

# NOVATO SANITARY DISTRICT

September 13, 2010

**The Board of Directors of Novato Sanitary District will hold a regular meeting at 6:30 P.M., Monday, September 13, 2010, at the District offices, 500 Davidson Street, Novato.**

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

## **AGENDA**

**1. PLEDGE OF ALLEGIANCE:**

**2. AGENDA APPROVAL:**

**3. PUBLIC COMMENT (Please observe a three-minute time limit):**

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

**4. BOARD MEMBER REPORTS:**

**5. REVIEW OF MINUTES:**

- a. Consider approval of minutes of the August 23, 2010 meeting.

**6. CONSENT CALENDAR:**

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

- a. Approval of Agreement Between Sanitary/Sanitation Districts in Marin County for the Cooperative Use of a Safety Director.
- b. Approval of disbursements and ratification of August payroll and payroll-related disbursements.

**7. DISTRICT COUNSEL REPORT:**

- a. Update on EPA investigation.

**8. 2010-11 BUDGET:**

- a. Presentation of final 2010-11 annual District budget.
- b. Consider adoption of final District budget.
- c. Consider adoption of resolution establishing appropriations limit for the 2010-11 fiscal year.

**9. NORTH BAY WATER REUSE AUTHORITY:**

- a. Status Report
- b. Consider approval of the North Bay Water Reuse Authority Second Amended Memorandum of Understanding.

**10. COLLECTION SYSTEM IMPROVEMENTS PROJECT NO. 72706:**

- a. Consider approval of a contract in the amount of \$240,000 with the Covello Group for construction management services on a time and materials basis for FY 2010-11 collection system projects, and authorize the Manager-Engineer to execute the contract.
- b. Approve two change orders in the amounts of \$28,886.65 and \$28,140.60 with Team Ghillotti on the Bel Marin Keys (BMK) Force Mains Replacement phase.

**11. STAFF REPORTS:**

- a. North Bay Watershed Association
- b. Presentation of NBWA Laterals video

**12. MANAGER'S ANNOUNCEMENTS:**

**CLOSED SESSION:**

CONFERENCE WITH LABOR NEGOTIATORS – Government Code Section 54957.6.

- Confer with District's labor negotiators.

**13. REPORT FROM CLOSED SESSION:**

**14. ADJOURNMENT:**

Next resolution no. 3027

***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.***

August 23, 2010

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, August 23, 2010, at the District Office, 500 Davidson Street, Novato. (The closed session posted on the agenda was cancelled.)

BOARD MEMBERS PRESENT: President William C. Long, Members Michael Di Giorgio, James D. Fritz, George C. Quesada and Dennis Welsh.

BOARD MEMBERS ABSENT: None.

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

ALSO PRESENT: John O'Hare, Veolia Water  
John Bailey, Project Manager, Veolia Water  
Brant Miller, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: District Counsel Kent Alm requested that Agenda item #9a. *Bank of Marin settlement* be deleted from the agenda as this item was only a Brown Act notification. He stated that the settlement with Bank of Marin was reached on July 26<sup>th</sup>.

*On motion of Member Di Giorgio, seconded by Member Fritz, and carried unanimously, the agenda was approved as modified.*

PUBLIC COMMENT: None.

BOARD MEMBER REPORTS: None.

REVIEW OF MINUTES:

Consider approval of minutes of the August 9, 2010 meetings.

*On motion of Member Di Giorgio, seconded by Member Quesada, and carried unanimously, the minutes of the August 9, 2010 Board meeting was approved.*

CONSENT CALENDAR:

*On motion of Member Di Giorgio, seconded by Member Quesada and carried unanimously, the following Consent Calendar item was approved:*

- a. Approval of regular disbursements in the amount of \$378,386.29 and project account disbursements in the amount of \$148,473.91.

### COMMITTEE REPORTS:

- Wastewater Operations: The Manager noted that John Bailey and John O'Hare were present for any questions regarding the July 2010 Monthly Operations Report. The Board discussed the monthly report and the plant's current operations with John Bailey.

President Long and Member Di Giorgio discussed their participation at the Wastewater Operations Committee Meeting on August 16<sup>th</sup>. President Long expressed his appreciation for the commentary in the Operations Report and noted that narrative comments in the Collections report would be helpful. The Manager noted that the inclusion of graphs and tables that show trends could be included in future reports.

- Solid Waste: The Manager reported on the Solid Waste Committee Meeting, and discussed in detail some legislative updates which could affect the wastewater industry. She discussed Novato Disposal's report, outlining the trends in waste disposal, and summarized outreach efforts in solid waste. She discussed the solid waste Joint Powers Authority (JPA). She noted that there will be an E-Waste event for Novato residents from October 8<sup>th</sup> – 11<sup>th</sup>. She discussed solid waste disposal, the composting waste disposal pilot program and some of the costs associated with the pilot program.

President Long questioned if there was a way to evaluate the economic benefit of working food scraps in with the green waste compostables. The Manager stated she will research the matter in further detail.

District Counsel stated he has negotiated this type of green waste/composting program with other districts and reviewed with the Board the cost structure associated with this type of composting project.

### DISTRICT COUNSEL REPORTS:

- Proposition 26: Proposed New Limits on Fees: District Counsel Kent Alm summarized the implications of Proposition 26 and referenced a briefing which was part of the Board packet: *New Supermajority Requirements for Regulatory Fees* by Michael G. Colantuono, Esq. He stated that this proposition will be on the November 2, 2010 ballot and is an attempt to modify the State's Constitution which was previously modified by Propositions 13 and 218. He explained that Proposition 26 attempts to re-categorize some items that have historically been viewed as fees, and therefore have been outside those sections of the Constitution which require supermajority passage or voter approval. Mr. Alm discussed the proposition's implications to the Novato Sanitary District.

The Manager asked District Counsel to report on the City of Bell and the issues of transparency, openness, and good government practices. Mr. Alm discussed pending legislation which addresses new requirements for disclosure of public salaries. In addition, he discussed Senate Bill 501 (SB501) which requires all local agencies to publish on an annual basis, the compensation of all designated employees.

LABORATORY:

- Consider approval of a proposal from EOA to prepare an update of the District's Local Limits. The Deputy Manager stated that the District's new NPDES permit, final Order No. R2-2010-0074, which took effect on July 1, 2010, requires the District to evaluate the need to review and revise (as necessary) its local limits. He noted that the District is required to submit a report acceptable to the Regional Water Quality Control Board documenting any changes along with a plan and schedule for implementation. He stated that the District has received a proposal from EOA to perform the required work on a time and materials basis for \$27,556 and recommended the Board authorize the Manager-Engineer to accept and execute an agreement with EOA to perform the required tasks.

Member Fritz asked for clarification of local limits and the Deputy Manager-Engineer and the Manager-Engineer gave a brief explanation, noting that they are limits that the Federal Government and the District's Sewer Ordinance sets for any non-domestic sources of wastewater entering the sewer collection system.

Brant Miller, Novato, questioned how the limits will be set and the fees imposed. The Deputy Manager-Engineer stated that the District issues permits to non-domestic dischargers which state their specific discharge limits and assigns fees.

*On motion of Member Di Giorgio, seconded by Member Fritz and carried unanimously, the Board authorized the Manager-Engineer to accept and execute an agreement with Eisenberg, Olivier & Associates (EOA) to review and revise (as needed) the District's Local Limits for a not-to-exceed amount of \$28,000.*

COLLECTION SYSTEM IMPROVEMENTS PROJECT NO. 72706:

- Review bids received and authorize contract award to the lowest qualified responsive bidder for the Center Road, Rica Vista to Western Drive Sewer Replacement. The Deputy Manager-Engineer discussed the Collection System Improvements project noting that the District received six bids on August 19<sup>th</sup>. He stated that staff has reviewed the bids and requested the Board award the project to J&M, Inc. of Livermore for a bid amount of \$394,727.00.

Member Quesada expressed his concern that the J&M, Inc. bid was considerably lower than the engineer's estimate and the subsequent low bid amount of \$438,048.00. The Deputy Manager-Engineer stated that staff had contacted J&M Inc. to confirm that they

were confident with their bid and wished to proceed with the contract as written. He stated J&M Inc. were satisfied with their bid and were committed to moving forward with the project.

Member Welsh asked if it was a normal occurrence to see such a large difference between an awarded bid amount (\$394,727) and an engineer's estimate (\$520,000). The Deputy Manager-Engineer explained that we are in unusual economic times and that under the circumstances, engineer's estimates can be lagging indicators.

*On motion of Member Di Giorgio, seconded by Member Fritz and carried unanimously, the Board awarded the Collection System Improvements; Center Road, Rica Vista to Western Avenue; Project No. 72706-Phase F to J&M, Inc. for a bid amount of \$394,727.00.*

#### STAFF REPORTS:

- North Bay Water Reuse Authority (NBWRA). The Manager reported that the North Marin Water District, at their August 17<sup>th</sup> regular meeting, became a member agency of the North Bay Water Reuse Authority. The Manager was pleased to announce that the Bureau of Reclamation had given the NBWRA a one year extension to complete the recycled water project. She also reported on the current activities of the NBWRA.

- California Association of Sanitation Agencies (CASA) Annual Meeting. The Manager discussed her participation at the annual CASA conference which was held in Monterey from August 19<sup>th</sup> through August 21<sup>st</sup>. She discussed the sessions she attended at the conference. The Manager stated that she gave a presentation on sewer laterals and collection system rehabilitation with John Larson and Martin Rauch.

President Long discussed his attendance at the CASA conference and discussed a presentation given by a public relations firm which discussed issues related to the wastewater industry. He also discussed a presentation by John Wade in regards to collection system monitoring.

Member Di Giorgio discussed his attendance at the CASA conference noting that the keynote speaker, Mr. Eisenberg, presented a very interesting discussion regarding Assembly Bill 32 (AB32).

Member Fritz was also at the CASA conference but declined comment on his attendance.

#### MANAGER'S REPORT:

- The North Bay Watershed Association will hold their next meeting on September 10<sup>th</sup>.

- The September board meetings will be September 13<sup>th</sup> and 27<sup>th</sup>. President Long and Member Fritz noted they will both miss the September 27<sup>th</sup> board meeting. The Manager noted she may try to reschedule the second meeting in September for another date.

ADJOURNMENT: There being no further business to come before the Board, President Long adjourned the meeting at 8:10 p.m.

Respectfully submitted,

Beverly B. James  
Secretary

Julie Borda, Recording

DRAFT

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Consent Calendar: Safety Director Agreement.</b>	<b>MEETING DATE: September 13, 2010</b>
<b>AGENDA ITEM NO.: 6.a.</b>	
<b>RECOMMENDED ACTION:</b> Approve Agreement Between Sanitary/Sanitation Districts in Marin County for the Cooperative Use of a Safety Director	
<b>SUMMARY AND DISCUSSION:</b> <p>The Novato Sanitary District has participated with the other Marin Sanitary District since the mid-1990's in a joint safety program. This program provides savings to the District through access to a shared Safety Program Director and training programs.</p> <p>The Agreement needs to be updated since there has been a change of membership. Ross Valley Sanitary District, Las Gallinas Valley Sanitary District and Tiburon Sanitary District are no longer members. Sewerage Agency of Southern Marin is newly joining the group. The group will now consist of Novato Sanitary District, Central Marin Sanitation Agency, Sausalito Marin City Sanitary District, and Sewerage Agency of Southern Marin.</p> <p>The 25% of the costs of participation are shared equally among the agencies. The balance is allocated based on the number of employees at each agency. Novato Sanitary District's share is 25.9% or \$53,000 for 2010-11. A copy of the proposed agreement is attached.</p>	
<b>ALTERNATIVES:</b> NA.	
<b>BUDGET INFORMATION:</b> This expense is funded under the Outside Services budget, which is \$220,000 for 2010-11.	
<b>DEPT.MGR.:</b>	<b>MANAGER:</b>

**AGREEMENT BETWEEN SANITARY/SANITATION DISTRICTS  
IN MARIN COUNTY FOR THE COOPERATIVE USE OF A  
SAFETY DIRECTOR**

**Recitals**

A. The parties to this Agreement are the Sausalito-Marin City Sanitary District of Marin County, California (hereinafter referred to as "SMCSD"), Central Marin Sanitation Agency of Marin County, California (hereinafter referred to as "CMSA"), Novato Sanitary District of Marin County, California (hereinafter referred to as "NSD"), and the Sewerage Agency of Southern Marin (hereinafter referred to as "SASM").

B. The parties agree to jointly fund, make use of, and direct the activities of the Safety Director (hereinafter referred to as "Director") for the purpose of developing, coordinating, and implementing employee safety programs for each of the parties hereto in order to meet and maintain state and federal requirements. The Director shall develop and implement ongoing safety programs; develop policies and procedures, provide safety training, and present recommendations to management and supervisory personnel concerning safe working conditions and procedures. None of the parties requires the services of a full-time Director; accordingly, the parties will share, pursuant to the terms of this Agreement, the use of the Director to provide services at a reasonable cost to each party.

C. The Director will develop new and maintain existing safety related policies, programs, and procedures, to the extent possible, in a standardized format for the benefit of each party.

D. Therefore, the parties hereto agree:

**1.0 Purpose**

1.1 The purpose of this Agreement is to provide for the engagement of a Director to assist in developing, coordinating and implementing employee safety programs meeting State and Federal requirements, developing and implementing on-going programs for instruction on work-related procedures, safety and professional development, developing policies and procedures, and making recommendations to agency management relating to safe working conditions and procedures. This Agreement also serves to specify the administrative needs and decision-making process in regard to employment of a Director.

1.2 This Agreement is made for the sole and exclusive benefit of the parties to the Agreement. Nothing in this Agreement is intended to, nor does it, grant or bestow any benefit

on the Director or any other third party who is not a signatory to the Agreement.

## **2.0 Term of Agreement**

This agreement shall commence upon its effective date and shall continue in effect until it is terminated pursuant to Section 6.0 below.

## **3.0 Administration**

3.1 A “host agency” will employ the Director to be responsible to each of the parties. CMSA will be the host agency, or employer of the Director. None of the other parties is considered an employer of the Director.

3.2 The Director will be an employee of the host agency and shall receive the same benefits as the host agency employees, including Workers’ Compensation coverage. In addition, the Director shall receive a monthly car allowance of \$400.00. Salary and benefit modifications will be made at the same time the host agency employees receive modifications and the Director shall receive the same increase or decrease percentages as host agency employees. The Director will be required to comply with all personnel, financial and administrative policies and procedures of the host agency, unless modified by this Agreement.

3.3 The Director may request that a special salary and/or benefit survey be performed at the same time that the annual budget is prepared in May of each year. The Managers of the parties to this Agreement (“Managers’ Group”) shall review such request by the Director, and if the majority agrees with the request, the survey will be conducted. Approval of any salary or benefit changes based on the survey results shall require the affirmative vote of a majority of the Managers (at least four of six).

3.4 The Manager of the host agency will be the Director’s supervisor. The Managers’ Group, or a designated committee, shall conduct a formal performance review of the Director on an annual basis. A merit award will be considered during the annual review.

3.5 The Manager of the host agency shall allocate the time of Director in the performance of the Director’s duties equally to each of the parties whenever feasible.

The Director and each party’s Manager will meet at least quarterly to review the status of each respective party’s safety program.

3.6 The parties shall pay for all costs associated with the Director’s services using

the following cost allocation formula – 25% of Director costs are to be shared equally among the parties, while the remaining 75% of the Director costs are to be apportioned by a party's number of employees over the total number of employees. The cost allocation for FY 10/11 is:

<b>CMSA</b>	<b>=</b>	<b>39%</b>		
<b>NSD</b>	<b>=</b>	<b>25.9%</b>	<b>SMCSD</b>	<b>=</b> <b>16.6%</b>
<b>SASM</b>	<b>=</b>	<b>18.5%</b>		

The cost allocation formula shall be periodically reviewed by the Managers' Group.

Payments to the host agency by each of the parties shall be made, in advance, on a quarterly basis on January 1, April 1, July 1 and October 1 of each year upon receipt of invoice from the host agency. On at least a biannual basis the Managers' Group shall meet to review the progress of work and the allocation of time and expenditures. If for any reason any of the parties decide to terminate their participation in this agreement, the parties that still participate shall pay for all costs of the Director on the same basis as described above.

3.7 The parties agree that other public agencies wishing to utilize the services of the Director may, with the approval of a majority of parties to this Agreement, become parties to this Agreement by amendment. Should such a public agency become a party, such agency shall share in all costs of the Director on the same basis as described in Section 3.6.

3.8 The Managers' Group will determine how to replace the individual in the Director position, if the need arises.

3.9 If for any reason the host agency decides it no longer wishes to serve as the host, it shall provide three months written notice to all parties and the Manager's Group will meet to discuss alternatives and will determine which other party will serve as host agency.

3.10 The host agency will supply administrative and clerical support to the Director and consequently incur administrative and overhead costs. The host agency shall recover these costs by adding fifteen percent (15%) of the Director's salary for administrative support, and 200 hours of clerical support at the fully burdened rate of the host agency's administrative assistant, to the Director costs that are apportioned among the individual parties by the percentages listed in section 3.6. This percentage (15%) and the burdened rate for clerical support will be periodically reviewed by the Managers' Group and modified if a majority agrees.

3.11 The quarterly invoice prepared by the host agency will include all budgeted Director expenses for the subsequent quarter, actual costs for outside safety training

coordinated by the Director the prior quarter, and other expenses approved by the Managers' Group. Each party's training expenses for the prior quarter will be based on the number of employees the party committed to attending the training, regardless of the number of employees who actually attended the training. In other words, committing to a training event is a financial commitment regardless of the actual number of employees who end up attending.

3.12 The Managers' Group shall have the authority to extend the Director's probationary employment period up to an additional 12 months beyond the end of the host agency's regular probationary employment period.

#### **4.0 Director Duties**

4.1 Under the general supervision of the Manager of the host agency, and direction of the Managers' Group, the Director shall perform duties in accordance with the most current job description for the Director position.

4.2 By May 1 of each calendar year the Director shall prepare an annual work plan for the Managers' Group review, which indicates what activities and schedule are anticipated for the coming fiscal year and an annual budget for equipment and supplies.

4.3 The Director shall prepare a quarterly report on accomplished work activities.

#### **5.0 Indemnification and Insurance**

5.1 It is the intent of the parties to this Agreement that each party shall bear the legal responsibility for any liability arising from the work performed by the Director for its agency, and each party shall hold each of the other parties harmless with regard to any liability arising from such work.

5.2 Neither any party to this Agreement, nor any officer, agency, or employee thereof shall be responsible for any damage or liability incurred by reason of anything done or omitted to be done by said Director for a particular party to this Agreement, whether or not the work by the Director was physically undertaken within the geographical jurisdiction of that party. It is also understood and agreed that pursuant to Section 895.4 of the Government Code of the State of California, or any other applicable provision of law, the party for whom such services are being provided shall fully indemnify and hold harmless the other parties from any liability imposed upon them for injury to persons or property occurring by reason of anything done or omitted to be done by said Director while providing such services for said party.

5.3 Each party agrees to name the other parties to this Agreement as additional insureds on applicable liability insurance policies held by them providing coverage for bodily injury and property damage for liability arising out of the performance of this Agreement and to furnish to the other parties a certificate or certificates of insurance evidencing such coverage.

5.4 The Director shall provide automobile insurance for their personal vehicle and the limits shall be at least \$100,000/\$300,000.

5.5 Any liability arising from the employment of the Director by the host agency or otherwise arising under this Agreement which is not addressed pursuant to Section 5.2 above shall be apportioned among the parties to this Agreement in a pro rata fashion (based on the percentages established in Section 3.6 of this Agreement), including, but not limited to, liabilities or costs arising out of employment claims, Workers' Compensation claims, and/or disability retirement costs, and the costs associated with tendering or administering any such claims.

## **6.0 Termination**

6.0 This Agreement may be terminated by the mutual written agreement of all parties. Any individual party may terminate its participation in this agreement at any time with one month's notice in writing to all other parties.

6.1 If an individual party withdraws from this agreement, it is financially responsible for its proportionate share of the adopted Program budget for the then current fiscal year. Additionally, the terminating party will annually contribute to the medical benefit costs of the retired safety directors, using the cost allocation formula in effect at the time of their termination. (e.g. if CMSA terminates participation in FY 11, the agency will annually pay 39% of the safety director program post employment medical costs)

## **7.0 Effective Date**

7.0 The effective date of this Agreement shall be September 1, 2010, and this agreement shall supersede the agreement between SMCSD, SD#5, CMSA, NSD, Sanitary District #1 and LGVSD dated 3/1/96, 7/1/99, and 1/1/03, and November ,2009.

## **SAUSALITO-MARIN CITY SANITARY DISTRICT**

By: \_\_\_\_\_  
Bob Simmons, District Manager

**CENTRAL MARIN SANITATION AGENCY**

By: \_\_\_\_\_  
Jason Dow, General Manager

**NOVATO SANITARY DISTRICT**

By: \_\_\_\_\_  
Beverly James, Manager/Engineer

**SEWERAGE AGENCY OF SOUTHERN MARIN**

By: \_\_\_\_\_  
Stephen Danehy, General Manager

## Novato Sanitary District

## Check Register

September 13, 2010

	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
Sep 13, 10	09/13/2010	51660	Team Ghilotti	175,341.85
	09/13/2010	51653	RMC Water & Environment, Inc.	127,043.43
	09/13/2010	51618	Covello Group, The	47,923.00
	09/13/2010	51603	Barg, Coffin, Lewis & Trapp	41,627.89
	09/13/2010	51647	Pacific, Gas & Electric	39,972.37
	09/13/2010	51619	Custom Tractor Service	39,797.00
	09/13/2010	51645	Nute Engineering Inc.	37,478.05
	09/13/2010	51671	W.R. Forde	20,472.12
	09/13/2010	51656	Sideman & Bancroft, LLP	19,646.31
	09/13/2010	51608	Brown & Caldwell, Inc.	18,885.00
	09/13/2010	51628	J&M Inc.	18,463.50
	09/13/2010	51630	Koffler Electrical Mech, Inc.	14,303.25
	09/13/2010	51652	Rauch Communication Consultants. Inc.	13,679.14
	09/13/2010	51665	Veolia Water North America	12,424.44
	09/13/2010	51658	Swanson McNamara Haller	12,200.00
	09/13/2010	51605	Bay Area Air Quality	10,149.00
	09/13/2010	51655	Shape Incorporated	8,478.55
	09/13/2010	51629	Johnson, Dee	8,035.61
	09/13/2010	51638	North Bay Watershed Assoc.	6,235.49
	09/13/2010	51600	Associated Corrosion Engineers	5,940.00
	09/13/2010	51598	Aerotek	4,902.50
	09/13/2010	51650	Preferred Benefit	4,345.92
	09/13/2010	51654	Royal Petroleum Company	4,268.91
	09/13/2010	51602	Banner Enterprises Inc.	4,167.80
	09/13/2010	51611	Caltest Analytical Lab Inc.	3,928.25
	09/13/2010	51675	Latham & Watkins, LLP	3,905.01
	09/13/2010	51661	U.S. Bank Card (1)(Bev)	3,598.86
	09/13/2010	51641	North Marin Water District 2	3,492.50
	09/13/2010	ach	Bowens, Kenneth	3,390.00
	09/13/2010	51620	Dearborn National	3,213.26
	09/13/2010	51640	North Marin Water District	2,713.14
	09/13/2010	51613	CDW Government, Inc.	2,295.00
	09/13/2010	51612	CASA	2,125.00
	09/13/2010	51621	Downtown Novato Investors, LLC	1,500.00
	09/13/2010	51644	NRC Environmental Services	1,354.05
	09/13/2010	51634	Marin/Sonoma Mosquito Dist	1,328.70
	09/13/2010	51662	U.S. Bank Card (2)(June)	1,326.88
	09/13/2010	51649	Pini Hardware	1,309.99
	09/13/2010	51673	WaterSavers Irrigation Inc.	1,136.87
	09/13/2010	51672	Water Components & Building	1,121.44
	09/13/2010	51616	Comet Building Maintenance, Inc.	1,090.00
	09/13/2010	51610	Cagwin & Dorward Inc.	1,066.00
	09/13/2010	51627	IEDA, INC	1,020.00
	09/13/2010	51669	Verizon California	983.15
	09/13/2010	51614	Central Marin Sanitation District	968.75
	09/13/2010	51597	Able Tire & Brake Inc.	933.40
	09/13/2010	51626	Harrington Plastics, Inc.	907.37
	09/13/2010	51596	3T Equipment Company Inc.	899.77
	09/13/2010	51668	Verizon CA Pump Stations	870.75

## Novato Sanitary District

## Check Register

September 13, 2010

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
09/13/2010	51670	Vision Service Plan	681.09
09/13/2010	51643	Novato Disposal-	626.50
09/13/2010	51636	Nextel Communications	607.33
09/13/2010	51651	R & B Company	575.40
09/13/2010	51607	BoundTree Medical, LLC	549.81
09/13/2010	51666	Verizon	531.40
09/13/2010	51633	Marin Mechanical II, Inc.	475.98
09/13/2010	51601	AT&T Mobility	382.10
09/13/2010	51624	Grainger	303.72
09/13/2010	51615	Claremont EAP	295.00
09/13/2010	51599	AirGas-NCN, Inc.	294.30
09/13/2010	51635	Maselli & Sons Inc.	276.47
09/13/2010	51657	Stericycle, Inc.	236.44
09/13/2010	51639	North Marin Auto Parts	225.28
09/13/2010	51667	Verizon Business	164.99
09/13/2010	51606	Beecher Engineering	150.00
09/13/2010	51664	Vega-, Javier	145.00
09/13/2010	51625	HACH/American Sigma Inc	141.35
09/13/2010	51648	Pape Material Handling	129.19
09/13/2010	51642	Northcroft, Ben-	127.00
09/13/2010	51623	First Alarm	111.75
09/13/2010	51637	North Bay Gas & Weld	108.00
09/13/2010	51632	Liebmann, Mel	101.00
09/13/2010	51646	Orkin Pest Control	80.45
09/13/2010	51604	Barnett Medical LLC	80.00
09/13/2010	51617	Cook Paging	57.73
09/13/2010	51609	Buck's Saw Service, Inc.	39.24
09/13/2010	51663	United Parcel Service	38.81
09/13/2010	51622	Federal Express	37.22
09/13/2010	51674	Zenith Instant Printing, Inc.	24.53
09/13/2010	51659	T-Mobile	22.62
09/13/2010	51631	void	0.00
			<u><u>749,878.97</u></u>

Sep 13, 10

# Novato Sanitary District Payroll and P/R Related Check Register

August 2010

Date	Name	Amount
<b>Aug 10</b>		
08/31/2010	Aug P/R Checks and Vouchers	140,804.29
08/31/2010	Retirees health Benefits	7,327.90
08/24/2010	CalPers Health	32,064.32
08/24/2010	Local Union 315	40.00
08/24/2010	ACS	80.00
08/24/2010	Lincoln Financial Group	4,174.80
08/24/2010	Lincoln Financial Group-401a Plan	3,950.61
08/24/2010	Local Union 315	360.00
08/24/2010	Marin Employ Federal Credit Union	517.00
08/24/2010	Hampton, Cari	400.00
08/24/2010	State Street Bank & Trust	3,050.00
08/24/2010	North Bay Children's Center	40.00
08/24/2010	Retiree-Bayles	491.72
08/24/2010	Retiree-Green	725.92
08/24/2010	Retiree-Griffin	960.12
08/24/2010	Retiree-Healon	725.92
08/24/2010	Retiree-Longman	960.12
08/24/2010	Retiree-Mann	960.12
08/24/2010	Retiree-Neighbors	491.72
08/24/2010	Retiree-Perucchi	960.12
08/24/2010	Retiree-Welsh	960.12
08/24/2010	Lincoln Financial Group-401a Plan	3,436.00
08/27/2010	EDD	8,427.67
08/27/2010	Lincoln Financial Group	1,200.00
08/27/2010	United States Treasury	27,126.62
08/27/2010	PERS Retirement	35,819.69
<b>Total</b>		<u><u>276,054.78</u></u>

09/10/10

# Novato Sanitary District Check Register

September 13, 2010

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
<b>Sep 13, 10</b>			
9/13/2010	2082	Monterey Mechanical, Inc.	1,070,752.15
9/13/2010	2078	Covello Group, The	124,879.47
9/13/2010	2080	HDR EngineeringInc	17,409.85
9/13/2010	2081	Maggiora & Ghilotti Inc.	9,036.60
9/13/2010	2083	North Marin Water District 3	1,302.57
9/13/2010	2084	Rauch Communication Consult...	742.50
9/13/2010	2079	Groeniger & Company	191.40
<b>Sep 13, 10</b>			<b><u>1,224,314.54</u></b>



# NOVATO SANITARY DISTRICT

---

500 DAVIDSON STREET • NOVATO • CALIFORNIA 94945 • PHONE (415) 892-1694 • FAX (415) 898-2279  
www.novatosan.com

BOARD OF DIRECTORS

WILLIAM C. LONG, President  
JAMES D. FRITZ, President Pro-Tem  
MICHAEL DI GIORGIO  
GEORGE C. QUESADA  
DENNIS WELSH

BEVERLY B. JAMES  
Manager-Engineer-Secretary

KENTON L. ALM  
Legal Counsel

# ***FINAL BUDGET***

## ***FOR***

## ***FISCAL YEAR 2010-11***

**September 2010**

**NOVATO SANITARY DISTRICT  
 2010-11 FINAL BUDGET  
TABLE OF CONTENTS**

<b>SECTION I</b>	<b>LETTER OF TRANSMITTAL AND OPERATING FUND SUMMARY SCHEDULES</b>	
	Letter of Transmittal.....	i-x
	Expenditure Summary – Account and Cost Center .....	xi
	Expenditure Summary - Operating Fund .....	1
	Revenue Summary - Operating Fund .....	2
	Flow of Funds - Operating and Working Capital Reserve Funds .....	3
	Summary of Funds to be Raised from Taxes and Service Charges.....	4
<b>SECTION II</b>	<b>OPERATING FUND BUDGET</b>	
	Treatment Facilities .....	5
	Treatment Facilities Contract Operations .....	6
	Reclamation/Disposal Facilities .....	7
	Laboratory and Monitoring .....	8
	Pump Stations.....	9
	Collection System.....	10
	AB 939 Solid Waste Programs.....	11
	Administration and Engineering .....	12
	Personnel Detail.....	13
	GASB 45 Accrued Liability.....	14
<b>SECTION III</b>	<b>VEHICLE REPLACEMENT FUND</b>	
	Vehicle Replacement Budget .....	15
<b>SECTION IV</b>	<b>SELF-INSURANCE RESERVE FUND</b>	
	Flow of Self-Insurance Reserve Funds .....	16
<b>SECTION V</b>	<b>RATE STABILIZATION, EMERGENCY REPAIRS FUND, SOUTHGATE RESERVE FUND</b>	
	Flow of Rate Stabilization and Emergency Repairs Reserve Funds.....	17
	Flow of Southgate Reserve Funds.....	18
<b>SECTION VI</b>	<b>CAPITAL IMPROVEMENT BUDGET</b>	
	Revenue Summary - Capital Improvement Fund.....	19
	Capital Improvement Budget.....	20-21
	Flow of Funds - Capital Improvement and Capital Improvement Reserve Funds .....	22
<b>SECTION VII</b>	<b>FLOW OF FUNDS</b>	
	Zion’s Bank Credit Line and State Revolving Fund Loan .....	23

**SECTION I**

**LETTER OF TRANSMITTAL**

**AND**

**OPERATING FUND SUMMARY SCHEDULES**



# NOVATO SANITARY DISTRICT

500 DAVIDSON STREET • NOVATO • CALIFORNIA 94945 • PHONE (415) 892-1694 • FAX (415) 898-2279  
www.novatosan.com

## BOARD OF DIRECTORS

WILLIAM C. LONG, President  
JAMES D. FRITZ, President Pro-Tem  
MICHAEL DI GIORGIO  
GEORGE C. QUESADA  
DENNIS WELSH

BEVERLY B. JAMES  
Manager-Engineer-Secretary

KENTON L. ALM  
Legal Counsel

September 13, 2010

Honorable Board of Directors  
Novato Sanitary District  
Novato, California 94945

Dear Board Members:

The proposed District Budget for the 2010-11 fiscal year is attached for your consideration and approval. This letter provides an analysis of the budget and an overview of the various budget funds.

## OVERVIEW OF FISCAL YEAR 2010-11 DISTRICT ACTIVITIES

The issues that affect the Operating Budget include:

- Transition of the treatment facilities to contract operations;
- No increase in sewer service charges and reallocation of sewer service charges between Operating and Capital budgets.

The issues that significantly affect the Capital Budget include:

- Long-term financing plan;
- On-going major capital projects, including Treatment Facilities Upgrade Project, Pump Station Rehabilitation, and Collection System Repair Project.
- In addition, two new contracts include improvements to Novato Treatment Plant involving upgrades to existing Digester 2 as well as site planning for areas of the facility which have been decommissioned and a contract for a recycled water production evaluation and final design.

## BUDGET STRUCTURE

The Budget is divided into six main parts: Operating, Vehicle Replacement Reserve, Self-Insurance Reserve, Other Reserve Funds, Capital Improvements, and Loan Repayment. The Operating portion of the budget is now financed primarily from operating service charges. As of 2009-10 we have allocated a larger percentage of sewer service charges to the Operating Budget and assigned all of the estimated property tax revenue to the Capital Budget. This year's annual sewer service charge has not changed from \$462 per service unit, however the allocation has changed to \$276 from \$281 (from 61% to 60%) allocated to Operating, and changed from \$181 to \$186 (from 39% to 40%) allocated to Capital. Sewer service charges, property tax revenue, connection charge revenues, and interest earnings finance the Capital Improvement Program and line of credit interest payments. The Vehicle Replacement

Fund is supported by annual charges to the various operating divisions in order to spread vehicle costs in rough proportion to usage. Transfers from the Operating Fund and interest earnings fund the Self-Insurance Reserve Fund.

## OPERATING BUDGET

The proposed 2010-11 Expenditure Budget is \$1,453,892 (13.87%) less than last year's budget. A detailed summary of all budget items showing the amount and percentage over or under last year's expenditures is included as part of the budget. The most significant differences in expected expenditures between this budget and that of last year are summarized by cost center below:

- (1) **Treatment Facilities decrease (-\$730,022).** The cost of contract operations of the District's upgraded treatment facilities is included from August 7 of the fiscal year – June 30, 2011. Decrease attributable to salaries and benefits decreasing due to transitioned employees. Remaining decrease due to other costs including operating chemicals, gas, electricity, water and some repairs and maintenance which are all covered by the contract.
- (2) **Reclamation Facilities Increase (\$16,942).** The increase due primarily for planned software costs and repairs and maintenance costs.
- (3) **Lab – Monitoring Facilities Increase (\$165,500).** Increase in lab due to significant fees for research and monitoring which include: special studies and increased monitoring and analysis required by the new NPDES Permit.
- (4) **Collection System Increase (\$325,982).** Increase due to permits and fees which are anticipated to increase by \$152k for fines incurred for overflows in 2007 to 2010. In addition, increase includes projected salary increase of 3.4% and one employee transfer from Treatment to Collection Facilities which is approximately \$62k and the remaining costs are due to the resulting increase of employee benefits.
- (5) **Pump Station Increase (\$169,152).** Increase primarily due to the transferred employee from Treatment to Collections since the employee will be allocated between Collection (67%) and Pump Station (33%) which increases both salaries and benefits for this cost center. (See detail above under Collection System). In addition, Gas and Electricity costs are based on last year's actual costs of \$95,000, thus this year's budget reflects an increase of approximately \$10k.
- (6) **Administrative and Engineering Decrease (-\$1,401,730).** Decrease primarily due to decline in the following expenses: Retiree benefits of \$260k, Election Expense \$136k, Claims Expense \$25k, Attorney fees \$900k, Travel/Training Expenses \$35k, and Capital Outlay \$20k. The retiree medical benefit is now included in the employee benefit line item under each cost center.

Figure 1 shows the breakdown of proposed operating expenditures by cost center.

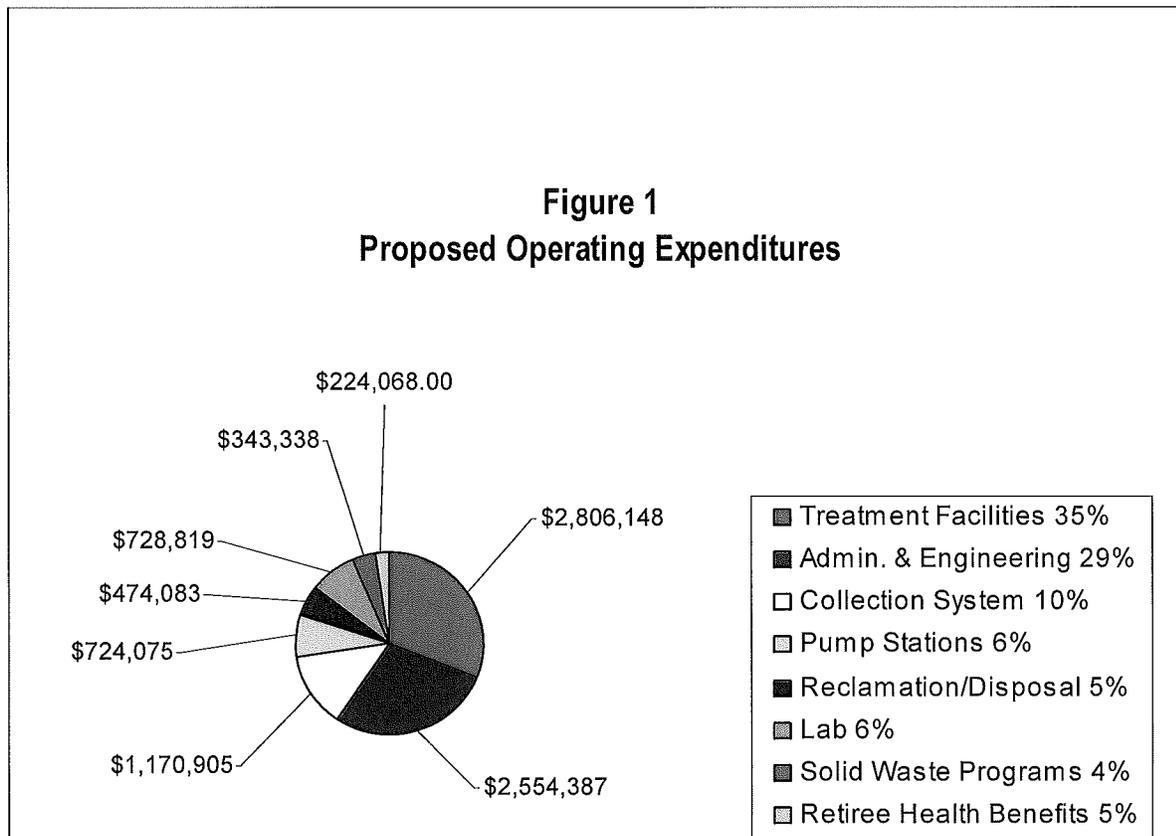


Figure 2 below shows proposed expenditures by expenditure type. Figure 2 shows that 41.13% of the budget involves personnel-related costs, including salaries, benefits, training, and memberships. The great majority of the remaining areas of expense are related either directly or indirectly to required maintenance and operation of facilities necessary to meet water quality and solid waste program mandates.

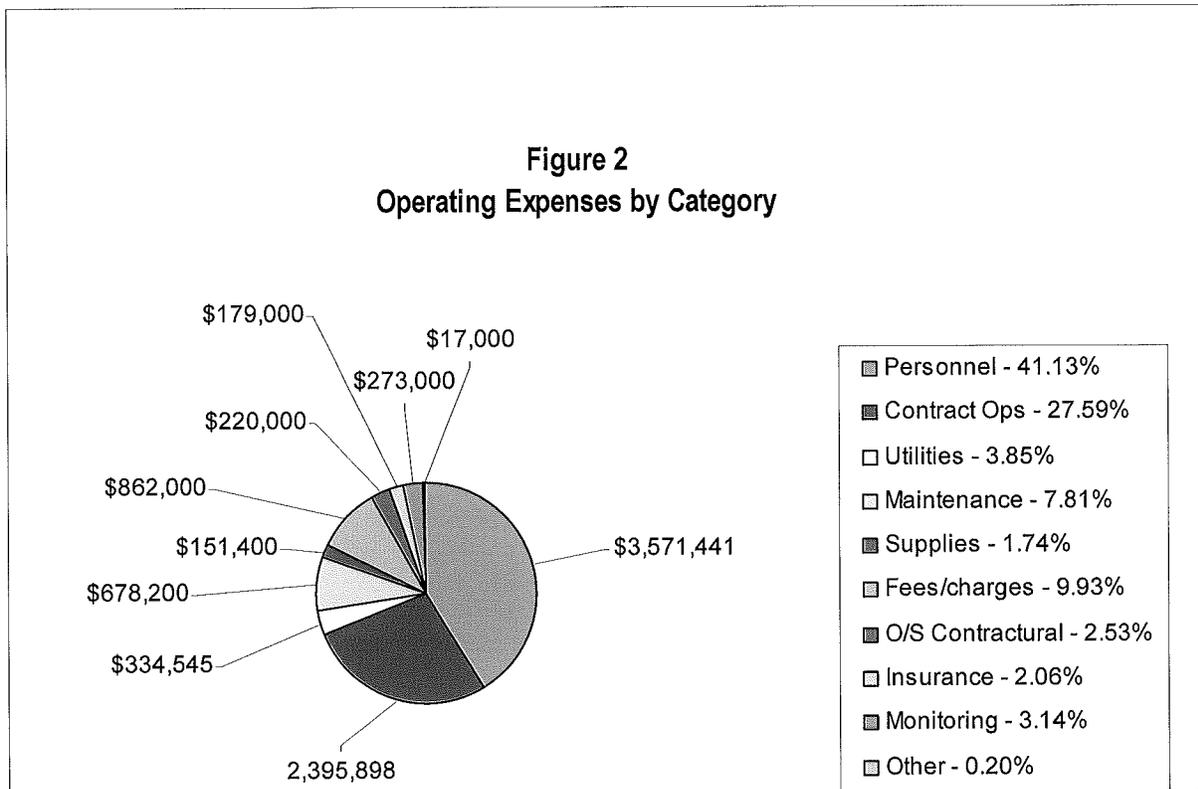
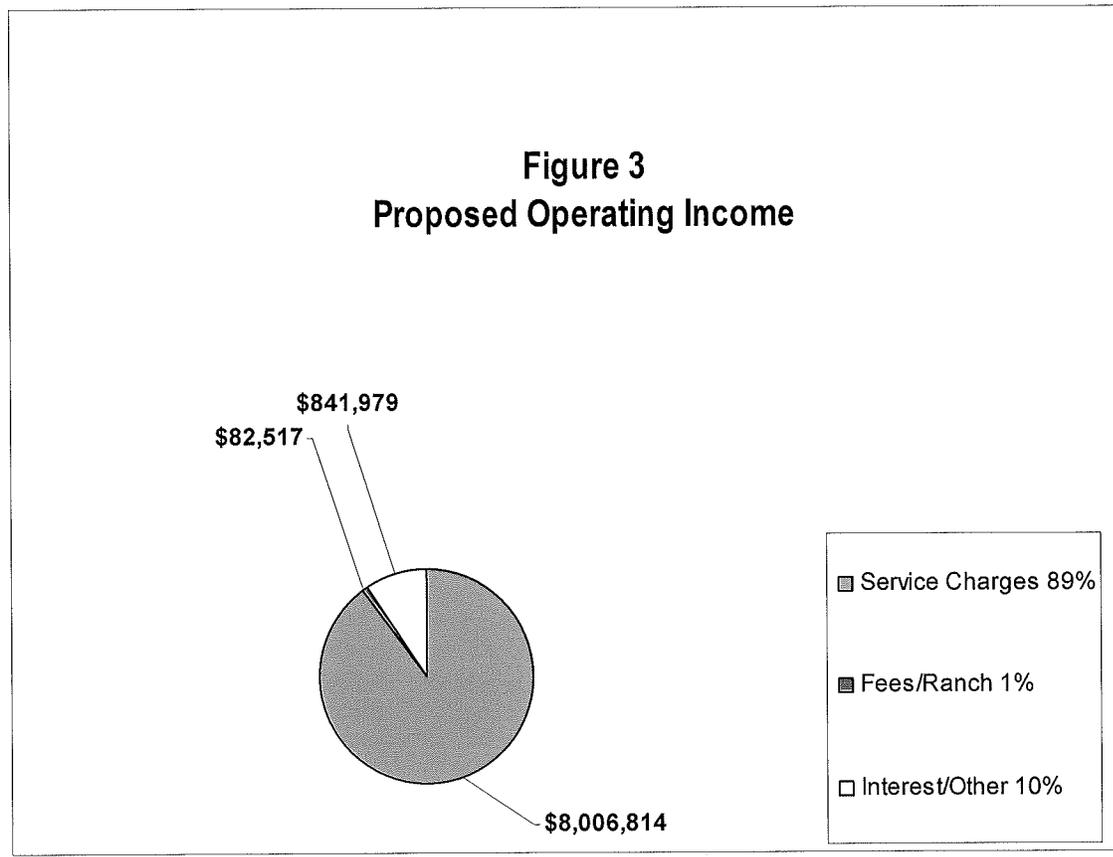


Figure 3 shows the breakdown of proposed operating revenues by source.



#### OPERATING SERVICE CHARGE RATE

The proposed Operating Budget will require an operating service charge of \$276.00 per service unit. This represents a decrease of \$5.00 per service unit, or 1% decrease over the previous rate of \$281 per service unit. It should be noted that the District's sewer service charge rate did not increase for the fiscal year 2010-11. In addition, \$5 per service unit decrease has been transferred from the Operating Revenue Budget to the Capital Revenue Budget.

Table 1 shows the estimated fund flow based on actual 2009-10 expenditures and projected expenditures for 2009-10 to 2013-14.

**Table 1**  
**PROJECTED FLOW OF OPERATING FUNDS TO FY 2012-13**

ANTICIPATED FLOW OF FUNDS	Actual 2009-10	Budgeted 2010-11	Projected 2011-12	Projected 2012-13	Projected 2013-14
<b>OPERATING</b>					
Beginning Balance	7,829,747	7,164,360	7,257,200	7,152,536	6,751,529
Revenues Other Than SC/PT	812,553	1,069,789	1,101,883	1,134,939	1,168,987
Property Taxes	0	0	0	0	0
Service Charge Revenue	8,204,672	8,023,872	8,190,307	8,211,382	8,232,457
<b>Fund Transfers</b>					
From Self Insurance Reserve	14,399	25,000	15,000	15,000	15,000
To Self Insurance Reserve	(25,000)	0	(25,000)	0	(25,000)
From Rate Stabilization Fund	0	0	0	0	0
To Emergency Repair Reserve	0	0	0	0	0
From Southgate Reserve	0	0	0	0	0
From Capital Imp. Reserve	0	0	0	0	0
Expenditures	(9,672,011)	(9,025,821)	(9,386,854)	(9,762,328)	(10,152,821)
To reconcile P/Y Southgate transfers not made					
Ending Bal - Working Capital	7,164,360	7,257,200	7,152,536	6,751,529	5,990,152
Vehicle Replacement	290,565	282,340	292,340	302,340	312,340
Self-Insurance Reserve	163,266	156,331	149,258	142,043	134,684
Rate Stabilization Fund	600,000	600,000	600,000	600,000	600,000
Emergency Repair Reserve Fund	600,000	600,000	600,000	600,000	600,000
Southgate Reserve Fund	679,989	679,989	679,989	679,989	679,989
<b>Total Operating Reserves</b>	<b>8,818,191</b>	<b>9,575,860</b>	<b>9,474,123</b>	<b>9,075,901</b>	<b>8,317,165</b>
Operating Service Units	28,742	29,072	29,147	29,222	29,297
Operating Service Charge Rates	281	276	281	281	281
 Increase over Previous Year	 41.2%	 -1.8%	 1.8%	 0.0%	 0.0%

SIF = Self-Insurance Fund  
RSF = Rate Stabilization Fund  
ERR = Emergency Repair Reserve  
SRF = Southgate Reserve Fund

The projections assume continuation of the policy of maintaining total operating fund reserves in accordance with the reserve policy adopted by the Board of Directors in 2001. That policy establishes specific reserve levels for operating cash flow, service charge stabilization, and emergency repairs.

## HISTORY OF OPERATING TAX AND SERVICE CHARGE LEVIES

Table 2 below summarizes information on the District's operating property tax and service charge levies for the past fifteen years.

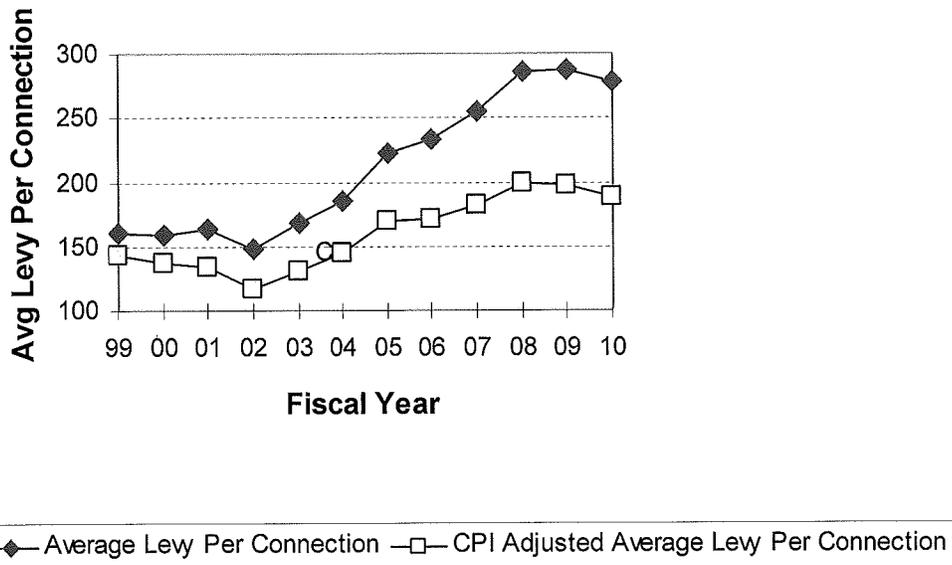
**Table 2**  
**HISTORY OF OPERATING CHARGES AND PROPERTY TAX LEVIES**

Fiscal Year	Property Taxes	Operating Service Unit Charges	County Collection Fee	Total Levy	Equivalent Connections July 1	Average Levy Per Connection	Increase or Decrease
1996-97	906,030	2,404,215	26,000	3,336,245	21,931	152.12	2.0%
1997-98	892,507	2,334,401	26,000	3,252,908	22,044	147.56	-3.0%
1998-99	962,326	2,393,993	26,000	3,382,319	21,153	159.90	8.4%
1999-00	1,061,125	2,356,051	26,000	3,443,176	21,728	158.47	-0.9%
2000-01	1,246,000	2,375,000	27,000	3,648,000	22,262	163.87	3.4%
2001-02	1,308,000	2,422,500	27,700	3,758,200	25,500	147.38	-10.1%
2002-03	1,375,000	2,965,140	27,700	4,367,840	26,010	167.93	13.9%
2003-04	1,430,000	3,376,107	30,529	4,836,636	26,010	185.95	10.7%
2004-05	1,558,715	4,236,000	30,529	5,825,244	26,150	222.76	19.8%
2005-06	1,621,000	4,471,000	30,529	6,122,529	26,300	232.80	4.5%
2006-07	1,678,180	5,006,204	30,529	6,714,913	26,345	254.88	9.5%
2007-08	1,995,120	5,532,446	30,529	7,558,095	26,380	286.51	12.4%
2008-09	2,527,507	5,492,949	47,200	8,067,656	28,076	287.35	0.3%
2009-10	0	8,006,814	57,000	8,054,014	28,742	280.21	-2.5%
Proposed 2010-11	0	8,023,872	57,000	8,080,872	29,072	277.96	-8%

The proposed 2010-11 levy per connection represents an increase of 86% in the past fifteen years. During the same period of time, the cost of living index increased 47.95%.

Figure 4 illustrates this point. In the figure, the adjusted average levy per connection – the lower line in the graph – factors out inflation as indicated by the San Francisco Bay Area Consumer Price Index (All-Urban Index) since 1999.

**Figure 4 - Operating Levy History**



**CAPITAL SERVICE CHARGE RATE**

The Capital service charge rate is increasing from \$181 to \$186 per year per service unit. The capital revenues will be used to fund ongoing capital projects, and debt service for the Facility upgrade project.

**TOTAL ANNUAL SERVICE CHARGE RATE**

The budget, as proposed, will require an operating service charge rate of \$276.00 and a capital service charge rate of \$186.00, for a total annual rate of \$462.00 per service unit.

In addition, it is anticipated that the County will establish a charge of \$2.00 per account billed to collect the service charges on the tax roll. This means that the typical single family residential homeowner in the District will pay a total annual charge of \$464.00 for sewer service.

Under District regulations, non-residential sewer users will pay a sewer service charge based on building size, water use, and strength factors of the wastewater discharged.

It is of interest to compare the District's proposed rate with those of other nearby sanitation agencies. The following table makes possible such a comparison. For the most part, the rates for other agencies are those projected for the 2010-11 fiscal year.

**COMPARISON OF ANNUAL SEWER SERVICE CHARGES  
LEVIED BY NEIGHBORING AGENCIES**

<b>AGENCY</b>	<b>RATE (\$/yr)</b>
City of Santa Rosa	1,064
City of Petaluma	966
City of Rohnert Park	670
Sausalito-Marín City San Dist	603
San Rafael Sanitation Dist	594
City of Larkspur	572
Las Gallinas Valley Sanitary Dist	563
Sanitary District No. 1	504
City of Corte Madera	563
Vallejo San & Flood Dist	465
NOVATO SANITARY DISTRICT	464
Napa Sanitation Dist	421
City of Mill Valley	297

**VEHICLE REPLACEMENT BUDGET**

The District maintains a Vehicle Replacement Fund in order to spread the cost of replacing vehicles over time and by various District departments. The fund balance at June 30, 2010 is \$290,565. The proposed 2010-11 additions from the Operating Budget accounts total \$59,000. This year we plan to sell seven vehicles and to purchase a crane truck as detailed on Page 15 of the budget at a net cost estimated at \$67,000. Revenue from the sale of the surplus vehicles is anticipated to total \$42,775. This will result in an anticipated fund balance on June 30, 2011 of about \$282,340.

**SELF-INSURANCE RESERVE FUND**

The District purchases general and auto liability coverage through the California Sanitation Risk Management Authority (CSRMA). Coverage for Errors and Omissions is included in the CSRMA pooled liability insurance program. The District also purchases property insurance through CSRMA to cover buildings, structures and equipment.

The District's deductible in its comprehensive liability policy is \$25,000 per occurrence to reduce liability for claims in excess of \$25,000. The Self-Insurance Reserve Fund is maintained to cover claims losses within the deductible amounts of these policies and to cover insurance contingencies.

The June 30, 2010 fund balance is \$163,266. This includes a transfer of \$25,000 from the Operating Fund to cover losses in 2009-10. With the anticipated interest earned in this fund, and the amount proposed to be transferred back to the Operating Fund to reimburse for claims this year, the projected June 30, 2011 balance is \$139,016.

#### **RATE STABILIZATION AND EMERGENCY REPAIRS RESERVE FUNDS**

The proposed budget includes \$600,000 in each of these two funds. These funds were created by the Board policy on operating reserves adopted in September, 2001.

#### **CAPITAL IMPROVEMENT BUDGET**

The proposed Capital Improvement Budget for 2010-11 totals \$23,180,779 or \$8,043,254 less than last year. The decrease is due to the fact that the wastewater facility upgrade project is nearing completion.

#### **ZION'S BANK CREDIT LINE and STATE REVOLVING FUND**

The Capital Improvement Budget includes the final principal and interest payment of \$5,404,179 for the Zion's Bank Credit Line which is due April 2011. Payment of the State Revolving Fund does not begin until one year after completion of the Facilities Upgrade Project.

#### **RECLAMATION FACILITY RANCH OPERATION**

In April 2009, the District entered into a new 10-year lease for Sites #2, #3 and #7 to Ron and Dee Hayden Ranches. The lease revenues during FY 2010-11 will be calculated based on the quantity and price of hay and the total number of Animal Unit Months (AUM's).

#### **AB 939 SOLID WASTE PROGRAMS**

The District and the City of Novato have set up a joint City/District Solid Waste Committee to make recommendations to both agencies on State mandated AB 939 Solid Waste Programs. The cost of the programs is financed by the District and reimbursed by annual billing to Novato Disposal Service.

Sincerely,



BEVERLY B. JAMES  
Manager-Engineer



## **SECTION II**

### **OPERATING FUND BUDGET**



2010-11 Budget								
Operating Budget - REVENUE SUMMARY								
Acct Number	Item	Budget 2009-10	Revenues Thru May	Est Rev 2009-10	Actual Rev 2009-10	2010-11 Budget		
						Prelim	Final	
41010	Service Chgs (1)	8,006,814	7,643,315	8,006,814	8,204,672	7,910,160	8,023,872	
41020	County Ser Chg Collect Fees	0	0	0	0	0	0	
41030	Pub Sewer Plan Chk/Insp Fees	7,500	7,239	7,500	7,239	7,500	7,500	
41040	Conn Permit/ Insp Fees	25,000	9,786	25,000	10,466	25,000	25,000	
41050	Property Tax Allocation (2)	0	0	0	0	0	0	
41060	Interest Earn	150,000	96,597	150,000	120,070	125,000	125,000	
41070	Annex Fees Leg/File/Engr	0	0	0	0	0	0	
41080	Engr/AdminChgs	175,000	0	175,000	186,532	200,000	200,000	
41090	Non-Domestic Permit Fees (3)	4,000	4,365	4,365	5,459	4,000	4,000	
41100	Garbage Franchise Fee	45,000	45,000	45,000	45,000	45,000	45,000	
41105	AB939 Collector Fees	277,299	277,299	277,299	277,299	280,493	280,493	
41107	Oil/Bev/Tire Grants/ JPA Reimb. Fees (4)	63,080	0	63,080	0	62,845	62,845	
41110	Sludge Disp Charges(NMWD)	100	0	100	0	100	100	
41130	Ranch Income	82,517	76,851	76,851	76,851	76,851	76,851	
41135	Recycled Water Fac.	20,000	0	20,000	8,000		8,000	
41140	Other Rev (5)	75,000	65,081	75,000	75,637	235,000	235,000	
41142	Asset Disposal	0						
	<b>TOTALS</b>	<b>8,931,310</b>	<b>8,225,533</b>	<b>8,926,009</b>	<b>9,017,225</b>	<b>8,971,949</b>	<b>9,093,661</b>	
	(1) Service charge revenue is based on operating service charges dropping \$5 to \$276 (estimated at approx. 29,072 EDU's x \$276)							
	(2) Property tax revenue is now allocated to the Capital Improvement Project budget.							
	(3) Includes application fees, permits, and monitoring charges.							
	(4) Oil/Bev/Tire Grants \$22,725; JPA Reimb. Fees \$40,355.							
	(5) Other revenue includes septic tank hauling fees, Internet banking fraud recovery, and other miscellaneous revenue							
	<b>APPROPRIATIONS LIMITATION</b>							
	The appropriations limitation, pursuant to Article XIII B of the California Constitution, will be determined prior to submission of the final budget in August.							
TODAY	09-Sep-10							

**FLOW OF FUNDS - OPERATING AND WORKING CAPITAL RESERVE FUNDS**

		2010-11 Budget	
		Prelim	Final
<b>OPERATING FUND</b>			
	FUND BALANCE 6/30/09 . . . . .	0	0
	Actual Revenues 2009-10	8,926,009	9,017,225
	Actual Expenditures 2009-10	(10,247,050)	(9,672,011)
	Transfer from Self-Insurance Fund for Claims	20,000	14,399
	Transfer to Self-Insurance Reserve Fund	(50,000)	(25,000)
	Transfer from Working Capital Reserve Fund	1,351,041	665,387
	FUND BALANCE 6/30/10 . . . . .	0	0
	Anticipated Revenues 2010-11	8,971,949	9,093,661
	Anticipated Expenditures 2010-11	(8,902,062)	(9,025,821)
	Anticipated Transfer from Self-Insurance Fund for Claims	25,000	25,000
	Anticipated Transfer to GASB 45 Fund	0	0
	Anticipated Transfer from Southgate Reserve Fund	0	0
	Anticipated Transfer to/from Working Capital Reserve Fund	(94,887)	(92,840)
	ANTICIPATED FUND BALANCE 6/30/11 . . . . .	0	0
<b>WORKING CAPITAL RESERVE FUND</b>			
	FUND BALANCE 6/30/09 . . . . .	7,829,747	7,829,747
	Transfer from Operating Fund 2009-10	(1,351,041)	(665,387)
	Transfer to Rate Stabilization Reserve	0	0
	Transfer to Emergency Repair Reserve	0	0
	FUND BALANCE 6/30/10 . . . . .	6,478,706	7,164,360
	Anticipated Transfer to/from Operating Fund 2010-11	94,887	92,840
	ANTICIPATED FUND BALANCE 6/30/11 . . . . .	6,573,593	7,257,200
	TODAY 09-Sep-10		

**SUMMARY OF FUNDS TO BE RAISED  
FROM TAXES AND SERVICE CHARGES**

		2010-11 Budget	
		Prelim	Final
	Proposed Operating Fund Expenditure Budget	8,902,062	9,025,821
	Proposed Capital Improvement Portion of 2010-11 Service Charge Revenues	5,330,760	5,407,578
	Working Capital Reserve	6,573,593	7,257,200
Less:	Anticipated Operating Fund Revenues Other than Taxes and Service Charges	(1,061,789)	(1,069,789)
	Est. Transfer to Capital Impvmt Reserve (Southgate)	0	0
	Est. Transfer to Self-Insurance Fund for Claims	(25,000)	(25,000)
	Est. Operating Working Capital Reserve Fund Balance 6/30/10	(6,478,706)	(7,164,360)
	Est. Property Tax Allocation 2010-11	0	0
	<b>AMOUNT TO BE RAISED BY SERVICE UNIT CHARGES</b>	<b>13,240,920</b>	<b>13,431,450</b>
<b>Comparison of Total Funds Raised From Taxes and Charges</b>			
		2009-10	2010-11
	Property Tax Allocation	2,275,000	2,591,000
	Service Charge Revenues:		
	Operating	8,006,814	7,910,160
	Capital Improvement	5,157,414	5,330,760
	<b>Totals</b>	<b>15,439,228</b>	<b>15,831,920</b>
*****			
	TODAY 09-Sep-10		

Operating Budget - TREATMENT FACILITIES

Account Number	Item	Budget 2009-10	Expends Thru May	Est. Expend 2009-10	Actual Expend 2009-10	2010-11 Budget	
						Prelim	Final
61010	Salaries/Wages	600,922	577,547	600,922	562,395	63,735	63,735
61020	Employee Benefits	262,163	245,541	262,163	340,620	27,926	18,200
66020	GASB 45 Retiree Hlth.						2,669
61060	Gas, Oil & Fuel	40,000	19,134	21,000	22,141	1,743	1,800
61091	Software Maint	7,000	1,204	3,000	7,374	36,000	30,000
61100	Oper Supplies	45,000	23,765	35,000	27,334	2,905	2,600
61101	Oper Chemicals	300,000	220,795	300,000	225,267	10,000	5,000
61112	Janitorial Services	40,000	22,943	30,000	24,033	28,000	0
61113	Grounds Maint	2,000	2,360	2,500	2,360	2,500	0
62115	Sludge Disp. - Contract	45,000	23,205	45,000	23,205	50,000	50,000
61150	Repairs and Maintenance	130,000	124,003	140,000	132,807	10,790	27,500
61151	Unusual Eq Maint	0	0	0	0	0	0
61152	Small Tools	3,000	2,078	3,000	2,208	200	200
61191	Gas & Elect	700,000	531,214	700,000	709,962	64,000	64,000
61192	Water	4,000	2,092	4,000	2,400	332	300
61193	Telephone	13,000	11,569	13,000	13,181	1,245	1,245
61200	Other/Operational Assist.	783,170	411,485	575,000	512,942	51,000	48,000
61201	Permits & Fees	110,000	54,463	75,000	54,463	10,732	95,000
61290	Vehicle Repl	21,200	0	21,200	0	0	0
61300	Capital Outlay	0	0	0	0	0	0
<b>Total - TREATMENT FACILITIES</b>		<b>3,106,457</b>	<b>2,273,398</b>	<b>2,830,785</b>	<b>2,662,692</b>	<b>361,108</b>	<b>410,249</b>

NOTE: Janitorial and Grounds Maintenance has been moved to Admin/Engineering budget Repairs/Maintenance.

TODAY 9-Sep-10

2010-11 Budget

Operating Budget - TREATMENT FACILITIES CONTRACT OPERATIONS

Account Number	Item	Budget 2009-10	Expends Thru May	Est. Expend 2009-10	Actual Expend 2009-10	2010-11 Budget	
						Prelim	Final
61000	Fixed Fee	349,715	349,715	349,715	349,715	1,825,196	1,707,983
61000	Insurance and Bonds	80,000	0	80,000	0	39,600	37,100
61000	Major Repair/Replacement	0	0	0	0	91,667	92,000
61000	Water, Permits, Telephone	0	0	0	0	144,500	16,000
61000	Gas, Electric and Fuel	0	0	0	0	542,815	542,815
<b>Total - TREATMENT FACILITIES CONTRACT OPERATIONS</b>		<b>429,715</b>	<b>349,715</b>	<b>429,715</b>	<b>349,715</b>	<b>2,643,778</b>	<b>2,395,898</b>
TODAY	9-Sep-10						

Novato Sanitary District Page 7  
 2010-11 Budget  
 Operating Budget - WASTEWATER RECLAMATION/DISPOSAL FACILITIES

Account Number	Item	Budget 2009-10	Expends Thru May	Est. Expend 2009-10	Actual Expend 2009-10	2010-11 Budget	
						Prelim	Final
63010	Salaries/Wages	20,656	8,608	8,608	8,608	29,219	29,219
63020	Employee Benefits	8,985	1,499	1,499	1,268	14,396	12,882
63020	GASB 45 Retiree Hlth.						2,982
63060	Gas, Oil & Fuel	10,000	3,385	10,000	6,311	5,000	5,000
63091	Software Maint	2,500	0	2,500	2,500	2,500	2,500
63100	Oper Supplies	3,500	2,917	3,500	2,835	3,500	3,000
63101	Oper Chemicals	0	0	0	0	0	0
63115	Sludge Disposal	60,000	58,000	60,000	58,000	65,000	130,000
63150	Repairs & Maintenance	90,000	71,843	90,000	81,701	90,000	85,000
63151	Unusual Eq Maint	75,000	27,413	50,000	27,413	50,000	50,000
63152	Small Tools	1,500	1,279	1,500	1,309	1,500	1,500
63157	Ditch/Dike Maintenance	25,000	1,728	5,000	1,728	20,000	20,000
63191	Gas & Elect	145,000	97,365	145,000	104,631	115,000	115,000
63192	Water - Recl	6,000	12,656	15,000	7,622	15,000	8,000
63201	Permits & Fees	2,000	1,683	2,000	1,683	2,000	2,000
63290	Vehicle Repl	7,000	0	7,000	0	7,000	7,000
63300	Capital Outlay	0	0	0	0	0	0
<b>Total - RECLAMATION/DISP. FACILITIES</b>		<b>457,141</b>	<b>288,376</b>	<b>401,607</b>	<b>305,609</b>	<b>420,115</b>	<b>474,083</b>
UNUSUAL EQUIP. MAINT :		Irrigation Strainer Maintenance Wildlife Pond Drain Pump Rebuild					
TODAY	9-Sep-10						

Account Number	Item	Budget 2009-10	Expends Thru May	Est. Expend 2009-10	Actual Expend 2009-10	2010-11 Budget	
						Prelim	Final
64010	Salaries/Wages	251,748	218,535	251,748	240,411	245,579	245,579
64020	Employee Benefits	112,142	99,928	112,142	134,931	131,112	118,782
64020	GASB 45 Retiree Hlth.						21,058
64060	Gas, Oil & Fuel	2,000	960	2,000	1,627	2,000	2,000
64091	Software Maint	13,000	7,232	10,000	7,231	13,000	13,000
64100	Oper Supplies	30,000	35,385	36,000	38,306	43,000	40,000
64150	Repairs & Maintenance	7,500	10,357	11,000	10,736	8,800	11,000
64160	Research & Monitoring (Contractual)	116,610	120,445	130,000	141,670	200,000	248,000
64170	Pollution Prev/Public Ed(	24,500	19,258	24,500	20,021	25,000	25,000
64200	Other	0	0	0	0	0	0
64201	Permits & Fees	3,000	2,811	3,000	2,811	3,000	3,000
64290	Vehicle Repl	1,400	0	1,400	0	1,400	1,400
64300	Capital Outlay	1,419	1,419	1,419	1,419	0	0
<b>Total - LABORATORY AND MONITORING</b>		<b>563,319</b>	<b>516,330</b>	<b>583,209</b>	<b>599,163</b>	<b>672,891</b>	<b>728,819</b>
SOFTWARE MAINTENANCE:		LINKO (\$8,000); Adobe (\$1,000); Hach Lims (\$4,000)					
RESEARCH AND MONITORING:		Contractual studies (\$15,000 Larry Whitney); Mo. Metals (\$15,000); Non-domestic monitoring (\$16,800); Sludge regs. (\$4,510); Pretreatment (\$4,000); Reclamation monitoring (\$5,100); Priority pollutants (\$19,200);Chronic Toxicity (\$21,000) Local Limits Study (\$30,000); Permit assistance (\$55,000); Lab. Consultant (\$30,000);/Lab Assistance (\$8,000); Redwood Landfill Sc analysis (\$5,000); Extra sampling (\$7,400).; Consulting fee (\$10,000 - sludge report etc.)					
REPAIRS AND MAINTENANCE:		Air conditioning (\$1,000); Weights and balance (\$1,000); Glassware washer (\$1,000); Microscope maintenance (\$500); Lab. truck (\$1,600); Other lab. equipment (\$3,000); Autoclave preventive maintenance (\$700)					
TODAY	9-Sep-10						







2010-11 Budget							Page 12	
Operating Budget - ADMINISTRATION AND ENGINEERING								
Account Number	Item	Budget 2009-10	Expends Thru May	Est. Expend 2009-10	Actual Expend 2009-10	2010-11 Budget		
						Prelim	Final	
66010	Salaries/Wages	1,002,215	966,730	1,002,215	1,056,061	935,134	935,134	
66020	Empl Benefits	473,295	482,592	490,000	537,488	414,797	439,858	
66020	GASB 45 Retiree Hlth.						91,295	
66021	Current Retiree Hlth Bens	188,730	189,764	206,730	224,108	199,253	224,068	
		296,000	278,000	278,000		171,400		
66030	Directors' Fees	50,000	44,325	50,000	47,925	50,000	50,000	
66040	Election Exp	136,145	59,395	136,145	86,124	0	0	
66060	Gas, Oil & Fuel	8,000	2,562	5,000	4,937	5,000	5,000	
66070	Insurance	154,000	139,937	145,000	139,970	154,000	154,000	
66071	Ins Claims Exp	50,000	14,399	20,000	14,399	25,000	25,000	
66075	Agency Dues	45,000	33,315	45,000	33,315	45,000	40,000	
66080	M'Ships/Certification	6,000	8,819	9,000	8,893	9,000	6,000	
66090	Office Expense	35,000	26,309	32,000	27,870	32,000	30,000	
66091	Software Maint.	0	0	0	0	0	0	
66100	Engr Supplies	9,000	6,332	9,000	7,128	9,000	8,000	
66121	Accounting/Audit	25,000	27,650	27,650	27,650	24,500	24,500	
66122	Attorney Fees	1,200,000	1,301,485	1,350,000	1,396,182	350,000	300,000	
66123	O/S Contractual	272,000	222,067	250,000	282,835	200,000	220,000	
66124	IT/Misc. Electrical	40,000	40,756	41,000	37,848	40,000	40,000	
66130	Print & Publ	12,000	15,128	17,000	15,259	17,000	17,000	
66150	Repairs & Maint/Janitoria	13,000	9,312	11,000	10,411	13,000	40,000	
66170	Trav, Mtgs & Trn	75,000	35,408	45,000	37,739	45,000	40,000	
66193	Telephone	12,000	12,029	13,000	14,068	12,000	14,000	
66201	Permits & Fees	0	0	0	0	0	0	
66202	Co. Collection Fees	57,000	57,997	69,800	57,997	70,000	60,000	
66250	Ser Chg Sys Exp	8,000	9,072	10,000	9,072	8,000	9,000	
66290	Vehicle Repl	5,600	0	5,600	0	5,600	5,600	
66300	Capital Outlay	20,000	15,266	16,000	15,266	0	0	
<b>Total - ADMINISTRATION AND ENGINEERING</b>		<b>4,192,985</b>	<b>3,998,649</b>	<b>4,284,140</b>	<b>4,092,545</b>	<b>2,834,684</b>	<b>2,778,455</b>	
O/S CONTRACTUAL		Safety (\$68,000); IEDA ongoing services (12,240); IEDA misc. labor relations and comp. study (\$10,000); Misc. engineering (incl. O/S mech/elect) (\$15,000); Public outreach (\$70,000); Stand specs. and drawings (\$25,000); records retention (\$20,000).						
TODAY	9-Sep-10							

2010-11 Budget

Operating Budget - PERSONNEL DETAIL

Number	Position	Dept.	Pay Range	Total 2010-11 Salaries
1.00	Manager-Engineer.....	A/E		168,132
1.00	Deputy - Manager Engineer.....	A/E	MC122.5	148,572
1.00	Senior Engineer.....	.75AE/.25PS	MC116.5	105,169
1.00	Field Services Superintendent.....	.5AE/.25PS/.25F	MC117	113,568
0.46	Administrative Services Manager .....	A/E	MC117.5	53,550
0.00	Administrative Assistant .....	A/E	MC103.5	0
1.00	Administrative Secretary.....	A/E	MC106	63,240
1.00	Finance Officer.....	A/E	MC112.5	91,212
1.00	Staff Engineer.....	.5A/E/.5CS	47	84,744
1.00	Construction Inspector.....	A/E	44.5	75,036
1.00	Information System Specialist II.....	.5A/E/.5CS	43.5	67,542
1.00	Laboratory Supervisor.....	L/M	MC115.5	105,588
1.00	ECA I.....	L/M	43	59,989
1.00	ECA I.....	L/M	43	69,166
1.00	Instrument Technician/Electrician.....	.75AE/.25PS	46.5	82,728
1.00	Collection System Superintendent.....	.67CS/.33PS	MC115	103,008
0.83	Collection System Leadworker.....	.67CS/.33PS	47	70,338
5.50	Collection System Worker II.....	.67CS/.33PS	40.5	331,716
1.00	Collection System Worker I.....	.67CS/.33PS	38.5	47,118
0.17	Operations Leadworker.....	TPF	47	14,406
0.25	WWTP Operator II.....	TPF	44.50	35,812
0.08	Mechanical Maintenance Technician II.....	TPF	43.50	8,800
1.00	Engineering Intern.....	A/E	N/A	3,500
2.00	Collection System Interns.....	C/S	N/A	6,500
0.00	Lab. Intern	L/M	N/A	0
0.40	Temporary Electrician	.75AE/.25PS	N/A	40,000
	Allowance for Overtime.....	C/S		20,000
	Allowance for Overtime.....	A/E		7,500
	Allowance for Overtime.....	L/M		4,000
	Allowance for Standby Duty Pay.....	C/S		16,000
	Allowance for Overtime/Standby	TPF		3,300
	CCSR.....	PS		1,500
	Subtotal			2,001,734
	Allowance for Possible COLA - across the board .....	2.40%		41,551
	Allowance for Possible Salary Adjustment - rep. group (eff. 1/1/11).....	1.00%		8,569
				2,051,854
25.69	Administration and Engineering (A/E)	=	935,134	
	Laboratory and Monitoring (L/M)	=	245,579	
	Treatment Facilities	=	63,735	
	Collection System 67%	=	487,569	
	Pump Stations 33%	=	290,611	
	Reclamation Facilities	=	29,219	
	Total/Check		2,051,854	
TODAY	9-Sep-10			

**GASB 45 ACCRUED LIABILITY - OPEB (Other Post-Employment Benefits)**

		2010-11 Budget	
		Prelim	Final
	FUND BALANCE 6/30/09 . . . . .	0	0
	Interest Earned on Fund Balance	0	0
	GASB 45 Liability	171,400	171,400
	FUND BALANCE 6/30/10 . . . . .	171,400	171,400
	Anticipated Interest Earned on Fund Balance	0	0
	GASB 45 Fund for retiree health premiums:	171,400	
	Current Employees		214,513
	Retired Employees		224,068
	Minus 2010-11 Current Retiree Health Benefits		(199,253)
	ANTICIPATED FUND BALANCE 6/30/11 . . . . .	342,800	410,728
<p>To satisfy GASB 45 accounting standards, the District is required to account for the cost of providing Other Post-Employment Benefits. The District provides retiree health benefits and currently has an unfunded liability of \$6,112,283.</p>			
	TODAY 09-Sep-10		

## **SECTION III**

### **VEHICLE REPLACEMENT FUND**

Operating Budget - VEHICLE REPLACEMENT FUND DETAIL

		2010-11 Budget	
		Prelim	Final
<b>FLOW OF FUNDS</b>			
	FUND BALANCE 6/30/09 . . . . .	231,565	231,565
	Sale of Vehicle/s:		
	Contributions from Operating Fund Accounts 2009-10:	80,200	59,000
	Purchase of Vehicles:		
	FUND BALANCE 6/30/10 . . . . .	311,765	290,565
	Sale of Vehicles:		
	1990 Ford Van #3113	800	800
	1992 Ford diesel truck with crane - VIN #7364	4,000	4,000
	2001 Dodge Utility Truck #3104		5,225
	2005 Dodge Crew Cab #3121		10,200
	2005 Chevrolet 1/2-ton Pick-Up #3124		5,550
	2 GEM Electric Vehicles		3,000
	Hyster H50XM Forklift		14,000
	Anticipated Contributions from Operating Accounts 2010-11	59,000	59,000
	Planned Purchase of Vehicles:		
	1 Crane truck (10/11)	(110,000)	(110,000)
	ANTICIPATED FUND BALANCE 6/30/11 . . . . .	265,565	282,340
	TODAY 09-Sep-10		

## **SECTION IV**

### **SELF-INSURANCE RESERVE FUND**

2010-11 Budget

FLOW OF FUNDS - SELF-INSURANCE RESERVE FUND

		2010-11 Budget	
		Prelim	Final
FUND BALANCE 6/30/09 . . . . .		151,915	151,915
	Interest Earned on Fund		
	Balance	1,918	750
	Transfer to Operating Fund to		
	Reimburse Fund for Claims	(20,000)	(14,399)
	Transfer from Operating Fund to		
	Self-Insurance Reserve Fund	50,000	25,000
FUND BALANCE 6/30/10 . . . . .		183,833	163,266
	Anticipated Interest Earned on Fund		
	Balance	1,500	750
	Anticipated Transfer to Operating Fund		
	from Insurance Fund for Claims	25,000	(25,000)
ANTICIPATED FUND BALANCE 6/30/11 . . . . .		210,333	139,016
<p>** The District has general and automobile liability coverage in the amount of \$10,000,000 with a \$25,000 deductible through the California Sanitation Risk Management Authority (CSRMA). Coverage for Errors and Omissions is included in the CSRMA pooled liability insurance program.</p> <p>The District also has a property insurance policy through CSRMA to cover buildings, structures and equipment. This policy provides \$40,000,000 coverage with a \$25,000 deductible.</p> <p>The self-insurance reserve fund has been set up to cover possible District claims falling within the deductible amounts on these policies.</p>			
TODAY 09-Sep-10			

**SECTION V**

**RATE STABILIZATION,  
EMERGENCY REPAIRS,  
AND  
SOUTHGATE RESERVE FUNDS**

2010-11 Budget  
**FLOW OF FUNDS - RATE STABILIZATION AND EMERGENCY REPAIRS RESERVE FUNDS**

		2010-11 Budget	
		Prelim	Final
<u>RATE STABILIZATION FUND**</u>			
FUND BALANCE 6/30/09 . . . . .		600,000	600,000
Contribution to/from Operating Fund to Rate Stabilization Fund 2009-10		0	0
FUND BALANCE 6/30/10 . . . . .		600,000	600,000
Anticipated Contribution to/from Operating Fund to Rate Stabilization Account 2010-11		0	0
ANTICIPATED FUND BALANCE 6/30/11 . . . . .		600,000	600,000
 <u>EMERGENCY REPAIR RESERVE FUND**</u>			
FUND BALANCE 6/30/09 . . . . .		600,000	600,000
Contribution to/from Operating Fund to Emergency Repair Reserve Fund 2009-10		0	0
FUND BALANCE 6/30/10 . . . . .		600,000	600,000
Anticipated Contribution from Operating Fund to Rate Stabilization Account 2010-11		0	0
ANTICIPATED FUND BALANCE 6/30/11 . . . . .		600,000	600,000
 **			
In October 2001, the District Board adopted an Operating Reserve Fund Policy that included establishing a Service Charge Rate Stabilization Fund in the amount of \$600,000 and an Emergency Repair Reserve Fund in the amount of \$600,000.			
 TODAY 09-Sep-10			

2010-11 Budget

FLOW OF FUNDS - SOUTHGATE RESERVE FUND

		2010-11 Budget	
		Prelim	Final
<u>SOUTHGATE RESERVE FUND</u>			
	Contribution from Southgate Reserve Fund to Capital Improvement Fund 2009-10	0	0
	FUND BALANCE 6/30/10 . . . . .	679,989	679,989
	Contribution from Southgate Reserve Fund to Capital Improvement Fund 2010-11	0	0
	ANTICIPATED FUND BALANCE 6/30/11 . . . . .	679,989	679,989
**	In March 2003, as part of the Settlement Agreement for acceptance of the Southgate Subdivision sewers, Southgate Partners deposited the sum of \$890,989 with the District for improvement and continued maintenance and operation of the sewer improvements.		
	TODAY 09-Sep-10		

## **SECTION VI**

### **CAPITAL IMPROVEMENT BUDGET**

Acct Number	Item	Budget 2009-10	Revenues Thru May	Est Rev 2009-10	Actual Rev 2009-10	2010-11 Budget	
						Prelim	Final
51010	Service Chgs (1)	5,157,414	4,898,762	5,157,414	5,257,765	5,330,760	5,407,578
51010	Property Taxes	2,275,000	1,956,570	2,591,600	1,874,691	2,591,000	1,875,000
51020	Connection Charges (2)	450,000	1,200,166	1,200,000	1,277,790	162,200	162,200
51030	Collector Sewer Charges	4,000	3,366	4,000	3,366	4,000	4,000
51040	Special Equal Charges	4,000	11,753	11,597	11,753	12,000	12,000
51050	Trunk Sewer Charges	0	0	0	0	0	0
51060	Interest Earn	500,000	61,671	150,000	76,738	50,000	50,000
51070	Other Revenue (3)	0		0		109,480	859,480
<b>TOTALS</b>		<b>8,390,414</b>	<b>8,132,288</b>	<b>9,114,611</b>	<b>8,502,103</b>	<b>8,259,440</b>	<b>8,370,258</b>

- (1) Capital service charges increase to \$186, based on 29073 EDU's.
- (2) Connection fee \$8,110/edu @ 20 new connections
- (3) Other revenue: PG&E Grant for \$109,480; Federal funding for 25% of WWTP Recycled Water Project = \$750,000.

**CAPITAL IMPROVEMENTS BUDGET  
2010-11 Budget**

Project	Item	Budget 0	Expends Thru May	Est. Expend 2009-10	Actual Expend 2009-10	2010-11 Budget	
						Prelim	Final
72110	Drainage PS #3 & #7 Outfall Rehabilitation	150,000	0	150,000	0	100,000	50,000
72111	SCADA Phase II & IIA	40,000	5,793	40,000	10,226	25,000	20,000
72403	Pump Station Rehabilitation	2,000,000	843,879	2,000,000	1,235,625	3,700,000	3,700,000
72406	Dechlor. Station Relocation	5,000	0	5,000	0	0	0
72508	N. Bay Water Recycling Auth.	363,763	63,793	363,763	64,229	300,000	90,000
72509	NTP Soil & Groundwater Invest.	9,000	7,796	9,000	8,427	5,000	5,000
72604	Laboratory Improvements	25,000	0	25,000	0	30,000	30,000
72607	WWTP Upgrade - Contract A1	36,000	25,509	36,000	40,340	65,000	50,000
72608	WWTP Upgrade - Contract A2	20,000	0	20,000	97	10,000	5,000
72609	WWTP Upgrade - Contract B	24,000,000	19,711,819	24,000,000	22,629,622	500,000	6,000,000
72611	Bayside Sewer	10,000	0	10,000	330	10,000	10,000
72612	Southgate Sewer	3,000	0	3,000	0	3,000	3,000
72706	Collection System Improvements	2,000,000	1,701,192	2,000,000	2,325,847	3,000,000	3,000,000
72707	Hamilton Wetlands/Outfall monitoring and planning	5,000	0	5,000	0	5,000	5,000
72708	Cogeneration	50,000	0	50,000	0	50,000	50,000
72801	Annual Minor Projects	50,000	195	50,000	195	25,000	25,000
72802	Annual Sewer Adj. for City Proj.	60,000	16,873	60,000	17,408	25,000	25,000
72803	Annual Collection System Repairs	200,000	186,967	200,000	196,410	270,000	270,000
72804	Annual Reclamation Facilities Improvements	260,000	135,228	260,000	142,183	200,000	200,000
72805	Annual Treatment Plant & Pump Station Improvements	260,000	137,985	260,000	188,591	200,000	200,000
72808	Strategic Plan Update	375,000	935	375,000	935	50,000	50,000
78500	Interest - Zions Bank	1,302,270	1,302,270	1,302,270	1,212,511	170,972	170,972
<b>TOTALS</b>		<b>31,224,033</b>	<b>24,140,234</b>	<b>31,224,033</b>	<b>28,072,976</b>	<b>8,743,972</b>	<b>13,958,972</b>
TODAY	09-Sep-10						



**FLOW OF FUNDS - CAPITAL IMPROVEMENT AND CAPITAL IMPROVEMENT RESERVE FUNDS**

		2010-11 Budget	
		Prelim	Final
<b>CAPITAL IMPROVEMENT FUND</b>			
	FUND BALANCE 6/30/09 . . . . .	0	0
	Actual Revenues 2009-10	9,114,611	8,502,103
	Actual Expenditures 2009-10	(31,224,033)	(26,922,792)
	Zions Bank Credit Line Fund for 2009-10 Payments	(1,302,270)	(25,985,535)
	Transfer from Capital Improvement Reserve Fund 2009-10	23,411,692	44,406,224
	FUND BALANCE 6/30/10 . . . . .	0	0
	Anticipated Revenues 2010-11	8,259,440	8,370,258
	Anticipated Expenditures 2010-11	(12,543,972)	(17,776,600)
	Zions Bank Credit Line Fund for 2010-11 Payments	(151,414)	(5,404,179)
	Transfer from Capital Improvement Reserve Fund 2010-11	4,435,946	14,810,521
	Transfer from Southgate Reserve Fund	0	0
	ANTICIPATED FUND BALANCE 6/30/11 . . . . .	0	0
<b>CAPITAL IMPROVEMENT RESERVE FUND</b>			
	FUND BALANCE 6/30/09 . . . . .	(2,419,351)	23,369,172
	Note: Balance includes Zions' Bank Credit Line fund balance at 6/30/09		
	Adjustment to Fund Balance duplicate int. prior years		2,281,770
	Transfer to Capital Improvement Fund 2009-10	(23,411,692)	(44,406,224)
	Transfer from SRF Loan	24,731,189	21,761,475
	FUND BALANCE 6/30/10 . . . . .	(1,099,854)	3,006,193
	Anticipated Transfer from SRF Loan	7,215,240	5,980,876
	Anticipated Transfer to Capital Improvement Fund 2010-11	(4,435,946)	(14,810,521)
	Projected Financing		6,000,000
	ANTICIPATED FUND BALANCE 6/30/11 . . . . .	1,679,440	176,548
TODAY	10-Sep-10		

**SECTION VII**

**FLOW OF FUNDS –**

**LINE OF CREDIT & STATE REVOLVING FUND**

MEMORANDUM

August 23, 2010

TO: Board of Directors

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

SUBJECT: 2010-11 Appropriations Limit

It is necessary to determine the District's appropriations limit for 2010-11 based on growth factors provided by the State Department of Finance.

Price Factor

Proposition 111, adopted in 1990, specifies that each entity of local government select its cost of living factor by a vote of its governing body. The District may select either (a) the percentage change in the California per capita personal income (CPCPI), or (b) the percentage change in the local assessment roll due to the addition of non-residential new construction.

The CPCPI percentage change over the prior year is -2.54% according to the State Department of Finance. Information obtained from the County Auditor-Controller's office shows the change in assessment due to new non-residential construction amounts to -.971%. We have used the percentage change in the local assessment roll due to the addition of new non-residential new construction for setting our 2010-11 appropriations limit.

Change in Population

Senate Bill 88, implementing Proposition 111, provides that a special district shall select its change in population annually by a recorded vote of the governing body. The Board may choose to use the change in population within its jurisdiction or within the county in which it is located. If a special district is wholly within a county, the county population shall be used unless the district requests a special census from the Department of Finance.

2010-11 Appropriations Limit

It is recommended that the 2010-11 appropriations limit be set at \$5,792,485 using the change in assessment due to non-residential construction percentage change and the annual percentage change in population for Marin County.

Attached is a worksheet with the adjustment factors to obtain the 2010-11 limit.

Attachments

\\server\sdrive\wp\word\june\adm\apprlim.rtf

**Novato Sanitary District  
APPROPRIATIONS LIMIT**

**2010-11**

Today: 17-Aug-10

APPROPRIATION LIMIT ADJUSTMENT FACTORS

Under law (Proposition 111), the District's appropriations limit may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment roll due to local non-residential construction:

May use Per Capita Change:	-2.54	
or		
Change due to non-residential construction (1):	-0.097	Use for 2010-11 Calculation
Population Change for Marin County:	0.93	Use for 2010-11 Calculation
Per Capita converted to a ratio:	0.999	
Population converted to a ratio:	1.0093	

Calculation of Factor for FY 2010-11 :

Price factor (.971) x Population Factor (1.0093) = 1.008320979

The change factor is applied to last year's appropriation limit to obtain this year's limit:

Appropriation Limit prior FY	2009-10	\$5,744,684
Change Factor for this FY	2010-11	<u>1.00832098</u>

**APPROPRIATION LIMIT FOR 2010-11 \$5,792,485**

(1) The following information was provided by Dana Proctor at the County Auditor-Controller's Office:

Change in AV due to Construction Growth from 03-01-09 to 03-01-10	<u>11,053,880</u>	=	(0.09717242)
Increase in total AV (+exemptions) from 2008-09 to 2009-10	(113,755,333)		

Comparison of Limit to Tax Revenue

Year Ended June 30	Approp. Limit	Increase Over PY	Appropriations Subject to Limitation		Amount Under Limit
			Tax Revenue	Increase Over PY	
97	2,458,425	15.85%	906,030	0.05%	1,552,395
98	2,907,038	18.25%	892,507	-1.49%	2,014,531
99	3,113,293	7.10%	962,326	7.82%	2,150,967
00	3,376,331	8.45%	1,061,125	10.27%	2,315,206
01	3,638,890	7.78%	1,251,503	17.94%	2,387,387
02	3,951,700	8.60%	1,252,939	0.11%	2,698,761
03	4,186,081	5.93%	1,344,630	7.32%	2,841,451
04	4,355,831	4.06%	1,392,792	3.58%	2,963,039
05	4,611,180	5.86%	1,279,567	-8.13%	3,331,613
06	4,872,715	5.67%	1,763,422	37.81%	3,109,293
07	5,103,161	4.73%	1,796,003	1.85%	3,307,158
08	5,380,409	5.43%	1,995,120	11.09%	3,385,289
09	5,663,413	5.26%	2,527,507	26.68%	3,135,906
10	5,744,684	1.44%	1,874,691	-25.83%	3,869,993
(1) 11	5,792,485	0.83%	2,275,000	21.35%	3,517,485
15-Year Average		6.86%		5.94%	

Notes: (1) As provided in Proposition 111, the change in assessment roll due to local non-residential construction factor was used to calculate appropriations limit.

**RESOLUTION NO. 3027**

**A RESOLUTION OF THE NOVATO SANITARY DISTRICT  
CORRECTING AND AMENDING PRIOR CALCULATIONS  
AND MAKING DETERMINATION AND ESTABLISHING  
THE 2010-11 APPROPRIATION LIMIT**

**RESOLVED**, by the Board of Directors of the Novato Sanitary District, Marin County, California, that in order to conform to modifications in the appropriation limit calculation as provided by Proposition 111 amending Article XIII B of the Constitution of the State of California and regulations adopted thereunder and by Senate Bill No. 88, Chapter 60 of Statutes of 1990 and especially the amendment of Section 7901 relating to the calculations of appropriation limits and the addition of Section 7914 defining "qualified capital outlay project" of the Government Code of the State of California, and in order to correct and adjust earlier calculations to comply with constitutional changes and with regulations adopted thereunder, the previously calculated limits for the District shall be amended in accordance with the appropriation limit calculations which have been on file and available in the office of the Secretary of the Novato Sanitary District. The District has calculated the maximum limit applicable to the appropriation of tax proceeds for the fiscal year 2009-10 to be the sum of **FIVE MILLION SEVEN HUNDRED NINETY-TWO THOUSAND FOUR HUNDRED EIGHTY-FIVE AND NO/100 (\$5,792,485.00)**. The basis of said calculations are available and on file in the office of the Secretary and the Board of Directors does hereby determine that for said fiscal year the calculations are based on the percentage change in the local assessment roll due to the addition of non-residential new construction and the population change of the County of Marin within which the District is situated, and that this resolution shall be posted by the Secretary at the official places of posting and shall be effective immediately.

\* \* \* \* \*

I hereby certify that the foregoing resolution was passed and adopted by the Board of Directors of the Novato Sanitary District, Marin County, California, at a meeting thereof held on the 23rd day of August, 2010, by the following vote of the members thereof:

AYES, and in favor thereof, Members: Di Giorgio, Long, Quesada, Fritz, Welsh

NOES, Members: None

ABSENT, Members: None

---

President  
Board of Directors

APPROVED:

---

Secretary

s:\board resolutions\appropriationres.doc

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE:</b> North Bay Water Reuse Authority	<b>MEETING DATE:</b> September 13, 2010
<b>AGENDA ITEM NO.:</b> 9.b.	
<b>RECOMMENDED ACTION:</b> Approve the North Bay Water Reuse Authority Second Amended Memorandum of Understanding	
<p><b>SUMMARY AND DISCUSSION:</b></p> <p>The Memorandum of Understanding establishing the North Bay Water Reuse Authority was executed by the member agencies (Sonoma County Water Agency, Sonoma Valley County Sanitation District, Napa Sanitation District, Novato Sanitary District, and Las Gallinas Valley Sanitary District in March 2005 and first amended in September 2008. NBWRA has been working on a second amendment to the MOU primarily in order to address:</p> <ul style="list-style-type: none"> <li>• The cost allocation formula to align it with the benefits received by each agency,</li> <li>• The governance structure to provide an oversight board made up of Board members of the participating agencies</li> <li>• The addition of North Marin Water District and Napa County as members</li> </ul> <p>The MOU has been reviewed by the staff and attorneys for each of the participating agencies. A copy of the proposed MOU is attached. Staff recommends approval of the North Bay Water Reuse Authority Second Amended Memorandum of Understanding.</p>	
<b>ALTERNATIVES:</b> NA.	
<b>BUDGET INFORMATION:</b> NA	
<b>DEPT.MGR.:</b>	<b>MANAGER:</b>

NORTH BAY WATER REUSE AUTHORITY  
SECOND AMENDED  
MEMORANDUM OF UNDERSTANDING

Supersedes

Memorandum of Understanding  
First Amended Memorandum of Understanding

March 15, 2005  
September 24, 2008

## Table of Contents

<b>Recitals</b> .....	4
<b>Memorandum of Understanding</b> .....	6
<b>1. Definitions</b> .....	6
MOU.....	6
NBWRA .....	6
Board of Directors.....	7
Technical Advisory Committee.....	7
Member Agency” or “Member Agencies .....	7
North Bay Region.....	7
Administrative Agency .....	7
EIR/EIS.....	7
USBR.....	7
Phase 1 .....	7
Phase 2.....	8
<b>2. Purpose</b> .....	8
<b>3. Objectives</b> .....	8
<b>4. Establishment of NBWRA</b> .....	8
<b>5. NBWRA Membership</b> .....	9
<b>6. Governance</b> .....	9
<b>7. Board of Directors</b> .....	9
Membership .....	9
Voting and Authorization Requirements.....	9
Quorum.....	10
Open Meetings.....	10
<b>8. Technical Advisory Committee</b> .....	10
Purpose .....	10
Membership .....	11
Voting and Authorization Requirements.....	11
Quorum.....	11
<b>9. Terms of Office</b> .....	11
<b>10. Alternates</b> .....	12
<b>11. Officers of the NBWRA</b> .....	12
Chair .....	12
Vice-Chair.....	12
<b>12. Administrative Agency</b> .....	12
<b>13. Staff and Consultants</b> .....	14
<b>14. Sharing of Costs and Resources</b> .....	15
<b>15. Distribution of Funds Received</b> .....	18
<b>16. Initiation of Membership</b> .....	19
<b>17. Termination of Membership</b> .....	19
Causes.....	19
Resignation by Giving Notice .....	20

Nonpayment of Dues or Allocated Costs .....20  
Effect of Termination .....20  
**18. Procedures** .....21  
**19. Meetings**.....21  
**20. Reports to Member Agencies**.....21  
**21. Offices** .....21  
**22. Term** .....21  
**23. Disposition of Property and Surplus Funds** .....21  
**24. Minutes** .....22  
**25. Effective Date** .....22  
**26. Counterparts**.....22  
**Exhibit A** .....25  
**Exhibit B**.....26  
**Exhibit C** .....27

**MEMORANDUM OF UNDERSTANDING**  
**ESTABLISHING THE**  
**NORTH BAY WATER REUSE AUTHORITY**

This Memorandum of Understanding (“MOU”) establishes the North Bay Water Reuse Authority (“NBWRA”) for the purposes described herein. This MOU is made and entered into by and between the parties that are signatories to this MOU. The MOU was first approved March 15, 2005. The first amendment to the MOU was approved September 24, 2008. This is the second amendment of the MOU that originally established the NBWRA. This second amendment to the MOU supersedes all previous versions of the MOU.

**Recitals**

WHEREAS, each of the parties to this MOU is a local government entity functioning within the North Bay Region, as depicted in **Exhibit A** attached hereto and incorporated by reference; and

WHEREAS, the parties desire to enter into an MOU to explore the feasibility of coordinating interagency efforts to expand the beneficial use of recycled water in the North Bay Region thereby promoting the conservation of limited surface water and groundwater resources; and

WHEREAS, the parties do not intend to create a separate public agency pursuant to Government Code §6500 et seq. through this MOU and no provision of this MOU should be so construed; and

WHEREAS, the parties hereto may later explore the feasibility of changing their organizational structure by establishing a Joint Powers Authority in a separate agreement that would advance the purpose and goals of the NBWRA, if construction projects are to be undertaken jointly or if such changes are necessary in order to receive federal or state funds; and

WHEREAS, the parties hereto recognize the value of using common resources effectively; and

WHEREAS, the parties hereto desire to be proactive on regulatory issues affecting the North Bay Region that transcend the traditional political boundaries of the parties; and

WHEREAS, the parties hereto desire to inform communities and the public in the North Bay Region about the importance of water conservation and the benefits of water reuse; and

WHEREAS, the parties hereto wish to coordinate their consideration and review of local, state and federal policies and programs related to the expansion of existing recycled water programs and the development of new recycled water programs in the North Bay Region; and

WHEREAS, the parties hereto find that promoting the stewardship of water resources in the North Bay Region is in the public interest and for the common benefit of all within the North Bay Region; and

WHEREAS, the parties recognize that there are current and future regulatory requirements which apply to water resources in the North Bay Region affecting one or more of said parties, and that these multiple regulatory requirements may be better addressed on a regional basis, and in a collaborative manner, and the parties wish to investigate more effective ways to share information and coordinate efforts to comply with said regulatory requirements; and

WHEREAS, the parties intend that participation in this MOU be entirely voluntary; and

WHEREAS, it is understood that the primary purpose of this MOU is to provide a governance structure, led by a Board of Directors consisting of members of the governing boards from the Member Agencies, for the successful completion of the projects described in Phase 1, of the EIR/EIS.

WHEREAS, the parties previously applied for federal funds to assist them with implementing their projects; and

WHEREAS, the parties did receive funding, which is part of a program that was authorized for construction in PL 111-11 that was signed into law in March 2009. The program can receive appropriations through the US Bureau of Reclamation's Title XVI program which can include funds from the American Recovery and Reinvestment Act of 2009 and the U.S. Department of Interior, Bureau of Reclamation's Title XVI Program.

WHEREAS, Phase 1 includes receipt of the full \$25,000,000 federal authorization, and

WHEREAS, the parties understand that reallocation of costs described herein, can be made with the approval of the parties as provided herein.

NOW, THEREFORE, the parties hereto do hereby enter into this Memorandum of Understanding, as follows:

**Memorandum of Understanding**

**1. Definitions.** As used in this MOU, the following words and phrases shall have the meanings set forth below unless the context clearly indicates otherwise.

(a) "MOU" shall mean this second amended Memorandum of Understanding.

(b) "NBWRA" shall mean the unincorporated, cooperative group of public agencies organized through this MOU and otherwise referred to as the North Bay Water Reuse Authority.

- (c) “Board of Directors” shall mean the governing body composed of members of the governing boards of the Member Agencies established pursuant to this MOU.
- (d) “Technical Advisory Committee” shall mean the administrative body established at the discretion of the Board of Directors pursuant to this MOU.
- (e) “Member Agency” or “Member Agencies” shall mean the local and/or regional public agencies regulated under the Clean Water Act, 33 U.S.C. § 1251 et seq., the federal Safe Drinking Water Act, 42 U.S.C. § 300f et seq., and/or the state Safe Drinking Water Act, Health & Safety Code § 116275 et seq., that operate within or have jurisdiction over any area within the North Bay Region, and that are signatories to this MOU.
- (f) “North Bay Region” shall mean the area depicted on the map attached hereto and incorporated herein as **Exhibit A**.
- (g) “Administrative Agency” shall mean that Member Agency authorized pursuant to Section 12 to enter into contracts and perform other administrative functions on behalf of the NBWRA.
- (h) “EIR/EIS” shall mean the Environmental Impact Report/Environmental Impact Statement, that was certified and or approved by the Member Agencies during December 2009 and January 2010 and which serves as the basis of the projects to be partially funded by USBR.
- (i) “USBR” shall mean the United States Bureau of Reclamation.
- (j) “Phase 1” shall mean the projects described as Phase 1 of Alternative 1 of the EIR/EIS. It is understood that minor modifications to said projects may occur as actual design and

construction occurs and that the individual agencies are responsible for possible modifications to the requirements of the EIR/EIS.

(k) "Phase 2" shall mean the remaining projects in the EIR/EIS Alternative 1 that are not included in Phase 1.

**2. Purpose.** The purpose of NBWRA is to provide recycled water for agricultural, urban, and environmental uses thereby reducing reliance on local and imported surface water and groundwater supplies and reducing the amount of treated effluent released to San Pablo Bay and its tributaries.

**3. Objectives.** NBWRA projects will promote the expanded beneficial use of recycled water in the North Bay region to:

- (a) Offset urban and agricultural demands on potable water supplies;
- (b) Enhance local and regional ecosystems;
- (c) Improve local and regional water supply reliability;
- (d) Maintain and protect public health and safety;
- (e) Promote sustainable practices;
- (f) Give top priority to local needs for recycled water, and
- (g) Implement recycled water facilities in an economically viable manner.

**4. Establishment of the NBWRA.** There is hereby established the North Bay Water Reuse Authority ("NBWRA"). The geographic boundaries of the NBWRA shall be the North Bay Region. (See **Exhibit A**). The NBWRA is an unincorporated association. By entering into this MOU, the parties do not intend to form a Joint Powers Authority pursuant to Government Code §6500 et seq.

- 5. NBWRA Membership.** Any local and/or regional public agency regulated under the Clean Water Act, 33 U.S.C. § 1251 et seq., the federal Safe Drinking Water Act, 42 U.S.C. § 300f et seq., and/or the state Safe Drinking Water Act, Health & Safety Code § 116275 et seq., that operates within or has jurisdiction over any area within the North Bay Region may be a Member Agency of the NBWRA. Each Member Agency must be a signatory to this MOU.
- 6. Governance.** NBWRA governance structure shall consist of a Board of Directors. The composition and responsibilities of the Board of Directors is detailed in Section 7.
- 7. Board of Directors**
- (a) Membership. The Board of Directors of the NBWRA shall consist of one representative from each Member Agency. Such representative shall be a member of the governing board of the Member Agency. The Member Agency shall designate one representative and alternate(s) each of whom shall be members of the governing board of the Member Agency. In the event that the governing body representative and alternate(s) are unavailable for a particular meeting, the Member Agency's representative on the Technical Advisory Committee may serve as an alternate.
- (b) Voting and Authorization Requirements. Each representative on the Board of Directors shall have one vote. Except as set forth in subsections (i) and (ii) below and as otherwise specified herein, the affirmative vote of the majority of all the members of the Board of Directors present is required and is sufficient to approve any item.
- (i) An affirmative vote of members of the Board of Directors representing two-thirds of all Member Agencies shall be required to adopt or modify the budget.. The budget may not be increased by more than fifteen percent (15%) annually, without the unanimous

approval of the Board of Directors.

(ii) Votes of members of the Board of Directors to approve the budget may not be unreasonably withheld.

(iii) Approval by the governing bodies of two-thirds of all Member Agencies shall be required to modify this MOU.

(c) Quorum. Representatives or alternates from a majority of the Member Agencies shall constitute a quorum for purposes of transacting business, except that less than a quorum may vote to adjourn a meeting or to set a date for the next meeting. If no more than a majority of members or alternates are present, the quorum will be able to conduct NBWRA business only by unanimous vote unless provided otherwise herein.

(d) Open Meetings. The Board of Directors will comply with the Brown Act in holding its meetings.

## **8. Technical Advisory Committee**

(a) Purpose. The Board of Directors may create a Technical Advisory Committee as needed for the month-to-month management of budget, schedule, and scopes of work for the NBWRA. Typical duties of a Technical Advisory Committee include recommending contracting for a program manager; working through technical details of work scopes and products; authorizing the administrative agency to enter into, modify, or accept work under any contract that is consistent with the budget approved by the Board of Directors, and reviewing and recommending courses of action to the Board of Directors for their consideration. The Board of Directors may create or dissolve the Technical Advisory Committee at any time for any purpose, and may adopt a set of rules governing the

Technical Advisory Committee as it determines necessary to achieve the purpose and objectives stated herein.

- (b) Membership. If created by the Board of Directors, the Technical Advisory Committee shall consist of one representative, not from the governing body, from each Member Agency. Such representative shall be the general manager or a suitable staff member of the Member Agency. In the event that the general manager or staff member is unavailable for a meeting, he or she may designate an alternate.
- (c) Voting and Authorization Requirements: Each representative on the Technical Advisory Committee shall have one vote. If a quorum is present, the quorum will be able to conduct NBWRA business only by a unanimous vote unless provided otherwise herein.
- (d) Quorum. Representatives or alternates from a majority of the Member Agencies shall constitute a quorum for purposes of transacting business, except that less than a quorum may vote to adjourn a meeting or to set a date for the next meeting. . If no more than a majority of members or alternates are present, the quorum will be able to conduct NBWRA business only by unanimous vote unless provided otherwise herein.
- 9. Terms of Office**. Each representative on the Board of Directors shall serve for as long as he or she is a member of the governing board of his or her Member Agency and is designated by the Member Agency to act as its representative. If at any time a vacancy occurs on the Board of Directors, a replacement shall be appointed by the Member Agency to fill the unexpired term of the previous representative within ninety (90) days of the date that such position becomes vacant.

**10. Alternates.** Alternate representatives to the Board of Directors or its Technical Advisory

Committee shall be empowered to cast votes in the absence of the regular representative or, in the event of a conflict of interest preventing the regular representative from voting, to vote because of such a conflict of interest.

**11. Officers of the NBWRA.** The Board of Directors of the NBWRA shall elect a Chair, a Vice-Chair and such other officers annually on the first meeting of the calendar year. The Board of Directors may choose to adopt a policy that requires the rotation of the Chair, by Member Agency, on an annual basis. The duties of the Chair and Vice-Chair are as follows:

(a) Chair. The Chair shall direct the preparation of agendas, call meetings of the Board of Directors to order and conduct other activities as deemed appropriate by the Board of Directors. Any member of the Board of Directors may place an item on the NBWRA agenda.

(b) Vice-Chair. The Vice-Chair shall serve as the Chair in the absence of the regularly-elected Chair. In the event both the Chair and Vice-Chair are absent from a meeting which would otherwise constitute a quorum and a temporary Chair was not designated by the Chair at the last regular meeting, any Board member may call the meeting to order, and a temporary chair may be elected by majority vote to serve until the Chair or Vice-Chair is present.

**12. Administrative Agency.** The Member Agencies hereby designate the Sonoma County Water Agency to act as the Administrative Agency for the purpose of carrying out the provisions of this MOU. The authority delegated herein to the Administrative Agency shall be subject to the restrictions upon the manner of exercising power applicable to the Administrative Agency,

including but not limited to the purchasing ordinances and purchasing procedures of the Administrative Agency. Within these limits, the Board of Directors may direct the Administrative Agency's actions with respect to this MOU. The Administrative Agency, for the benefit of the NBWRA Members, shall:

- (a) Award, execute in its own name, and administer such contracts on behalf of the NBWRA, as may be authorized as set forth in Sections 7 and 8.
- (b) Through its controller and treasurer, act as the financial officer or functional equivalent and be the depositor and have custody of all money of the NBWRA from whatever source. The Administrative Agency shall draw warrants to pay demands for expenditures authorized by the Board of Directors or by its authorized representative pursuant to any delegation of authority authorized by the Board of Directors. The Administrative Agency will strictly account for all NBWRA funds, and will hold the funds in trust in a segregated account.
- (c) Provide budget analyses, warrant lists and other financial documents as required by the Board of Directors. The Administrative Agency's financial activities with regards to the NBWRA shall be subject to an outside audit at any time at the request of the Board of Directors. As a matter of course, the Administrative Agency will provide a separate annual audit of NBWRA funds to the Board of Directors.
- (d) Determine charges to be made against the NBWRA for the Administrative Agency's services. Payment of these charges shall be subject to the approval of the Board of Directors.
- (e) Prepare the reports identified in Section 20 if the Board of Directors has not designated another party or person to complete that task.

- (f) Enter into contracts with values up to \$15,000 without the approval of the Board of Directors or the Technical Advisory Committee, if consistent with the budget approved by the Board of Directors.

The Administrative Agency may resign its position as Administrative Agency upon 120 days written notice to all Member Agencies, and shall, before the effective date of its resignation, transfer all funds held on behalf of the NBWRA to any designated successor Administrative Agency. The Board of Directors may designate a successor Administrative Agency by majority vote. Should no other party be designated to act as Administrative Agency by the effective date of the resignation, the MOU shall terminate and the Administrative Agency shall distribute all property held on behalf of the NBWRA pursuant to Section 23.

**13. Staff and Consultants.** Subject to the approval and procedural provisions of Sections 7 and 12, the Administrative Agency may employ or contract for any staff or consultants as may be reasonably necessary to carry out the purposes of this MOU. Such persons may include legal counsel, administrative executives and other types of specialists. If an employee from any Member Agency performs staff or consulting work for the NBWRA, the governing body of that Member Agency may determine the charges to be made against the NBWRA for the services of that employee. Payment of these charges by the Administrative Agency on behalf of the NBWRA shall be subject to the approval of the Board of Directors, which approval shall not be unreasonably withheld.

**14. Sharing of Costs and Resources.**

- (a) The Board of Directors may assess annual dues for membership in the NBWRA, not to exceed \$5,000.
- (b) The Board of Directors shall assess each Member Agency for costs associated with paying the Administrative Agency, staff or consultants and the funding of approved projects, under agreements approved by the Technical Advisory Committee pursuant to Section 8, or the Administrative Agency as provided in Section 12, or as authorized by the budget adopted by the Board of Directors as set forth in Section 7. Further, legal liabilities may arise out of actions of the Member Agencies (including the Administrative Agency) taken pursuant to this MOU. The activities of the NBWRA are part of a regional program that provides benefit to all agencies. Therefore, as described more particularly below, all Member Agencies shall pay a portion of ongoing costs equally and the remaining costs shall be based on approved project costs for Phase 1 of Alternative 1, as described in the Certified EIR/EIS or as amended pursuant to Sections 14(e) and 16. The costs and liabilities will be allocated among each of the Member Agencies as follows:
  - (i) one quarter (25%) of costs and liabilities shall be allocated equally among each of the Member Agencies; and
  - (ii) three quarters (75%) of costs and liabilities shall be allocated among Member Agencies in proportion to the benefit to each Member Agency of participating in the NBWRA, in the form of federal funding that is described in applications for federal funding that have been submitted to the USBR as of April 15, 2010 or as modified pursuant to Sections 14 (e) and 16 herein. The Sonoma County Water Agency shall pay its pro-

- rata share of the quarter of costs allocated under subsection (i) above, but shall not pay any costs allocated under subsection (ii), as it does not have any individual projects to be funded.
- (c) The parties hereto agree that the criteria set forth in subsection (b)(ii) produce the allocations listed in **Exhibit B**, attached hereto, and incorporated by reference. The parties agree that **Exhibit B** may be modified pursuant to Sections 14 (e) and 16.
- (d) Member Agencies shall be afforded the opportunity to receive reimbursement for previously allocated costs and liabilities that were not based on benefits received during the period from the date this Second Amended MOU becomes effective back to Fiscal Year 2005-2006 (the “Reimbursement Period”). Reimbursements shall be equal to (i) the actual costs paid by a Member Agency during the Reimbursement Period minus (ii) the amount of costs that would have been allocated to that Member Agency during the Reimbursement Period if the percentages defined in **Exhibit B** had been in effect. The final determination of costs and reimbursements subject to this subsection (d) shall be approved by a majority of the Board of Directors. Notwithstanding the foregoing, a Member Agency's ability to pay and the timing of benefits received may be taken into consideration when determining the respective allocation of costs pursuant to this subsection (d). It is understood that said reimbursement shall occur as soon as practicable following issuance of the Record of Decision by USBR and receipt of federal funds pursuant to agreements with USBR.
- (e) Two or more Member Agencies can agree to reallocate project costs for Phase 1 among themselves, as long as the combined total for those agencies before and after reallocation

are the same as the combined total for those agencies in the project schedule, subject to the approval of the Board of Directors. Such approval shall not be unreasonably withheld.

- (f) In the case of non-contractual liabilities arising out of the activities of the parties under this MOU, the Member Agencies specifically repudiate the division of liability outlined in Government Code sections 895.2 *et seq.* and instead agree to share liability based on the relative fault of the parties.

Notwithstanding the foregoing paragraph, each Member Agency agrees that it is solely responsible for, and agrees to indemnify and defend the other Member Agencies from and against, any claims, liabilities, or losses relating to or arising out of the design, construction, inspection, operation, or maintenance of its separate project. Each Member Agency agrees that nothing in this MOU shall create, impose, or give rise to any liability, obligation, or duty of the Member Agency to the other Member Agencies or to any third party with respect to the manner in which the Member Agency designs, constructs, inspects, operates, or maintains its separate project.

- (g) A Separate agreement between the Administrative Agency and the Member Agencies will be developed based on the requirements of the American Recovery and Reinvestment Act and Title XVI.

- (h) Some Member Agencies may choose to pursue Phase 2 or other non-Phase 1 projects. Should this occur, the budget will be split into Phase 1 and Phase 2/other non-Phase 1 tasks and their appropriate costs. Costs for Phase 1 tasks shall be allocated and assessed as described in Sections 14 (b) and (c), herein. Costs for Phase 2/other non-Phase 1 tasks

shall be allocated and assessed by a method agreed upon by those Member Agencies choosing to participate in Phase 2/other non-Phase 1 tasks.

- (i) If a Member Agency that chooses to opt out of Phase 2/other non-Phase 1 tasks later decides to participate, it will be subject to a buy-in fee approved by the Board of Directors. Said fee may include applicable costs plus interest from the inception of Phase 2/other non-Phase 1 tasks until such time that they decide to participate. Costs shall be based on the approved annual budget. Interest shall be based on the annual change in the Consumer Price Index - All Urban Consumers for San Francisco-Oakland-San Jose as determined by the Bureau of Labor Statistics, United States Department of Labor.

#### **15. Distribution of Funds Received.**

- (a) Distribution of funds received from USBR shall be based on the Phase 1 project schedule as described in applications for federal funding submitted to USBR as of April 15, 2010 or as modified pursuant to Sections 14 (e) and 16, herein. Those percentages are based on the \$25,000,000 federal funding authorization for projects totaling \$100,000,000 and are detailed in **Exhibit C**, attached hereto, and incorporated by reference. The parties agree that **Exhibit C** may be modified pursuant to Sections 14 (e) and 17. Once a Member Agency has received federal funds for a project, that Member Agency is required to remain a participant in the NBWRA and a signatory to this MOU throughout the term of this MOU as described in Section 22. Should State funding become available to the NBWRA, its distribution shall also be as described in this Section. It is acknowledged that the Member Agencies may receive state funding from programs on an individual basis,

and (i) this Section shall not apply to such individual State funding and (ii) the allocations set forth in this Section shall not be affected by the receipt of any State funding.

(b) Should NBWRA be designated to receive federal funds for Phase 2/other non-Phase 1 tasks, this MOU will be modified accordingly.

**16. Initiation of Membership.** If an eligible agency as defined in Section 5 requests to join the NBWRA as a new Member Agency, the Board of Directors shall establish a membership initiation fee to such agency as a condition of joining the NBWRA. Cost allocations as described in **Exhibits B** and **C** may be revised upon the addition of additional Member Agencies, subject to the approval of a majority of the existing Member Agencies at that time. By virtue of becoming a signatory agency to this MOU pursuant to this Section 16, a new Member Agency is subject to all provisions of this MOU, including Section 17 below.

**17. Termination of Membership.** Member Agencies that have received federal monies may not terminate their membership in the NBWRA before the expiration of three (3) years from the effective date of this MOU.

- (a) Causes. Notwithstanding the above, a Member Agency's membership in the NBWRA and participation in this MOU shall terminate on the occurrence of any of the following:
- (i) The nonpayment of dues or assessments, subject to the limitations set forth in subsection (c) below; or
  - (ii) The occurrence of an event which renders an entity no longer eligible for membership under Section 5 of this MOU, as determined by the Board of Directors.

(iii) If a Member Agency decides to implement no Phase 1 projects and has received no federal funds, that agency may voluntarily terminate its membership in the NBWRA as set forth in subsection (b), below.

(b) Resignation by Giving Notice. The membership of any Member Agency of the NBWRA shall terminate after the delivery of such Member Agency's written notice of resignation to the Chair of the Board of Directors. Such notice shall be given at least thirty (30) days before the effective date of such resignation. Refunds of any dues or assessments upon such resignation shall be based on a signed, negotiated agreement between the resigning Member Agency and the Member Agencies that remain signatory to this MOU.

(c) Nonpayment of Dues or Allocated Costs. The membership of any Member Agency of the NBWRA may be terminated if the Member Agency fails to pay its dues or allocated costs within one hundred and twenty (120) days after such dues or costs are due. Termination shall be effective upon the majority vote of all members of the Board of Directors. Member Agencies shall be given thirty (30) days prior written notice of a threatened termination and the reasons thereof. The notice may be delivered in person or by first-class certified mail, fax or e-mail to the Member Agency's representative on the Board of Directors.

(d) Effect of Termination. All rights of a Member Agency under this MOU shall cease on the termination of such Member Agency's membership. Termination shall not relieve the Member Agency from any obligation for charges, costs or liabilities incurred or arising from acts or omissions before the date of termination. The terminating Member Agency's responsibility for such charges, costs or liabilities shall be determined in a manner consistent with the allocations set forth in Section 14. Likewise, termination shall not preclude the

Member Agency from any benefits that fully accrue before the date of termination. However, a resigned or terminated agency has no right to receive a portion of surplus funds at the termination of the NBWRA.

- 18. Procedures.** The Board of Directors may adopt bylaws, rules of conduct for meetings and operating procedures for the NBWRA. To facilitate such efforts, the NBWRA may adopt the administrative procedures and policies of a Member Agency.
- 19. Meetings.** The Board of Directors and the Technical Advisory Committee shall provide for meetings, as necessary.
- 20. Reports to Member Agencies.** Each year the NBWRA shall submit a written report to the governing body of each of the Member Agencies. This report shall describe the financial activities of the NBWRA during the preceding year.
- 21. Offices.** For the purposes of forming the NBWRA and for initial operation, the principal office of the NBWRA shall be located at the Administrative Agency. The Board of Directors may change said principal office from one location to another after providing thirty (30) days notice of such a change. The Chair shall notify each Member Agency in writing of the change.
- 22. Term.** This MOU shall terminate three years from the effective date of this MOU, unless extended by some or all of the parties. This MOU shall also be terminated if the Administrative Agency has resigned pursuant to Section 12 and no other Member Agency has been designated to act as the Administrative Agency prior to the effective date of the resignation.
- 23. Disposition of Property and Surplus Funds.** At the termination of this MOU, any and all property, funds, assets, and interests therein held by the Administrative Agency on behalf of

the NBWRA shall become the property of and be distributed to the then-Member Agencies. Money collected from Member Agencies and held in reserve by the Administrative Agency for payment of the costs of programs shall be allocated among Member Agencies in proportion to each Member Agency's contributions to such reserves. All other property, funds, assets, and interests shall be distributed by the Administrative Agency to Member Agencies in proportion to each Member Agency's contributions to the NBWRA for dues and allocated costs. However, liabilities of the NBWRA in excess of those assets held by the Administrative Agency on behalf of the NBWRA at the time of termination shall be assessed against the Member Agencies and said Member Agencies shall be responsible for such liabilities. The allocation of responsibility for the payment of such liabilities shall be determined in a manner consistent with the provisions of Section 14.

- 24. Minutes.** A secretary or clerk shall be appointed by the Board of Directors. The secretary or clerk shall cause to be kept minutes of all meetings of the Board of Directors and the Technical Advisory Committee, and shall cause a copy of the minutes to be forwarded to each Member Agency.
- 25. Effective Date.** This MOU shall become effective and the NBWRA shall be established when at least five (5) agencies have authorized its execution.
- 26. Counterparts.** This MOU may be executed in counterpart and each of these executed counterparts shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as set forth below.

**Sonoma County Water Agency**

**Napa Sanitation District**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Sonoma Valley County Sanitation District**

**Novato Sanitary District**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as set forth below.

**Las Gallinas Valley Sanitary District**

**North Marin Water District**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**County of Napa**

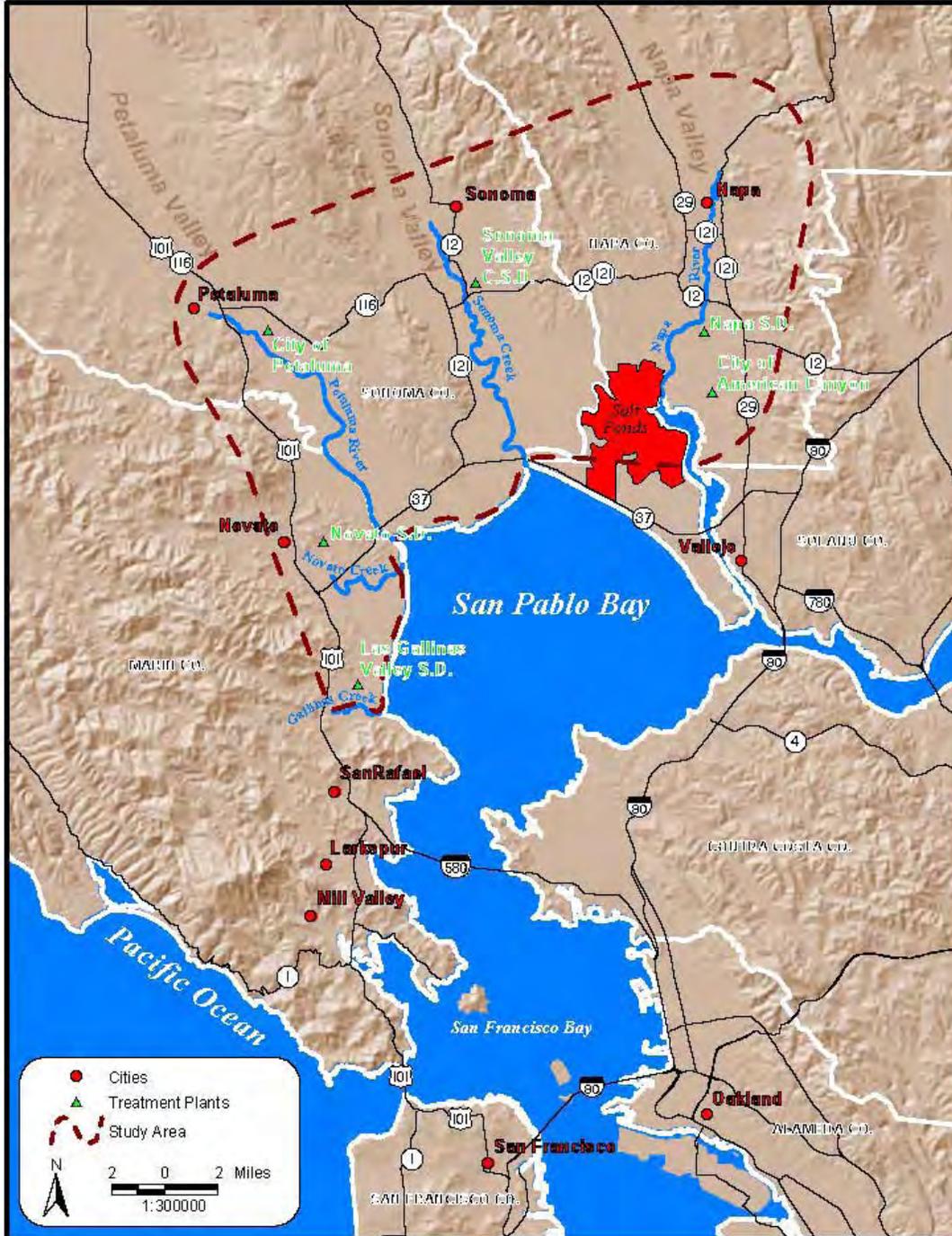
By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### Exhibit A



**Exhibit A**  
**Study Area**

North Bay Water Reuse Authority - MOU

**Exhibit B**

**Percentages for Ongoing NBWRA Costs**

<b>Agency</b>	<b>25% Split Equally</b>	<b>Federal Authorization, Phase 1</b>	<b>Percentage of Remaining 75%</b>	<b>Total of Percentages</b>
<b>Las Gallinas Valley Sanitary District</b>	3.57%	\$1,222,473	3.67%	7.24%
<b>Novato Sanitary District</b>	3.57%	\$1,679,893	5.04%	8.61%
<b>North Marin Water District</b>	3.57%	4,689,504	14.07	17.64
<b>Sonoma Valley County Sanitation District</b>	3.57%	\$7,967,134	23.90%	27.47%
<b>Sonoma County Water Agency</b>	3.57%	-	0.00%	3.57%
<b>Napa Sanitation District</b>	3/57%	\$9,440,996	28.32%	31.89%
<b>Napa County</b>	3.57%	-		3.57%
<b>TOTALS</b>	25.00%	\$25,000,000	75.00%	100.00%

Note: percentages may be revised pursuant to the provisions of this MOU based on adding additional signatory members, revisions to the projects in Phase 1, or continuation beyond Phase 1, subject to the approval of the parties.

**Exhibit C****Percentages for Distribution of Federal Funds Received**

<b>Agency</b>	<b>Federal Authorization, Phase 1</b>	<b>Percentage</b>
<b>Las Gallinas Valley Sanitary District</b>	\$1,222,473	4.89%
<b>Novato Sanitary District</b>	\$1,689,893	6.72%
<b>North Marin Water District</b>	\$4,689,504	18.76%
<b>Sonoma Valley County Sanitation District</b>	\$7,967,134	31.87%
<b>Sonoma County Water Agency</b>	-	-
<b>Napa Sanitation District</b>	\$9,440,996	37.76%
<b>Napa County</b>	-	-
<b>TOTALS</b>	<b>\$25,000,000</b>	<b>100.00%</b>

Note: percentages may be revised pursuant to the provisions of this MOU based on adding additional signatory members, revisions to the projects in Phase 1, or continuation beyond Phase 1, subject to the approval of the parties.

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Collection System Improvements; Project 72706</b>	<b>MEETING DATE: September 13, 2010</b>  <b>AGENDA ITEM NO.: 10.a.</b>
<b>RECOMMENDED ACTION:</b> Approve a contract in the amount of \$240,000 with the Covello Group for construction management services on a time and materials basis, and authorize the Manager-Engineer to execute the contract.	
<b>SUMMARY AND DISCUSSION:</b>  <p>At two recent meetings, the Board awarded construction contracts for the Center/Western Rica Vista Sewer and Olive/Chase/Peach Sewer phases of this project. There is one more phase of this project (Galli Drive Sewer) that staff anticipates bringing to a Board meeting in the near future. The total combined estimated construction value of these phases is about \$2.7 million.</p> <p>The Covello Group is currently providing construction management services for the treatment plant upgrade project and the prior year's phases of the collection system improvements. They have demonstrated their ability to keep jobs on time and budget and to resolve construction issues effectively and efficiently while minimizing the District's cost and risk exposure.</p> <p>Accordingly, staff requested a proposal from The Covello Group (TCG) to provide construction management services on all the current FY10-11 phases of this project, and negotiated a not-to-exceed fee on a time-and-materials basis of \$240,000. This fee includes full-time construction inspection in the field, field-office construction management, sub-consultant costs for required or mandated coatings testing, materials testing, and shoring reviews for the project, and is about 8.9% of the estimated construction costs for the projects. This number is at the lower end of the current range of 8%-12% for construction management services obtained from the Bay Area Clean Water agencies (BACWA) engineering group for agencies in our industry, and staff recommends that the Board approve the contract with the Covello Group and authorize the Manager-Engineer to execute a contract.</p>	
<b>ALTERNATIVES:</b> Do not approve the contract.	
<b>BUDGET INFORMATION:</b> This work will be funded from the budget for the Collection System Improvements Project, Project 72706, which has a FY2010-11 preliminary budget of \$3,000,000.	
<b>DEPT.MGR.:</b>	<b>MANAGER:</b>

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Collection System Improvements; Project 72706</b>	<b>MEETING DATE: September 13, 2010</b>  <b>AGENDA ITEM NO.: 10.b.</b>
<b>RECOMMENDED ACTION:</b> Approve two change orders in the amounts of \$28,886.65 and \$28,140.60 with Team Ghillotti on the Bel Marin Keys (BMK) Force Mains Replacement phase of this project.	
<b>SUMMARY AND DISCUSSION:</b>  <p>At its February 22, 2010 meeting, the Board awarded a construction contract for the Bel Marin Keys (BMK) Force Mains replacement phase of this project to Team Ghillotti of Petaluma in the amount of \$598,000. All of the work on this phase is being constructed by a relatively new construction methodology known as Horizontal Directional Drilling (HDD).</p> <p>Staff and the District's consultants previously selected this method for the BMK project based on its successful use on the Ignacio Conveyance Force Main (ICFM) project which brought flow up from the District's new Ignacio Transfer Pump Station (ITPS) to the Novato Treatment Plant. When the HDD selection was made, it was recognized that the conditions for its successful use on this project were less than ideal since the new BMK force mains were being installed in bay mud and at relatively shallow depths, while HDD is more commonly used in the Bay Area for deep pipe installations at depths with better soil characteristics and where open cut installation is prohibitively expensive. However, it was estimated that even with the uncertainties of this method for this installation, (primarily from "frac-outs" of the drilling mud via breakthroughs up into the street, from the shallowness of the installation), and the resulting potential for "on-the run" change orders, the overall benefits of this method would still result in a quality project at a cost of about half that of a comparable conventional open cut installation. Other advantages over open cut installation included benefits from: (a) significantly less traffic disruption in the Bel Marin Keys area, and (b) less cost and schedule uncertainties in meeting County standards for post construction road rehabilitation.</p> <p>As the work was initiated, the initial "frac-out" concerns were validated, and there was a consequent change in construction "means-and-methods". This change has resulted in change orders that will ultimately total between 15-20% of the initial construction bid amount, including the change orders under discussion. As mentioned earlier, this was anticipated, and will still result in a quality project at a significant cost savings over a conventional open cut installation. A final accounting of cost impacts and a completed project summary will be presented at a future Board meeting.</p>	
<b>ALTERNATIVES: NA.</b>	
<b>BUDGET INFORMATION:</b> This work is funded from the Collection System Improvements Project, Project 72706, which has a FY2010-11 preliminary budget of \$3,000,000.	
<b>DEPT.MGR.:</b>	<b>MANAGER:</b>