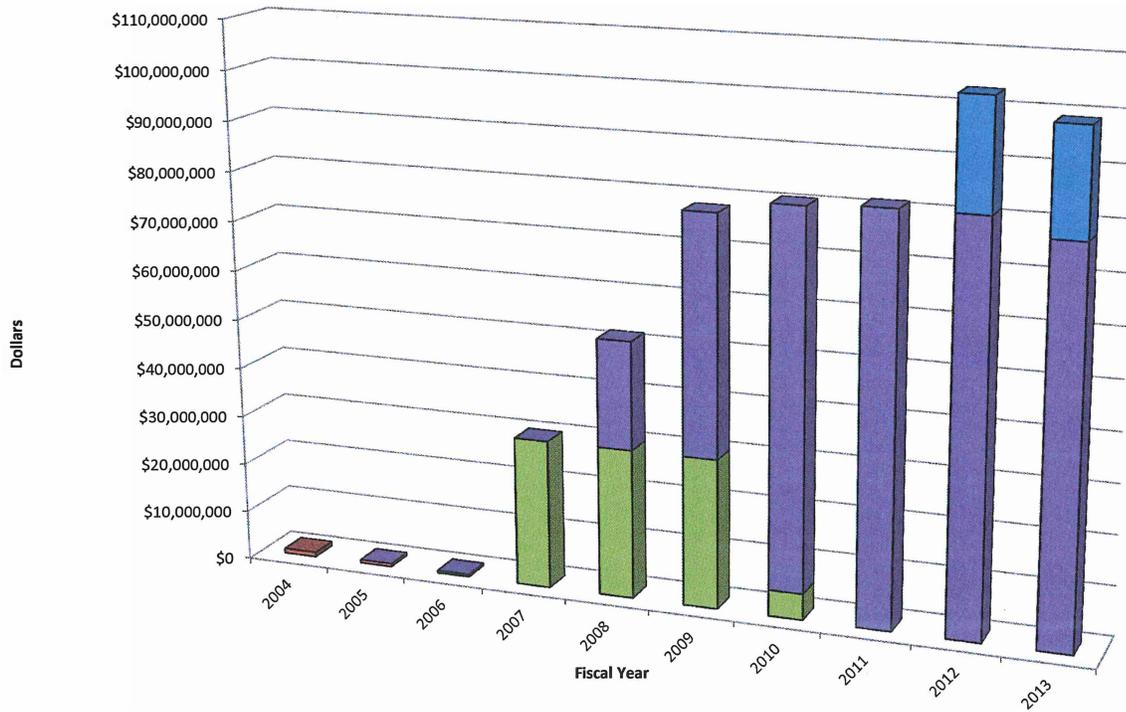
Notes:

Operating expenses exclude depreciation expense.

Source: Novato Sanitary District Accounting Department

**Novato Sanitary District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds Payable	Credit Line	SRF Loan Payable	Certificates of Participation Bond Payable	Debt	Total Per Capita	As a Share of Personal Income
2004	\$925,000				\$925,000	\$19	0.03%
2005	625,000	-	-		625,000	12.39	0.02%
2006	325,000	\$191,500	-		516,500	10.12	0.01%
2007	-	30,006,231	-		30,006,231	575.66	0.65%
2008	-	30,006,231	\$21,691,826		51,698,057	983.75	1.09%
2009	-	30,006,231	47,989,587		77,995,818	1,473.82	1.65%
2010	-	5,233,207	75,348,207		80,581,414	1,552.51	1.72%
2011	-	-	81,329,083		81,329,083	1,550.42	1.63%
2012	-	-	81,307,947	\$21,750,000	103,057,947	1,964.66	2.09%
2013	-	-	77,875,980	20,950,000	98,825,980	1,880.47	1.98%

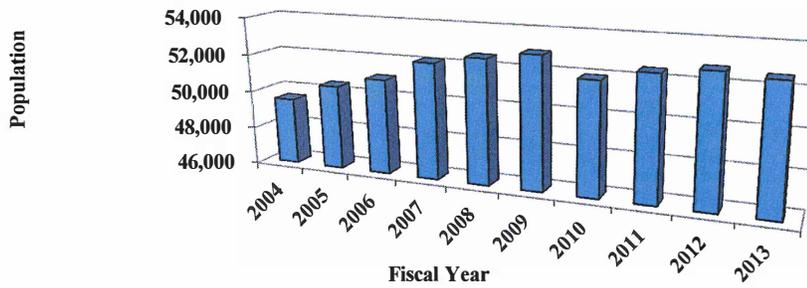


Source: Novato Sanitary District Accounting Department

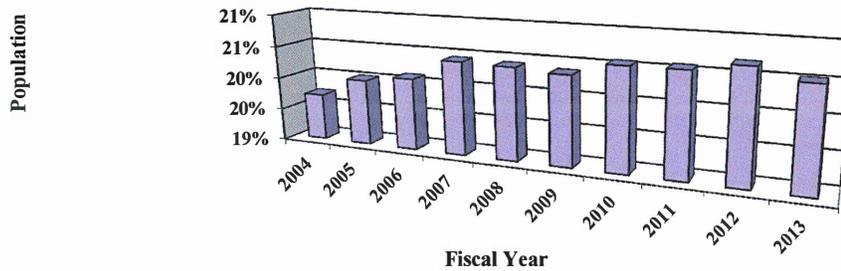
**Novato Sanitary District
Demographics and Economic Statistics
Last Ten Calendar Years**

County of Marin ⁽²⁾						
Year	District Service Population	(1) Novato as a % of Marin	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2004	49,533	20%	4.5%	251,202	\$18,114,794	\$72,112
2005	50,464	20%	4.0%	252,116	19,763,926	78,392
2006	51,037	20%	4.6%	253,818	21,184,396	83,463
2007	52,125	20%	4.4%	255,080	22,600,000	88,600
2008	52,552	20%	5.5%	257,406	23,200,000	90,130
2009	52,921	20%	9.4%	259,772	23,156,000	89,140
2010	51,904	21%	9.8%	252,409	22,800,000	90,330
2011	52,456	21%	9.5%	255,015	24,300,000	95,289
2012	52,750	21%	7.9%	255,031	23,920,000	93,793
2013	52,554	21%	6.0%	256,069	24,342,800	95,063

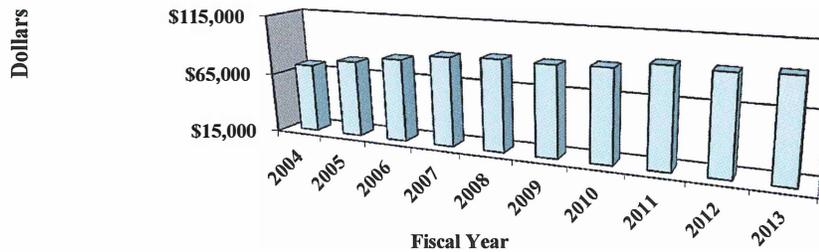
District Service Population



Novato as a % of Marin



Personal Income per Capita



Notes:

Approximate population of Novato Sanitary District

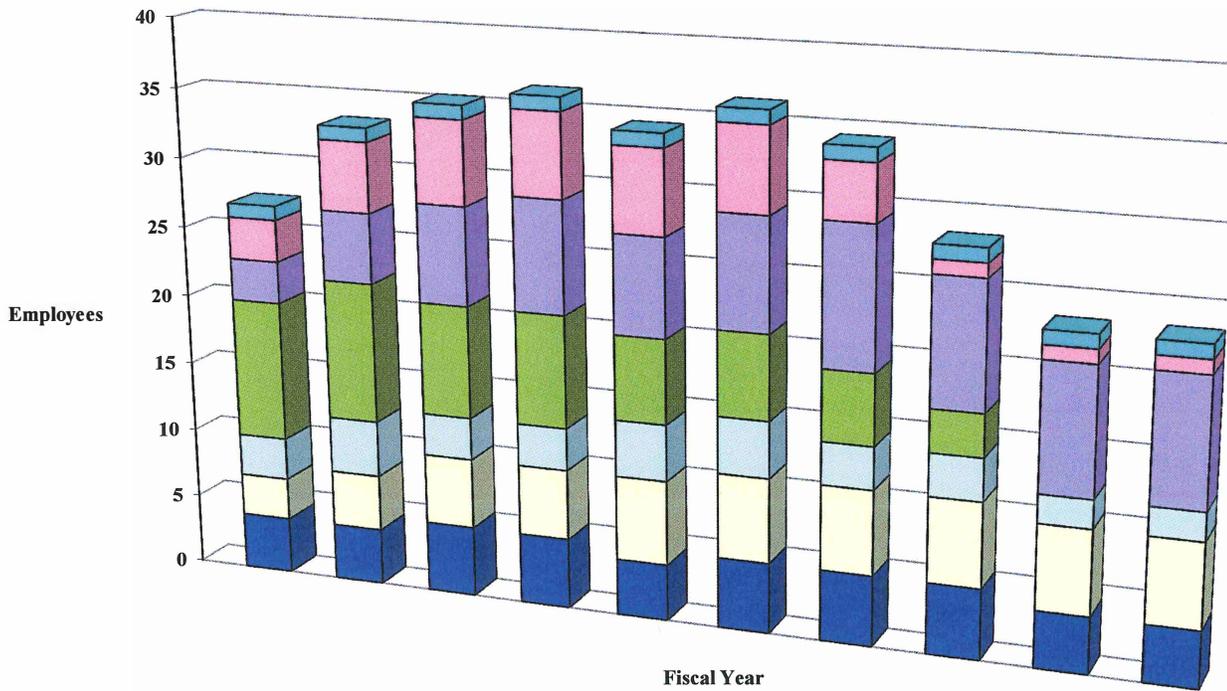
Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.

Sources: California Department of Finance, County of Marin, quickfacts.census.gov, North Marin Water District, Google Public Data, Real Estate Center demographics.

**Novato Sanitary District
Operating and Capacity Indicators
Last Ten Fiscal Years**

Employees

Department	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administration	4	4	5	5	4	5	5	5	4	4
Engineering	3	4	5	5	6	6	6	6	6	6
Lab Services	3	4	3	3	4	4	3	3	2	2
Operations	10	10	8	8	6	6	5	3	0	0
Collections	3	5	7	8	7	8	10	9	9	9
Maintenance	3	5	6	6	6	6	4	1	1	1
Safety	1	1	1	1	1	1	1	1	1	1
Total	27	33	35	36	34	36	34	28	23	23



Notes:

The decrease in operators in 10/11 due to Treatment Plant Operations contract with Veolia Water.

The three employees were only NSD employees for 1 month of 2010/11.

The Safety resource is a Central Marin Sanitation Employee and is a shared service position among several public utilities.

Source: Novato Sanitary District Records

**Novato Sanitary District
Operating and Capacity Indicators
Last Ten Fiscal Years**

Other Operating and Capacity Indicators

Fiscal Year	Miles of Sewer Lines	Number of Pump Stations	Average Dry Weather Flow (MGD)		Treatment Capacity (MGD)		Total Annual Treatment (MG)
			Novato	Ignacio	Novato	Ignacio	
2004	220	38	2.53	1.81	4.53	2.02	1,584
2005	220	40	3.55	1.64	4.53	2.02	1,894
2006	222	41	3.54	1.470	4.53	2.02	1,829
2007	225	42	3.47	1.340	4.53	2.02	1,756
2008 *	225	42	4.04	0.000	6.55	0	1,475
2009	225	42	4.89	0.000	6.55	0	1,785
2010	226	42	4.23	0.000	7.05	0	1,544
2011	226	42	4.20	0.000	7.05	0	1,955
2012	226	42	4.00	0.000	7.05	0	1,955
2013	229	42	3.88	0.000	7.05	0	1,788

Notes:

N/A - Data not available for these years

MG - Millions of Gallons

MGD - Millions of Gallons per Day

*In 2008, all waste water was transferred from our new Ignacio Pump Transfer Station to the Novato Treatment Plant where it was treated. All waste water is treated solely at the Novato site as of completion of the Ignacio Pump Transfer Station in 2009.

Source: Novato Sanitary District Operations and Accounting Departments

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NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Wastewater Operations Committee – Meeting Report for November 2013	MEETING DATE: January 13, 2014 AGENDA ITEM NO.: 7.a.
RECOMMENDED ACTION: Information. Receive report.	
SUMMARY AND DISCUSSION: <p>The November 2013 operations reports for the wastewater treatment, collection, and reclamation facilities are attached.</p> <p>Wastewater Treatment Facility</p> <p>The Novato Treatment Plant (NTP) water quality performance was excellent with all parameters well within effluent standards. The Recycled Water Facility produced 3.49 million gallons of recycled water. Safety performance was excellent with another accident-free month for a total of 1,277 accident-free days at the end of November. Routine maintenance activities were performed at the NTP and the Ignacio Transfer Pump Station (ITPS). Construction began on a sound attenuating enclosure for the odor control blowers.</p> <p><u>Contract Service Agreement:</u></p> <p>As directed by the Board, the Committee reviewed the draft preliminary Contract Service Agreement amendments to delete outdated provisions, incorporate the Recycled Water and other new Facilities, and provide for contract extension.</p> <p>The changes will be incorporated into a second draft for review at the January Committee meeting prior to being presented to the Board of Directors at their second meeting in January or first meeting in February.</p> <p>Collection System</p> <p>A total of 107,451 feet of sewer line was cleaned and televised. The average cleaning rate was 177 feet/hour the same as for the previous month. There were no lost time accidents for a total of 303 accident-free days at the end of November.</p> <p>There were no sanitary sewer overflows in November.</p> <p>Reclamation Facility</p> <p>The rancher removed cows from the Sites. Parcel rehabilitation was completed on Parcel 78. Irrigation was turned off on November 4th. Approximately 6.01 million gallons was irrigated in November.</p> <p>Odor Control, Noise, and Landscaping</p> <p>Construction of the sound attenuation structure for the odor control blowers began in November and was completed in December. Brown & Caldwell continued work on aeration basin odor control.</p>	
DEPT.MGR.:	MANAGER-ENGINEER:



December 11, 2013

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

Subject: Veolia Water Operations Report – November 2013

Dear Ms. James:

We are pleased to provide this updated activity report for November 2013.

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

Regards,

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

John Bailey
Project Manager

**MONTHLY OPERATIONS REPORT
November 2013**

Prepared for

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

Prepared by

Veolia Water West Operating Services, Inc. (VWWOS)

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TREATMENT PLANT PERFORMANCE SUMMARY: November 2013:

Bay Discharge – NPDES Limits

Parameter	Value		Limit	
	Ave	Max	#1	#2
Flow, MGD (monthly ave/max)	3.93	4.74	N/A	N/A
Max Peak Hour, MGD – Daily (Dry Weather)	N/A	N/A	N/A	N/A
Influent BOD ₅ , lb/day (month ave/max)	8,646	12,284	N/A	N/A
Influent TSS, lb/day (monthly ave/max)	11,013	14,117	N/A	N/A
Effluent BOD ₅ , mg/L (monthly ave/weekly max)	<8	11	30	45
Effluent TSS, mg/L (monthly ave/weekly max)	<4	5	30	45
Effluent BOD ₅ - % Removal, Minimum	97	N/A	85	N/A
Effluent TSS - % Removal, Minimum	99	N/A	85	N/A
Ammonia, mg/L – (monthly ave/daily max)	0.15	0.20	N/A	N/A
pH, su (min / max)	7.0	7.1	6.5	8.5
Enterococcus, mpn (30 day geo mean)	6.1	N/A	35	N/A
Fecal Coliform, mpn (30 day median)	10.5	N/A	140	N/A
Fecal Coliform, mpn (90 th percentile)	30	N/A	430	N/A
Total Permit Exceedances (NPDES)	0			

NA – Not Applicable

Discussion of Violations / Excursions: NONE

Title 22 - Recycled Water Production and Quality

Description	Units	Value	Limit
Volume Produced	Million Gallons	3.49	N/A
Average Turbidity	NTU	1.3	2.0
Turbidity > 5 NTU (in 24 hour)	Minutes	0	72
Minimum CT (disinfection)	ml-min/L	> 450	> 450
Minimum Dissolved Oxygen (DO)	mg/L	8.5	> 1.0
Maximum Total Coliform	mpn/100 ml	<2	2

Total Rainfall – 0.98 inches

OPERATIONS & MAINTENANCE STATUS / REVIEW:**Key events for the period:****Novato**

- Routine rounds, readings and maintenance
- Set clearance on bottom rake mechanism, Primary Clarifier #2
- Clean out Primary Clarifier #2 sump
- Headworks Channel #2 back in service – Contract “C” related construction to be completed next spring (after wet season)
- Replaced filters in Blower Variable Frequency Drives (VFD)
- Replaced gas valve operator on Boiler
- Troubleshoot VFD on Blower #3
- Influent Gate Valve Actuator in for Repair

Equipment Out of Service – Due to Planned Servicing, Maintenance, or Replacement

- GBT Odor Fan #1 OOS - replace bearings/belts
- Influent Gate Valve Actuator – Out for Repair

Ignacio Transfer Pump Station

- Routine rounds, readings and maintenance

Equipment Out of Service – Due to Planned Servicing, Maintenance, or Replacement

- None

Recycled Water Plant

- Performed plant rounds and maintenance
- Produced 3.49 million gallons of recycled water in November

Equipment Out of Service – Due to Planned Servicing, Maintenance, or Replacement

- None

Sludge Lagoons

- Performed routine rounds and inspection
- Installed floating boom to hold back sludge on Lagoon #3
- Unplugged decant drain lines #5 & #6 (down stream of telescoping valves)

Construction on Sound Enclosure – Odor Control Fans at Primary Clarifier #2

- Construction began on sound enclosure structure

ADMINISTRATION:

- October Electronic Self Monitoring Report submitted on November 26, 2013.
- Contract Negotiations with Teamsters

SAFETY AND TRAINING:

- Monthly plant safety inspections for Novato WWTP and Ignacio Pump Station completed
- Five Minute Tailgate training is held daily with the O&M staff.
- No safety incidents for the month of November 2013
- Accident Free: 6/1/10 – 11/30/13: 1,277 days / 57,465 Hours
- Hearing Protection
- Fall Protection
- Diablo Boiler performed classroom and “hands-on” training on Boiler Operation
- SOP's Reviewed:
 - Anaerobic Digester Gas Sulfide Test
 - Ignacio Transfer Pump Station Wetwell Scouring
- Safety paint applied to identified tripping hazards/raised surfaces throughout plant – temporary help hired to perform

ODORS:

- Jerome Meter (H2S) readings performed in neighborhood and within treatment plant.
- Neighborhood meeting held week of 11/25/13

MISCELLANEOUS

- Process Control Management Plan (PCMP) meetings held regularly
- Hach/WIMS Support – Bryce Behnke & Bill Thompson onsite for update/review

Veolia Support Staff On/Off Site (Various Times)

John O'Hare	Technical Support
Chris McAuliffe	District Manager
John Herron	Northern California Area Manager
Bryce Behnke	Technical Support via conference call & web exchange
Jeremiah Danielson	Environmental, Health, and Safety
Mel Demsky	Regional Director of Asset Management
Dan Brown	Asset Manager

Novato Sanitary District
BOD/TSS Report



November, 2013

Date	Flow MGD	Influent				Effluent				BOD % Removal	TSS % Removal
		BOD		TSS		BOD		TSS		PERCENT	PERCENT
		mg/l	lb/d	mg/l	lb/d	mg/l	lb/d	mg/l	lb/d		
11/01/13	3.76										
11/02/13	4.01										
11/03/13	4.30										
11/04/13	3.97	371	12,284	424	14,039	14	464	6	199	96.2	98.6
11/05/13	3.71										
11/06/13	3.61	229	6,895	269	8,099	9	271	6	181	96.1	97.8
11/07/13	3.38										
11/08/13	3.28	278	7,605	341	9,328	6	164	4	109	97.8	98.8
11/09/13	3.50										
11/10/13	3.59										
11/11/13	3.98										
11/12/13	3.89										
11/13/13	3.97	279	9,238	407	13,476	8	265	3	99	97.1	99.3
11/14/13	3.82	238	7,582	324	10,322	<5	<159	<3	<96	97.9	99.1
11/15/13	3.79	227	7,175	308	9,735	<5	<158	3	95	97.8	99.0
11/16/13	4.04										
11/17/13	4.40										
11/18/13	3.78	302	9,521	370	11,664	6	189	<3	<95	98.0	99.2
11/19/13	4.74										
11/20/13	4.49	256	9,586	377	14,117	<5	<187	5	187	98.0	98.7
11/21/13	4.01										
11/22/13	3.69	250	7,694	324	9,971	5	154	4	123	98.0	98.8
11/23/13	3.79										
11/24/13	3.85	278	8,926	343	11,013	15	482	<3	<96	94.6	99.1
11/25/13	3.75	275	8,601	285	8,913	6	188	4	125	97.8	98.6
11/26/13	4.12	256		334	11,477	11		3	103		99.1
11/27/13	4.25										
11/28/13	4.37										
11/29/13	3.97										
11/30/13	4.06										
Weekly Averages											
11/02/13	Week 1	277	4,236	406	6,208	7	102	4	61		
11/09/13	Week 2	293	4,050	345	4,758	10	136	5	74		
11/16/13	Week 3	248	3,628	346	5,070	6	88	3	44		
11/23/13	Week 4	269	4,052	357	5,406	5	80	4	61		
11/30/13	Week 5	270	3,975	321	4,748	11	152	3	49		
Monthly											
Minimum	3.28	227	6,895	269	8,099	<5	70	<3	<43	95	98
Maximum	4.74	371	12,284	424	14,117	15	218	6	90	98	99
Total	117.87										
Average	3.93	270	8,646	342	11,013	<8	<111	<4	<57	97	99

Novato Plant : Bacterial Results

EFFLUENT: E-002 Station

Nov-13

Fecal Coliform		Enterococcus	
(1) 30-Day Median not to exceed 140 MPN/100 mL	(2) 90th Percentile not to exceed 430 MPN/100 mL	30-Day Geometric mean not to exceed 35 MPN/100 mL	

November 1, 2013		
November 2, 2013		
November 3, 2013		
November 4, 2013	13	
November 5, 2013		
November 6, 2013	6	
November 7, 2013		
November 8, 2013	22	
November 9, 2013		
November 10, 2013		
November 11, 2013		
November 12, 2013		
November 13, 2013	4	
November 14, 2013	13	
November 15, 2013	4	
November 16, 2013		
November 17, 2013		
November 18, 2013	13	
November 19, 2013		
November 20, 2013	8	
November 21, 2013		
November 22, 2013	4	
November 23, 2013		
November 24, 2013	< 2	
November 25, 2013	50	
November 26, 2013	30	
November 27, 2013		
November 28, 2013		
November 29, 2013		
November 30, 2013		

90th Percentile Ranking

Sample #1	2
Sample #2	4
Sample #3	4
Sample #4	4
Sample #5	6
Sample #6	8
Sample #7	13
Sample #8	13
Sample #9	13
Sample #10	22
Sample #11	30
Sample #12	50
Sample #13	
Sample #14	
Sample #15	
Sample #16	

November 1, 2013		
November 2, 2013		
November 3, 2013		
November 4, 2013	12.1	
November 5, 2013		
November 6, 2013	4.1	
November 7, 2013		
November 8, 2013	4.1	
November 9, 2013		
November 10, 2013		
November 11, 2013		
November 12, 2013		
November 13, 2013	6.3	
November 14, 2013	6.3	
November 15, 2013	3.1	
November 16, 2013		
November 17, 2013		
November 18, 2013	29.4	
November 19, 2013		
November 20, 2013	2.0	
November 21, 2013		
November 22, 2013	4.1	
November 23, 2013		
November 24, 2013	2.0	
November 25, 2013	18.1	
November 26, 2013	12.2	
November 27, 2013		
November 28, 2013		
November 29, 2013		
November 30, 2013		

Max	50
Min	2.0
Avg	14.08
30-Day Median	10.5

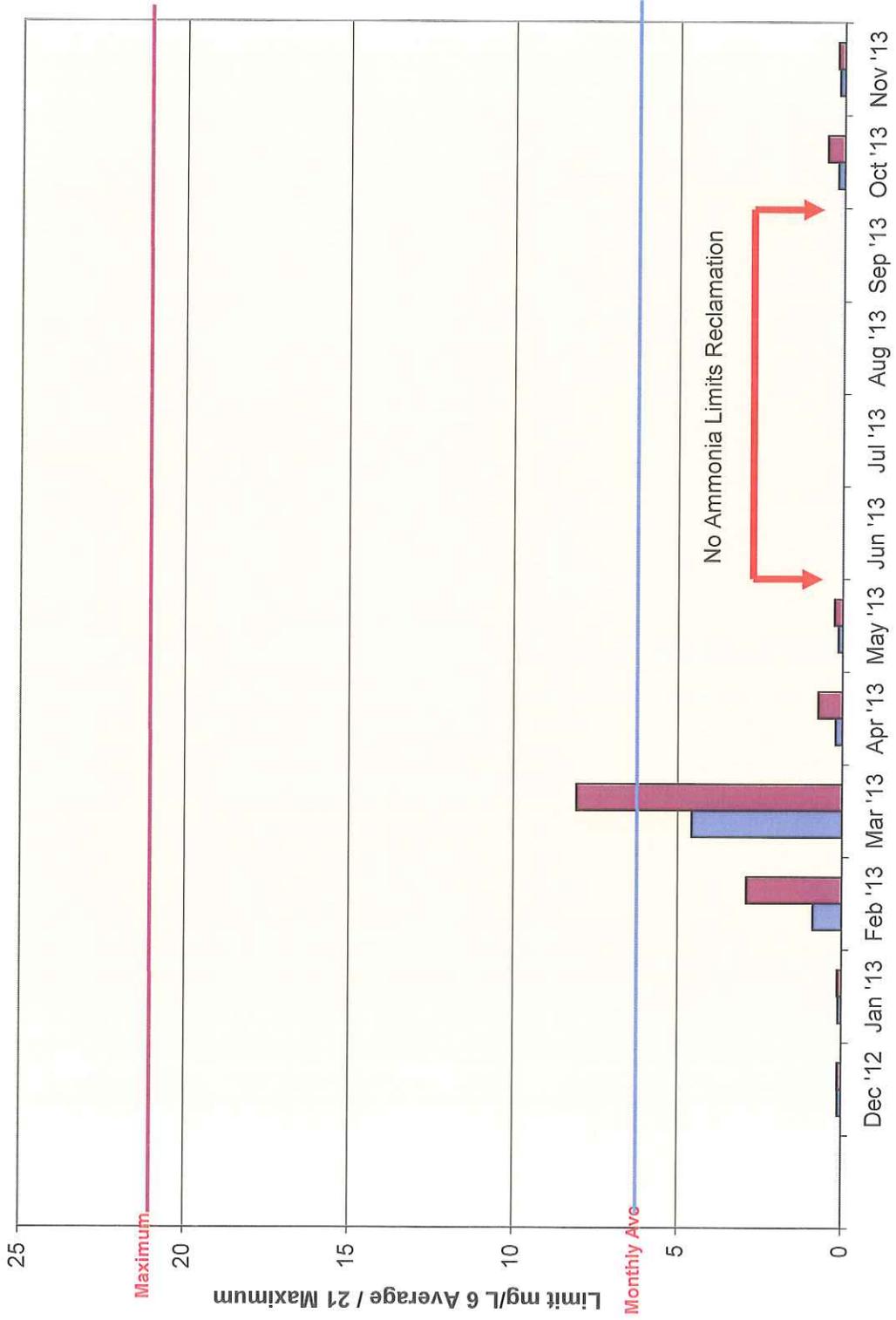
90th Percentile Value **30**

Max	29.4
Min	2.0
Avg	8.7
30 Day Geo. Mean	6.1

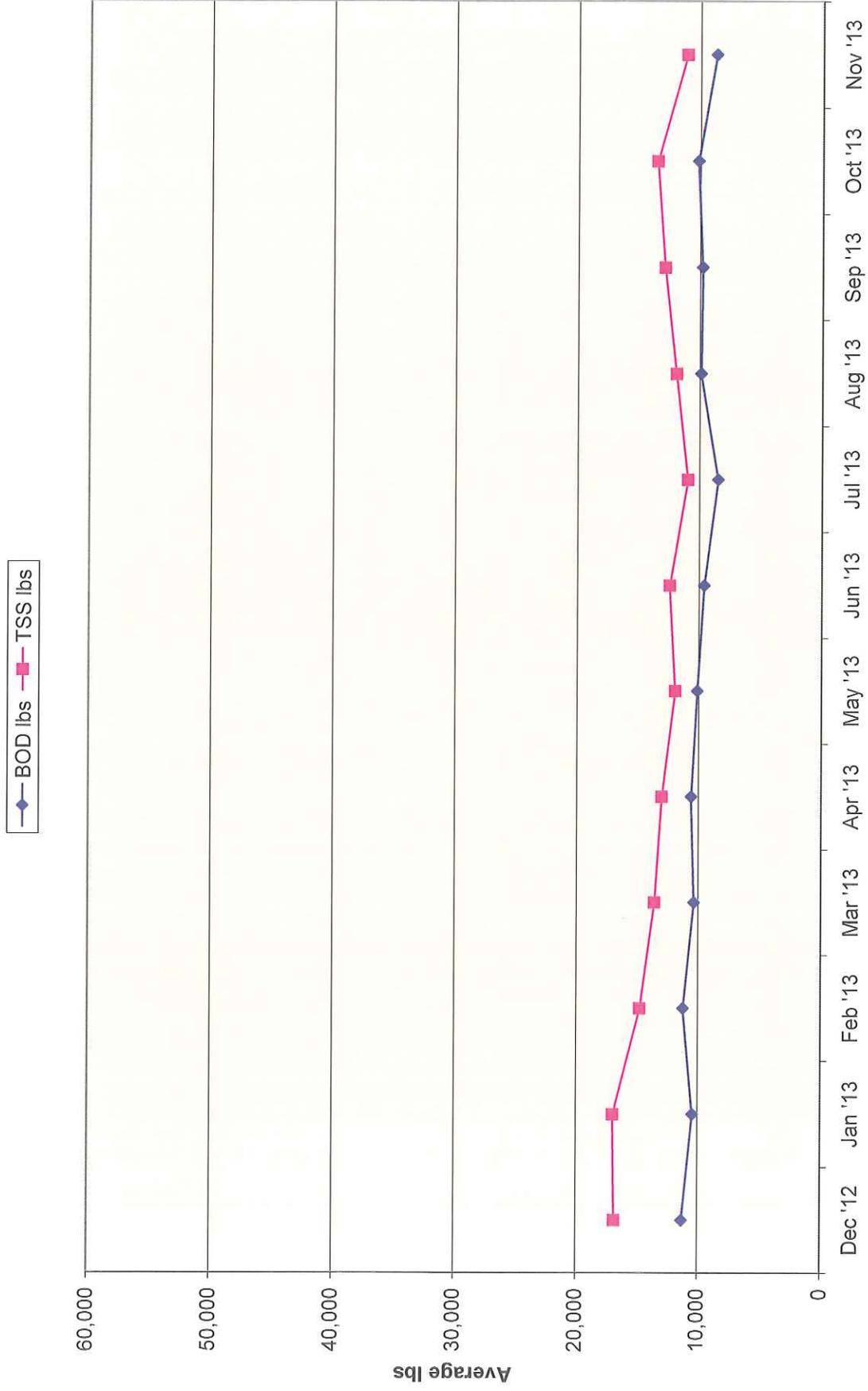
¹ = indicates that more than ONE UV channel was in operation at sample time; All UV channels in operation were sampled.

90th Percentile	12.00	0.9	10.8
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Effluent Ammonia

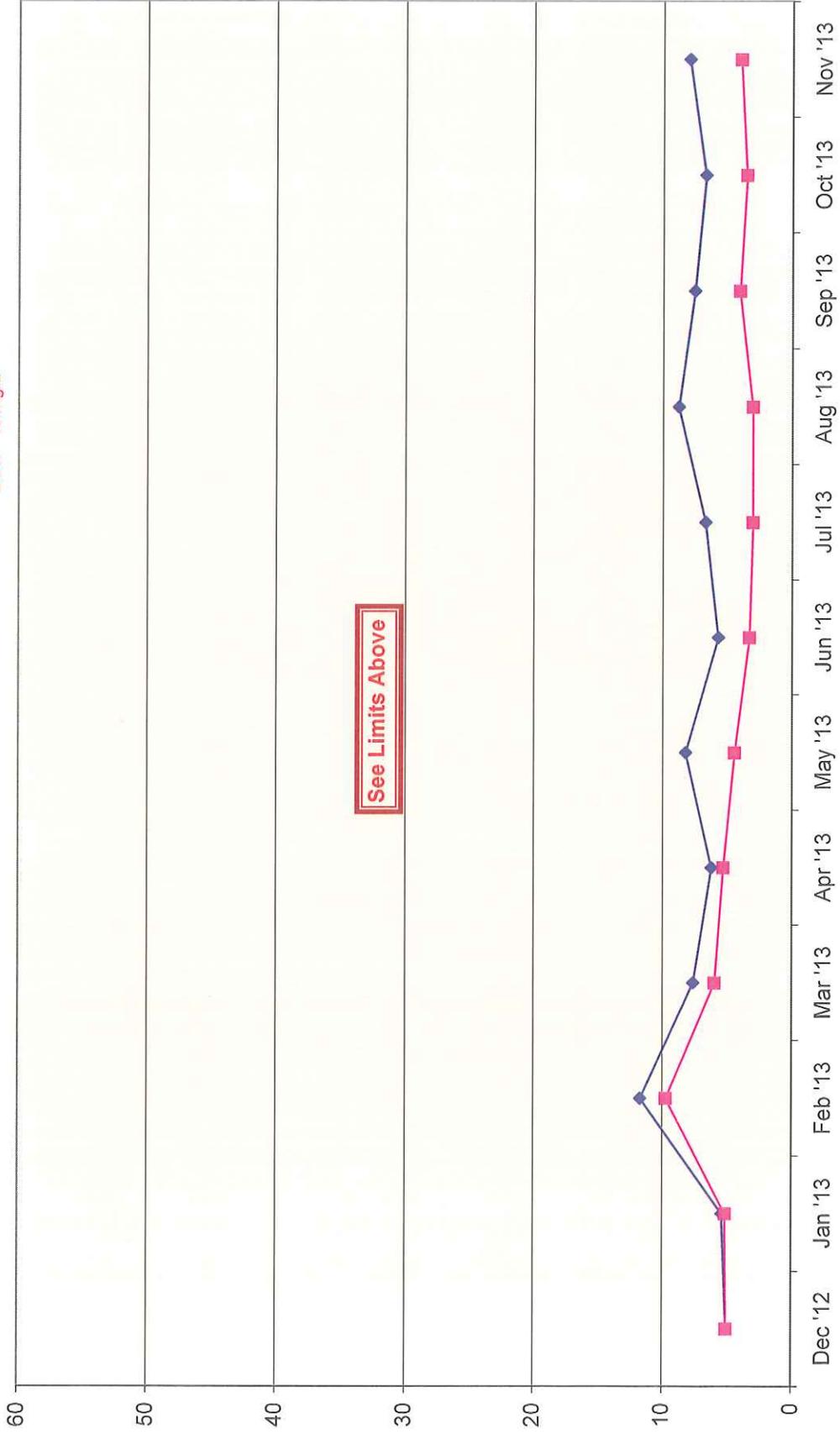


Influent Load BOD / TSS lbs



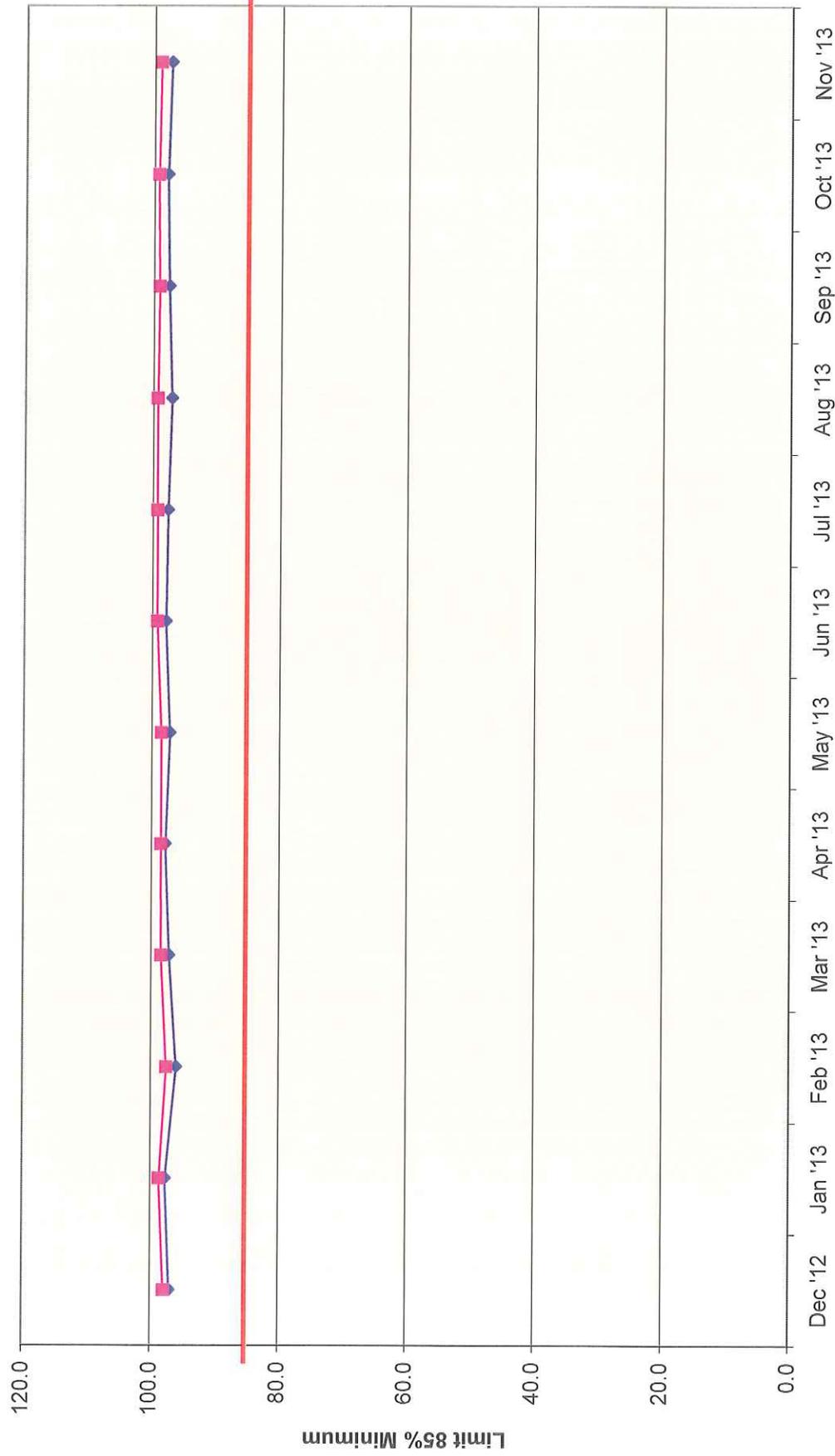
Effluent BOD / TSS Concentration

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



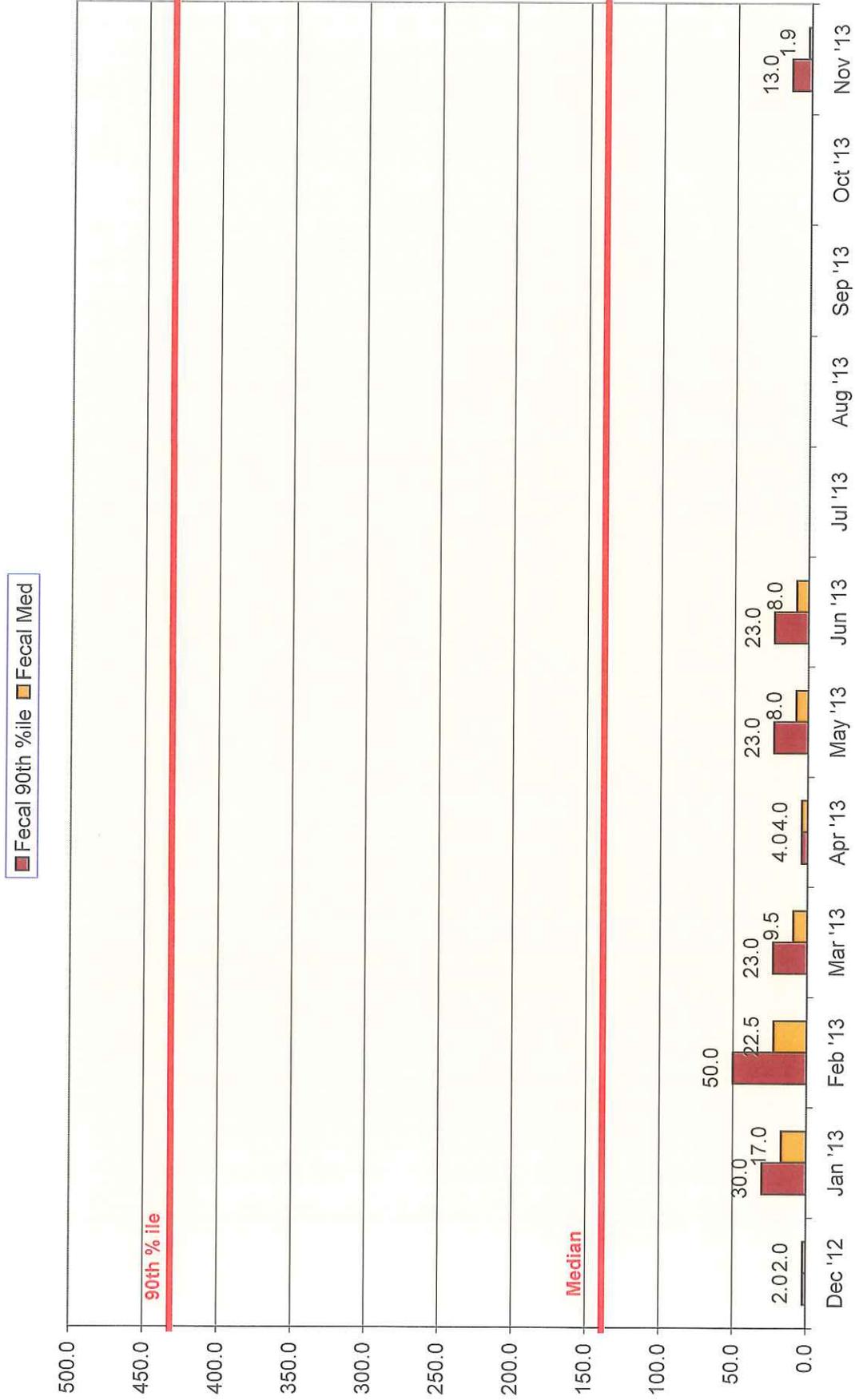
BOD / TSS Percent Removal

—◆— BOD —■— TSS



Disinfection

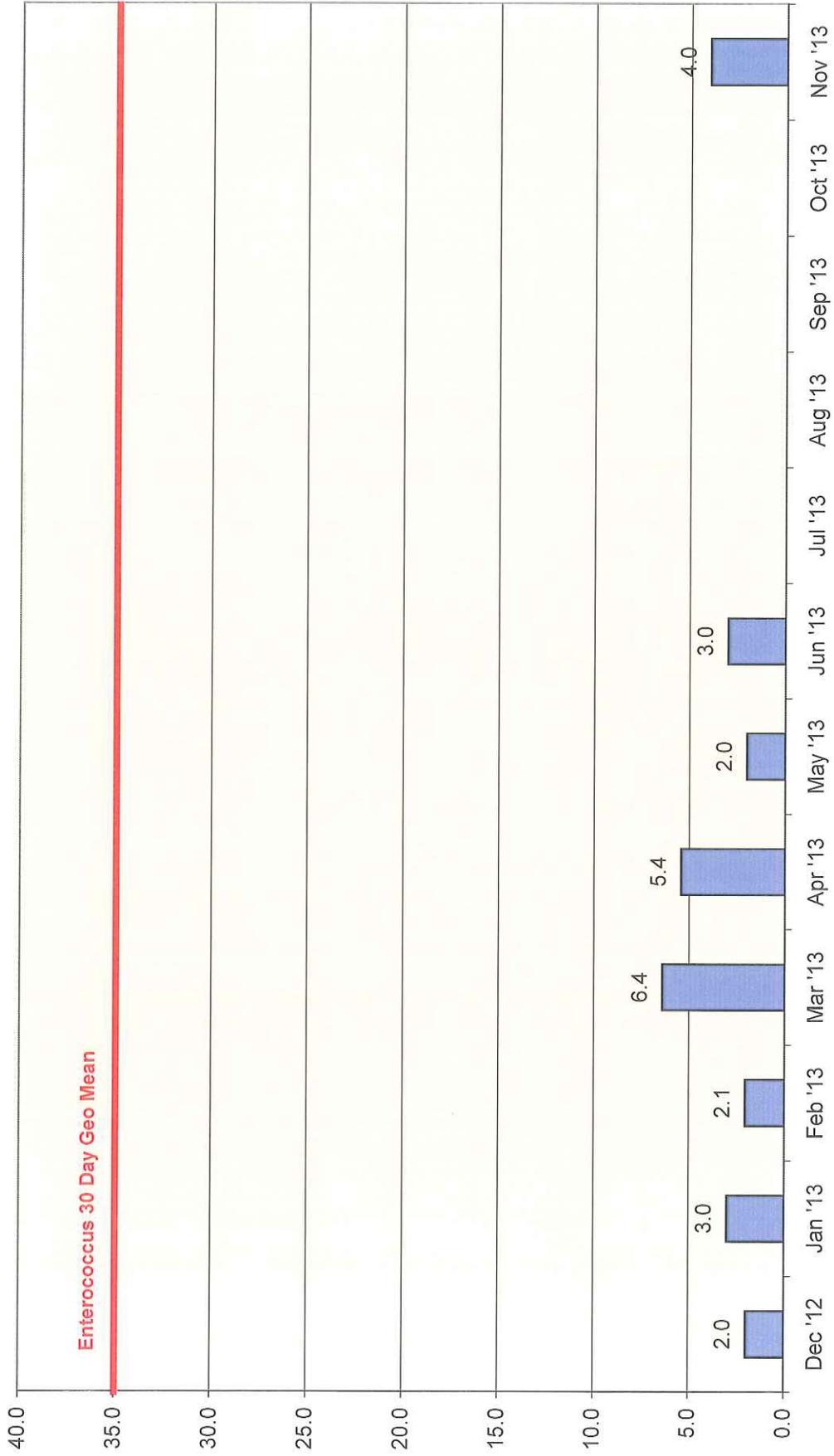
LIMITS - NPDES
 Fecal 140 mpn monthly median
 Fecal 430 mpn 90th percentile 30 day



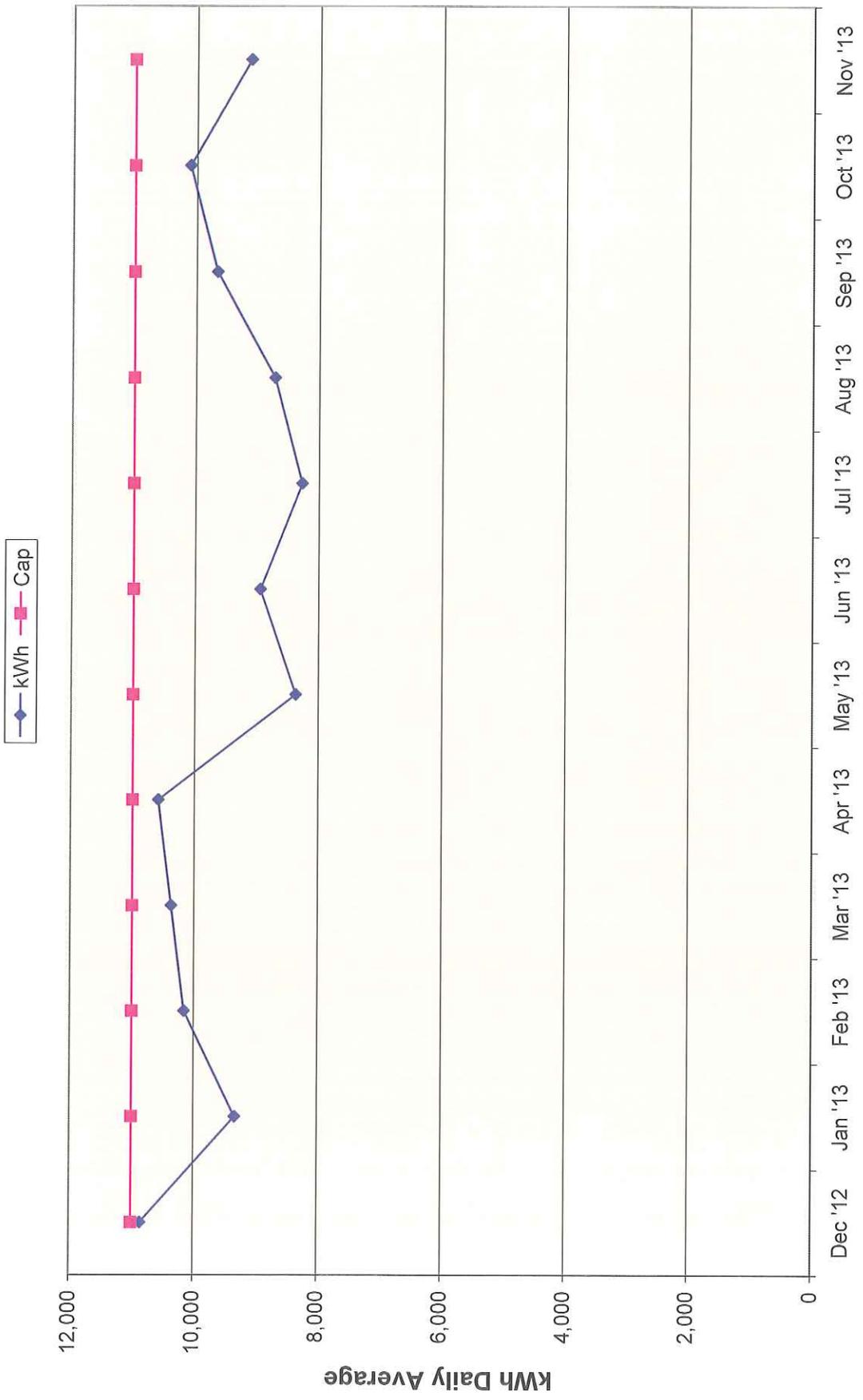
LIMITS - NPDES
Entero 30 day geo mean 35 mpn /100ml

Disinfection

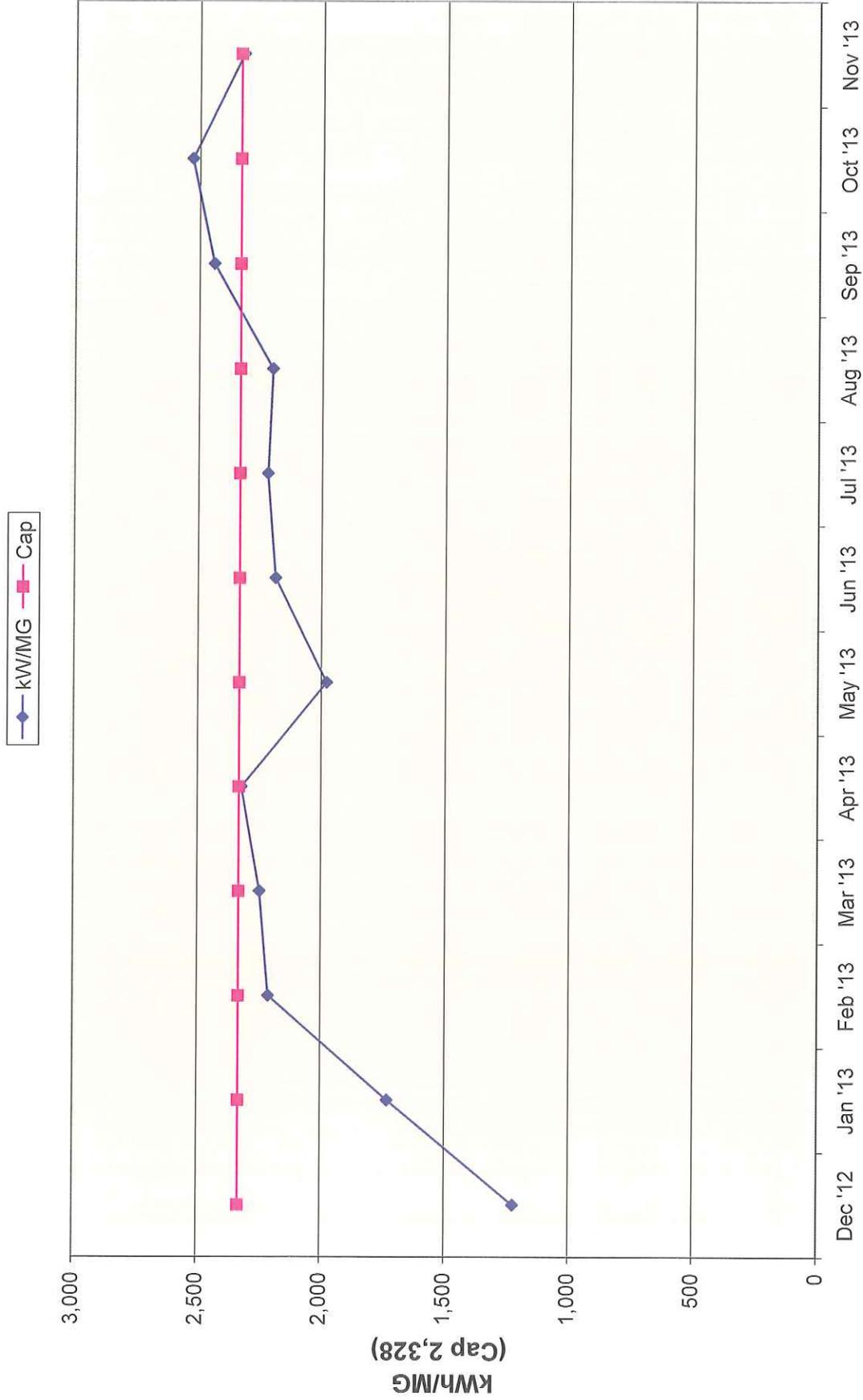
■ Enterococcus



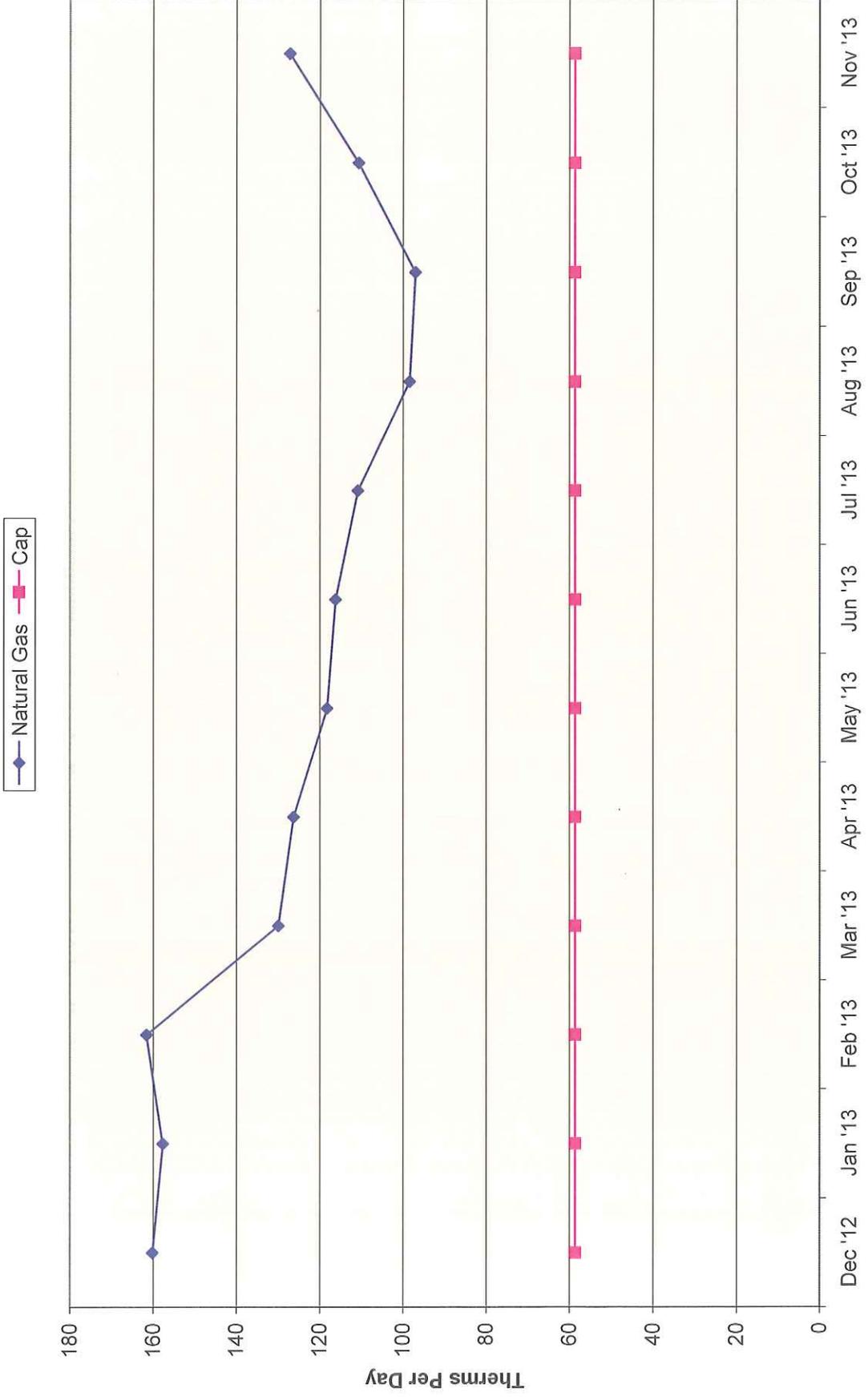
Energy kWh



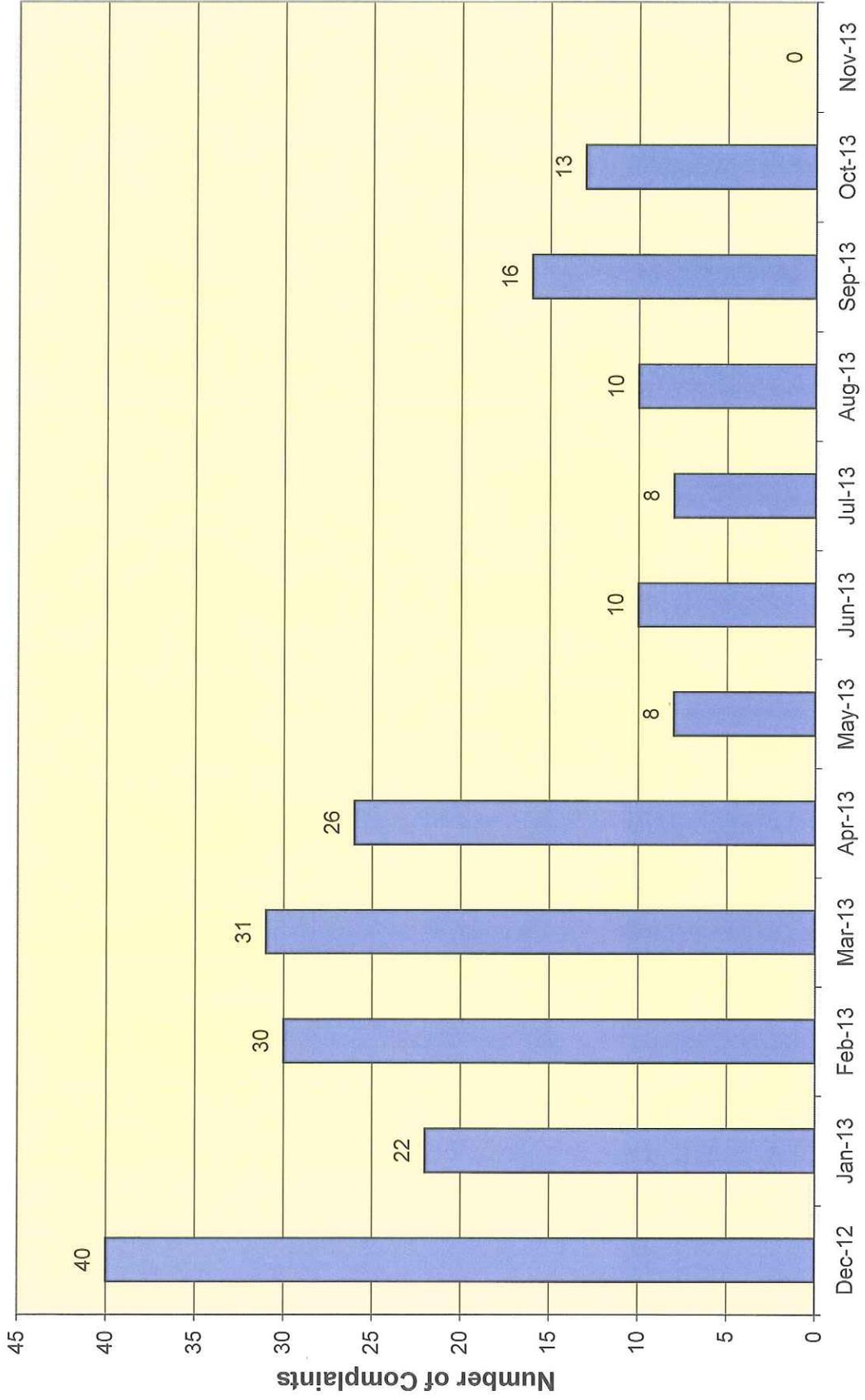
Energy kWh/MG



Natural Gas Use



Complaints Received



WORK ORDER STATISTICS

November 1, 2013 - November 30, 2013

	Open Work Orders Due Prior to 11/1/13	Open Work Orders 11/1/13 - 11/30/13	Total Open Work Orders
Preventative	2	275	277
Corrective	7	39	46
Total	9	314	323

	Closed Work Orders 11/1/13 - 11/30/13
Preventative	275
Corrective	25
Total	300

Total Outstanding Work Orders as of December 1, 2013	23
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**Novato Sanitary District
Wastewater Operations Committee meeting
Collection System Operations Report
November 2013**

General:

For November 2013, after accounting for all leaves, the breakdown of Collection System department staff time, in terms of equivalent full-time employee (FTE) hours utilized, works out approximately as follows:

- 2.3 FTE field workers for Sewer Maintenance (main line cleaning)
- 1.4 FTE field workers for Pump Station Maintenance
- 0.9 FTE field workers for CCTV work
- 1.5 FTE field workers for time spent on data input, training, service calls, overflow response, or any other activity that does not directly relate to main line cleaning, CCTV work or pump station maintenance, and
- 1.8 FTE field workers Vacation/Sick Leave/Holiday.

Collection System Maintenance:

Performance metrics for the department are presented in the attached graphs showing the length of line cleaned/month, footage cleaned/hour worked, overflows/month, and the CCTV footage achieved.

A total of 70,008 feet of sewer pipelines were cleaned for the month by District staff. Staff completed 331 maintenance work orders generated by the ICOM3 CMMS system, with 37 outstanding work orders. A discrepancy between the footage listed in the ICOM3 system and that listed on the District maps have been identified, therefore the footage listed in the Collection System reports is based off of footage obtained by the field crews during cleaning operations. The field crews are measuring line segment lengths using a measuring wheel whenever they note a line segment length discrepancy of more than ten feet between the work order and District maps.

The District's CCTV van was in the field for a total of 15 working days and televised 159 line segments; the CCTV production was 37,443 ft. for the month. Staff televised 31,620 feet of sewer lines using the CCTV van, and televised 5,823 feet of sewer lines using the push (hand) camera while performing easement area maintenance.

Pump Station Maintenance:

The Collection System Department conducted 232 lift station inspections for the month with 112 of the inspection visits generated through the JobCal Plus CMMS system*. There are 16 outstanding work orders for the month of November. Of these, 6 work orders are for annual flow meter calibration at various pump stations and are scheduled for completion by a certified contractor in December. Two work orders are related to Reclamation maintenance, and the remaining 7 work orders are for pump station maintenance activities that were not completed in November.

The breakdown of the lift station inspections is as follows: 27 Flygt submersible pump stations, 1 time per month, 6 Gorman/Rupp dry well/wet well stations, 1 entry per month, and 4 main stations that are visited daily.

**Novato Sanitary District
Wastewater Operations Committee meeting
Collection System Operations Report
November 2013**

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

At Bel Marin Keys (BMK) #5 pump station, pump #2 was taken out of service and sent in for repair due to wear to the impeller and volute, and returned to service. Staff also upgraded 6 pumps in the BMK area replacing the wear plate and impeller for each pump, converting them from an older series of impellers to more durable hardened iron style impellers that are less prone to excessive wear and less susceptible to clogging from rags and wipes.

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

Pump Station Rehabilitation:

Currently, there is no pump station under construction as part of the District's continuing multi-year Pump Station Rehabilitation Project (Capital Improvement Project No. 72403). The next phase, (Unit 5), includes rehabilitation/reconstruction of the Los Robles and Digital Drive pump stations and will likely initiate construction in early 2014.

Safety and Training:

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

Specialized training: Collection System staff attended Blood Borne Pathogen training during the month of November. Three members from the Collection System staff also attended training via webinars on SSMPs, Employee Training Requirements, and SSO Response - Defensible Volume Calculations.

Safety performance: There were no lost time accidents this month for a total of 303 accident-free days.

Standard Operating Procedures (SOPs):

Department staff continues to work on generating new SOPs, and working towards finalizing earlier draft SOPs. No (0) SOPs were issued in November.

Sanitary Sewer Overflows (SSOs):

For the month of November, there were zero (0) SSO's.

Novato Sanitary District
Collection System Monthly Report For November 2013 (as of November 30, 2013)

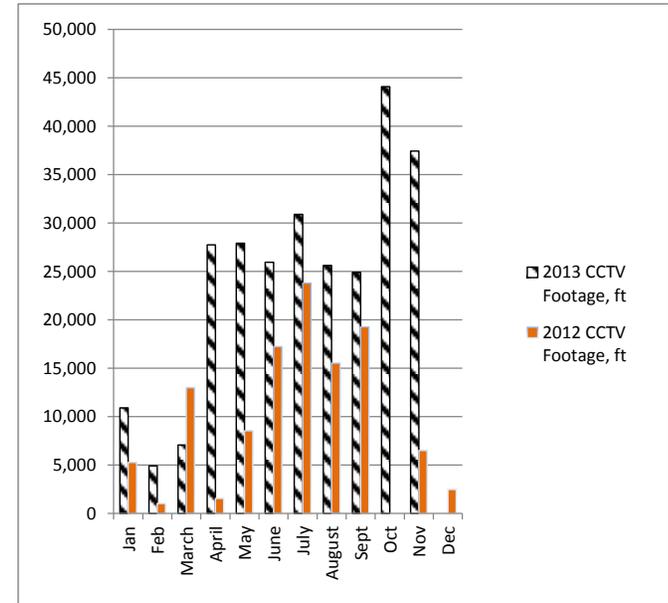
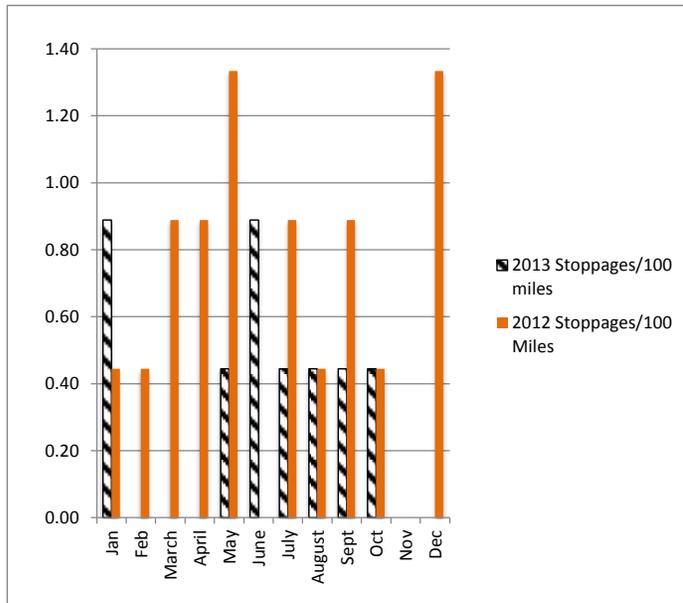
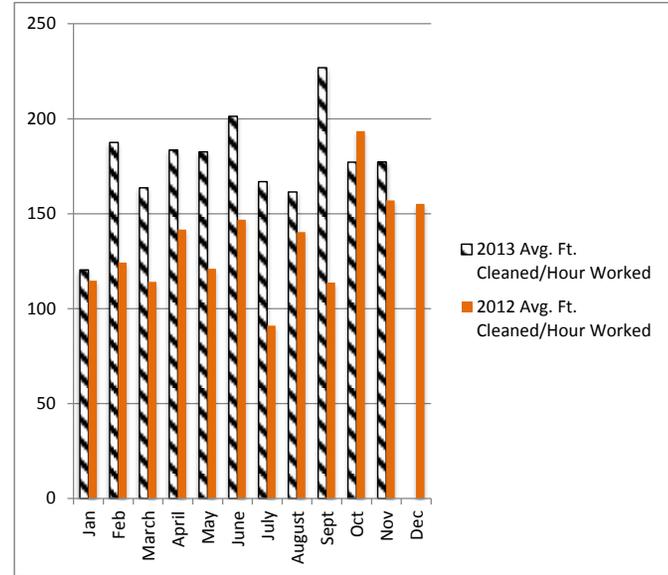
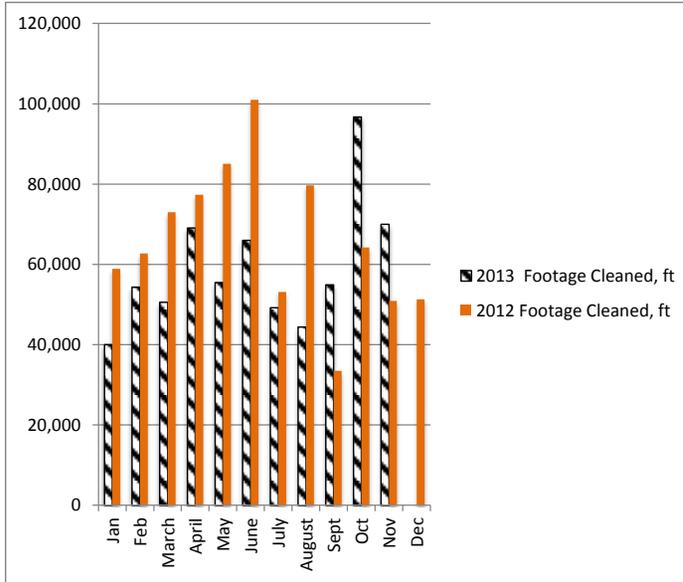
	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
A. Employee Hours Worked														
Number of FTEs (main line cleaning), hrs.	1.9	1.7	1.8	2.2	1.8	1.9	1.7	1.6	1.4	3.1	2.3		NA	1.9
Number of FTEs (other)	1.9	1.4	2.4	1.5	1.8	1.2	1.8	1.4	2.1	2.1	1.5		NA	1.7
Number of FTEs (CCTV)	0.1	0.3	0.5	1.7	1.1	1.2	1.5	1.3	1.2	1.2	1.1		NA	1.0
Total, FTEs	3.9	3.4	4.7	5.4	4.6	4.3	4.9	4.2	4.7	6.4	4.9		NA	4.7
Regular Time Worked, (main line cleaning), hrs	333	290	309	377	304	328	295	275	242	546	395		3,693	336
Regular Time Worked on Other, hrs ⁽¹⁾	326	249	415	259	308	216	304	235	363	369	264		3,306	301
Regular Time Worked on CCTV ⁽²⁾	20	46	85	300	192	200	258	221	206	203	191		1,920	175
Total Regular time, worked, hrs	678	585	809	935	804	744	857	731	811	1,118	849		8,919	811
Total Vacation/Sick Leave/Holiday, hrs	204	77	101	114	239	62	191	238	174	128	307		1,834	167
Vacation/Sick Leave/Holiday, FTEs	1.2	0.4	0.6	0.7	1.4	0.4	1.1	1.4	1.0	0.7	1.8		10.6	1.0
Overtime Worked on Coll. Sys., hrs	6	45	5	47	5	1	24	24	33	31	4		224	20
Overtime Worked on Other, hrs ⁽¹⁾	3	19	5	28	12	6	16	17	27	50	28		211	19
Overtime Worked on CCTV ⁽²⁾	1	3	0	0	0	0	2	1	2	3	0		12	1
Total Overtime, hrs	10	67	10	75	17	7	42	42	62	83	31		446	41
B. Productivity														
1. Line Cleaning														
Rodder Work Orders generated	14	0	24	31	83	66	51	51	51	121	74		566	51
Rodder 3203 ft. cleaned	3,138	0	3,856	5,490	678	4,371	760	1,842	1,214	10,325	12,709		44,383	4,035
Rodder - outside services, ft cleaned	0	0	0	0	0	0	0	0	0	8,333	0		8,333	758
Flusher Work Orders generated	187	252	290	385	438	361	277	256	340	440	294		3,520	320
Truck 3205V ft. cleaned	2,782	5,146	2,755	13,698	15,477	10,186	0	12,537	0	14,307	8,000		84,888	7,717
Truck 3206V ft. cleaned	34,114	49,225	43,954	49,898	39,332	51,468	48,444	30,024	53,692	72,072	49,299		521,522	47,411
Flusher - outside services, ft. cleaned	0	0	0	0	0	0	0	0	0	3,260	0		3,260	0
Total Footage cleaned ⁽³⁾	40,034	54,371	50,565	69,086	55,487	66,025	49,204	44,403	54,906	96,704	70,008	NA	650,793	59,163
Work Orders completed	201	252	286	374	314	267	239	222	281	548	331		3,315	301
Work Orders backlog	6	0	28	42	207	160	89	85	110	13	37		777	71
2. Closed Circuit Television (CCTV)														
Camera Work Orders generated	0	0	0	0	0	0	0	0	0	0	0		0	
CCTV Truck 3126T, ft. videoed	10,905	4,912	7,075	27,756	27,913	25,938	30,910	25,628	24,900	37,429	31,620		254,986	23,181
CCTV (hand cam), ft. videoed	0	0	0	0	0	0	0	0	0	6,654	5,823	0	12,477	
CCTV Inspection - outside services, ft. videoed	0	0	0	0	0	0	0	0	0	3,260	0		3,260	
Total CCTV footage ⁽³⁾	10,905	4,912	7,075	27,756	27,913	25,938	30,910	25,628	24,900	44,083	37,443	NA	267,463	
C. Sanitary Sewer Overflows (SSOs)														
Minor (Category III)	0	0	0	0	1	2	1	1	1	1	0		9	NA
Major (Category II)	0	0	0	0	0	0	0	0	0	0	0		4	NA
Major (Category I)	2	0	0	0	0	1	0	0	1	1	0		0	NA
Overflow Gallons	2,200	0	0	0	158	1,111	10	50	312	1,474	0		5,315	NA
Volume Recovered	880	0	0	0	158	100	0	0	117	673	0		1,928	NA
Percent Recovered	40%	NA	NA	NA	100%	9%	0%	0%	38%	46%	NA	NA	36%	NA
D. Service Calls (non-SSO related)														
Service calls, normal hours, #	7	5	7	12	6	6	8	5	8	9	8		81	7
Normal hours S.C. response time, mins (avg.)	12	15	14	18	17	22	19	13	23	15	18		186	17
Service Callouts, after hours, #	1	0	0	1	1	0	1	2	1	3	0		10	1
After Hours S.C. response time, mins (avg.)	23	NA	NA	20	30	0	27	34	30	28	0		192	21
E. Benchmarks														
Average Ft. Cleaned/Hour Worked	120	187	164	183	183	201	167	161	227	177	177	NA	NA	177
Total Stoppages/100 Miles	0.9	0.0	0.0	0.0	0.4	0.9	0.4	0.4	0.4	0.4	0.0	NA	4.0	NA
Average spill response time (mins)	18	0	0	0	15	19	15	27	7	41	0		NA	13
Callouts/100 Miles	0.4	0.0	0.0	0.4	0.4	0.0	0.4	0.9	0.4	1.3	0.0		4.4	0.4
Overtime hours/100 Miles	3	20	2	21	2	0	11	11	15	14	2		100	9
Overflow Gallons/100 Miles	978	0	0	0	70	494	4	22	139	655	0	NA	2362	215

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

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

⁽³⁾ Does not include outside services (tracked separately)

Collection System 2012-13 Graphs



Novato Sanitary District

Pump Station Monthly Report For November 2013 (as of November 30, 2013)

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
Employee Hours Worked	253	224	313	226	256	249	320	301	236	266	205		2,849	
Number of Employees	1.4	1.3	1.8	1.3	1.4	1.4	1.8	1.4	1.2	1.4	0.9			1.4
Regular Time Worked on Pump Sta	185	189	223	182	227	201	273	239	201	246	161		2,326	
Overtime Worked on Pump Sta	69	35	90	44	29	48	47	62	35	20	45		523	
After Hours Callouts	4	3	1	8	1	0	5	5	2	0	9		38	
Average Callout response time (mins)	24	35	20	30	0	0	26	35	30	0	35		235	21
Work Orders														
Number generated in month	107	112	116	124	110	125	134	107	126	122	128		1311	
Number closed in month	104	110	116	124	110	123	134	106	126	122	101			
Backlog	3	2	0	0	0	2	0	1	0	0	27			

**COLLECTION SYSTEM (Pump Stations)
WORK ORDER STATISTICS
November 1, 2013 - November 30, 2013**

	Open Work Orders Due Prior to 11/1/2013	Open Work Orders 11/1/2013 - 11/30/2013	Total Open Work Orders
Preventive	0	128	0
Corrective	0	0	0
Total	0	128	128

	Closed Work Orders 11/1/2013 - 11/30/2013
Preventive	112
Corrective	0
Total	112

Total Outstanding Work Orders as of 11/30/2013	16
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NOVATO SANITARY DISTRICT
Wastewater Operations Committee Meeting
Reclamation Facilities Report
November 2013

Summary:

The rancher continues to remove cows from the Sites. Only a small herd is left on Site 3 and Site 7. Parcel rehabilitation was completed on Parcels 38 & 78 and continues on Parcels 21, 24, 25 & 28. Approximately 6 MG of recycled water was used for irrigation this month. Sludge handling is complete for the season.

Ranch Operations:

The rancher continues to move cattle off of all Sites. Small herds remain on Site 3 and Site 7.

Parcel rehabilitation was finished on Parcel 78. Staff tested the irrigation system on Parcel 38 to evaluate if repairs are needed or if sprinkler heads need to be replaced. The testing identified 280 sprinkler heads which need to be replaced and six locations where the irrigation system requires excavation for repairs. The six locations were excavated and repaired by the Rancher. The sprinkler replacement work will be completed next spring. The parcel rehabilitation work was completed and the parcel was seeded. Parcels 24 & 28 were leveled, disked, chiseled, limed, rotovated, seeded and rolled in preparation for rain. Sprinklers in these two parcels will be tested and repaired in the spring. A leak was repaired in Parcel 25 and Parcels 21 & 25 were rotovated, seeded and rolled. Staff will identify additional parcels to disk, chisel, rotovate, seed and roll (Phase 1 rehabilitation) next month and if weather permits, complete the work. This work is to prepare the parcels for leveling next fall.

Last month, Mosquito Abatement found a sinkhole in Parcel 27. Staff located the sinkhole and will investigate after the irrigation season is over. The sinkhole appears to be over one of the large irrigation mains. This leak will be repaired in December, weather permitting.

Irrigation Parcels:

As previously reported, on occasion, the valve actuators for some irrigation zones within the parcels will not fully open or close and some motors have failed. The District's electrical engineering consultant is investigating options to address the issue.

All irrigation on all Sites was turned on November 4th. The Wildlife Pond Feed Pump was turned off for the year as recommended in the Reclamation Operations & Maintenance Manual.

Irrigation Pump Station:

Approximately 6.01 million gallons of recycled water was used for irrigation in November. The average storage pond staff gauge depth at the beginning of November was 3.5 feet and 3.3 feet at the end of November.

Sludge Handling & Disposal:

Sludge handling and disposal season is over and the District's contractor cleaned up his sludge handling equipment in preparation for storage.

NOVATO SANITARY DISTRICT
Wastewater Operations Committee Meeting
Odor Control, Noise, and Landscaping Report
November 2013

Summary:

Staff continues to work to address issues of concern relating to odor control, noise, and landscaping, specifically from the Lea Drive neighborhood, and in the northeast corner of the Novato Treatment Plant (NTP) site.

As explained in earlier reports, and to demonstrate its commitment, the District has already expended significant amounts beyond the substantial investment for odor control, noise, and landscaping included in the original WWTP Upgrade, Contract B - Novato Treatment Plant (NTP), Project No. 72609. These additional costs have included operational changes and measures related to further noise abatement, visual screening, wind shielding, and daily monitoring. The District has also retained Brown and Caldwell (B&C) and their project manager, Mr. Dave McEwen to study the issue of potential odor emissions from the aeration basins.

A summary of activities since the last Wastewater Operations Committee meeting is provided below.

Odor control:

The District's odor control consultant, Mr. Dave McEwen of Brown and Caldwell (B&C) continued to work on studying potential odor emissions from the aeration basins. Earlier, he had reported that initial analysis of air samples off the aeration basins appeared to indicate the characteristic "signature" of two reduced sulfur compounds, dimethyl sulfide and methyl mercaptan. He had also indicated that the primary source appeared to be the anoxic zones of the aeration basins.

Mr. McEwen carried out further reduced sulfide compound sampling in October (liquid phase sampling) to analyze potential formation areas for these compounds within the liquid stream, as this might lead to a potential solution for odor suppression at the source of formation. Results of this sampling became available in November, and Mr. McEwen has been able to make findings that confirm his theories, and will be finalizing recommendations in December. It is expected that implementation and testing of his recommendations will be occurring thru' January and February, and that he will issue a technical memorandum in March.

Noise:

In November, staff continued to address the low level noise issues raised by some Lea Drive neighbors, related to the fans for the main odor control biofilter in the northeast corner of the Novato plant. Construction began on a permanent sound reducing enclosure for these fans which up to this point had resided inside a temporary insulated enclosure. As part of this effort, Veolia and the District retained a local contractor who will place the fans and the immediately adjacent air ducting within this permanent enclosure to minimize the sound. It is anticipated that contractor will complete the work by December 2013.

NOVATO SANITARY DISTRICT
Wastewater Operations Committee Meeting
Odor Control, Noise, and Landscaping Report
November 2013

In addition, staff continued to monitor sound levels at the property line on Lea Drive, which continued to indicate that the sound levels are those of an “Average Quiet Street” and well below the 60 decibels the Novato General Plan specifies for residential neighborhoods.

Landscaping:

Staff continued to work with its landscaping contractor Cagwin and Dorward (C&D), to care for the attributes to the landscaping installed at the District’s fence-line on Lea Drive at the northeast corner area of the NTP. C&D will continue to provide services on an as-needed and as-requested (by the District) basis to care for the landscaping in this area through the winter, and the scope of their services will be re-evaluated in the spring.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Strategic Planning and New Facilities Committee

MEETING DATE: January 13, 2014

AGENDA ITEM NO.: 8.a.

RECOMMENDED ACTION: Information. Receive report.

SUMMARY AND DISCUSSION:

The Committee reviewed the updated 2013 Strategic Work Plan and the implementation progress on meeting the District's five main goals:

- ❖ Operational excellence.
- ❖ Build and maintain facilities that are reliable, environmental and efficient.
- ❖ Board, District and Community, alignment and communications.
- ❖ Well-planned finances with a long-range outlook.
- ❖ Effective Governance and Administration.

As shown in the attached Work Plan progress has been made in the areas of maintaining a safe workplace, developing a chemical root treatment program, updating the sewer use ordinance, employee training, developing and implementing a records retention policy, implementing the PaintCare program, developing Standard and Emergency Operating Procedures, televising sewers, recycled water, public outreach, budget, audit, service charges, and succession planning.

DEPT.MGR.:

MANAGER-ENGINEER:

No.	P.	6	Lead	Timing	Status
1.0.0	1	Goal 1.0 Operational Excellence. Provide timely, cost effective, reliable and sustainable performance improvements in all aspects of operation	Goal		
1.1.0	1	Provide a safe work environment	Obj		
1.1.1	2	Implement an Employee Wellness Program	BJ	3/13	First phase complete, follow up in Nov, Dec. 2013
1.1.2	1	Implement an Employee safety recognition program	BJ	3/13	Adopted by Board
1.1.3	1	Specify and verify the physical requirements of each job description	BJ/Cons	7/31/14	Contract issued to Occumetric 11/13
1.1.4	1	Develop a safety training program for each job	DT	6/14	
1.1.5	2	Schedule regular review and update for all safety documents	DT	7/13	
1.1.6	1	Complete Lockout/Tagout Procedures for all equipment	SK/TOC	12/13	
1.1.7	2	Identify low frequency/high risk tasks and implement controls to assure that they are performed correctly.	Supervisors	7/13	Have drafts for Maintenance, Collections, HR, Lab, and Source Control. 7/26/13
1.2.0	2	Become a high reliability organization by implementing an Environmental Management System (EMS). Take initial steps toward development of EMS to achieve some of the benefits without cost of full implementation. Also make progress toward a future evaluation	Obj		
1.3.0	2	Develop a process for evaluating operations.	Obj		
1.3.1	2	Apply for CWEA treatment plant of the year	JB	9/14	
1.3.2	2	Apply for CWEA Collection System of the year	TOC	9/20/13	Did not complete in 2013. Did apply for Collection System Worker of the Year. Reviewed collection system operations against criteria but need to work on aspects before applying.
1.3.3	2	Set benchmarking goals for Collection System O&M	SSK	6/14	
1.3.4	2	Set benchmarking goals for Treatment plant O&M	SSK	12/13	Done - presented to board in September
1.3.5	2	Apply for CSRMA SHELL Award	BJ/DT	7/13	Too many gaps. Reviewed program against criteria and will work on filling gaps prior to 2014 app deadline.
1.4.0	1	Achieve an organization wide commitment and make progress toward that: zero accidents, zero sanitary sewer overflows, zero waste, and zero permit violations.	Obj		
1.4.1	1	Televisе entire collection system on a five year cycle	TOC	6/30/15	
1.4.2	2	Optimize sewer cleaning program to group scheduled cleanings geographically	SSK/TOC/RM		
1.4.3	1	Develop a chemical root treatment program so that "root lines" are treated at least every 3 years	TOC/RM	12/31/15	About 160,000 lf of root lines. Budget set for 55,000 lf/year.
1.4.4	1	Review local limits and update sewer use ordinance	AO	2/15/14	Contract issued to Bob Adamson in June 2013
1.4.5	2	Document lab sampling and analysis schedule and procedures	AO	Dec-13	
1.5.0	2	Set a policy on laterals	Obj		
1.5.1	2	Update sewer use ordinance to include lateral repair/replacement requirements.	BJ/SSK	2/15/14	
1.6.0	3	Be aware of trends, such as changes in technology, and take advantage as appropriate. Move with change.	Obj		
1.6.1	3	Schedule employees to attend appropriate technical training	Supervisors	ongoing	update annually during performance review
1.6.2	3	Maintain ties with other agencies and share knowledge	ALL	ongoing	NBWRA, NBWA, NMWD, Marin 7 Bay area managers committees
1.6.3	3	Participate actively in BACWA Committees	AO/SSK	ongoing	Permits, Lab, P3, Nutrients, Recycled Water
1.7.0	2	Manage processes and expectations for cost effectiveness, environmental sustainability, and positive impact on people. (triple bottom line)	Obj		

No.	P.	6	Lead	Timing	Status
1.7.1	2	Adopt Fats, Oils, and Grease (FOG) Ordinance	AO	9/1/14	
1.7.2	3	Implement treatment plant modified EMS.	SSK/JB	7/31/14	Veolia prepared EMS and presented to Board in Sept 2013
1.7.3	2	Bring all dental facilities into compliance with Dental Amalgam Ordinance	AO	3/1/14	Contracted with CMSA to prepare
1.7.4	3	Implement Electronic records management system	CD	5/31/14	
1.7.5	2	Update auto shop files	AO	6/1/14	
1.7.6	3	Develop records retention policy and plan	JB	9/1/13	Staff and Counsel review complete. Board review and approval scheduled for 11/21/13.
1.7.7	2	Document procedures and schedules for identifying potential new industrial waste dischargers.	AO	8/31/13	
1.7.8	2	Complete rollout of commercial food waste composting	DLJ/ND	8/31/14	
1.7.9	2	Prepare feasibility study of expanded recycling and HHW facility	BJ	3/15/14	
1.7.10	1	Implement Paint Care program in Novato	DLJ	9/17/13	
1.7.11	1	Continue support of sharps and pharmaceutical take back program	DLJ	ongoing	
1.8.0	2	Improve work practices through continuous improvement; including development of SOPs, emergency procedures, and contingency plans.	Obj		
1.8.1	2	Review and update high priority collection system Standard Operating Procedures (SOPs), move forward in future years with additional SOPs	TOC	9/30/13	
1.8.2	2	Review and update high priority pump stations SOPs	TOC	12/31/13	
1.8.3	2	Review and update high priority reclamation SOPs	SRK	6/13/13	
1.8.4	2	Review and update high priority Environmental Service Dept. SOPs	AO	9/1/13	
1.8.5	2	Review and update pump station emergency SOPs	SRK/TOC	10/1/13	
1.8.6	2	Update collection system contingency plan	TOC	1/1/14	Annual review and update
1.8.7	2	Update treatment plant contingency plan	JB	1/1/14	Annual review and update
2.0.0	2	Goal 2. Build and Maintain Facilities that are Reliable, Environmental and Efficient. Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sound, and efficient District operations.	Goal		
2.1.0	3	Identify cost-effective opportunities to increase the amount of internally generated energy.	Obj		
2.1.1	3	Develop onsite energy generation feasibility plan	SSK	12/1/14	
2.1.2	3	Identify possible impacts of global warming on collection, treatment, & recycling	BJ	12/1/13	
2.1.3	2	Actively participate in Reg Bd/BACWA development of a TMDL for nutrients in SF Bay	BJ	2/1/14	Serving on permit negotiating committee, draft permit expected by Jan 2014.
2.1.4	2	Identify treatment performance for emerging constituents of concern.	BJ	6/15/13	
2.2.0	1	Manage the collection system with the objective of zero spills and zero permit violations.	Obj		
2.2.1	2	Televise all large diameter sewers	TOC	7/1/15	Televised 3,260 ft. of 1ge diameter sewers
2.2.2	2	Televise all sewers in the District at least once	TOC	7/1/15	
2.2.3	2	Identify sewers with structural issues that result in need for frequent cleaning to prevent overflows and prioritize their repair/replacement.	SRK/TOC /SSK	3/1/15	
2.2.4	1	Identify sewers with limited capacity and prioritize their replacement.	SSK	4/15/14	

No.	P.	6	Lead	Timing	Status
2.2.5	1	Identify sewers with structural defects that are at risk of failure and prioritize their repair/replacement	SSK	12/31/15	In process but need to complete Tving of whole system to finish.
2.2.6	3	Update District Standard Specifications	SSK	06/30/14	Draft complete, needs review, and final
2.2.7	1	Identify pump station vulnerabilities to spills and schedule repair/replacement.	SSK	09/01/14	In process, consultant working on evaluations.
2.3.0	2	Actively pursue opportunities to expand recycled water production and use.	Obj		
2.3.1	2	Participate in NBWRA Phase 2	BJ	06/01/16	
2.3.2	3	Participate and support BACWA and IRWMP recycled water efforts.	BJ	ongoing	
2.3.3	2	Develop reclamation facility master plan incorporating needed: pond improvements, pasture improvements, responses to expected sea level rise, lease expiration, etc.	SSK/SRK	6/15/14	
2.3.4	2	Coordinate Reclamation Facility master plan with Novato Creek Watershed planning	SSK	6/30/15	
2.4.0	2	Coordinate discharge objectives and requirements with the Hamilton Wetlands expansion	Obj		
2.4.1	1	Prepare water quality analysis for discharge relocation.	BJ	7/1/14	Agreement approved and studies underway.
2.5.0	1	Manage treatment facility with objective of zero permit violations and long-term preservation of assets.	Obj		In Process
2.5.1	1	Weekly staff review of operation and maintenance	BJ/SSK	Ongoing	
2.5.2	1	Monthly Board review of operation and maintenance	BD	Monthly	ongoing
2.5.3	1	Annual audit of operation and maintenance	BJ/SSK	Annual	ongoing
2.5.4	1	Develop equipment upgrade/replacement plan.	SSK/JB	3/31/14	
2.6.0	3	Develop a plan to meet real property needs into the future	Obj		
2.6.1	3	Develop real property plan.	SSK	12/31/16	
2.7.0	2	Develop a long-term plan for treatment operations options over twenty years that includes alternatives.	Obj		
2.7.1	2	Engage consultant to evaluate alternatives and costs for long term options	BJ	4/15/14	
2.8.0	1	Support field operations by providing improved facilities	Obj		
2.8.1	1	Design/bid Maintenance Building	SSK	3/1/14	Design 75% complete
2.8.2	1	Construct Maintenance Building	SSK	9/1/15	
2.8.3	1	Evaluate sewer cleaning equipment needs.	TOC	6/30/13	complete, new rodder on order.
2.9.0	2	Develop a plan for obtaining the maximum value from recycled water for the community.	Obj		
2.9.1	2	Update Novato Recycled Water Master Plan	BJ	12/31/16	
2.9.2	2	Meet regularly with NMWD to discuss water reuse.	BJ	ongoing	
3.0.0	2	Goal 3. Board District and Community, Alignment and Communications. Proactively communicate with stakeholders, including customers, Board, staff and others in a clear, factual, timely, two-way manner to foster greater understanding and alignment between the District and its stakeholders.	Goal		
3.1.0	1	Take needed steps so that the community knows and respects the District and its decisions. This might include improved access to and understanding of agendas, the budget and the reality and impact of regulations on customer costs. Remain in full compliance with the Brown Act.	Obj		

No.	P.	6	Lead	Timing	Status
3.1.1	1	Post all agendas and minutes on web, and Novato Patch	Admin	ongoing	done each meeting
3.1.2	3	Conduct treatment plant tours for public	JB/BJ	Ongoing	Conducted two tours in summer '13, More tours next summer
3.1.3	1	Post Monthly Monitoring Reports on web	BJ	ongoing	Completed for 2010, 2011, 2012, 2013
3.1.4	1	Post budget and audit on web	LC	ongoing	Budget through 2013-14, Audit through 2011-12 on web
3.1.5	1	Provide all agenda packets to Marin IJ and Novato Advance	JS	ongoing	done each meeting
3.1.6	1	Regular articles and advertisements in Novato Patch, Advance and on website	BJ	Ongoing	Banner ad in Patch for Pollution Prevention runs continually
3.1.7	2	Launch and maintain on a weekly basis a Facebook page	MR	5/1	Facebook page launched and updated every Friday.
3.1.8	3	Semi-Annual E-newsletter	BJ	7/13, 1/14	First E-newsletter went out in September
3.1.9	2	Semi-annual printed newsletters	BJ	Spring & Fall	Fall 2013 newsletter went out in September
3.1.10	1	Participate in community events for outreach.	DJ/BJ/AO /JS	Ongoing	Art & Wine Festival, Senior Health Fair, Farmers' Market, Science Fair, School Fuel
3.1.11	1	Apply for CSDA "Transparency Certificate of Excellence" certification	BJ/LC	12/31/13	Board members attending CSDA training in November
3.2.0	2	Update internal, staff communication program to ensure staff are updated on key District issues in a timely manner and have opportunities to have questions answered.	Obj		Underway
3.2.1	2	Quarterly all-staff meeting	BJ	Mar, Jun, Sep, Dec	
3.2.2	1	Monthly senior staff meeting	BJ	Monthly	
3.3.0	3	Formalize interagency agreements and relationships to secure them against changeable personality and budget issues and preferences with: the city, North Bay Water Reuse Authority, water and flood control agencies, and others.	Obj		
3.3.1	2	Review and update planning with Fire District, City of Novato and County of Marin for disaster response and rescue services, and communications	SSK/SRK	ongoing	
3.3.2	3	Review agreements for opportunities for cooperation with NMWD for mutual aid & recycled water.	BJ	10/15/13	
3.3.3	3	Hold joint board meeting with NMWD to review areas of cooperation, consider new areas and build relationships	BJ	9/15/14	Held joint Recycled Water Committee meeting
3.3.4	2	Continue to take leadership roles in NBWA and NBWRA	BJ	Ongoing	Serve as chair of the NBWRA TAC, on board of NBWA
3.3.5	2	Coordinate reclamation facility planning with Novato Creek watershed effort.	SSK	Ongoing	Attended workshop on Nov 12
3.4.0	2	Identify areas in which the District impacts the public and ensure the District is acting as a reasonable and responsive good neighbor. Include issues like odor, noise, aesthetics, and impacts of construction and maintenance.	Obj		
3.4.1	1	Conduct an odor evaluation of the treatment facility and develop a mitigation plan.	SSK	8/19/13	Consultant working on evaluation. First sampling completed
3.4.2	1	Identify alternatives for noise shielding for odor control blowers and implement best solution	BJ/SSK/S RK	12/31/13	Contractor to start work on enclosure Nov 18
3.4.3	3	Review construction specifications to clarify contractor responsibility for limiting and mitigating construction impacts.	SSK/SRK	12/31/13	
3.4.4	2	Budget for aesthetics in pump station construction.	SSK/SRK	7/1/13	
3.5.0	2	Incorporate into the outreach program descriptions of the District's role as a resource agency and the value it provides to the community.	Obj		

No.	P.	6	Lead	Timing	Status
3.5.1	2	Emphasize resource role in newsletters, web, press, etc.	BJ	Ongoing	
3.5.2	2	Highlight resource role in brochure and handouts	BJ	Ongoing	
3.6.0	2	Ensure that outreach is effectively communicating important messages to the public, and that there are easily accessible and publicized channels available for public to provide input and feedback.	Obj		
3.6.1	2	Hold workshops on key issues or major projects.	BJ	ongoing	
4.0.0	1	Goal 4. Well Planned Finances with a Long-Range Outlook. Maintain a well-planned, proactive financial condition that minimizes rate shocks and impacts on customers while meeting all service needs.	Goal		
4.1.0	1	Plan for and manage finances to achieve long-range financial stability, competitive and fair rates and charges, and strong bond ratings.	Obj		
4.1.1	1	Update Dun & Bradstreet rating every year	LC	12/1/13	update annually after audit is available
4.1.2	1	Prepare a Comprehensive Annual Financial report by an independent auditor.	LC	12/31/13	update annually
4.1.3	1	Change auditors every five years.	LC	5/1/16	
4.1.4	2	Apply for GFOA certification on Annual Financial Report	LC	12/31/13	annually thereafter
4.1.5	2	Update Revenue Program every four years	BJ/BW	2/1/16	
4.1.6	1	Prepare a 2-year Budget	LC	6/14/13	update annually
4.1.7	1	Develop a training program for senior staff on public finance.	LC	5/1/14	
4.2.0	1	Ensure that the rate structure and rates are sustainable, defensible, understandable, and fair.	Obj		
4.2.1	1	Review connection charges and consider alternative structures.	BJ/BW	10/1/13	
4.2.2	2	Review sewer service charge high, medium, and low structure and consider alternatives.	BJ/BW	3/1/14	
4.3.0	2	Manage retirement liability both financially and through optimum policies that strike an explicit balance between benefit levels and types, as well as employee retention.	Obj		
4.3.1	2	Determine retirement liability using best practices for longevity and discount rate.	BJ	6/1/14	
4.3.2	2	Survey private and public employers in area to determine retirement policies	BJ	4/1/14	
4.4.0	2	Resolve unfunded liabilities related to pensions and benefits. Obtain Board consensus that they are appropriately and prudently addressed.	Obj		
4.4.1	2	Evaluate options for funding OPEB liability.	BJ	4/1/14	
4.4.2	2	Evaluate options for reserving funds for potential pension liability.	BD	9/1/14	
4.5.0	1	Enable effective Board and public oversight of finances.	Obj		
4.5.1	1	Continue to improve on clearly documenting and explaining budget	LC	12/31/13	
4.5.2	2	Complete public Finance training for Board members through CSDA seminars	BD	12/1/13	
4.5.3	1	Annual actuarial evaluation of pension liability	LC/CalPE RS	6/14/13	
4.5.4	1	Carry out biannual actuarial evaluation of OPEB liability	LC	7/15/2013, 15	
4.5.5	3	Complete and distribute annual report for public that includes key financial information.	LC/BJ	3/1/14	

No.	P.	6	Lead	Timing	Status
5.0.0	1	Goal 5. Effective Governance and Administration. Develop and maintain an organizational structure and management policies that foster a high performing, stable, and productive organization that learns and improves. Explicitly recognize the importance of our people as a critical asset to the organization and community.	Goal		
5.1.0	2	Develop a succession plan	Obj		
5.1.1	2	Develop a succession plan for each position.	BJ	4/1/14	
5.1.2	2	Improve resiliency through enhanced cross training and knowledge transfer programs.	BJ	12/31/14	
5.2.0	2	Maximise employee career quality, commitment and performance with up-to-date hiring and personnel practices that emphasize professional and leadership development	Obj		
5.2.1	2	Update job descriptions	BJ	4/1/14	Agreement approved, project start 12/1
5.2.2	2	Set up a professional development plan for each employee	Supervisors	11/30/13	
5.2.3	2	Update employee performance review procedures and documentation	BJ/KA	4/1/14	
5.3.0	2	Ensure that employee institutional knowledge is retained and improved over time	Obj		
5.3.1	2	Document institutional knowledge in SOPs as noted above.	All	12/31/13	
5.3.2	2	Use Standard Operating Procedures to train employees	All	5/1/14	SOPs are used to train employees as they are developed.
5.3.3	3	Take advantage of opportunities to learn from others including CWEA, CASA, WEF, BACWA, and other local agencies.	All	ongoing	SK attended WEF, Board members CSDA training, Bill Long on CASA Board
5.4.0	3	Update all major documents and policies	Obj		
5.4.1	3	Create/Update Board Policies	BJ/BD	02/01/15	in process
5.4.2	2	Update Solid Waste Ordinance to include Zero Waste Goals	BJ/DLJ	12/31/13	Consultant working on draft
5.4.3	2	Update Personnel Rules and Regulations	BJ/KA	4/30/14	
5.5.0	3	Update business practices to make more of them accessible online, including permits and other administrative activities and documents	Obj		
5.5.1	3	Create online sewer application form	CD	6/14	
5.5.2	3	Make sewer permit records available online	CD	6/15	
5.5.3	3	Make sewer map available online	CD	6/15	
5.5.4	1	Provide NPDES permit data online	RM	ongoing	complete
5.5.5	2	Provide recycled water quality data online	RM	6/14	
5.5.6	1	Provide budget and audit reports online	RM	ongoing	complete
5.6.0	2	Effectively implement and monitor the Strategic Plan both at the Board and staff level. Develop initial performance indicators to help measure and assess progress toward achieving the goals and objectives.	Obj		
5.6.1	2	Quarterly staff review and updating of workplan	All	ongoing	
5.6.2	2	Biannual Committee and Board review of workplan progress	BD	ongoing	
5.6.3	2	Annual Board and Staff review of Strategic Plan.	All	ongoing	

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Administration: Safety Incentive Program	MEETING DATE: January 13, 2014 AGENDA ITEM NO.: 9.b.
RECOMMENDED ACTION: .Approve the 2014 Safety Incentive Program.	
SUMMARY AND DISCUSSION: The District had a very successful Safety Incentive and Wellness Program in 2012 and 2013 with strong employee participation. The District benefits from the improved safety and wellness performance through lower insurance premiums for workers compensation, which is reflected in the dividends received from the insurance pool, CSRMA. CSRMA also recognizes the benefits to the pool from improved wellness and encourages a proactive approach through a wellness grant program. This year the District received a \$16,754 dividend from the CSRMA workers' compensation program. The proposed Safety Incentive Program will recognize employees for following safe work practices and taking a pro-active approach to fitness. A description of the program is attached. Staff recommends approval.	
ALTERNATIVES: N/A.	
BUDGET INFORMATION: The maximum program cost of \$10,500 will be funded from the Workers Compensation dividend of \$16,754.	
DEPT.MGR.:	MANAGER:

Novato Sanitary District 2014 Safety Incentive Program

Purpose

The Novato Sanitary District Safety Incentive Program is intended to encourage all employees to work safely, to build a better safety culture, and to reduce workplace injuries.

Goals

- Zero injuries;
- Prompt identification and correction of safety hazards;
- Full participation in safety training;
- Consistent demonstration of safe work practices;
- Employee wellness and fitness;

Program Implementation

The program period is January 1, 2014 through December 31, 2014. It will be funded from the 2013 Worker's Compensation dividend.

Safety Incentive Program

The Safety Award will recognize achievement of individuals and the entire staff in attaining the above goals. Employees will gain points toward receiving the award based on the points in the attached Table. Each point will be worth \$1.00. The maximum award is: \$500.

Novato Sanitary District Safety Incentive Program Qualifying Activities

Action or Activity	Points per Session/Occurrence	Max Annual Points
Injury Rate		100
No lost time injuries	25 /quarter	
Safety Hazard Identification		150
File verified Safety Hazard or Near Miss Report	10 /verified report	
Safe & Clean Work Area	25 /quarter/dept.	
Participate in Safety Training		150
Attend Safety tailgate	1 /meeting	
Lead Safety tailgate	5 /meeting	
Attend District Safety training	2 /training	
Serve on Safety Committee	2 /meeting	
Wellness		100
Participate in verified fitness program	(1)	
Demonstrate preventive health measures	(2)	

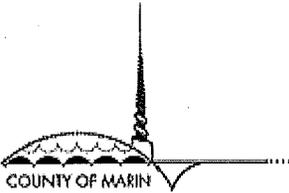
Notes:

- (1) Qualifying fitness programs include:
 - a. District fitness program. (2/week)
 - b. Log in record from pre-approved fitness center or exercise class. (2/class)
 - c. Departmental daily stretching program (2/week)

- (2) Qualifying preventive health measures include:
 - a. Physical (20/year)
 - b. Vaccinations (5/vaccine)
 - c. Participation in preventive health programs such as an approved weight loss or smoking cessation program. (to be determined based on program).
 - d. Dental check up (5/year).
 - e. Vision check up (5/year).

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Grand Jury Survey	MEETING DATE: January 13, 2014 AGENDA ITEM NO.: 10.a.
RECOMMENDED ACTION: Information. Receive report.	
SUMMARY AND DISCUSSION: The Marin County Civil Grand Jury sent the District a "Sanitation Agencies Survey" in December. The responses were due on January 10, 2014. The completed survey is attached for your information.	
DEPT.MGR.:	MANAGER-ENGINEER:



Marin County Civil Grand Jury

December 5, 2013

Beverly James, General Manager
500 Davidson St.
Novato, CA 94945

Dear Ms. James:

Re: Novato Sanitary District

The 2013-2014 Marin County Civil Grand Jury is requesting your completion of the enclosed "Sanitation Agencies Survey."

Please answer every survey question. If you cannot answer a question, please explain why. If you have questions regarding the information being requested, please contact Helene Marsh, Juror, at 415-300-7233 or helenemarshmccgj@gmail.com.

Return the completed document (along with requested attachments) to the address indicated below by no later than January 10, 2014.

Thank you for your cooperation.

Sincerely,

Nadine A. Muller, Foreperson
Marin County Civil Grand Jury

RECEIVED
DEC 09 2013

NOVATO SANITARY DISTRICT

**Marin County Civil Grand Jury
Sanitation Agencies Survey, December 2013**

GENERAL

1. What year was the Sanitation Agency established? 1925
2. How many full time (or full time equivalent) employees work in the Agency?
21
3. Please check below the Sanitation Sewer Activity(ies) of the Agency?
XX Collection XX Treatment XX Disposal
4. What size is the Agency? Please complete the following:
 - a. The number of active residential connections served by the Agency 22,890
 - b. The number of active non-residential connections served by the Agency 6,814
 - c. The number of residents served by the Agency 56,000
 - d. The number of square miles within the Agency's boundaries 24.66
5. How many miles of sewer pipe are in the Agency's boundaries?
 - a. Gravity pipes 211
 - b. Force Main Pipes 18
6. What is the age of the oldest pipes? +65 yrs
7. What is the average age of the pipes? 37 yrs
8. What is the age of the newest pipes? - 1 yrs
9. How many pumping stations are in the Agency's boundaries? 39
10. How many flow meters are in the Agency's system? 6*
* Plus we can readily determine flow from other measured parameters at the remaining 34 pump stations.

OPERATIONS

A. Sanitation Sewer Management Plan

1. Does the Agency have a current Sanitation Sewer Management Plan (SSMP)?
If Yes, please provide a copy. If no, please explain. Yes XX No
2. Did the public provide input into the SSMP? Yes No XX
3. When was the most recent audit of the SSMP? Date 8/12/2013

**Marin County Civil Grand Jury
Sanitation Agencies Survey, December 2013**

4. Is the SSMP available for public review? Yes XX No
If Yes, please explain how/where it can be viewed.
www.novatosan.com/newsletters-press-documents/documents
5. Please provide the Agency's Average Sewer Flows for a dry day 4,210,000 gallons
6. Please provide the Agency's Average Sewer Flows for a wet day 7,642,000 gallons
7. Please provide the Agency's Peak Wet Day flow 20,270,000 gallons
8. What is the capacity rating of the Agency's treatment system? 52,000,000 gallons

B. Sanitary Sewer Overflows

9. How does the Agency communicate Sanitary Sewer Overflows to the public?
Please explain.
1. Website: www.novatosan.com/what.we.do/wastewater
 2. Door to door notification in vicinity of spill as needed.
 3. Office of Emergency Services notification.
 4. Marin County Public Health notification.
 5. Posting of signs if sewage reaches a water body.
10. How much time does it take to alert the public that a spill has occurred? -2 hrs
11. Does the Agency have a Sewer Overflow Response Manual? Yes XX No
If Yes, please provide a copy.
12. Does the Agency have a Sewer Overflow Response Training Manual?
Computerized Training Module Yes XX No
If Yes, please provide a copy.
Provided on attached C.D.
13. How many sewer spills have occurred in your Agency in the last three years? (The Categories are defined by the SWRCB). How much do the spills in each year add up to in gallons?
- a. 2011 Category 1 8, Category 2 6, Category 3 0 Total 21,663 gallons
 - b. 2012 Category 1 7, Category 2 11, Category 3 0 Total 24,792 gallons
 - c. 2013 Category 1 5, Category 2 1, Category 3 4 Total 11,315 gallons

**Marin County Civil Grand Jury
Sanitation Agencies Survey, December 2013**

C. Asset Management Plan

14. Please provide information about violations or citations related to sewer spills in 2011, 2012 and 2013.

2012: Order R2-2012-0011 for spills between 9/24/07 and 1/1/2011

15. Does your Agency use a Geographic Information System to map sewer mains, pump stations, valves and storm drains? Yes XX No

16. Has the Agency identified all the problem pipes that require rehabilitation/replacement? Yes No XX

17. Has the Agency established a plan for rehabilitating/replacing the problem pipes? Yes XX No

18. Does the Agency have a Capital Improvement Plan? Yes XX No
If Yes, please provide a copy.

D. Co-Operation with Other Agencies

19. Has the Agency co-operated with other Sanitary Agencies on any activities? If Yes, please provide details. Yes XX No

See attachment

20. Has the Agency considered consolidation, annexation or other re-organization? If Yes, please provide a brief summary. Yes XX No
If not, please explain why not.

See attachment

**Marin County Civil Grand Jury
Sanitation Agencies Survey, December 2013**

FINANCIAL

1. Please specify the Agency's fiscal year months i.e. Jan-Dec, July-June

2. What is the current annual sewer rate per household in the Agency? \$ varies
Depending on water use (see attachment)
3. What is the current annual non-residential sewer rate in the Agency? \$ varies
Depending on flow and strength factors. See attached.
4. Please provide a copy of the Budget for the Current Year.

5. Does the Agency have Audited Financial Statements for the last two fiscal years?
Please provide copies. Yes XX No

6. Does the Agency have a policy on reserves? Yes
Please provide details. (See attached policy.)

7. Please provide information on your reserve allocations as follows:

○ Operating Reserves	\$ <u> -- </u>
○ Rate Stabilization reserves	\$ <u>1,500,000</u>
○ Emergency Repair reserve	\$ <u> -- </u>
○ Capital Reserve	\$ <u>3,275,000</u>
○ Other purpose (please specify) COP Bond Reserve	\$ <u>1,500,000</u>
○ Total Combined Reserves	\$ <u>6,275,000</u>

8. Please provide the average annual cost per employee including total compensation and benefits (exc. Pensions benefits) \$ 121,230

9. Please provide the total annual compensation and benefits (exc. Pension) of the General Manager. \$ 215,181

10. Does the Agency have an Unfunded Pension Liability? Yes XX No
Please provide a copy of the last actuarial valuation of the Pension Plan.

11. What is the date of the Agency's last Actuarial Valuation for Other Post Retirement Benefits (OPEB)? Date 7-1-12
Please provide a copy.

12. Does the Agency have an unfunded liability for OPEB? Yes X No

If so, what is the amount? \$ 5,347,276 (note 1)

Note 1: OPEB unfunded liability assumed discount rate is 4%.

**Marin County Civil Grand Jury
Sanitation Agencies Survey, December 2013**

13. What were the Agency's Capital expenditures in the last fiscal year? \$ 11,682,842

14. What are the Agency's anticipated capital expenditures in the current fiscal year?
\$ 15,097,031

15. How much has the Agency spent on Legal Fees in 2012 and 2013?

2012 \$ 125,870 2013 \$ 136,213

GOVERNANCE

1. Please complete the following chart:

Board Member Name	Length of Term (yrs)	Years on the Board	Term Expires	Elected (E) or Appointed (A)	Date of Last Ethics Training*	Total Compensation Paid last fiscal year \$
Michael Di Giorgio	4	8	12/2017	E	11/13	\$12,845
William C. Long	4	12	12/2017	E	8/12	\$11,963
Jean Mariani	4	2	12/2015	E	11/13	\$ 8,728
Gerald Peters	4	2	12/2015	E	11/13	\$ 8,719
Brant Miller	4	0	12/2017	E	11/13	n/a Newly elected

*Ethics Training per Code CA AB1234, Article 2.4 and CA Government Code Section 53234-53235.2

2. Please describe the role of the Board for the Agency

See attached.

**Marin County Civil Grand Jury
Sanitation Agencies Survey, December 2013**

OTHER

1. Please rank the following activities 1-3, in order of importance for the Agency, with 1 being the most important.

- Establishing and Monitoring the Asset Management Plan 2
- Installing Flow Meters 3
- Minimizing and Managing Sanitary Sewer Overflows 1

2. Would you consider billing customers by usage? Yes XX* No _____
*currently charge by usage

3. Are there challenges with this approach? Yes XX No _____
If so, please explain

See attached

4. What are the advantages of local control for sewer system agencies?

See attached

Survey Completed by: Beverly B. James (name) Jan. 8, 2014(date)
Manager-Engineer (title)

**Marin County Civil Grand Jury
Sanitation Agencies Survey, December 2013**

**SANITATION AGENCY SURVEY
DOCUMENT CHECK LIST**

PLEASE PROVIDE COPIES OF THE FOLLOWING DOCUMENTS:

	Check if Included
Sanitation Sewer Management Plan	<u>On C.D.</u>
Sewer Overflow Response Manual	<u>On C.D.</u>
Sewer Overflow Response Training Manual	<u>On C.D.</u>
Capital Improvement Plan	<u>Paper copy</u>
Budget for the current fiscal year	<u>On C.D.</u>
Audited Financial Statements for the last 2 fiscal years	<u>On C.D.</u>
Actuarial Valuation of the Agency's Pension Plan	<u>Paper copy</u>
Agency's last Actuarial Valuation for Other Post Retirement Benefits (OPEB)	<u>Paper copy</u>

If a document is not included, please explain.

Attachment - Response to Questions

D. Co-Operation with Other Agencies

19. Cooperation with other Agencies:

- a. North Bay Water Reuse Authority – multi-year joint project with Napa Sanitation District, Sonoma Valley County Sanitation District, City of Petaluma, Sonoma County Water Agency, North Marin Water District, Las Gallinas Valley Sanitary District, and Marin Municipal Water District to plan and construct recycled water facilities around San Pablo Bay.
- b. North Bay Watershed Association – multi agency group for watershed planning including county, city, and special agencies.
- c. Joint Safety Program with Central Marin Sanitation Agency.
- d. Joint Public Education program with SASM, CMSA, SD 5, LGVSD.
- e. Agreement with North Marin Water District to provide recycled water for landscape irrigation.
- f. Mutual aid agreement with other Marin sanitary districts.
- g. Agreement to share resources with North Marin Water District.
- h. Utility coordination meetings with the City of Novato, North Marin Water District, and other utilities.
- i. Joint Emergency response training and exercises with the City of Novato, the Novato Fire District, and North Marin Water District.
- j. Novato Creek Watershed planning with the County of Marin, City of Novato, and North Marin Water District.

20. Consolidation or annexation.

Novato Sanitary District has considered consolidation with either the City of Novato or North Marin Water District on a number of occasions over the years, including in 1968 and 1978. Most recently, LAFCO did a detailed Sphere of Influence study in 2002. The 2002 study concluded that “given the relatively low potential for cost savings and the disadvantages of uneven political accountability for either of the alternatives for reorganization of sanitary sewer service in the Novato area, the Commission favors continuation of cooperative efforts of agencies toward cost efficiency”.

GOVERNANCE

2. Role of Board of Directors:

The Board of Directors is a five-member elected governing body. It represents the people of the District and makes their wishes known. It is responsible for the development of mission, vision, and policies for the District operation. It monitors the District finances, programs and performance. It provides the resources to meet the needs of the District. It chooses the Manager and District Counsel.

OTHER

3. Challenges of tiered rate structure:
 - a. It is time consuming to obtain and analyze winter water use data.
 - b. People's rate can vary significantly from year-to-year depending on their water use. This can be difficult and time consuming to explain to people.

4. Advantages of local control for sewer system agencies.
 - a. Constituents can be sure that their sewer service charges are only used to fund the construction, operation, and maintenance of the sewage facilities.
 - b. Operation of a wastewater collection, treatment, recycling and disposal system is a complicated, technical business. A specialized agency can develop the necessary expertise at all levels of the organization including the top management and the elected officials. More generalized agencies have difficulty keeping up with the developments and requirements.
 - c. The local elected officials are readily accessible to their constituents with local, noticed public meetings.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Capital Projects - Annual Treatment Plant & Pump Station Improvements – Pump Station Drainage Improvements & Bypass Pipe Connections; Project 72805-13-01	MEETING DATE: January 13, 2014 AGENDA ITEM NO.: 11.a.
RECOMMENDED ACTION: Review bids received, waive minor bid irregularity, accept the lowest responsive bid and authorize the Manager-Engineer to execute a Contract with Fieldstone Construction in the amount of \$132,250.	
SUMMARY AND DISCUSSION: Using the informal bid provisions of the Uniform Public Construction Cost Accounting Act (UPCCAA), as adopted by the Board of Directors, District staff requested bids for the installation of site drainage improvements at East Hamilton & Marin Village Pump Stations and mechanical bypass connections at East Hamilton, Marin Village & Bahia Pump Stations. On October 31, 2013, 5 bids were received as follows: <ol style="list-style-type: none"> 1. Fieldstone Construction: \$132,250.00 2. WR Forde & Associates: \$137,685.00 3. Maggiora & Ghilotti: \$138,138.00 4. Team Ghilotti: \$148,485.00 5. Linscott Engineering \$184,920.00 <p>Fieldstone Construction of Santa Rosa submitted the lowest bid of \$132,250.00. Fieldstone’s bid documents have been reviewed and they are in order except the amount of the first bid item is 17.75% of the total project cost. The bid item description states that the amount cannot be more than 5% of the total project cost, 2.5% paid after mobilization and 2.5% after demobilization. This provision is a District requirement, not a contract code requirement. Staff consulted District Counsel who advised that the Board could waive this minor bid irregularity.</p> <p>Staff contacted Fieldstone and discussed this oversight and Fieldstone has agreed to work with District staff after award of the Contract. Staff proposes to pay 2.5% of the Contract amount for this bid item after mobilization and because of the short 60 day timeframe of the project, the remaining amount would be paid at the end of the project. Fieldstone is comfortable and confident with their bid. Fieldstone has performed work for the City of Novato and Novato Unified School District. Fieldstone is on the District’s Informal Contract Contractor List.</p> <p>The FY13-14 budget includes a budget amount of \$275,000 for the Treatment Plant & Pump Station Improvements. Accordingly, it is recommended that the Board award the Pump Station Drainage Improvements and Bypass Pipe Connections Project to Fieldstone Construction for the bid of \$132,250, and authorize the Manager-Engineer to execute a contract with Fieldstone Construction for this amount.</p>	
ALTERNATIVES: Reject all bids.	
BUDGET INFORMATION: The FY 13-14 Budget for Account No. 72805 includes a budget amount of \$275,000.	
DEPT.MGR.:	MANAGER:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Pump Station Rehabilitation Project; Project Unit 5, Digital Drive & Los Robles Pump Stations; Account No. 72403	MEETING DATE: January 13, 2014 AGENDA ITEM NO.: 11.b.												
RECOMMENDED ACTION: Review bids received, authorize contract award to the lowest responsive bidder, Valentine Corporation, and authorize the Manager-Engineer to execute a contract.													
SUMMARY AND DISCUSSION: At its October 28, 2013 meeting the District Board made CEQA findings and authorized staff to advertise for bids for the project. On December 4, 2013, 6 bids were received as follows: <table style="margin-left: 40px; border: none;"> <tr><td>1. Valentine Corporation:</td><td style="text-align: right;">\$1,209,295.00</td></tr> <tr><td>2. Maggiora & Ghilotti:</td><td style="text-align: right;">\$1,277,277.00</td></tr> <tr><td>3. Michael Paul Company:</td><td style="text-align: right;">\$1,338,990.00</td></tr> <tr><td>4. Team Ghilotti:</td><td style="text-align: right;">\$1,357,573.00</td></tr> <tr><td>5. W.R. Forde & Associates:</td><td style="text-align: right;">\$1,789,850.00</td></tr> <tr><td>6. Pacific Infrastructure:</td><td style="text-align: right;">\$1,883,000.00</td></tr> </table> <p>Valentine Corporation of San Rafael submitted the lowest responsive bid of \$1,209,295.00 or \$48,295.00 (4%) above the engineer's estimate of probable construction cost of \$1,161,000.00 for this work, and \$67,982.00 (5.6%) below the next highest bidder.</p> <p>Valentine Corporation's bid documents have been reviewed and they are in order except the amount of the first bid item is 6% of the total project cost. The bid item description states that the amount cannot be more than 5% of the total project cost. This provision is a District requirement, not a contract code requirement.</p> <p>A letter of protest was received from the second low bidder, Maggiora & Ghilotti, stating that Valentine's bid was non-responsive because Bid Item 1 was in excess of 5%. Valentine Corporation responded to the letter of protest stating that Bid Item No. 1 covers more than the cost of Mobilization/Demobilization, it also includes costs for permits & licenses, as well as costs for insurance & bonds. Staff reviewed the protest and response and the Bid Item Description and staff concurs with Valentine and recommends accepting the bid.</p> <p>The FY13-14 Budget includes \$1,440,000 for the Pump Station Rehabilitation Projects. Accordingly, it is recommended that the Board award the Unit 5 – Digital Drive and Los Robles Pump Stations of the Pump Stations Rehabilitation Project to Valentine Corporation with a bid of \$1,209,295.00, and authorize the Manager-Engineer to execute the contract.</p>		1. Valentine Corporation:	\$1,209,295.00	2. Maggiora & Ghilotti:	\$1,277,277.00	3. Michael Paul Company:	\$1,338,990.00	4. Team Ghilotti:	\$1,357,573.00	5. W.R. Forde & Associates:	\$1,789,850.00	6. Pacific Infrastructure:	\$1,883,000.00
1. Valentine Corporation:	\$1,209,295.00												
2. Maggiora & Ghilotti:	\$1,277,277.00												
3. Michael Paul Company:	\$1,338,990.00												
4. Team Ghilotti:	\$1,357,573.00												
5. W.R. Forde & Associates:	\$1,789,850.00												
6. Pacific Infrastructure:	\$1,883,000.00												
ALTERNATIVES: None.													
BUDGET INFORMATION: This work will be funded from the budget for Pump Station Rehabilitation Project, Account No. 72403, which has a current FY13-14 budget of \$1,440,000.													
DEPT.MGR.:	MANAGER:												

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Pump Station Rehabilitation Project; Project Unit 5, Digital Drive & Los Robles Pump Stations; Account No. 72403	MEETING DATE: January 13, 2014 AGENDA ITEM NO.: 11.c.
RECOMMENDED ACTION: Consider approval of a contract with The Covello Group (TCG) for construction management services, and authorize the Manager-Engineer to execute an agreement with TCG on a time and materials basis for an amount not-to-exceed \$151,000.	
SUMMARY AND DISCUSSION: <p>At its October 28, 2013 meeting, the District Board made CEQA findings and authorized staff to advertise for bids for the project. Concurrently, staff also requested and obtained a proposal from The Covello Group (TCG) to provide construction management services on this project. The Covello Group has been providing construction management services for the majority of District sewer pump station improvements projects over the past several years, overseeing the rehabilitation of 16 pump stations as well as other District treatment plant and collection system improvement projects. Consequently, they have built up the type of positive working relationship with the City of Novato inspection staff that is beneficial to the District. Their prior work for the District has demonstrated a high level of professionalism and project management that has resulted in better projects and cost savings to the District.</p> <p>For this project, TCG has submitted a proposal in the amount of \$150,860.00 to provide construction management services for the Pump Station Rehabilitation Project, Unit 5. This fee includes sub-consultant costs for required materials testing for the project. Covello's costs are 9.8% of the estimated construction costs for the project without sub-consultants and 13% of the estimated construction costs with sub-consultants. The proposed amounts are consistent with the typical range for construction management services for projects of this size and complexity. Staff recommends that the Board approve the contract with The Covello Group and authorize the Manager-Engineer to execute a contract for an amount not-to-exceed \$151,000.</p>	
ALTERNATIVES: None.	
BUDGET INFORMATION: This work will be funded from the budget for Pump Station Rehabilitation Project, Account No. 72403, which has a current FY13-14 budget of \$1,440,000.	
DEPT.MGR.:	MANAGER:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Capital Projects – WWTP Upgrade, Contract D; Recycled Water Chlorine Contact Basin Baffle Modification; Project No. 73002	MEETING DATE: January 13, 2014 AGENDA ITEM NO.: 11.d.
RECOMMENDED ACTION: Review bids received, accept the lowest responsive bid and authorize the Manager-Engineer to execute a Contract with EC Applications, Inc. in the amount of \$84,850.00.	
SUMMARY AND DISCUSSION: <p>Using the informal bid provisions of the Uniform Public Construction Cost Accounting Act (UPCCAA), as adopted by the Board of Directors, District staff requested bids for the installation of a baffle system in the Chlorine Contact Basin for the Recycled Water Facility at the Novato Treatment Plant.</p> <p>On January 8, 2014, 2 bids were received as follows:</p> <ul style="list-style-type: none"> 1. EC Applications: \$84,350.00 2. WR Forde & Associates: \$116,000.00 <p>EC Applications of Orange, CA submitted the lowest bid of \$84,350. EC Application’s bid documents were reviewed and staff found that the individual bid amounts for each bid item did not match the amount of the total bid and the actual bid amount is \$84,850.00. Part 2.0 of the Instructions to Bidders allows the District to make the appropriate adjustments in the bid amounts and adjust the total amount bid and accept the bid.</p> <p>EC Applications is comfortable and confident with their bid. EC Applications is one of the two listed suppliers of the baffle materials and possesses a Class A contractor’s license for installation. EC Applications is not on the District’s Informal Bidder’s List but asked District staff if they could bid the job and staff determined they could bid it because they held the appropriate contractor’s license classification and are experienced in this type of work.</p> <p>The FY13-14 budget includes a budget amount of \$150,000 for the Waste Water Treatment Plant Upgrade – Contract D; Recycled Water Treatment Plant Project. Accordingly, it is recommended that the Recycled Water Chlorine Contact Basin Baffle Modification to EC Applications for \$84,850.00 and authorize the Manager-Engineer to execute a contract with EC Applications for this amount.</p>	
ALTERNATIVES:	
BUDGET INFORMATION: The FY 13-14 Budget for Account No. 73002 includes a budget amount of \$150,000.	
DEPT.MGR.:	MANAGER:

Join your Novato friends and neighbors in a grand celebration of our City's 54th birthday and of the residents and businesses that make Novato a special place to work, live, and play.

Mingle with old friends and newcomers to the community
Taste food and beverages from Novato's restaurants and wineries,
Dance to the sounds of SwingSet,
Honor Novato's Citizen of the Year (announced at the event),
Recognize the Large and Small Business of the year.

Paint the Town Red Novato
Friday, January 24, 2014
6:30pm to 10pm
Margaret Todd Center
1560 Hill Road
Novato, CA 94947

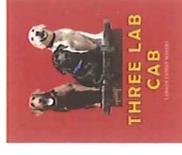
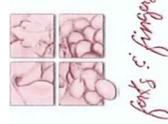
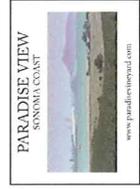
RSVP by January 20, 2014 online:
<http://paintthetownred.org/register/> or by completing and mailing the attached form.

For information, email: info@paintthetownred.org

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Sonoma County Water Agency launches conservation effort

By SEAN SCULLY, THE PRESS DEMOCRAT, 1/9/14

Sonoma and Marin county water agencies have begun urging customers to conserve water in the face of the worst drought the region has seen in at least a century.

The Sonoma County Water Agency and the nine municipal and regional water systems that use its water launched their first-ever wintertime conservation campaign on Wednesday with the theme "The Drought is On; Turn the Water Off."

Water managers say that Lake Sonoma, the centerpiece of the region's water supply, has about a year's worth of water left before the Water Agency would be forced to ration the supply to client cities and districts and their 600,000 customers. Coming out of a record dry year in 2013, they are hoping to extend that Lake Sonoma supply as long as possible before it reaches a critical level.

"We're very concerned; we want to take a proactive approach ... The more we can do now, the less dire an impact it will have on us if this continues," said David Guhin, utilities director for the city of Santa Rosa, the largest water system reliant on Lake Sonoma.

The campaign will feature ads online in local broadcast and print outlets urging residents to conserve water, cutting down landscape irrigation, car washing, and other outdoor activities and publicizing existing programs to replace indoor appliances and fixtures with more efficient models.

This builds on an earlier campaign, over the summer, urging residents to take the "20 gallon challenge," reducing their usage by that much every day. This new call, however, is much more urgent given the dire lack of precipitation in the rainy season so far.

Santa Rosa ended 2013 with just 8.71 inches of rain, according to Press Democrat records. The normal rainfall is 32.22 inches. According to Water Agency data, last year was the driest in 119 years of record keeping, well below the severe drought years of 1976 and 1932.

Water levels have fallen so low in Lake Mendocino near Ukiah that the Water Agency has received state permission to slash flows into the upper Russian River to preserve what little is left for next summer. That is forcing cities north of Dry Creek, which are upstream of Lake Sonoma and thus cannot draw water from Lake Sonoma, to make plans for mandatory water conservation; the Mendocino County Board of Supervisors cleared the way for those measures Tuesday by declaring a "drought emergency."

In Napa County, reservoirs also are dwindling and the cities are eyeing their allocations from the State Water Project nervously. State water managers have warned that they will be able deliver as little as 5 percent of the normal allocation from the huge network of reservoirs that supplies much of Northern and Central California, though not Sonoma and Mendocino counties.

Forecasters say there is a glimmer of hope for later this year, with some early signs that warming water in the Pacific may generate the condition known as "El Niño" that normally means wetter weather on the West Coast.

In the short term, however, the North Coast has little prospect of rain. The National Weather Service said Wednesday that a weak weather system will move into the Pacific Northwest over the next few days, bringing a dusting of snow to the Sierras and rain to the upper Sacramento Valley as early as Saturday, but that is unlikely to generate much precipitation in the North Bay.

The winter-time conservation campaign is intended to save water now and get customers accustomed to drought conditions going into the summer, when demand peaks and Lake Sonoma will be under the most strain should the winter remain dry, said Grant Davis, general

manager of the water agency.

The worst case scenario, he said, would be to see water levels drop so low that the cities can't get the water they need and flows in the river falls so low to damage habitat for wildlife. "And that is a real possibility ... we have to plan for that," he said.

Water managers say existing conservation efforts, including subsidizing water-efficient home fixtures, programs developed in the wake of droughts in the '70s and '80s, already have led to a dramatic reduction in regional water consumption, despite a surging population. Guhin said the city estimates the efficiency measures save about 1.4 billion gallons per year in Santa Rosa's system alone.

But residential demand accounts for about three-quarters of all water use in Santa Rosa, with the rest being for commercial and industrial users. The city, hoping to replicate the success in residential conservation on the commercial side, hired a consultant late last year to do "water audits" for businesses and help owners use water more efficiently.

The municipal water systems and regional districts participating in the campaign are the cities of Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Windsor, and the North Marin, Valley of the Moon, and Marin Municipal Water Districts.

"We hope this campaign will create a buzz in the local coffee shops and get our community to not only talk about saving water, but take action by following some easy water saving tips," said Jake McKenzie, Rohnert Park city council member, in a release announcing the campaign. "Every drop of water matters at this point."

Information on the drought situation and tips for conserving water are available at wateroff.org.



Join the WM EarthCare composting team immediately following the equipment demonstration at the Redwood Landfill to celebrate the 2014 US Composting Council Conference

Enjoy hors d'oeuvres and wine from vineyards nourished with WM EarthCare Homegrown Compost while discussing the latest trends in compost production and applications with experts and fellow customers.

Wednesday, January 29, 2014
4:00 – 6:00 pm*
Redwood Landfill
8950 Redwood Highway
Novato, CA

RSVP: 877-WMEARTH (963-2784),
earthcare@wm.com



* Last bus returning to Oakland Marriott leaves at 5:00 pm.

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