

# NOVATO SANITARY DISTRICT

Meeting Date: May 21, 2018

**The Board of Directors of Novato Sanitary District will hold a special meeting at 4:00 p.m., Monday, May 21, 2018, at 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). Note: All times and order of consideration for agenda items are for reference only. The Board of Directors may consider item(s) in a different order than set forth herein.*

## **SPECIAL MEETING 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. CEREMONIAL MATTERS – AWARDS AND RECOGNITIONS:**
  - a. Announcement of award of Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).
  - b. Announcement of California Water Environment Association (CWEA) Collection System of the Year (Small), Second Place Award.
  - c. Announcement of National Association of Clean Water Agencies (NACWA) Novato Wastewater Treatment Plant Platinum6 Peak Performance Award.
  - d. Announcement of award of Certificate of Excellence to District laboratory from national accreditation entity, ERA-QC, for achieving 100% acceptable data in proficiency testing from among 1,004 participating laboratories nationwide.

- 5. TREATMENT PLANT OPERATIONS:**

- a. Receive overview of treatment plant contract operations under the ongoing contract with Veolia Water NA, and their Annual 2017 Operations and Maintenance report.

- 6. REVIEW OF MINUTES:**

- a. Consider approval of minutes of the April 9, 2018 regular meeting.

- 7. CONSENT CALENDAR:**

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

- a. Approve regular disbursements, April 9 – May 21, 2018.
- b. Ratify April and May 2018 payroll and payroll related disbursements.

- c. Receive deposit summary, April 2018.
- d. Receive 3<sup>rd</sup> Quarter Investment Report, Fiscal Year (FY) 2017-18.
- e. Receive FY17-18 3<sup>rd</sup> Quarter Financial Report.
- f. Ratify District Statement of Investment Policy, Policy 3120 - Investment of Public Funds.
- g. Approve contract in not-to-exceed amount of \$56,300 with Duke's Root Control, Inc., and authorize General Manager-Chief Engineer to execute it.

**8. ADMINISTRATION:**

- a. Adopt Resolution No. 3121, amending Resolution No. 2932 to designate the position of General Manager-Chief Engineer rather than a named person in that role to be the District's designated signatory or representative.

**9. NORTH BAY WATER ENTITY:**

- a. Receive update - proposed consolidation of North Bay Water Reuse Authority (NBWRA) into a new entity named North Bay Water.

**10. ANNUAL BUDGET:**

- a. Receive Preliminary Budget for Fiscal Years FY18-19 and FY19-20.
- b. Receive schedule of Committee meetings to review Annual Solid Waste, Operating, and Capital Improvements Program (CIP) Budgets.
- c. Workshop overview of FY18-19 Preliminary Annual Operating and CIP budgets and budget elements.

**11. WASTEWATER OPERATIONS:**

- a. Receive Wastewater Operations Report, April 2018:
  - i. Collection Systems
  - ii. Treatment Facilities
  - iii. Reclamation Facilities

**12. BOARD MEMBER REPORTS AND REQUESTS:**

- a. North Bay Water Reuse Authority (NBWRA) Board meeting, May 21, 2018.

**13. INFORMATIONAL ITEMS:**

<i>These items are for information only - no action will be taken on these items as a result of any comments made.</i>
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- a. Receive copy of 2017-18 Marin County Civil Grand Jury report and related media articles – Information only.
  - i. 2017-18 Marin County Civil Grand Jury Report: "Consolidation of Sanitation Districts". Report Date: April 13, 2018, Public Release Date: April 20, 2018.
  - ii. Marin Independent Journal article dated April 24, 2018, titled "Dick Spotswood – Chances of Marin sewage district consolidation are slim".
  - iii. Editorial in the Marin Independent Journal dated April 26, 2018 and titled: "Sewage agency consolidations require leadership".
  - iv. Novato Advance article dated May 2, 2018, titled "Grand Jury calls for consolidation – MARIN HAS TOO MANY SPECIAL DISTRICTS".

**14. GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:**

**15. ADJOURNMENT:**

Next Resolution No. 3122.

**Next regular meeting date: Monday, June 11, 2018, 5:30 PM, at the Novato Sanitary District office, 500 Davidson Street, Novato, CA.**

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



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Novato Sanitary District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



The Government Finance Officers Association  
of the United States and Canada

*presents this*

**AWARD OF FINANCIAL REPORTING ACHIEVEMENT**

*to*

**Laura Creamer**  
Finance Officer  
Novato Sanitary District, California



*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

*Christopher P. Morrill*

Date April 16, 2018

# CERTIFICATE OF EXCELLENCE

In recognition of the quality of your laboratory in proficiency testing for

WP-278

Novato Sanitary District Laboratory

is issued this certificate of achievement by ERA. This laboratory has been recognized as a Laboratory of Excellence for achieving 100% acceptable data in this study which included 1004 participating laboratories. This achievement is a demonstration of the superior quality of the laboratory in evaluation of the standards listed below.

Demand

Minerals

Simple Nutrients

Turbidity

WasteWatR™ Coliform

MicrobE™ - SM 9221

Hardness

pH

Total Residual Chlorine

WasteWatR™ Coliform

MicrobE™



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Matthew Seebeck  
Quality Officer

N583601

IN RECOGNITION OF

# Novato Sanitary District

FOR OUTSTANDING PROFESSIONAL ACCOMPLISHMENTS

Collection Systems Small  
Second Place

Presented at the Annual Conference  
of the California Water Environment Association  
Sacramento, California  
April 17-20, 2018



A handwritten signature in black ink, which appears to read "Debi Lewis".

Debi Lewis, CWEA President

## NOVATO SANITARY DISTRICT

### Board Meeting Minutes

Meeting Date: April 09, 2018

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Monday, April 9, 2018, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Jerry Peters, Directors Carole Dillon-Knutson, William Long, Jean Mariani, and Brant Miller.

STAFF PRESENT: General Manager-Secretary Sandeep Karkal, and Administrative Secretary Julie Hoover.

ALSO PRESENT: Dale Thrasher, Administrative Services/Safety Officer  
John O'Hare, Pretreatment Programs Manager, Veolia  
John Bailey, Project Manager, Veolia  
Dee Johnson, Solid and Household Hazardous Waste Program Coordinator  
Fred Stemmler, General Manager, Recology Sonoma/Marin  
Celia Furber, Waste Zero Manager  
Garen Kazanjian, Waste Zero Specialist  
Joe Moreno, Collections System Worker, NSD  
Bill Christoffersen, Construction Inspector II, NSD  
Jeff Boheim, Field Services Manager, NSD  
Erik Brown, Deputy General Manager, NSD  
Jeff Andress, Collections System Superintendent, NSD  
Delyn Keis, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

CEREMONIAL MATTER – NEW EMPLOYEES:

- Welcome Jeffrey Boheim (Field Services Manager) and William Christofferson (Construction Inspector II) to the District. The General Manager introduced new employees Jeff Boheim and Bill Christoffersen, and stated that they both come to the District with valuable experience in their fields. They were warmly welcomed by the Board.

REVIEW OF MINUTES:

Consider approval of minutes of the March 26, 2018 regular meeting.

*On motion of Director Miller, seconded by Director Dillon-Knutson, and carried unanimously, the March 26, 2018 Board meeting minutes were approved.*

CONSENT CALENDAR:

President Peters called for a motion on the following Consent Calendar items:

- a. Approve Board member disbursements in the amount of \$1,632.50, capital project disbursements in the amount of \$16,069.66, and regular disbursements in the amount of \$299,089.61.
- b. Approve additional payroll and payroll related disbursements for the month of March, 2018, in the amount of \$2,623.36.
- c. Receive deposit summary, March 2018.
- d. Receive Accounts Receivable report as of March 31, 2018.
- e. Cancel Board meetings of April 23, May 14, and May 28, 2018, and set a special meeting for May 21, 2018 at 4:00 p.m.
- f. Approve the General Manager-Chief Engineer to attend the National Association of Clean Water Agencies (NACWA) Utility Leadership Conference and Awards Ceremony in Boston, July 23-26, 2018.

*On motion of Director Mariani, seconded by Director Miller, and carried unanimously, the above listed Consent Calendar items were approved.*

SOLID WASTE OPERATIONS:

- Receive Novato Disposal Service/Recology – 4<sup>th</sup> Quarter 2017 report. The General Manager stated that the following individuals from Recology Sonoma/Marin (Recology) were present to discuss the Solid Waste Operations report: Fred Stemmler, General Manager; Garen Kazanjian, Zero Waste Manager; and Celia Furber, Zero Waste Specialist. He stated that Dee Johnson, Solid and Household Hazardous Waste Program Coordinator, would initiate the presentation.

Ms. Johnson began her report, pointing out that for the majority of the 4<sup>th</sup> quarter of 2017, Novato Disposal Services provided solid waste services, but for the last seven days of the period, Recology provided those services. She continued, stating that recycling materials collected and processed increased by almost 400 tons over the same quarter one year ago, while the construction and demolition materials collected decreased by almost 200 tons. A discussion of the 4<sup>th</sup> Quarter report followed, with questions from the Board being addressed by Ms. Johnson and Recology staff.

- Receive verbal report on Marin County JPA and Local Task Force. Ms. Johnson noted that at the Marin County Hazardous & Solid Waste Management Joint Powers Authority (JPA) AB 939 Local Task Force meeting on April 4<sup>th</sup>, she was elected Chairman. She stated that the Marin County JPA Executive Committee will be meeting in late April, and that the full JPA Board will be meeting in May.

- Receive Disposal/Diversion reports for 2017. Ms. Johnson stated that the disposal/diversion report for 2017 was also a combination of Novato Disposal Services and Recology. She pointed out that the Redwood Landfill self-haul construction & debris waste disposal numbers had more than doubled from the second to third quarter, and she is in dialogue with the County of Marin to identify the reason.

- Receive Recology letter dated March 30, 2018 titled "Recycling Market Instability" relating to China's "National Sword" policy. Fred Stemmler, General Manager, Recology, addressed the Board. He stated that he had written the letter, "Recycling Market Instability", (included in agenda packet), to all Recology jurisdictions to provide them with an update of the state of recycling on the international market. He stated that due to an abrupt regulatory change in China, large quantities of materials are being rejected at Chinese ports due to strict new contamination standards on imports of mixed paper, plastics, and other common recyclable materials. Mr. Stemmler stated that the current circumstances are a challenge, but that it is also an opportunity to inform and educate the public to minimize the amount of contamination in recycled materials. He stated that Recology remains fully committed to the environmental and social benefits of recycling, and is working to develop new markets in other international ports and areas for recycled materials.

Mr. Stemmler also reported that a very large amount of hypodermic needles (sharps) are showing up in the recycling stream, and Recology is taking measures to protect their employees from injuries related to sharps. In addition, he stated that Recology will expand their sharps disposal program to educate the public on this important matter. Ms. Johnson noted that in Novato, there are numerous locations where sharps containers are provided and collected (at no cost to the resident) to facilitate safe sharp disposal: Pharmaca Pharmacy, Safeway Pharmacy, Kaiser Hospital, and the Household Hazardous Waste facility.

- Receive Recology Sonoma Marin document titled "Recology Sonoma Marin Assignment Agreement Follow-up, March 2018". Report was provided in the Board packet; no further discussion at the meeting.

- Household Hazardous Waste (HHW) programs:

- i. Receive 2017 HHW annual report;
- ii. Receive flyer for E-Waste event scheduled for April 21-23, 2018

Ms. Johnson stated she was happy to report that in 2017, both the number of participants and the amount of waste collected increased over the previous year. She noted that a total of 4,275 residents participated in the household hazardous waste facility (HHW), for a 12% increase from 2016, and the highest participation ever recorded at the HHW facility. She stated that a total of 473,912 pounds of HHW was collected at the facility, noting that 74% of the waste was recycled, 9% used as a supplemental fuel, 8% sent for destructive incineration, 3% for treatment or neutralization, and 6% sent to the hazardous waste landfill. She stated that Novato held two (2) special E-Waste events in 2017 (a total of six days), and that 1,755 residents took part, dropping off a total of 85,262 pounds of E-Waste, which averages to about 48 pounds per participant.

At 6:26 p.m., President Peters called for a short recess.

The following individuals left the meeting: Dee Johnson, Fred Stemmler, Celia Furber, Garen Kazanjian, and Delyn Keis.

At 6:35 p.m., President Peters reconvened the meeting.

WASTEWATER OPERATION:

- Receive Wastewater Operations Reports, March 2018: Collection System; Treatment Facilities; Reclamation Facilities:

Collections System Report:

The Deputy General Manager provided the Collections System Report for March 2018. He stated that the Collections Department cleaned 107,317 lineal feet of sewer pipelines and completed 537 maintenance work orders, leaving zero work orders outstanding. He stated that 3,805 feet of sewer main were televised and noted that of that footage, 986 feet were televised in lieu of flushing in areas where access is challenging with the flusher. Staff conducted 201 lift station inspections and completed maintenance inspections on four (4) air relief/vacuum valves.

The Deputy General Manager then outlined the training in March, stating that the Collections Department staff attended four (4) specialized training events, and participated in four (4) safety tailgate meetings. He reported that there were no lost time accidents, and no sanitary sewer overflows (SSOs) during the month of March 2018.

Treatment Facilities Report:

Veolia Project Manager John Bailey then provided the March Treatment Facilities Monthly Operations Report. The Project Manager reviewed the treatment plant performance, and noted that there were no discharge violations or excursions. He stated that the Recycled Water Facility (RWF) produced 0.613 million gallons of recycled water. He reviewed the monthly routine inspections and maintenance for the Novato facility, the Ignacio transfer pump station, and the recycled water facility. He reported that at the Novato facility, the media in the primary clarifier #1 biofilter (odor bed) was entirely replaced, and that the biofilter unit is ready to be put back in service when operations staff puts primary clarifier #1 back in service. He outlined the period's laboratory activities, safety training, and outreach events. He concluded, noting that there were no odor contacts and no lost time accidents in March.

Reclamation Facilities Report:

The Deputy General Manager then summarized the Reclamation Facilities report for March. He stated that the rancher continued weed abatement work on Sites 3 and 7, and that the District's effluent ponds are currently storing 55 million gallons (MG) water. In addition, District staff performed a cleanup of miscellaneous debris that had accumulated over the past year near the operational area. He stated that District staff met with Marin County Flood Control District (MCFCD) staff and their consultants at Site 3 to evaluate alternatives for replacing their (MCFCD) Simmons Slough Pump.

ANNUAL BUDGET:

- Receive revised Schedule for Approval of Preliminary and Final Budget, Appropriations Limit, and Sewer Service Charges. The General Manager stated that this was an informational item to notify the Board of the proposed schedule. He stated that he worked with Finance Officer Laura Creamer in preparing the revised schedule, and that it is designed to meet both the Marin County and the District's deadlines.

- Set the date of June 11, 2018 for public hearing on individual sewer service charges, and adoption of a resolution confirming report on sewer service charges and collection on county tax rolls. The General Manager stated that this item to request that the Board set the date of June 11, 2018 for the public hearing on individual sewer service charges, adopt a resolution confirming report on sewer service charges, and authorize the County of Marin to collect sewer service charges on the tax rolls.

*On motion of Director Mariani, seconded by Director Dillon-Knutson, and carried unanimously, the Board set the date of June 11, 2018 for public hearing on individual sewer service charges, and adoption of a resolution confirming report on sewer service charges and collection on Marin county tax rolls.*

#### BOARD OF DIRECTORS:

- Adopt Resolution No. 3120: Requesting the Board of Supervisors to consolidate with any other election conducted on said date, and requesting election services by the Main County Elections Department. The General Manager stated that this item is to accommodate District elections for the 3 (three) regular term (4 years) seats for incumbents Dillon-Knutson, Long, and Miller. He stated that in order to be included in the General Election to be held on November 6, 2018, the District Board must adopt this resolution and submit it to the Marin County Registrar of Voters by June 29, 2018. He noted that the filing period for incumbents is July 16 to August 10, 2018, and that if any incumbent does not file, the filing period is extended to August 17, 2018 for non-incumbents only. He recommended the Board adopt Resolution No. 3120.

*On motion of Director Miller, seconded by Director Dillon-Knutson, and carried unanimously, the Board adopted Resolution No. 3120: Proposing An Election Be Held In Its Jurisdiction; Requesting The Board Of Supervisors to Consolidate With Any Other Election Conducted On Said Date, And Requesting Election Services By The Marin County Elections Department.*

- Presidential appointment of Ad-Hoc Labor Negotiations Committee. The General Manager stated that the last time the District negotiated a Memorandum of Understanding (MOU) with the represented employees group, Teamsters Bargaining Unit (TBU), was in June 2014, with an expiration date of June 30, 2018. He stated that the District would be negotiating a successor MOU at this time, and noted that the District's labor negotiations team has historically been Mr. Austris Rungis of IEDA, the Deputy General Manager, and the General Manager-Chief Engineer. The General Manager continued, stating that the Board President typically appoints a two member Ad Hoc Labor Negotiations Board committee to provide policy input and guidance to the negotiating team during MOU negotiations, and recommended that President Peters appoint Board members Long and Mariani to the committee. President Peters agreed with the recommendation and appointed Directors Long and Mariani to the Ad-Hoc Labor Negotiations Committee. Director Long and Director Mariani accepted the nomination.

#### BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Watershed Association (NBWA) Annual Conference, April 6, 2018. The General Manager stated that he, along with Directors Long, Mariani, Miller, and Peters,

attended the NBWA Annual Conference on April 6<sup>th</sup> at the Petaluma Sheraton Hotel. Director Miller commented on the presentation, “Responding to a Rising Bay” by the CA Coastal Conservancy, and stated that the presentations he attended were very interesting. Director Long commented on the Coastal Conservancy’s levee project in the Bel Marin Keys area. Directors Long and Miller also commented on presentations regarding atmospheric rivers and a micro-climate predictor technology. Director Mariani commented on a presentation, “Preparing for the New Normal: Floods”, by Dr. Fraser Shilling from the University of Davis.

Director Mariani commented on the Novato Sustainability and Climate Action Community Forum that she attended on April 7, 2018 at the Novato City Hall, and noted that some items relating to the Novato Sanitary District were incorrectly referenced. She shared some participants’ comments, and suggested that these participants may need a follow-up phone call from Recology and Dee Johnson to resolve their questions that were brought up at the Forum.

GENERAL MANAGER’S REPORT AND ANNOUNCEMENTS:

- Reports:

- The North Bay Watershed Association (NBWA) Annual Conference was held at the Petaluma Sheraton Hotel on April 6, 2018. The General Manager-Chief Engineer stated that the presentations were all well done and interesting. He stated that there was value in networking with individuals from various agencies, both wastewater and governmental.
- President Peters made a Novato Sanitary District Update presentation to the Novato City Council at their Board meeting on March 27<sup>th</sup>. The General Manager-Chief Engineer and Director Mariani were in attendance. The presentation was well received.

- Announcements:

- The May 14<sup>th</sup> and May 29<sup>th</sup> Board meetings will be cancelled. A Special Board meeting will be held Monday, May 21<sup>st</sup> at 4:00 p.m. and preliminary budgets for FY 18/19 and FY 19/20 will be presented.

ADJOURNMENT: There being no further business to come before the Board, President Peters adjourned the meeting at 7:26 p.m.

Respectfully submitted,

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Sandeep Karkal  
Secretary

Julie Hoover, Recording

# Novato Sanitary District Board Fees Check Register

For April 2018

Item 7.a.  
(Pages 14 to 18)

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Date	Num	Name	Credit
<b>May 1 - 8, 18</b>			
05/07/2018	5476	Dillon-Knutson-, Carole	313.79
05/07/2018	5477	Long, William C	313.79
05/07/2018	5478	Mariani, Jean M	307.79
05/07/2018	5479	Miller, Brant	
05/07/2018	5480	Peters, Arthur Gerald	207.79
<b>May 1 - 8, 18</b>			<b>1,143.16</b>

# Novato Sanitary District Operating Check Register

April 23, 2018

Date	Num	Name	Credit
Apr 23, 18			
04/23/2018	61750	Pacific, Gas & Electric	67,366.74
04/23/2018	61736	J.W.C. Environmental Int'l	30,356.69
04/23/2018	61748	Novato, City	14,229.92
04/23/2018	61722	Citi Visa (Costco)	9,051.92
04/23/2018	61743	North Bay Petroleum	6,361.97
04/23/2018	61712	Aqua Science	5,650.00
04/23/2018	61749	Nute Engineering Inc.	5,560.00
04/23/2018	61732	Harmony Press	3,280.00
04/23/2018	61744	North Marin Water District	2,545.76
04/23/2018	61752	Rauch Communication Consultants. Inc.	2,267.80
04/23/2018	61721	Cintas Corporation	1,774.64
04/23/2018	61747	Novato Chamber of Commerce	1,750.00
04/23/2018	61757	Unicorn Group	1,739.70
04/23/2018	61708	3T Equipment Company Inc.	1,693.13
04/23/2018	61718	Caltest Analytical Lab Inc.	1,401.25
04/23/2018	61713	B.W.S. Distributors, Inc.	1,377.77
04/23/2018	61733	IEDA, INC	1,184.00
04/23/2018	61724	Eco Promotional Products, Inc	1,067.93
04/23/2018	61716	Buckles-Smith1	923.31
04/23/2018	61745	North Marin Water District Payroll	869.50
04/23/2018	61719	CASA	825.00
04/23/2018	61758	WECO	781.44
04/23/2018	61737	Johnson Controls, Inc.	750.00
04/23/2018	61709	Able Tire & Brake Inc.	665.66
04/23/2018	61739	Leonardi Automotive & Electric, Inc.	623.67
04/23/2018	61714	Bay Area Air Quality	620.00
04/23/2018	61730	Frontier California Inc EQ	577.89
04/23/2018	61759	William Ray Consulting LLC	460.00
04/23/2018	61717	Cagwin & Dorward Inc.	448.00
04/23/2018	61753	Ray Morgan, formerly Ricoh	360.30
04/23/2018	61755	Red Wing Shoe Store	360.08
04/23/2018	61741	Medical Center of Marin-Novato	300.00
04/23/2018	61740	Lorman Education Services	299.00
04/23/2018	61725	Evoqua Water Technologies - Lab	272.00
04/23/2018	61754	Recology Sonoma Marin	267.26
04/23/2018	61720	CDW Government, Inc.	261.75
04/23/2018	61731	Grainger	246.45
04/23/2018	61729	Fishman Supply Company	189.01
04/23/2018	61715	Boheim, Jeff-	180.00
04/23/2018	61723	CWEAmembers	180.00
04/23/2018	61742	NAPA Auto Parts	119.14
04/23/2018	61711	American Messaging	95.38
04/23/2018	61756	Staples Advantage	86.02
04/23/2018	61746	Novato Builders Supply	77.97
04/23/2018	61726	Fire King Fire Protection, Inc.	75.00
04/23/2018	61728	Fisher-Scientific	73.36
04/23/2018	61751	Petty Cash	65.79
04/23/2018	61734	Integrity Shred LLC	50.00
04/23/2018	61735	Irvine Consulting Services Inc.	47.13
04/23/2018	61727	First Alarm	41.11
04/23/2018	61710	American Flags Express Inc	30.00
04/23/2018	61738	void	0.00
Apr 23, 18			<b><u>169,880.44</u></b>

# Novato Sanitary District Operating Check Register

May 14, 2018

Date	Num	Name	Credit
<b>May 14, 18</b>			
05/14/2018	61805	Veolia Water North America, Inc.	182,113.47
05/14/2018	61790	Pacific, Gas & Electric	66,822.23
05/14/2018	61798	Stericycle	33,854.32
05/14/2018	61792	PARS-PSRP-Post Employment Benefits Trust	30,726.57
05/14/2018	61806	Veolia Water North America, Lab	28,326.35
05/14/2018	61787	Novato Fire Protection District-	15,935.34
05/14/2018	61781	Johnson, Dee	12,119.91
05/14/2018	61791	PARS-OPEB-Post Employment Benefits Trust	6,782.75
05/14/2018	61788	Nute Engineering Inc.	4,863.50
05/14/2018	61810	Bay Area Air Quality	4,000.00
05/14/2018	61760	Able Tire & Brake Inc.	2,873.70
05/14/2018	61796	Siemens Industry	2,862.23
05/14/2018	61774	Dearborn National	2,467.00
05/14/2018	61800	TPC Training Inc.	2,200.00
05/14/2018	61809	WECO	2,178.23
05/14/2018	61778	Herc Corporation	1,927.69
05/14/2018	61783	Lightning Services, Inc.	1,499.50
05/14/2018	61769	CDW Government, Inc.	1,302.00
05/14/2018	61786	North Marin Water District	1,167.76
05/14/2018	61780	Jan-Pro Cleaning Systems	1,005.00
05/14/2018	61794	Providence Publications, LLC	999.90
05/14/2018	61775	ERA	846.67
05/14/2018	61765	B.W.S. Distributors, Inc.	822.08
05/14/2018	61768	BoundTree Medical, LLC	668.36
05/14/2018	61776	Fire King Fire Protection, Inc.	661.21
05/14/2018	61770	Central Marin Sanitation District	592.07
05/14/2018	61779	IDEXX Distributing Corp.	568.88
05/14/2018	61807	Vision Service Plan	553.94
05/14/2018	61762	Alpha Analytical Lab, Inc.	507.00
05/14/2018	61803	UniFirst Corporation	497.70
05/14/2018	61761	Alliant Insurance Services, Inc	363.00
05/14/2018	61795	Red Wing Shoe Store	346.23
05/14/2018	61799	Teeters & Schacht Auto Glass & Upholstery	298.34
05/14/2018	61784	Moreno, Joe	278.37
05/14/2018	61797	Siragusa, Peter-	262.66
05/14/2018	61789	Orkin Pest Control, Inc.	250.34
05/14/2018	61771	Claremont EAP, Inc.	250.00
05/14/2018	61793	Pini Hardware	223.57
05/14/2018	61801	U.S. Bank Equipment Finance	218.63
05/14/2018	61777	Fishman Supply Company	189.77
05/14/2018	61785	MSA Redwood Empire Chapter	140.00
05/14/2018	61808	VWR International Inc.	137.88
05/14/2018	61772	CWEA-Redwood Empire Section	120.00
05/14/2018	61782	Leonardi Automotive & Electric, Inc.	112.50
05/14/2018	61763	American Messaging	108.95
05/14/2018	61766	Barnett Medical LLC	90.00
05/14/2018	61773	CWEAmembers	90.00
05/14/2018	61802	Unicorn Group	79.74
05/14/2018	61804	United Parcel Service	77.28
05/14/2018	61764	AT&T Mobility	64.00
05/14/2018	61767	void	0.00
			<b><u>415,446.62</u></b>

**May 14, 18**

# Novato Sanitary District Capital Projects Check Register

April 23, 2018

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Date	Num	Name	Credit
<b>Apr 23, 18</b>			
04/23/2018	3272	Covello Group, The	11,150.00
04/23/2018	3273	Nute Engineering Inc.	3,151.00
04/23/2018	3274	Woodard & Curran formerly RMC	974.40
<b>Apr 23, 18</b>			<b><u>15,275.40</u></b>

# Novato Sanitary District Capital Projects Check Register

May 14, 2018

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Date	Num	Name	Credit
<b>May 14, 18</b>			
05/14/2018	3279	Pacific Infrastructure Corporation	72,428.00
05/14/2018	3280	Woodard & Curran formerly RMC	53,926.32
05/14/2018	3276	Linscott Engineering Contractors ...	6,432.73
05/14/2018	3278	Pacific Infrastructure Corp - Escrow	3,812.00
05/14/2018	3275	GHD Inc.	1,716.00
05/14/2018	3277	Nute Engineering Inc.	269.00
<b>May 14, 18</b>			<b><u>138,584.05</u></b>

**Novato Sanitary District  
Payroll and Payroll Related Disbursements  
April - 2018**

Item 7.b.

Date	Description	Amount
04/30/2018	April Payroll	112,764.79
04/30/2018	United States Treasury	20,376.53
04/30/2018	EDD	7,212.95
04/20/2018	CalPERS Health	34,747.70
04/20/2018	April - Retirees Health Benefits	16,633.90
04/20/2018	Deltal Dental	3,125.51
04/20/2018	PARS-OPEB Contribution	6,782.75
04/20/2018	PARS-Pension Contribution	30,726.57
04/20/2018	CALPERS Retirement	11,057.55
04/20/2018	CALPERS Retirement	8,428.59
04/20/2018	CalPers Supplemental Income Plan	2,000.00
04/20/2018	Lincoln Financial Group 457	7,370.37
04/20/2018	Lincoln Financial Group 457 Roth	0.00
04/20/2018	Lincoln Financial Group-401a Plan	8,186.06
04/20/2018	Local Union 315	600.00
04/20/2018	California State Disbursement Unit	571.00
04/20/2018	ICMA-RC Retiree Health Program	1,473.92
<b>Total for April 2018</b>		<b><u>272,058.19</u></b>

**Novato Sanitary District  
Deposit Detail-April 2018**

Item 7.c.

Date	Name	Account	Amount
<b>04/04/2018</b>		<b>11113 - Westamerica - Operations</b>	
	Ben Franklin Plumbing	41040 · Permit & Inspection Fee	40.00
	Arkhipov, Victor	41040 · Permit & Inspection Fee	40.00
	Saratoga Fund	51020 · Connection Charges	7,235.10
	Saratoga Fund	41040 · Permit & Inspection Fee	40.00
	Saratoga Fund	51020 · Connection Charges	20.00
	Baccaglio, Martin	51020 · Connection Charges	11,190.00
	Baccaglio, Martin	41040 · Permit & Inspection Fee	40.00
<b>TOTAL</b>			<b>18,605.10</b>
<b>04/16/2018</b>		<b>11113 - Westamerica - Operations</b>	
	County of Marin	51015 · Property Taxes	(1) 803,665.44
	County of Marin	41010 · Sewer Service Charges	(1) 3,727,722.81
	County of Marin	51010 · Sewer Service Charges	(1) 3,049,955.01
	County of Marin	21045 · Novato Heights Debt Service	(1) 64,496.58
	County of Marin	66202 · County Fees - Property Taxes	(1) -15,876.57
	County of Marin	66203 · County Fees - Sewer Service Chg	(1) -7,200.50
	County of Marin	21045 · Novato Heights Debt Service	(1) -96.00
<b>TOTAL</b>			<b>7,622,666.77</b>
<b>04/16/2018</b>		<b>11113 - Westamerica - Operations</b>	
<b>TOTAL</b>	USCG-Finance Center	11200 · Accounts Receivable	<b>15,342.70</b>
<b>04/17/2018</b>		<b>11113 - Westamerica - Operations</b>	
	City of Novato - Used Oil/Beverage	41107 · Oil/Bev/Tire Grants	(2) 14,813.00
	Sonoma County Water Agency-	51072 · Grant Revenue	(3) 771.77
	Ben Franklin Plumbing	41040 · Permit & Inspection Fee	40.00
	Gagne Brothers	41040 · Permit & Inspection Fee	15.00
	Peter Levi Plumbing	41040 · Permit & Inspection Fee	40.00
	Biomarin	11200 · Accounts Receivable	(4) 1,781.82
	P,G & E1	11200 · Accounts Receivable	(4) 4,525.36
<b>TOTAL</b>			<b>21,986.95</b>
<b>04/24/2018</b>		<b>11113 - Westamerica - Operations</b>	
	S.Waters Plumbing	41040 · Permit & Inspection Fee	40.00
	Ross, Steven	41040 · Permit & Inspection Fee	15.00
	LJ Construction	41040 · Permit & Inspection Fee	40.00
	Quescus Holdings LLC	41040 · Permit & Inspection Fee	60.00
	Quescus Holdings LLC	51020 · Connection Charges	6,154.50
<b>TOTAL</b>			<b>6,309.50</b>
<b>04/30/2018</b>		<b>11113 - Westamerica - Operations</b>	
	Ben Franklin Plumbing	41040 · Permit & Inspection Fee	40.00
	Hoover, Julie-	66090 · Office Expense	11.75
	Biomarin	11200 · Accounts Receivable	(4) 5,718.93
	delongh, Dasse-	11200 · Accounts Receivable	445.41
<b>TOTAL</b>			<b>6,216.09</b>
		<b>Total Deposits for April 2018</b>	<b>7,691,127.11</b>

- (1) Second installment of property taxes and sewer services charges.
- (2) Received payment for Beverage Grant through City of Novato for FY2017-18 fiscal year
- (3) Received reimbursement from Sonoma County Water Agency through NBWRA for recycled water project.
- (4) Collection on receivables for non-domestic discharge permit fees for Biomarin and P,G&E.

## Novato Sanitary District

### QUARTERLY INVESTMENT REPORT -- For Quarter Ended March 31, 2018

INVESTMENT	ACTIVITY	January	February	March	QTR TOTAL	
STATE TREASURER'S INVESTMENT FUND	Total deposits/transfers in	123,771	0	260,000	383,771	
	Total transfers out	1,878,000	686,000	837,000	3,401,000	
Current Yield 1.524%	Minimum daily balance	20,683,418	19,997,418	19,420,418	19,420,418	
	Maximum daily balance	22,437,648	20,683,418	19,997,418	19,997,418	
	Interest earned			77,043	77,043	
<b>TRUST ACCOUNTS</b>						
BANK OF NEW YORK MELLON For COP Bond Funds	Total deposits/transfers in	0	0	0	0	
	Total transfers out	0	0	0	0	
	Minimum daily balance	316	316	316	316	
	Maximum daily balance	316	316	316	316	
	Interest earned				0	
For New Bond Funds - (3) Refunding 2017	Total deposits/transfers in	1,110,481	0	0	1,110,481	
	Total transfers out	2,500	19,842,744	0	19,845,244	
	Minimum daily balance	18,711,518	20,745	20,745	18,711,518	
	Maximum daily balance	19,821,999	19,821,999	20,745	20,745	
	Interest earned				0	
The LAIF Pooled Money Investment Account Report is attached as specified in California Government Code Section 53646(e)						
<b>CHECKING ACCOUNTS</b>						
Interest Rate	<b>Regular Warrants Account</b>					
0.02%	Total deposits & transfers in	2,165,678	747,210	1,121,436	4,034,324	
	Total checks & transfers out	2,465,029	304,735	1,514,894	4,284,658	
	Minimum daily balance	24,774	19,913	5,683	24,774	
	Maximum daily balance	1,567,621	634,028	532,043	532,043	
	Interest earned	5	2	3	10	
	<b>Payroll Account</b>					
	Total transfers in	126,400	128,600	118,900	373,900	
	Total checks & transfers out	126,361	127,660	119,538	373,559	
	Minimum daily balance	439	658	902	439	
	Maximum daily balance	99,137	108,659	105,721	99,137	
<b>Project Account</b>						
Total transfers in	1,179,700	65,300	268,900	1,513,900		
Total checks & transfers out	6,559,700	25,139	98,732	6,683,571		
Minimum daily balance	2,702	2,706	2,616	2,702		
Maximum daily balance	1,163,402	47,506	231,506	231,506		
Interest earned	8	0	1	9		

- NOTES:** (1) The above investments are consistent with the annual Statement of Investment Policy approved by the District Board, most recently May 2017. The District has the ability to meet six months cash needs.
- (2) LAIF interest rate is currently 1.524% which is an increase from 1.239% in December of 2017, 1.111% in September of 2017, .978% in June of 2017 and .821% in March of 2017.
- (3) New bond fund accounts consist primarily of escrow and cost of issuance accounts. Escrow account to be closed upon bond call date of prior 2011 COP Bonds which is in 2020, however amount no longer District liability thus journal entry to remove from District cash balances.



**JOHN CHIANG  
TREASURER  
STATE OF CALIFORNIA**



**PMIA Performance Report**

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
03/26/18	1.56	1.42	176
03/27/18	1.57	1.42	175
03/28/18	1.57	1.42	177
03/29/18	1.58	1.43	179
03/30/18	1.59	1.43	183
03/31/18	1.59	1.43	183
04/01/18	1.59	1.59	183
04/02/18	1.60	1.60	190
04/03/18	1.60	1.60	190
04/04/18	1.61	1.60	188
04/05/18	1.61	1.60	187
04/06/18	1.62	1.61	185
04/07/18	1.62	1.61	185
04/08/18	1.62	1.61	185
04/09/18	1.62	1.61	186
04/10/18	1.63	1.61	184
04/11/18	1.63	1.61	183
04/12/18	1.65	1.62	183
04/13/18	1.65	1.62	183
04/14/18	1.65	1.62	183
04/15/18	1.65	1.62	183
04/16/18	1.65	1.63	180
04/17/18	1.66	1.63	181
04/18/18	1.67	1.63	180
04/19/18	1.69	1.63	186
04/20/18	1.69	1.64	185
04/21/18	1.69	1.64	185
04/22/18	1.69	1.64	185
04/23/18	1.69	1.65	185
04/24/18	1.69	1.65	184
04/25/18	1.70	1.65	183

\*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

**LAIF Performance Report**

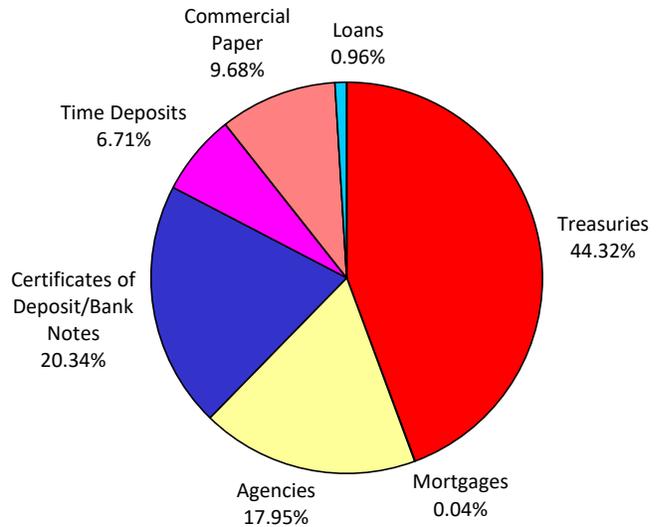
**Quarter Ending 03/31/18**

Apportionment Rate: 1.51%  
 Earnings Ratio: 0.00004135534904993  
 Fair Value Factor: 0.997538001  
 Daily: 1.59%  
 Quarter to Date: 1.43%  
 Average Life: 183

**PMIA Average Monthly Effective Yields**

**Mar 2018 1.524**  
 Feb 2018 1.412  
 Jan 2018 1.350

**Pooled Money Investment Account  
Portfolio Composition  
03/31/18  
\$75.0 billion**



Based on data available as of 4/25/2018



## State of California Pooled Money Investment Account Market Valuation 3/31/2018

Description	Carrying Cost Plus				
	Accrued Interest	Purch.	Amortized Cost	Fair Value	Accrued Interest
1* United States Treasury:					
Bills	\$ 13,168,305,302.64	\$ 13,234,864,134.73	\$ 13,222,380,000.00	NA	
Notes	\$ 20,061,143,353.89	\$ 20,057,667,338.99	\$ 19,930,705,000.00	\$ 47,380,533.00	
1* Federal Agency:					
SBA	\$ 867,145,314.00	\$ 867,088,008.74	\$ 856,981,629.70	\$ 1,270,724.33	
MBS-REMICs	\$ 31,003,570.83	\$ 31,003,570.83	\$ 31,753,574.99	\$ 145,081.69	
Debentures	\$ 1,363,946,135.19	\$ 1,363,919,399.07	\$ 1,353,611,900.00	\$ 2,644,921.75	
Debentures FR	\$ -	\$ -	\$ -	\$ -	
Debentures CL	\$ 350,000,000.00	\$ 350,000,000.00	\$ 345,893,500.00	\$ 689,278.50	
Discount Notes	\$ 10,376,049,638.66	\$ 10,419,274,485.93	\$ 10,413,696,000.00	NA	
1* Supranational Debentures	\$ 449,199,891.07	\$ 449,199,891.07	\$ 446,463,500.00	\$ 687,154.00	
1* Supranational Debentures FR	\$ 50,000,000.00	\$ 50,000,000.00	\$ 50,061,500.00	\$ 189,741.67	
2* CDs and YCDs FR	\$ 425,000,000.00	\$ 425,000,000.00	\$ 425,000,000.00	\$ 1,320,201.70	
2* Bank Notes	\$ 900,000,000.00	\$ 900,000,000.00	\$ 898,914,388.05	\$ 3,624,888.87	
2* CDs and YCDs	\$ 13,925,000,000.00	\$ 13,925,000,000.00	\$ 13,916,261,691.08	\$ 47,875,722.25	
2* Commercial Paper	\$ 7,257,225,888.87	\$ 7,279,648,291.66	\$ 7,276,043,749.97	NA	
1* Corporate:					
Bonds FR	\$ -	\$ -	\$ -	\$ -	
Bonds	\$ -	\$ -	\$ -	\$ -	
1* Repurchase Agreements	\$ -	\$ -	\$ -	\$ -	
1* Reverse Repurchase	\$ -	\$ -	\$ -	\$ -	
Time Deposits	\$ 5,031,740,000.00	\$ 5,031,740,000.00	\$ 5,031,740,000.00	NA	
AB 55 & GF Loans	\$ 716,647,000.00	\$ 716,647,000.00	\$ 716,647,000.00	NA	
<b>TOTAL</b>	<b>\$ 74,972,406,095.15</b>	<b>\$ 75,101,052,121.02</b>	<b>\$ 74,916,153,433.79</b>	<b>\$ 105,828,247.76</b>	

Fair Value Including Accrued Interest

\$ 75,021,981,681.55

\* Governmental Accounting Standards Board (GASB) Statement #72

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

The value of each participating dollar equals the fair value divided by the amortized cost (**0.997538001**).  
As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$19,950,760.03 or \$20,000,000.00 x **0.997538001**.



## PAR VALUES MATURING BY DATE AND TYPE

### Maturities in Millions of Dollars

ITEM	1 day to 30 days	31 days to 60 days	61 days to 90 days	91 days to 120 days	121 days to 150 days	151 days to 180 days	181 days to 210 days	211 days to 270 days	271 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 year/out
TREASURY	\$ 1,300	\$ 1,500	\$ 1,900	\$ 1,600	\$ 3,350	\$ 2,700	\$ 1,550	\$ 3,000	\$ 7,650	\$ 8,300	\$ 600		
REPO													
TDs	\$ 1,754	\$ 1,211	\$ 1,345	\$ 313	\$ 197	\$ 213							
AGENCY	\$ 3,417	\$ 1,850	\$ 3,075	\$ 1,350	\$ 700	\$ 800	\$ 1,025	\$ 527	\$ 75	\$ 1,216	\$ 605		
CP	\$ 2,350	\$ 2,250	\$ 1,450	\$ 450	\$ 600	\$ 100	\$ 100						
CDs + BNs	\$ 2,800	\$ 4,100	\$ 3,975	\$ 1,150	\$ 900	\$ 200	\$ 1,200	\$ 100	\$ 750	\$ 75			
CORP BND													
<b>TOTAL</b>													
\$ 75,672	\$ 11,621	\$ 10,911	\$ 11,745	\$ 4,863	\$ 5,747	\$ 4,013	\$ 3,875	\$ 3,627	\$ 8,475	\$ 9,591	\$ 1,205	\$ -	\$ -
PERCENT	15.4%	14.4%	15.5%	6.4%	7.6%	5.3%	5.1%	4.8%	11.2%	12.7%	1.6%	0.0%	0.0%

Notes:

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

# NOVATO SANITARY DISTRICT

## MEMORANDUM

**BOARD**

**MEETING DATE:** May 21, 2018

**TO:** District Board of Directors

**FROM:** Sandeep Karkal, General Manager-Chief Engineer  
Laura M. Creamer, Finance Officer

**SUBJECT:** Fiscal Year (FY) 17-18 Third Quarter Financial Report (Unaudited)

### INTRODUCTION

This memorandum presents a summary unaudited year-to-date financial report for the District as of the FY17-18 Third Quarter ended March 31, 2018. The following items are presented as three sections herein:

1. Revenue and Expenditure Report (for the quarter ended March 31, 2018).
2. Debt Service Schedule as of March 31, 2018.
3. Operating and Capital Cash Flow for July 1, 2017 – March 31, 2018

### 1.0 REVENUE AND EXPENDITURES REPORT

This section presents an overview of revenues and expenditures for the operating and capital funds through the third quarter of Fiscal Year 2017-18. A more detailed summary is presented in the attached tables titled “DRAFT – Revenues and Expenditures – Budget vs. Actual”. A brief discussion and analysis of items displaying variance from the final budget is also provided below, as appropriate.

### OPERATING FUND

**Table 1: OPERATING REVENUE**

	YTD Balance Received	Annual Budget	Budget Overage	Pct. Received
<b>Total Operating Revenues</b>	\$6,188,422	\$10,654,033	\$4,465,611	58.1%

### Discussion

Overall, operating revenues are approximately 58.1% of the total budget amount with 75% of the year complete. The operating revenue accounts are within the normal range for this time of year, since the District receives its primary revenues in December and April.

**Table 2: OPERATING EXPENDITURES**

	<b>YTD Balance</b>	<b>Annual Budget</b>	<b>Budget Unused</b>	<b>Pct. Used</b>
<b>Total Operating Expenditures</b>	\$ 6,577,531	\$10,329,235	\$3,751,704	63.7%

**Discussion**

Overall, operating expenditures are at approximately 63.7% of budget, with 75% of the year complete. Variances in individual expenditure accounts are discussed below:

**Collection System (54.1%)**

General: In general, no significant variances noted for this cost center for the third quarter. Consistent with prior years, expenses are lower (54.1%) with 75% of the year complete, primarily due to retirements, and expenditures such as outside services (e.g. root treatment), that typically occur in the fourth quarter.

**Treatment Facilities - Contract Operations: (67.1%)**

General: In general, no significant variances noted for this cost center for the third quarter.

**Reclamation/Disposal Facilities: (68.1%)**

General: In general, significant variances noted for this cost center for the third quarter. Significant variances in individual expenditure accounts are discussed below.

Sludge Disposal: 89.9%. Sludge Disposal operations have been completed for the fiscal year. Account expected to stay within budget over remainder of the fiscal year.

Water: 278.2%. Water is a reimbursable expenditure billed and paid by the rancher at the end of the fiscal year. In addition, in the fall of 2017 there was a significant leak at Site 2 water troughs resulting in high water bills for July through October. The District has paid 50% of these costs associated with the water leak. Once the District has been reimbursed by the Rancher, the account will still be over budget due to the small budget amount allocated to this account.

**Laboratory/Monitoring: (62.7%)**

General: In general, no significant variances noted for this cost center for the third quarter. Variances in individual expenditure accounts are discussed below.

Permits & Fees: 132.4%. Significant variance on a small budgeted base amount of \$4,000, primarily due to the annual permit fee for the California Environmental Laboratory Accreditation Program (ELAP) increasing by about \$1,300 from the prior fiscal year due to the addition of another FOT (Field of Testing).

**Pump Stations: (60.3%)**

General: In general, no significant variances noted for this cost center for the third quarter. Variances in individual expenditure accounts are discussed below.

Small Tools: 85.8%. Per review of account, no significant items noted. The account is expected to stay within budget over remainder of the fiscal year.

**Administration and Engineering: (66.3%)**

General: In general, no significant variances noted for this cost center for the third quarter. Variances in individual expenditure accounts are discussed below.

Retiree Health Benefits: 76.6%. Per review of account, no significant items noted for the current fiscal year. Account expected to stay within budget over remainder of the fiscal year.

Insurance Expense: 104.7%. Per review of account, significant variance due to the pooled liability insurance premium increase of approximately 20% when the projected increase was for 10% for the current fiscal year. District staff will address this in the insurance projection for the upcoming preliminary budget.

Agency Dues: 104.3%. Significant variance due primarily to the increase in the California Association of Sanitation Agencies (CASA) membership fee; since the District's budget moved from less than \$10 million for the operating budget to the next level above \$10 million for the operating budget, which increased the District's CASA membership fee by approximately 34% or \$4,000 for the current fiscal year. District staff will include this new fee structure in the upcoming preliminary budget.

Memberships: 79.3%. Significant variance due to most of the District's membership fees being paid in the first half of the fiscal year. Account expected to stay within budget for the current fiscal year.

Accounting & Auditing: 88.4%. Significant variance due to completion of annual audit for FY 2016/17; account expected to stay within budget for the current fiscal year.

Telephone: 77.0%. Per review of account, no significant items noted. The account is expected to stay within budget over remainder of the fiscal year.

**AB 939 Solid Waste Programs: (53.1%)**

General: In general, no significant variances noted for this cost center for the third quarter. Consistent with prior years, expenses are lower (~53.1%) with 75% of the year complete, primarily from lower than anticipated consulting oversight/management services required from the Solid Waste Coordinator, and significant upcoming outreach and public education events such as E-waste, School Fuel, Business Showcase, etc. that typically occur in the second half.

**Recycled Water: (61.3%)**

General: In general, no significant variances noted for this cost center for the third quarter. Variances in individual expenditure accounts are discussed below.

Operating Supplies: 87.6%. Per review of account, account is within normal range for this time of year. Normal operations for Recycled Water Facility are the highest during July through December. January through April the facility is basically off line and the related expenditures will decrease over the next few months. The account is expected to stay within budget over remainder of the fiscal year.

Operating Chemicals: 85.0%. Please refer to explanation above for Operating Supplies.

Research & Monitoring: 58.5%. Please refer to explanation above for Operating Supplies.

Gas & Electricity: 85.9%. Please refer to explanation above for Operating Supplies.

**CAPITAL FUND**

**Table 3: CAPITAL REVENUE**

<b>Capital Revenue</b>	<b>YTD Balance Received</b>	<b>Annual Budget</b>	<b>Over/(Under) Budget</b>	<b>Pct. Received</b>
<b>Sewer Service Charges</b>	\$4,412,935	\$ 7,753,152	(\$3,340,217)	56.9%
<b>Prop Taxes-RDA Funds</b>	41,236	0	41,236	100.0%
<b>Property Taxes</b>	1,288,857	2,188,693	(899,836)	58.9%
<b>Connection Charges</b>	169,052	447,600	(278,548)	37.8%
<b>Collector Sewer/Special Equalization Charges</b>	4,230	2,000	2,230	211.5%
<b>Interest</b>	86,496	40,000	46,496	216.2%
<b>Other Revenue</b>	0	20,000	(20,000)	0.0%
<b>Grant Revenue</b>	2,805	475,000	(472,195)	1.0%
<b>Total Revenue</b>	<b>\$6,005,611</b>	<b>\$10,926,445</b>	<b>(\$4,920,834)</b>	<b>55.0%</b>

**Discussion**

Overall capital revenues are 55.0% of budget at the close of the third quarter, consistent with the District receiving the bulk of its revenue in December and April.

**Table 4: CAPITAL EXPENDITURES**

	<b>YTD Balance</b>	<b>Annual Budget</b>	<b>Budget Unused</b>	<b>Pct. Used</b>
<b>Capital Expenditures</b>	\$7,536,177	\$12,723,504	(\$5,187,327)	59.2%

**Discussion**

The list of capital project accounts is shown in the attached tables. Overall expenses are 59.2% of budget. Note that capital project work related expenditures are lower than budgeted primarily due to the retirements that occurred in the first half of the year. The retiring personnel in those positions were typically responsible for carrying out the capital project work across the Capital Improvement Program. With the hiring of new personnel in those positions, it is anticipated that capital project work will pick up later in the fourth quarter and into the next fiscal year.

Attachments:

1. Draft Revenue and Expenditure Reports:

- a. Operating, July 2017-March 2018.
  - b. Capital, July 2017-March 2018.
2. Debt Service Schedule as of March 31, 2018
3. Operating and Capital Cash Flow, July 2017-March 2018.

\*\*\*\*\*

**Novato Sanitary District**  
**DRAFT - Revenues & Expenditures Budget vs. Actual**  
July 2017 through March 2018

	Jul '17 - Mar 18	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
<b>41000 · OPERATING INCOME</b>				
41010 · Sewer Service Charges	5,548,799.51	9,691,440.00	(4,142,640.49)	57.26%
41030 · Plan Check & Inspection Fee	7,598.90	500.00	7,098.90	1,519.78%
41040 · Permit & Inspection Fee	4,090.00	6,000.00	(1,910.00)	68.17%
41060 · Interest Income	105,027.16	43,000.00	62,027.16	244.25%
41080 · Engineering & Admin Charges	1,145.39	165,000.00	(163,854.61)	0.69%
41090 · Non-domestic Permit Fees	19,200.77	20,000.00	(799.23)	96.0%
41100 · Garbage Franchise Fees	27,639.00	53,438.00	(25,799.00)	51.72%
41105 · AB 939 Collector Fees	282,319.50	376,426.00	(94,106.50)	75.0%
41107 · Oil/Bev/Tire Grants	34,820.00	62,729.00	(27,909.00)	55.51%
41130 · Ranch Income	60,067.88	70,000.00	(9,932.12)	85.81%
41135 · Recycle Water Facility Revenue	83,511.72	135,500.00	(51,988.28)	61.63%
41140 · Other Revenue	14,201.79	20,000.00	(5,798.21)	71.01%
41142 · Loss on disposal of assets	0.00	10,000.00	(10,000.00)	0.0%
<b>Total 41000 · OPERATING INCOME</b>	<b>6,188,421.62</b>	<b>10,654,033.00</b>	<b>(4,465,611.38)</b>	<b>58.09%</b>
<b>Expense</b>				
<b>60000 · COLLECTION SYSTEM</b>				
60010 · Salaries & Wages	451,027.06	650,120.00	(199,092.94)	69.38%
60020 · Employee Benefits	186,072.40	299,148.00	(113,075.60)	62.2%
60060 · Gas, Oil & Fuel	10,609.93	15,000.00	(4,390.07)	70.73%
60085 · Safety	1,960.74	3,500.00	(1,539.26)	56.02%
60091 · Software Maint	19,512.78	20,000.00	(487.22)	97.56%
60100 · Operating Supplies	11,020.10	28,000.00	(16,979.90)	39.36%
60150 · Repairs & Maintenance	22,381.04	80,000.00	(57,618.96)	27.98%
60152 · Small Tools	1,088.10	2,000.00	(911.90)	54.41%
60153 · Outside Services	10,762.00	175,000.00	(164,238.00)	6.15%
60192 · Water	6,989.46	12,000.00	(5,010.54)	58.25%
60193 · Telephone	1,233.90	4,000.00	(2,766.10)	30.85%
60200 · Other(Garbage Coll)	160.44	1,000.00	(839.56)	16.04%
60201 · Permits & Fees	12,727.18	70,000.00	(57,272.82)	18.18%
<b>Total 60000 · COLLECTION SYSTEM</b>	<b>735,545.13</b>	<b>1,359,768.00</b>	<b>(624,222.87)</b>	<b>54.09%</b>
<b>61000 · TREATMENT FACILITIES</b>				
<b>61000-0 · Contract Operations</b>				
61000-1 · Fixed Fee	1,562,173.51	2,173,976.00	(611,802.49)	71.86%
61000-2 · Insurance & Bonds	986.08	14,000.00	(13,013.92)	7.04%
61000-3 · Major Repair/Replacement	67,006.54	150,000.00	(82,993.46)	44.67%
61000-4 · Water/Permits/Telephone	62,576.16	90,000.00	(27,423.84)	69.53%
61000-5 · Gas & Electricity	426,535.34	732,499.00	(305,963.66)	58.23%
<b>Total 61000-0 · Contract Operations</b>	<b>2,119,277.63</b>	<b>3,160,475.00</b>	<b>(1,041,197.37)</b>	<b>67.06%</b>
<b>63000 · RECLAMATION/DISPOSAL</b>				
63010 · Salaries & Wages	47,616.99	71,693.00	(24,076.01)	66.42%
63020 · Employee Benefits	10,042.57	24,860.00	(14,817.43)	40.4%
63060 · Gasoline & Oil	1,473.44	2,000.00	(526.56)	73.67%

**Novato Sanitary District**  
**DRAFT - Revenues & Expenditures Budget vs. Actual**  
 July 2017 through March 2018

	Jul '17 - Mar 18	Budget	\$ Over Budget	% of Budget
63085 · Safety	0.00	500.00	(500.00)	0.0%
63091 · Software Maintenance	1,094.25	2,000.00	(905.75)	54.71%
63100 · Operating Supplies	596.99	2,000.00	(1,403.01)	29.85%
63115 · Sludge Disposal	215,658.41	240,000.00	(24,341.59)	89.86%
63150 · Repairs & Maintenance	19,065.22	65,000.00	(45,934.78)	29.33%
63152 · Small Tools	0.00	500.00	(500.00)	0.0%
63157 · Ditch/Dike Maintenance	3,600.00	10,000.00	(6,400.00)	36.0%
63191 · Gas & Electricity	44,145.92	95,000.00	(50,854.08)	46.47%
63192 · Water - Reclamation	8,345.92	3,000.00	5,345.92	278.2%
63201 · Permits & Fees	3,257.00	5,000.00	(1,743.00)	65.14%
<b>Total 63000 · RECLAMATION/DISPOSAL</b>	<b>354,896.71</b>	<b>521,553.00</b>	<b>(166,656.29)</b>	<b>68.05%</b>
<b>64000 · LABORATORY/MONITORING</b>				
64010 · Contract Lab Services	263,239.50	363,761.00	(100,521.50)	72.37%
64060 · Gasoline & Oil	1,105.09	1,500.00	(394.91)	73.67%
64085 · Safety	0.00	1,000.00	(1,000.00)	0.0%
64091 · Software Maintenance	0.00	1,000.00	(1,000.00)	0.0%
64100 · Operating Supplies	14,957.52	20,000.00	(5,042.48)	74.79%
64150 · Repairs & Maintenance	3,163.86	19,200.00	(16,036.14)	16.48%
64160 · Research & Monitoring	61,288.18	147,500.00	(86,211.82)	41.55%
64170 · Pollution Prevention/Public Ed	26,985.27	41,500.00	(14,514.73)	65.03%
64201 · Permits & Fees	5,294.00	4,000.00	1,294.00	132.35%
<b>Total 64000 · LABORATORY/MONITORING</b>	<b>376,033.42</b>	<b>599,461.00</b>	<b>(223,427.58)</b>	<b>62.73%</b>
<b>65000 · PUMP STATIONS</b>				
65010 · Salaries & Wages	223,005.41	358,335.00	(135,329.59)	62.23%
65020 · Employee Benefits	83,582.60	153,974.00	(70,391.40)	54.28%
65060 · Gasoline & Oil	2,637.90	5,000.00	(2,362.10)	52.76%
65085 · Safety Expenses	1,079.96	2,000.00	(920.04)	54.0%
65091 · Software Maintenance	5,464.60	8,000.00	(2,535.40)	68.31%
65100 · Operating Supplies	2,269.27	10,000.00	(7,730.73)	22.69%
65101 · Operating Chemicals	0.00	2,000.00	(2,000.00)	0.0%
65150 · Repairs & Maintenance	77,969.73	115,000.00	(37,030.27)	67.8%
65152 · Small Tools	1,716.36	2,000.00	(283.64)	85.82%
65153 · Outside Services, Electrical	12,469.34	30,000.00	(17,530.66)	41.56%
65191 · Gas & Electricity	73,007.80	115,000.00	(41,992.20)	63.49%
65192 · Water	4,237.51	7,000.00	(2,762.49)	60.54%
65193 · Telephone	14,175.59	24,000.00	(9,824.41)	59.07%
65201 · Permits & Fees	2,616.00	4,000.00	(1,384.00)	65.4%
<b>Total 65000 · PUMP STATIONS</b>	<b>504,232.07</b>	<b>836,309.00</b>	<b>(332,076.93)</b>	<b>60.29%</b>
<b>66000 · ADMIN/ENGINEERING</b>				
66010 · Salaries & Wages	748,797.82	1,235,744.00	(486,946.18)	60.6%
66020 · Employee Benefits	382,845.68	504,955.00	(122,109.32)	75.82%
66021-1 · Retiree Health Benefits (Trust)	122,089.50	162,786.00	(40,696.50)	75.0%
66021 · Retiree Health Benefits	171,827.17	224,377.00	(52,549.83)	76.58%
66022 · Pension Expense (Trust)	167,364.00	223,152.00	(55,788.00)	75.0%

**Novato Sanitary District**  
**DRAFT - Revenues & Expenditures Budget vs. Actual**  
July 2017 through March 2018

	Jul '17 - Mar 18	Budget	\$ Over Budget	% of Budget
66030 · Director's Fees	17,775.00	40,000.00	(22,225.00)	44.44%
66060 · Gasoline & Oil	3,830.01	5,000.00	(1,169.99)	76.6%
66070 · Insurance	157,013.59	150,000.00	7,013.59	104.68%
66071 · Insurance Claim Expense	0.00	45,000.00	(45,000.00)	0.0%
66075 · Agency Dues	56,326.63	54,000.00	2,326.63	104.31%
66080 · Memberships	7,929.00	10,000.00	(2,071.00)	79.29%
66085 · Safety	19.50	2,000.00	(1,980.50)	0.98%
66090 · Office Expense	18,342.43	26,000.00	(7,657.57)	70.55%
66100 · Engineering Supplies	3,839.66	10,000.00	(6,160.34)	38.4%
66121 · Accounting & Auditing	22,994.00	26,000.00	(3,006.00)	88.44%
66122 · Attorney Fees	21,661.21	65,000.00	(43,338.79)	33.33%
66123 · O/S Contractual	112,083.34	223,000.00	(110,916.66)	50.26%
66124 · IT/Misc Electrical	17,220.12	40,000.00	(22,779.88)	43.05%
66125 · Safety & Wellness Incentive Pro	2,450.00	10,000.00	(7,550.00)	24.5%
66130 · Printing & Publications	12,974.62	22,000.00	(9,025.38)	58.98%
66150 · Repairs & Maintenance	33,028.87	50,000.00	(16,971.13)	66.06%
66170 · Travel, Meetings & Training	44,391.90	65,000.00	(20,608.10)	68.3%
66193 · Telephone	9,238.17	12,000.00	(2,761.83)	76.99%
66202 · County Fees - Property Taxes	15,876.58	26,000.00	(10,123.42)	61.06%
66203 · County Fees - Sewer Service Chg	21,601.50	40,000.00	(18,398.50)	54.0%
66250 · Service Charge Sys Exp	0.00	5,000.00	(5,000.00)	0.0%
<b>Total 66000 · ADMIN/ENGINEERING</b>	<b>2,171,520.30</b>	<b>3,277,014.00</b>	<b>(1,105,493.70)</b>	<b>66.27%</b>
<b>67000 · AB 939 SOLID WASTE PROGRAMS</b>				
67400 · Consulting Services	62,691.68	138,118.00	(75,426.32)	45.39%
67500 · Household Hazardous Waste	157,208.13	242,500.00	(85,291.87)	64.83%
67520 · Permanent HHW Facility	128.47	11,269.00	(11,140.53)	1.14%
67530 · Used Oil/Beverage Cont Grant	3,960.00	11,268.00	(7,308.00)	35.14%
67540 · Outreach/Publicity/Education	9,032.69	21,000.00	(11,967.31)	43.01%
67600 · Other	0.00	5,000.00	(5,000.00)	0.0%
67610 · City AB 939 Admin Services	0.00	10,000.00	(10,000.00)	0.0%
<b>Total 67000 · AB 939 SOLID WASTE PROGRAMS</b>	<b>233,020.97</b>	<b>439,155.00</b>	<b>(206,134.03)</b>	<b>53.06%</b>
<b>68000 · Recycled Water</b>				
68010 · O & M Services	23,594.75	50,000.00	(26,405.25)	47.19%
68100 · Operating Supplies	1,752.87	2,000.00	(247.13)	87.64%
68101 · Operating Chemicals	23,210.08	27,300.00	(4,089.92)	85.02%
68150 · Repairs & Maintenance	11,661.38	24,200.00	(12,538.62)	48.19%
68160 · Research & Monitoring	8,184.00	14,000.00	(5,816.00)	58.46%
68191 · Gas & Electricity	14,601.86	17,000.00	(2,398.14)	85.89%
68201 · Permits & Fees	0.00	1,000.00	(1,000.00)	0.0%
<b>Total 68000 · Recycled Water</b>	<b>83,004.94</b>	<b>135,500.00</b>	<b>(52,495.06)</b>	<b>61.26%</b>
<b>Total Expense</b>	<b>6,577,531.17</b>	<b>10,329,235.00</b>	<b>(3,751,703.83)</b>	<b>63.68%</b>
<b>Net Income(Loss)</b>	<b>(389,109.55)</b>	<b>324,798.00</b>	<b>(713,907.55)</b>	<b>(119.8%)</b>

**Novato Sanitary District**  
**DRAFT Revenues & Expenditures - Capital**  
 July 2017 through March 2018

	Jul '17 - Mar 18	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
<b>51000 · CAPITAL IMPROVEMENT INCOME</b>				
51010 · Sewer Service Charges	4,412,934.97	7,753,152.00	(3,340,217.03)	56.92%
51015-1 · Property Tax - RDA Funds	41,235.86	0.00	41,235.86	100.0%
51015 · Property Taxes	1,288,856.74	2,188,693.00	(899,836.26)	58.89%
51020 · Connection Charges	169,051.69	447,600.00	(278,548.31)	37.77%
51030/40 · Collector Sewer/Special Equal Chg	4,230.00	2,000.00	2,230.00	211.5%
51060 · Interest	86,496.59	40,000.00	46,496.59	216.24%
51070 · Other Revenue	0.00	20,000.00	(20,000.00)	0.0%
51072 · Grant Revenue	2,804.80	475,000.00	(472,195.20)	0.59%
<b>Total 51000 · CAPITAL IMPROVEMENT INCOME</b>	<b>6,005,610.65</b>	<b>10,926,445.00</b>	<b>(4,920,834.35)</b>	<b>54.96%</b>
<b>Expense</b>				
<b>72000 · CAPITAL IMPROVEMENT PROJECTS</b>				
72403 · Pump Station Rehabilitation	8,037.48	150,000.00	(141,962.52)	5.36%
72508 · N. Bay Water Recycling Auth	80,485.00	100,000.00	(19,515.00)	80.49%
<b>72706 · Collection System Improv</b>				
72706-1 · Lateral Replacement Program	28,000.00	80,000.00	(52,000.00)	35.0%
72706 · Collection System Improv - Other	114,451.36	1,700,000.00	(1,585,548.64)	6.73%
72707 · Hamilton Wetlands/Outfall Monit	0.00	10,000.00	(10,000.00)	0.0%
72708 · Cogeneration	3,115.75	350,000.00	(346,884.25)	0.89%
72802 · Annual Sewer Adj. for City Proj	9,150.00	40,000.00	(30,850.00)	22.88%
72803 · Annual Collection Sys Repairs	43,540.20	200,000.00	(156,459.80)	21.77%
72804 · Annual Reclamation Fac Imp	47,725.00	175,000.00	(127,275.00)	27.27%
72805 · Annual Treatment Plnt Improv	9,099.62	300,000.00	(290,900.38)	3.03%
72806 · Annual Pump Station Improv	43,551.06	100,000.00	(56,448.94)	43.55%
72806 · Annual Ignacio Facility Improv	0.00	50,000.00	(50,000.00)	0.0%
72808 · Strategic Plan Update	0.00	20,000.00	(20,000.00)	0.0%
72809 · Novato Creek Watershed	0.00	5,000.00	(5,000.00)	0.0%
73003 · Admin Bldg/Maint.Bldg Upgrades	56,170.13	350,000.00	(293,829.87)	16.05%
73004 · Odor Control & NTP Landscaping	0.00	50,000.00	(50,000.00)	0.0%
73005 · RWF Expansion	80,062.34	1,460,000.00	(1,379,937.66)	5.48%
73006 · NTP Corrosion Control	20,897.31	150,000.00	(129,102.69)	13.93%
73090 · Vehicle Replacement	170,052.12	390,000.00	(219,947.88)	43.6%
<b>Total 72000 · CAPITAL IMPROVEMENT PROJECTS</b>	<b>714,337.37</b>	<b>5,680,000.00</b>	<b>(4,965,662.63)</b>	<b>12.58%</b>
<b>78400 · Principal and Interest</b>				
78500 · Interest - Capital Projects	2,037,627.90	2,259,292.00	(221,664.10)	90.19%
78501 · Principal - Capital Projects	4,784,211.80	4,784,212.00	(0.20)	100.0%
<b>Total 78400 · Principal and Interest</b>	<b>6,821,839.70</b>	<b>7,043,504.00</b>	<b>(221,664.30)</b>	<b>96.85%</b>
<b>Total Expense</b>	<b>7,536,177.07</b>	<b>12,723,504.00</b>	<b>(5,187,326.93)</b>	<b>59.23%</b>
<b>Net Income(Loss)</b>	<b>(1,530,566.42)</b>	<b>(1,797,059.00)</b>	<b>266,492.58</b>	<b>85.17%</b>



### 3.0 OPERATING AND CAPITAL CASH FLOW

**Operating:**

**Cash Flow For Novato Sanitary District**

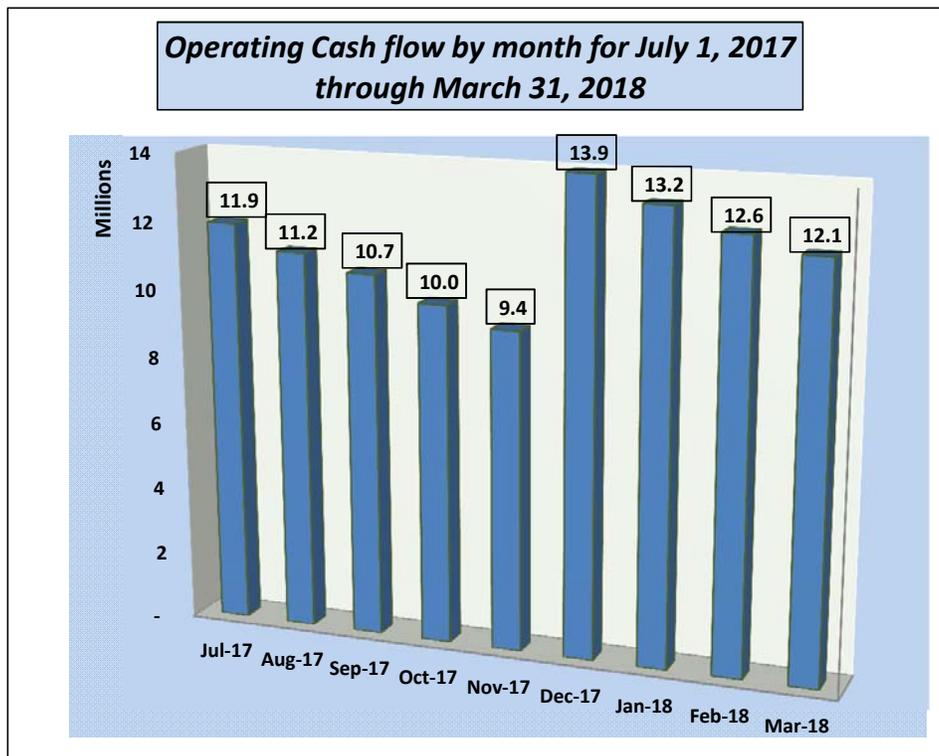
**July 1, 2017 - March 31, 2018**

**Dated: May 21, 2018**

Month Earned	Operating Revenue	Monthly Operating Expenditures	Cash Balance
			* \$ 12,714,215
Jul-17	\$ 104,289	\$ 882,877	11,935,627
Aug-17	75,714	795,398	11,215,943
Sep-17	178,337	662,929	10,731,351
Oct-17	33,902	751,896	10,013,357
Nov-17	339,971	916,750	9,436,578
Dec-17	5,226,537	724,819	13,938,296
Jan-18	99,087	834,744	13,202,639
Feb-18	26,775	671,241	12,558,173
Mar-18	181,747	646,151	12,093,769

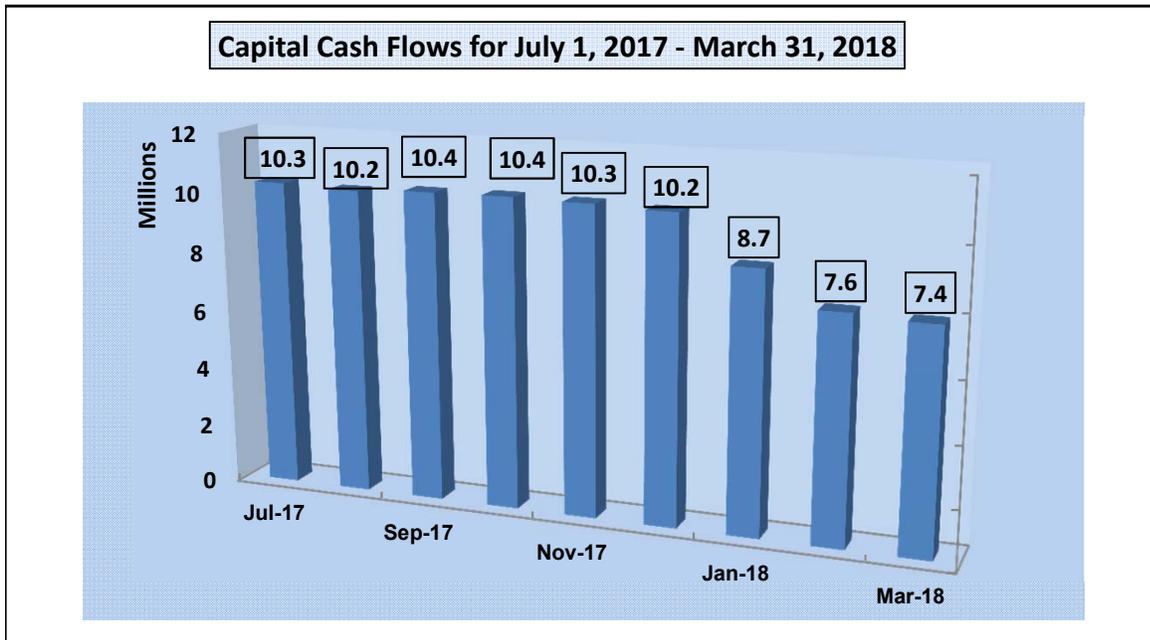
Note: Cash balances at year end split 55/45 - Operating/Capital based on split sewer service charges.

\* Beginning balance adjusted for accrual vs cash basis differences.



**Capital:**  
**Cash Flow For Novato Sanitary District**  
**July 1, 2017 - March 31, 2018**  
**Dated: May 21, 2018**

Month Earned	Monthly Operating Expenditures	Debt Service/Transfer to Escrow Acct	Capital Revenue	Cash Balance
Jul-17	\$ 36,984	\$ 369,774	\$ 263,651	\$ 10,485,020
Aug-17	117,390		18,065	10,341,913
Sep-17	29,985		141,336	10,242,588
Oct-17	91,586		118,845	10,353,939
Nov-17	60,723		15,582	10,381,198
Dec-17	40,054	5,378,956	5,331,681	10,336,057
Jan-18	36,092	1,694,414	183,585	10,248,728
Feb-18	65,446	1,110,481	28,361	8,701,807
Mar-18	268,924		149,971	7,554,241
				7,435,288



# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Consent Calendar: District Statement of Investment Policy – Policy 3120: Investment of Public Funds</b>	<b>MEETING DATE: May 21, 2018</b>  <b>AGENDA ITEM NO.: 7.f.</b>
<b>RECOMMENDED ACTION: Ratify District Statement of Investment Policy, Policy 3120 - Investment of Public Funds.</b>	
<b>SUMMARY AND DISCUSSION:</b>  <p>The District Board periodically reviews and adopts or ratifies the District's Statement of Investment Policy in accordance with Government Code Section 53600. The policy was adopted in its current form as Policy 3120 – Investment of Public Funds, in December 2012, and updated in March 2014.</p> <p>There is no proposed change to the Policy at this time. A copy of the Policy is attached. It is recommended that the Board ratify the District's current Statement of Investment Policy – Policy 3120: Investment of Public Funds.</p>	
<b>ATTACHMENTS: 1. District Statement of Investment Policy, Policy 3120 - Investment of Public Funds.</b>	
<b>STRATEGIC PLAN INFORMATION: This item addresses Goal 4 (Well Planned Finances with a Long-Range Outlook) of the latest Strategic Plan Update.</b>	
<b>DEPT. MGR.: lc, ssk</b>	<b>GENERAL MANAGER: SSK</b>

# Novato Sanitary District

## POLICY HANDBOOK

**POLICY TITLE:** Investment of District Funds  
**POLICY NUMBER:** 3120  
**ADOPTED/REVISED:** December 10, 2012; March 24, 2014

### 3120.1 PREMISE

The legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) 53600.6 and 53630.1)

CGC Sections 5921 and 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,

The fiscal officer of a local agency is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (CGC 53646(a))

For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the Novato Sanitary District (District) to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

### 3120.2 SCOPE

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

**3120.2.1 Regular Warrants Account:** As cash is received, it is deposited in the District's Money Market Checking Account with Westamerica Bank. Cash on hand is reviewed daily and all inactive or reserve funds above the minimum balance are wire transferred periodically to the State Local Agency Investment Fund (LAIF), or invested locally in certificates of deposit. When the District writes checks, for whatever purpose, funds are withdrawn from LAIF to cover the checks written.

**3120.2.2 Payroll Account:** The District's payroll is prepared in-house. All pay checks and pay vouchers (for direct deposit) are processed through the District's Payroll Account with Westamerica Bank. After the checks and vouchers are reconciled, funds to cover payroll are transferred from the Operating Account to the Payroll Account.

**3120.2.3 Petty Cash Account:** The District maintains a Petty Cash account with a balance not to exceed \$1,000.00. This account is for small purchases.

3120  
Adopted 12/10/12  
Revised 03/24/14

**3120.2.4 Capital Projects Account:** This account is used to track capital project expenditures throughout the year. Any excess balance above the minimum balance is wire transferred to LAIF. When the District writes checks for project expenses funds are withdrawn from LAIF to cover the checks written. Funds are transferred from the regular warrants account after this account has been funded by LAIF, for operating and project expenses.

**3120.2.5 ARRA Grant Project Account:** This account is established to receive grant funds under the American Reinvestment and Recovery Act for partial financing of the District's Recycled Water Project. The project is part of the regional recycled water project administered by the North Bay Water Reuse Authority.

**3120.2.6 Local Agency Investment Account:** Operating, Cash flow, and Capital reserves are invested in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand.

**3120.2.7 Certificates of Participation (COP) Bond Fund:** The District must maintain the unspent proceeds of the COP with trustees or fiscal agents under the terms of the debt issue. The COP proceeds are administered by the Bank of New York Mellon and are invested with LAIF.

**3120.2.8 Excluded investments:** Funds not included in the policy include deferred compensation funds since the assets of the plan are held for the exclusive benefit of plan participants and their beneficiaries and the individual plan participants are responsible for the investment of these accounts.

### **3120.3 PRUDENCE**

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

### **3120.4 OBJECTIVES**

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

**3120.4.1 Safety:** Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

**3120.4.2 Liquidity:** The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

**3120.4.3 Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the

investment risk constraints and the cash flow characteristics of the portfolio.

### **3120.5 DELEGATION OF AUTHORITY**

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

Sandeep S. Karkal, Manager-Engineer, Treasurer  
Laura M. Creamer, Finance Officer

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

### **3120.6 ETHICS AND CONFLICTS OF INTEREST**

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

### **3120.7 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

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

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

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

### **3120.8 AUTHORIZED AND SUITABLE**

It is the practice of the District to invest inactive operating and capital improvement funds only with the State Treasurer's Local Agency Investment Fund and/or with local banks and savings and loans. *Prohibited Investments.* Under the provisions of CGC Section 53601.6 and 53631.5, the District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to

maturity.

### **3120.9 COLLATERALIZATION**

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

### **3120.10 SAFEKEEPING AND CUSTODY**

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

### **3120.11 DIVERSIFICATION**

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

### **3120.12 REPORTING**

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

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

### **3120.13 INVESTMENT POLICY REVIEW**

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

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Consent Calendar: Collection System Maintenance, 2018 Root Control Treatment - Account No. 60153 (Outside Services)</b>	<b>MEETING DATE: May 21, 2018</b>  <b>AGENDA ITEM NO.: 7.g.</b>
<b>RECOMMENDED ACTION: Approve a contract in the not-to-exceed amount of \$56,300 with Duke’s Root Control, Inc., (Duke’s), and authorize the General Manager-Chief Engineer to execute it.</b>	
<b>SUMMARY AND DISCUSSION:</b>  <p>An important part of the District’s annual collection system maintenance activities is to control and abate tree roots that intrude into its sewers. If left unchecked, these roots can grow within the sewers to a point where they can impede or completely block flow in the sewers, either by themselves or in combination with grease, rags, and debris build-up, and potentially result in sanitary sewer overflows (SSOs).</p> <p>Based on maintenance history records, staff has identified approximately 46,200 feet of sewer mains ranging in size from 6-inch to 15-inch, and fifteen (15) manholes that will benefit from root abatement this year. Duke’s can provide root abatement services using a chemical root control foaming agent to control this problem. Staff has verified that the use of this chemical will not affect the District’s ability to meet its discharge permit requirements. Duke’s has performed this work for the District in previous years.</p> <p>Staff has negotiated a scope of services with Duke’s on a time-and-materials basis in the not-to-exceed amount of \$56,300 to accomplish this work. The unit costs negotiated are identical to the costs negotiated last year, (i.e. \$1.09/ft. for 6” and 8” pipe, \$1.76/ft. for 10”, \$1.92/ft. for 12”, \$2.73 for 15” pipe and \$125.00 per manhole). Staff therefore recommends that the Board approve a contract with Duke’s in the not-to-exceed amount of \$56,300 and authorize the General Manager-Chief Engineer to execute it.</p>	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 1 (Operational Excellence), and Goal 2 (Reliable and Efficient Facilities), of the latest Strategic Plan Update.	
<b>BUDGET INFORMATION:</b> This work will be funded from Account No. 60153 - Outside Services. The FY17-18 budget amount for this account is \$175,000. As of May 9, 2018, the budget balance for this account is \$164,238, and there are no other known commitments or related expenditures for Account No. 60153 at this time.	
<b>DEPT. MGR.: JA, EB</b>	<b>GENERAL MANAGER: SSK</b>

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Administration: Resolution No. 3121 - Amending Resolution No. 2932 Authorizing Financial Assistance Application.</b>	<b>MEETING DATE: May 21, 2018</b>  <b>AGENDA ITEM NO.: 8.a.</b>
<b>RECOMMENDED ACTION:</b> Adopt Resolution No. 3121, amending Resolution No. 2932 to designate the position of General Manager-Chief Engineer rather than a named person in that role to be the District's designated signatory or representative.	
<b>SUMMARY AND DISCUSSION:</b>  <p>On April 24<sup>th</sup>, 2006, the District Board adopted Resolution No. 2932 authorizing then District Manager-Engineer Beverly James to sign and file an application for a loan/grant from the State Water Resources Control Board (SWRCB) for the planning, design, and construction of the Novato Sanitary District Wastewater Facility Upgrade, and subsequently to negotiate and execute a loan/grant contract and any amendments or change orders thereto and certify loan/grant disbursements on behalf of the Novato Sanitary District.</p> <p>At this time, given Ms. James' retirement in 2014, the State Water Resources Control Board (SWRCB) has asked that the District adopt an updated Resolution, and that such resolution reflect only the title of the authorized representative for the District (i.e. "General Manager-Chief Engineer"), rather than a named person. It is recommended that the Board adopt the attached Resolution No. 3121 to comply with the SWRCB request.</p>	
<b>ATTACHMENTS:</b> 1. Resolution No. 3121 - Amending Resolution No. 2932 Authorizing Financial Assistance Application	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 3 (Alignment and Communications), and Goal 4 (Well Planned Finances with a Long-Range Outlook) of the latest Strategic Plan Update.	
<b>DEPT. MGR.:</b> lc, ssk	<b>GENERAL MANAGER:</b> SSK

**RESOLUTION NO. 3121**

**A RESOLUTION AMENDING  
RESOLUTION NO. 2932 AUTHORIZING FINANCIAL  
ASSISTANCE APPLICATION**

**NOVATO SANITARY DISTRICT**

**WHEREAS**, on the 24<sup>th</sup> of April, 2006, the Board of Directors of the Novato Sanitary District adopted Resolution No. 2932 authorizing then District Manager-Engineer Beverly James to sign and file an application for a loan/grant from the State Water Resources Control Board (SWRCB) for the planning, design, and construction of the **Novato Sanitary District Wastewater Facility Upgrade**, and subsequently to negotiate and execute a loan/grant contract and any amendments or change orders thereto and certify loan/grant disbursements on behalf of the Novato Sanitary District, and

**WHEREAS**, the State Water Resources Control Board (SWRCB) has now requested that the District adopt an updated Resolution to reflect only the title of the authorized representative for the District,

**THEREFORE, BE IT NOW RESOLVED**, by the Board of Directors of the Novato Sanitary District, Marin County, California, that the General Manager-Chief Engineer of said District is its duly authorized and designated signatory or representative and is hereby authorized and directed to sign, file, and execute such documents as may be required, for and on behalf of the Novato Sanitary District, to meet any on-going requests or requirements of the State Water Resources Control Board related to the outstanding State Revolving Fund (SRF) loan for the planning, design, and construction of the **Novato Sanitary District Wastewater Facility Upgrade**.

\* \* \* \* \*

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 21<sup>st</sup> day of May, 2018, by the following vote of the members thereof:

AYES, and in favor thereof, Directors:

NOES, Directors:                      None.

ABSENT, Directors:                    None.

\_\_\_\_\_  
President, Board of Directors  
Novato Sanitary District

ATTEST:

\_\_\_\_\_  
Secretary

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE:</b> Potential Transition of North Bay Water Reuse Authority (NBWRA) to North Bay Water entity.	<b>MEETING DATE:</b> May 21, 2018  <b>AGENDA ITEM NO.:</b> 9.a.
<b>RECOMMENDED ACTION:</b> Receive update - proposed consolidation of North Bay Water Reuse Authority (NBWRA) into a new entity named North Bay Water.	
<b>SUMMARY AND DISCUSSION:</b>  <p>The District is a member agency of the North Bay Water Reuse Authority (NBWRA). FY18-19 will be the fifth year of the multi-year Phase 2 program, including continuing environmental work for approximately over \$75 million in recycled water projects across the NBWRA agencies for funding under the US Bureau of Reclamation Title XVI (WaterSMART) program.</p> <p>The District's cost commitments towards Phase 2 have largely been satisfied in the period from FY14-15 through FY17-18. However, at this time, there are also ongoing discussions to transition the NBWRA into a more comprehensive North Bay Water entity, which will potentially include more holistic water management goals and programs including drought contingency and flood control planning.</p> <p>It is anticipated that the District's participation in this expanded program will occur at a modest level and consistent with its water recycling goals. This modest participation is reflected in the District's preliminary FY18-20 CIP budget, which includes only a "placeholder" type budget amount of \$10,000 for the NBWRA budget line item for each of these years.</p>	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 1 (Operational Excellence), Goal 3 (Alignment and Communications), and Goal 4 (Well Planned Finances with a Long-Range Outlook), of the latest Strategic Plan Update.	
<b>DEPT. MGR.:</b> ssk	<b>GENERAL MANAGER:</b> SSK

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: ANNUAL BUDGET: FY18-19 Preliminary Budget</b>	<b>MEETING DATE: May 21, 2018</b>  <b>AGENDA ITEM NO.: 10.a., b., &amp; c.</b>
<b>RECOMMENDED ACTION(S):</b>  <ul style="list-style-type: none"> <li>a. Receive Preliminary Budget for Fiscal Years FY18-19 and FY19-20,</li> <li>b. Receive Schedule of Committee meetings to review Annual Solid Waste, Operating, and Capital Improvements Program (CIP) Budgets, and</li> <li>c. Workshop overview of FY18-19 Preliminary Annual Operating and CIP budgets and budget elements.</li> </ul>	
<b>SUMMARY AND DISCUSSION:</b>  <p>The District’s Preliminary Budget for Fiscal Years (FY) 2018-20 is being presented herein for the Board’s review (Attachment 1).</p> <p>The Board also traditionally reviews each of the Solid Waste, Operating, and Capital Improvement Program budgets by Committee. Based on Board member feedback, the following review schedule is presented:</p> <ul style="list-style-type: none"> <li>1. Solid Waste Budget review: Solid Waste Committee – 3:00pm, Tuesday, May 29, 2018 (Directors Mariani and Peters).</li> <li>2. Capital Improvement Program (CIP) budget review: Capital Improvements Committee – 3:00pm, Thursday, May 31, 2018 (Directors Long and Dillon-Knutson).</li> <li>3. Operating Budget review: Wastewater Operations Committee – 3:00pm, Monday, June 4, 2018 (Directors Mariani and Miller).</li> </ul> <p>Also, the District annually prepares a Capital Improvements Program (CIP) budget based on an anticipated level of project work. This anticipated project work is summarized in a memorandum from staff to the Board (Attachment 2). The memorandum functions as a roadmap for the capital work, and as a tool to inform capital spending needs for the upcoming budget year.</p> <p>The FY18-20 Preliminary CIP Budget – Summary of Anticipated Project Work is attached. Staff will be present at the meeting to provide an overview of the preliminary budget, discuss the staff memo, and respond to any questions.</p>	
<b>ATTACHMENTS:</b> <ul style="list-style-type: none"> <li>1. Preliminary Budget for Fiscal Years 2018-20.</li> <li>2. FY18-20 Preliminary CIP Budget – Summary of Anticipated Project Work.</li> </ul>	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 1 (Operational Excellence), Goal 3 (Alignment and Communications), and Goal 4 (Well Planned Finances with a Long Range Outlook), of the latest Strategic Plan Update.	
<b>DEPT. MGR.:</b> eb, ssk	<b>GENERAL MANAGER:</b> SSK



**Preliminary Budget**  
**FOR**  
**FISCAL YEARS 2018-20**

*Presented May 21, 2018*

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***SECTION I***

***LETTER OF TRANSMITTAL***

May 21, 2018

Honorable Board of Directors  
Novato Sanitary District  
500 Davidson Street  
Novato, California 94945

Honorable Board Members:

The proposed Preliminary District Budget for fiscal years (FY) 2018-19 and 2019-20 fiscal years is attached for your consideration and approval. The Preliminary Budget includes the following components:

- Summary of Fund Balances including Operating, Capital Improvement, and Reserve Funds (Section I).
- Operating Budget: Summary Revenues/Expenditures, and Summary Budget by Cost Center and Account Category (Section II).
- Detailed Operating Budget by Cost Center and Account Category (Section III).
- Capital Improvement Budget: Revenue and Expenditures Budget (Section IV)
- FY18-19 Wastewater Capital Reserve Fund and Certificates of Participation Reserve Fund (Section V)
- FY18-19 Rate Stabilization Fund (Section VI)
- FY18-19 Debt Service Fund Summary (Section VII).

Note that this year's annual Sewer Service Charge (SSC) increases from \$594 to \$615 per service unit, or an increase of 3.5% over the prior year. The basis of the rate increase is District Ordinance No. 120 – AN ORDINANCE OF THE NOVATO SANITARY DISTRICT ESTABLISHING SEWER SERVICE CHARGES FOR FISCAL YEARS 2016-17, 2017-18, 2018-19, 2019-20, AND 2020-21. This Ordinance No. 120 was adopted by the District Board at its regular meeting of June 13, 2016 upon completion of the appropriate Proposition 218 process.

As in prior years, the sewer service charge is divided in FY18-19, with \$345 (55%) allocated to the Operating Budget, and \$270 (45%) allocated to the Capital Budget.

#### **A. BUDGET STRUCTURE**

The District's budget is prepared on a cash basis. Operating and Capital Revenues and Expenditures are summarized in Table 1, and illustrated in Figure 1 at the end of this letter. Table 1 also compares the adopted budget for the immediate past year with the proposed budget for the next year. Total revenues are projected to increase overall by about 4.3 percent from a combination of the sewer service charge increase discussed above and anticipated increases in property tax revenues accruing to the District. Variances between the two budget years are also provided later in this letter.

	FY 17/18 Adopted Budget	FY 18/19 Proposed Budget	% Change FY 18 to FY 19
<b>Operating Revenues</b>	\$ 10,654,033	\$ 11,282,802	5.90%
<b>Capital Revenues</b>	\$ 10,926,445	11,220,560	2.69%
<b>Total Revenues</b>	<b>\$ 21,580,478</b>	<b>\$ 22,503,362</b>	4.28%
<b>Operating Expenditures</b>	10,329,235	10,705,237	3.64%
<b>CIP Expenditures</b>	5,680,000	6,663,000	17.31%
<b>Debt Service</b>	7,043,504	6,839,456	-2.90%
<b>Total Expenditures</b>	<b>\$ 23,052,739</b>	<b>\$ 24,207,693</b>	5.01%

**B. FISCAL YEAR 2018-19 OPERATING BUDGET DETAILS**

*Operating Revenues*

The proposed FY 2018-19 Operating Budget by revenue source is shown in Table 2 below (and graphically in Figure 2), along with the figures for the past two fiscal years. Total operating revenues are budgeted to increase by 5.9% or \$628,769 from FY 2017-18.

Funding Sources by Category	FY 16-17 Adopted Budget	FY 17-18 Adopted Budget	FY 18-19 Proposed Budget	% Change FY 18 to FY 19
Operating Sewer Service Charges	\$ 9,208,992	\$ 9,691,440	\$ 10,145,760	4.69%
Permit & Inspection fees	31,500	26,500	31,500	18.87%
Interest Income	20,000	43,000	120,000	179.07%
Engineering/Admin Chgs	165,000	165,000	165,000	0.00%
Franchise Fees	52,186	53,438	55,041	3.00%
AB 939 Collector Fees	354,134	376,426	400,772	6.47%
Oil and Beverage Grant	59,880	62,729	62,729	0.00%
Ranch Income	70,000	70,000	70,000	0.00%
Recycled Water Revenue	117,000	135,500	202,000	49.08%
Other Revenue	30,000	30,000	30,000	0.00%
<b>Total Operating Revenue</b>	<b>\$10,108,692</b>	<b>\$10,654,033</b>	<b>\$11,282,802</b>	<b>5.90%</b>

**Operating Sewer Service Charges (SSCs)** budgeted increase of \$504,320 or 4.7% primarily from the approved 3.5% rate increase recommended by the 2016 sewer service charge rate study, and adopted by Ordinance No. 120.

**Interest Income** budgeted increase of \$77,000 or 179.1% from the continued potential increase in interest rates.

**AB 939 Collector Fees** budgeted to increase by \$24,346 or 6.5% due to the current projection for the Solid/HHW Cost center revenue.

**Recycled Water Revenue** is based on projections for cost recovery of operating costs through an agreement with the North Marin Water District (NMWD).

**Operating Expenditures**

A summary of proposed and past two fiscal years Operating Expenditures is shown in Table 3. The proposed FY18-19 Operating Expenditures are also shown graphically in Figure 3 (by expense type) and Figure 4 (by department or cost center), at the end of this letter. Operating expenditures are budgeted to increase by 3.6% or \$376,002 between FY2017-18 and FY2018-19. In terms of staffing, note that FY17-18 expenditures for Salaries and Benefits within individual cost centers were skewed by retirements of the long-term incumbents in the following District positions: Construction Inspector, Senior Engineer, Collection System Superintendent, and Field Services Manager. The actual retirement dates for these individuals ranged from July through November 2017, but the retirements affected budgeted expenditures through the year as the District addressed these staff transitions.

Also, in FY16-17, the District moved forward on addressing its liabilities under Government Accounting Standards Board (GASB) Statement 45 (GASB 45 – Other Post-Employment Benefits or OPEB) and Statement 68 (GASB 68 – Net Pension Liability or NPL). The District set up and initiated funding a trust account with Public Agency Retirement Services (PARS), Irvine, CA, which incorporates separate sub-accounts for each of the GASB 45 and 68 liabilities. Consistent with Board direction (provided November 14, 2016), future District budgets (including the FY18-20 budgets) will include amounts to fund this trust, subject to Board approval.

**Table 3: Operating Budget Expenditures 3-year Summary:**

Expenditures by Department	FY 16-17	FY 17-18	FY 18-19	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 18 to FY 19
Collections	\$ 1,392,148	\$ 1,359,767	\$ 1,381,782	1.62%
Treatment	3,076,191	3,160,475	3,282,731	3.87%
Reclamation	521,538	521,554	491,542	-5.75%
Laboratory	648,636	599,461	583,012	-2.74%
Pump Stations	854,139	836,309	838,716	0.29%
Administration/Engineering	2,947,210	3,277,014	3,461,953	5.64%
Hazardous Household Waste	415,787	439,155	463,501	5.54%
Recycled Water	117,000	135,500	202,000	49.08%
<b>Total Expenditures</b>	<b>\$ 9,972,648</b>	<b>\$ 10,329,235</b>	<b>\$ 10,705,237</b>	<b>3.64%</b>

Table 4 summarizes the main anticipated operating budget variances.

**Table 4: Operating Budget Significant Budget Variances 2017-18 to 2018-19**

Anticipated Budget Variances – Year-over-year, FY 17-18 to FY 18-19	Budget Impact
1. 8.6% increase in employee benefits category.	\$ 84,410
2. 30.0% increase in contributions to fund trust for pension expenses.	\$ 66,864
3. 18.6% increase in insurance expense.	\$ 30,500
4. 93.6% increase in District Software maintenance expenses.	\$ 29,000
5. 112.0% increase in District's Operating Chemicals expenses.	\$ 32,800
6. 23.1% decrease in attorney fees in the Admin & Eng. cost center.	\$ (15,000)
7. 18.8% decrease in Outside consulting in the Admin & Eng. cost center.	\$ (42,000)
8. 14.6% decrease in Outside services in the Pump Station & Collection System cost centers.	\$ (30,000)
9. 13.9% decrease in Research & Monitoring fees in the Lab cost center.	\$ (22,500)

**C. FISCAL YEAR 2017-18 CAPITAL BUDGET DETAILS**

***Capital Revenues***

The proposed FY2018-19 Capital Budget by Revenue source is shown in Table 5 below, along with the figures for the past two fiscal years. Percentage changes in actual property tax revenue for the last ten years is illustrated in Figure 5. Total capital revenues for FY18-19 are expected to increase by 2.7% or \$ 294,115 from FY 2017-18. Notable items include:

**Capital SSC Revenues** - projected increase of \$187,008 or 2.4% primarily from the 3.5% rate increase recommended by the current sewer service charge rate study.

**Property Taxes** - projected increase of \$100,507 or 4.6% from greater activity in the housing market over the past few years. For comparative purposes, Figure 5 (attached to this letter) illustrates property tax-related revenues for the last ten years.

**Connection Fees** – projected to increase \$13,600 or 3.0% assuming about 40 new connections per year.

**Interest Income** – projected increase of \$85,000 or 212.5% from the continued potential increase in interest rates.

**Grant Revenue** – projected decrease of \$92,000 or 19.37% over FY17-18 anticipated amounts as the project for the Recycled Water Facility expansion project continues to progress and the District receives reimbursement of these funds via the USBR Title XVI grant funds through the North Bay Water Reuse Authority (NBWRA) Phase I Program.

**Table 5: Capital Budget Revenue 3-year Summary**

Funding Sources by Category	FY 16-17	FY 17-18	FY 18-19	% Change
	Adopted Budget	Adopted Budget	Proposed Budget	FY 18 to FY 19
Capital Sewer Service Charges	\$ 7,595,952	\$ 7,753,152	\$ 7,940,160	2.41%
Property Taxes	1,938,000	2,188,693	2,289,200	4.59%
Connection Charges	434,400	447,600	461,200	3.04%
Collector/Special Equalization Chgs	2,000	2,000	2,000	0.00%
Interest Income	25,000	40,000	125,000	212.50%
Grant Revenue	0	475,000	383,000	-19.37%
Other Revenue	20,000	20,000	20,000	0.00%
<b>Total Capital Revenues:</b>	<b>\$10,015,352</b>	<b>\$10,926,445</b>	<b>\$11,220,560</b>	<b>2.69%</b>

***Capital Expenditures***

The proposed Capital Improvement Program (CIP) Budget for FY18-19 is \$13,502,456 or \$778,952 more or an increase of 6.1% over last year. Capital projects for 2018-19 will be funded through sewer service charges, property taxes, and connection fees. Notable items include:

**On-going major capital project work**, including Collection System Improvements and the expansion of the Recycled Water Facility (RWF).

**Continuing work on regional efforts** including NBWRA, Novato Creek Watershed, and the Hamilton Wetlands/Outfall study.

Debt service of \$6,839,456 including principal and interest payments on the District's State Revolving Fund (SRF) loan and the 2017 Revenue Refunding Bonds.

Table 6 shows summary Capital Debt Service and Capital Project Costs for three fiscal years.

Capital Expenditures	FY 16-17 Adopted Budget	FY 17-18 Adopted Budget	FY 18-19 Proposed Budget	% Change FY 18 to FY 19
Capital Projects	\$4,675,000	\$5,680,000	\$6,663,000	17.31%
Debt Service	7,059,705	7,043,504	6,839,456	-2.9%
<b>Total</b>	<b>\$11,734,705</b>	<b>\$12,723,504</b>	<b>\$13,502,456</b>	<b>6.1%</b>

**Debt Coverage Ratio**

In the 2011 Certificates of Participation(COP) Installment Sale Agreement, the District agreed to collect rates and charges during each fiscal year that are sufficient to yield net revenues equal to at least 120 percent of the installment payments on the COPs and all parity debt in the fiscal year, or a debt coverage ratio of 1.20. In October of 2017, the District retired these COPs with the issuance of the 2017 Revenue Refunding Bonds saving the District over \$2 million in debt service over the next twenty years. The new 2017 Revenue Refunding Bonds do not require disclosure of the debt coverage ratio, however, the District's projected Debt Coverage Ratio for 2018-19 is 1.68.

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

The following table compares the District's rate with those of other nearby sanitation agencies. For illustrative purposes, Figure 6 (following this letter) compares the District's SSC changes relative to changes in the Consumer Price Index (CPI) for the Water and Sewer Services industry for the last ten years.

<b>AGENCY</b>	<b>RATE (\$/yr.)</b>
Sanitary District No. 5 – Belvedere	1,985 <sup>(a)</sup>
Tamalpais Community Services District	1,734 <sup>(b)</sup>
Sausalito-Marín City Sanitary District <sup>(1)</sup>	1,377 <sup>(a)</sup>
Sanitary District No. 1 – City of Larkspur	1,178 <sup>(b)</sup>
Sanitary District No. 5 – Tiburon	1,034 <sup>(a)</sup>
City of Santa Rosa	995 <sup>(b)</sup>
Ross Valley Sanitary District (SD#1)	909 <sup>(b)</sup>
Las Gallinas Valley Sanitary	898 <sup>(b)</sup>
San Rafael Sanitation	861 <sup>(a)</sup>
City of Petaluma	824 <sup>(a)</sup>
City of Mill Valley	779 <sup>(a)</sup>
Napa Sanitation District	676 <sup>(b)</sup>
<b>NOVATO SANITARY DISTRICT</b>	<b>615 <sup>(b)</sup></b>
Vallejo Sanitation & Flood Control District	585 <sup>(b)</sup>
Town of Corte Madera	500 <sup>(a)</sup>

Notes: <sup>(1)</sup> Includes SMCS D charge of \$866 and City of Sausalito charge of \$511  
<sup>a)</sup>FY2017-18 charges; <sup>b)</sup>FY2018-19 (proposed or adopted)

In conclusion, the proposed FY2018-19 budget will be able to accomplish the District's commitments to achieving the key goals set forth in its Strategic Plan while maintaining reasonable rates for its customers.

Sincerely,

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SANDEEP KARKAL, P.E.  
General Manager-Chief Engineer

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LAURA CREAMER, CPA  
Finance Officer

Additional Charts for Informational Purposes:  
Figure 1:

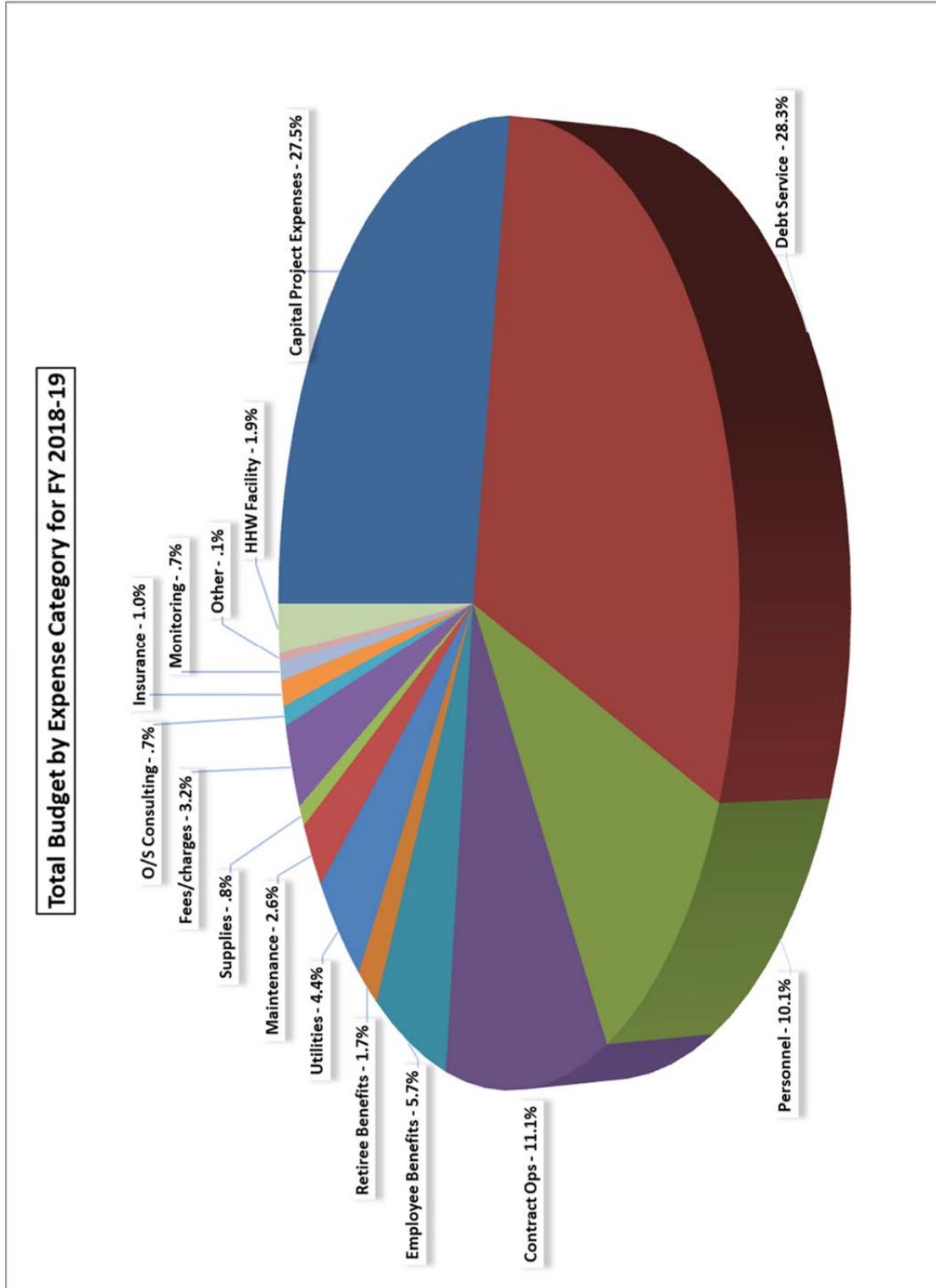


Figure 2:

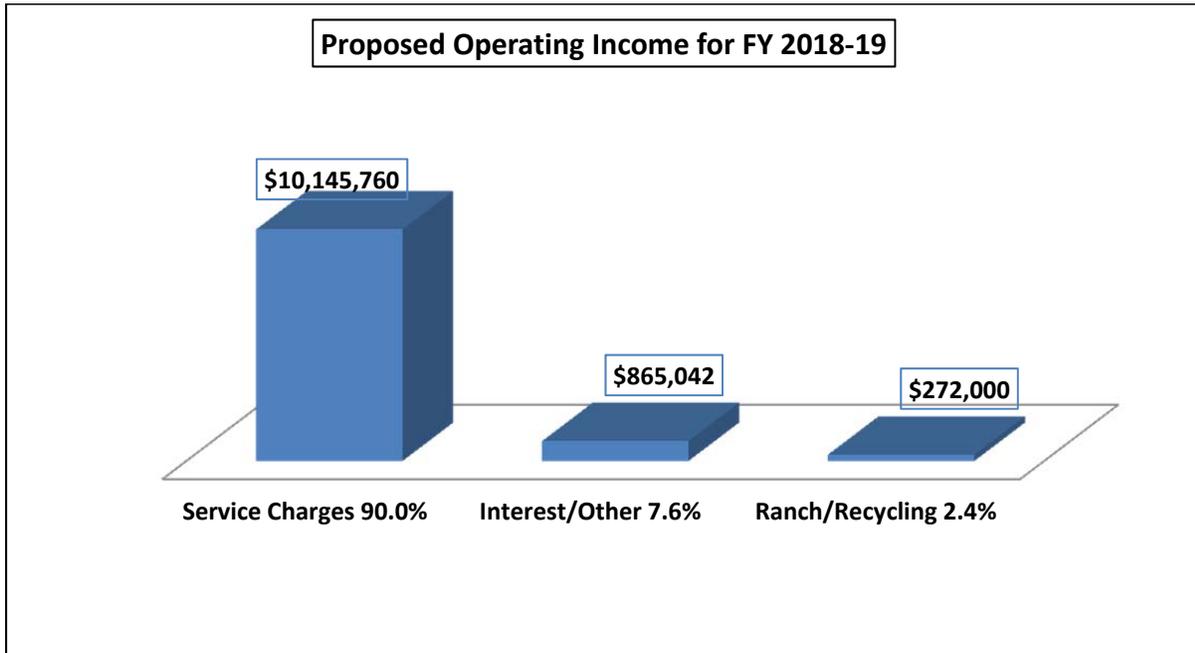


Figure 3:

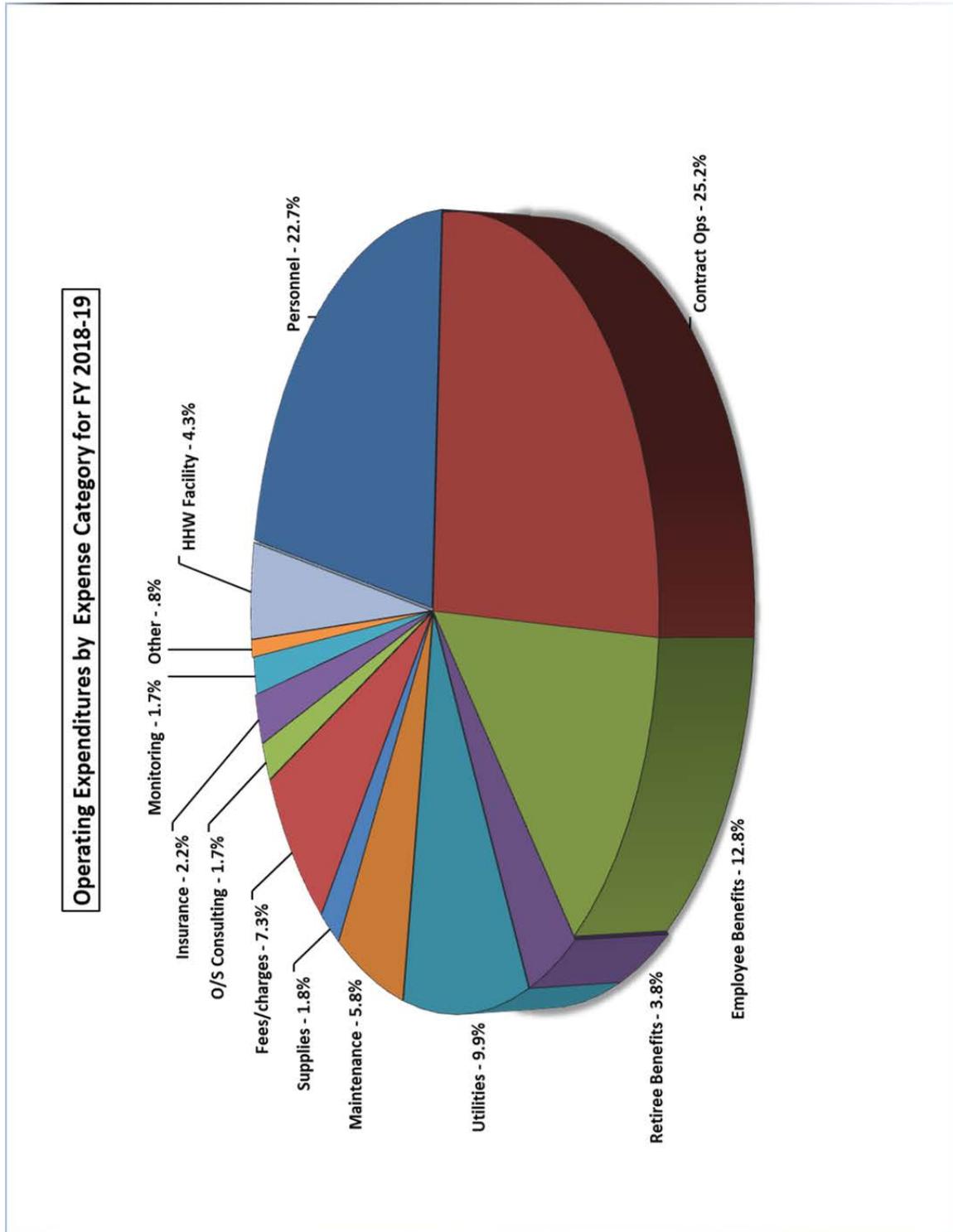


Figure 4:

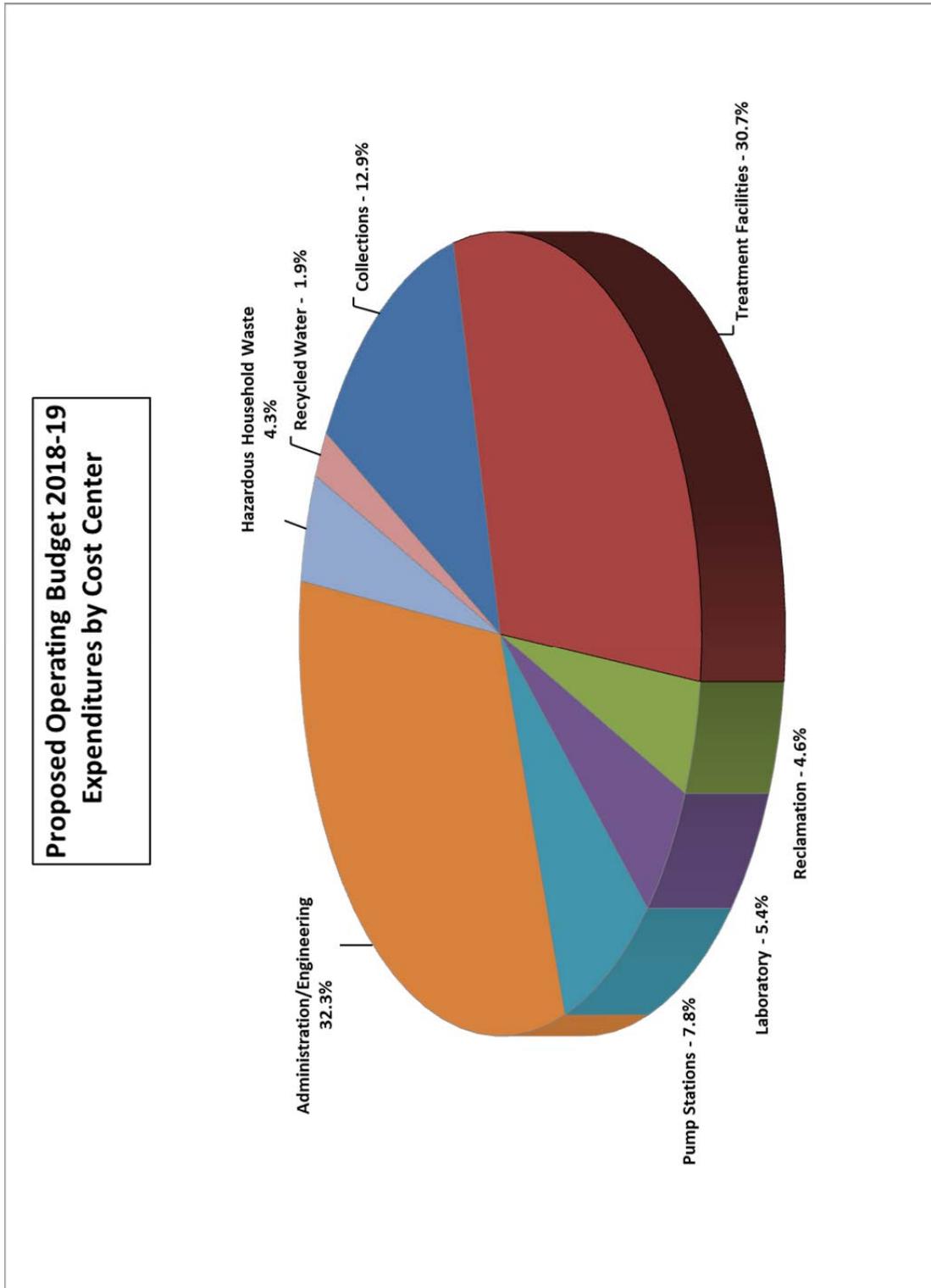
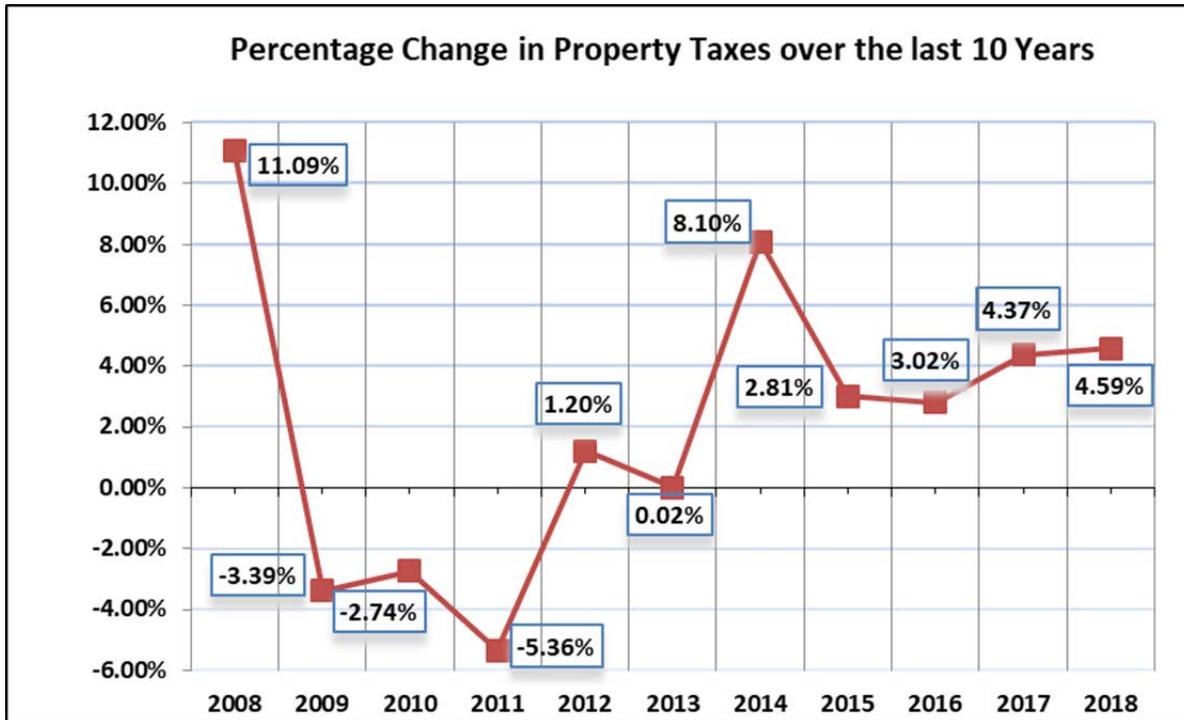
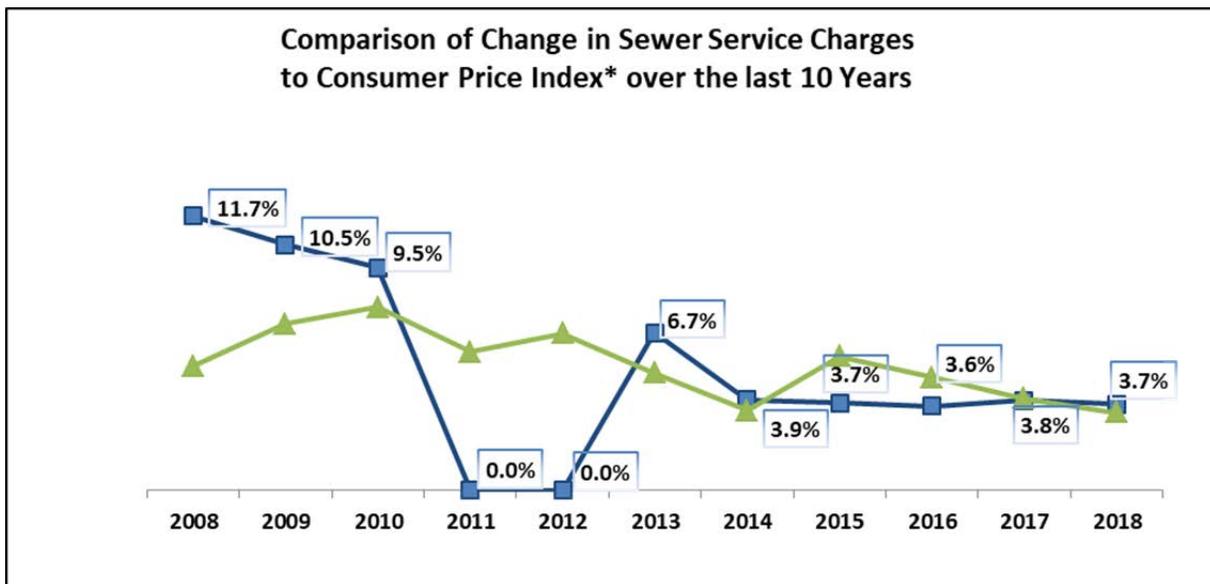


Figure 5:



Note: Based on actual revenues received through 16/17 and projected revenues for 17/18.

Figure 6:



\*CPI – Bureau of Labor Statistics – Series Id: CUUR0000SEHG01; Not Seasonally Adjusted; U.S. city average; Water and sewerage maintenance; Base Period: 1982-84=100

**Novato Sanitary District  
2018-20 Preliminary Budget  
Summary of Fund Balances**

	Projected Rev/Exp 2017-18	Proposed Budget 2018-19	Preliminary Budget 2019-20
<b>Operating Fund at July 1st Beginning of Each Year</b>	12,542,995	12,833,255	13,071,390
<b>Operating Revenue (p. 2)</b>	10,653,664	11,282,802	11,470,054
<b>Operating Expenditures (p. 3)</b>	9,295,933	10,705,237	11,481,860
<b>Transfers Out (1)</b>	1,067,471	339,430	0
<b>Net Operating Revenue after transfers</b>	290,260	238,135	(11,806)
<b>Operating Fund after transfers at the End of Each Year</b>	<b>12,833,255</b>	<b>13,071,390</b>	<b>13,059,584</b>
<b>Capital Improvement Fund at July 1st Beginning of Each Year</b>	7,857,190	9,376,765	7,086,334
<b>Capital Revenue (p. 15)</b>	10,496,040	11,220,560	11,383,312
<b>Transfers In (2)</b>	1,016,823	288,782	0
<b>Capital Expenditures (p. 16)</b>	1,429,698	6,663,000	4,615,000
<b>Debt Service (p. 19)</b>	6,841,840	6,839,456	6,829,956
<b>Transfers Out (3)</b>	1,721,750	297,317	297,317
<b>Total Capital Expenditures</b>	9,993,288	13,799,773	11,742,273
<b>Capital Improvement Fund Balance at the End of Each Year (4)</b>	<b>9,376,765</b>	<b>7,086,334</b>	<b>6,727,373</b>
<b>Wastewater Capital Reserve Fund Balance at the End of Each Year (p. 16)</b>	<b>27,336</b>	<b>324,653</b>	<b>621,970</b>
<b>Rate Stabilization Fund Balance at the End of Each Year (p. 18)</b>	<b>1,688,264</b>	<b>1,738,912</b>	<b>1,791,079</b>
<b>Fund Balances at The End of Each Year</b>	<b>23,925,620</b>	<b>22,221,289</b>	<b>22,200,006</b>

(1) To Rate Stabilization Fund and Capital Improvement Fund.

(2) From Operating Fund.

(3) To Wastewater Capital Reserve Fund and Escrow account for Revenue Refunding Bond issue of 2017.

(4) Includes the 2011 Certificates of Participation(COP) Reserve fund balance. Due to refunding of 2011 COPs and issuance of 2017 Revenue Refunding Bonds reserve balance transferred to Escrow account (See also on p. 17).

***SECTION II***

***SUMMARY OF FUND BALANCES AND  
OPERATING BUDGET SUMMARY SCHEDULES***

**Novato Sanitary District  
2018-20 Preliminary Operating Budget  
Summary of Revenues**

Operating Fund Revenue Center - 41000	Adopted Budget 16/17	Adopted Budget 17/18	Projected Revenues 2017-18	Proposed Budget 2018-19	Preliminary Budget 2019-20
<b>Accounts</b>					
41010 · Sewer Service Charges (1)	9,208,992	9,691,440	9,691,000	10,145,760	10,306,800
41030 · Plan Check & Inspection Fee	500	500	7,800	500	500
41040 · Permit & Inspection Fee	6,000	6,000	5,000	6,000	6,000
41060 · Interest Income	20,000	43,000	135,000	120,000	130,000
41080 · Engineering & Admin Charges	165,000	165,000	100,000	165,000	165,000
41090 · Non-domestic Permit Fees (2)	25,000	20,000	25,000	25,000	25,000
41100 · Garbage Franchise Fees	52,186	53,438	53,438	55,041	56,692
41105 · AB 939 Collector Fees	354,134	376,426	376,426	400,772	409,333
41107 · Oil/Bev/Tire Grants (3)	59,880	62,729	60,000	62,729	62,729
41130 · Ranch Income	70,000	70,000	70,000	70,000	70,000
41135 · Recycled Water Revenue	117,000	135,500	110,000	202,000	208,000
41140 · Other Revenue (4)	20,000	20,000	20,000	20,000	20,000
41142 · Loss on disposal of assets	10,000	10,000	0	10,000	10,000
<b>Totals</b>	<b>10,108,692</b>	<b>10,654,033</b>	<b>10,653,664</b>	<b>11,282,802</b>	<b>11,470,054</b>

**Comments:**

- (1) Sewer Service Charge (SSC) revenue is based on rate increase approved on June 13, 2016 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:
  - For 2018/19 the charge is \$615 split between operating (\$345) and capital (\$270).
  - For 2019/20 the charge is \$636 split between operating (\$350) and capital (\$286).
- (2) Includes application fees, permits and monitoring charges.
- (3) Oil/Bev/Tire Grants ~ \$29,000/ JPA Reimb Fees \$33,000
- (4) Other revenue includes septic tank hauling fees, and miscellaneous revenue.

**APPROPRIATIONS LIMITATION**

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

**Novato Sanitary District  
2018-20 Preliminary Budget  
Operating Budget - Summary of Expenditures**

Operating Cost Center	Adopted Budget 16/17	Adopted Budget 17/18	Projected Exp 2017-18	Proposed Budget 2018-19	Preliminary Budget 2019-20
<b>Collections</b>	1,392,148	1,359,767	1,083,793	1,381,782	1,451,700
<b>Treatment Facilities</b>	3,076,191	3,160,475	3,093,996	3,282,731	3,474,252
<b>Reclamation</b>	521,538	521,554	435,080	491,542	538,783
<b>Laboratory</b>	648,636	599,461	507,013	583,012	620,860
<b>Pump Stations</b>	854,139	836,309	702,528	838,716	931,956
<b>Administration/Engineering</b>	2,947,210	3,277,014	2,918,821	3,461,953	3,784,247
<b>Solid/Hazardous Household Waste</b>	415,787	439,155	414,092	463,501	472,062
<b>Recycled Water</b>	117,000	135,500	140,610	202,000	208,000
	9,972,648	10,329,235	9,295,933	10,705,237	11,481,860

Novato Sanitary District												
2018-19 Preliminary Operating Budget												
Operating Budget: By Cost Center and Account Category												
	Treatment Facilities	Recl	L-M	Pump Stations	Collection System	A-E	HHW Program	Recycled Water	Total	As Percent of Budget	Over/Under PY Budget	% Over/Under PY Budget
Salaries and Wages		86,292		346,294	668,458	1,212,656			2,313,699	21.61%	(2,192)	-0.09%
Contract Services (Operations & Lab)	2,262,043		378,512					55,000	2,695,555	25.18%	107,818	4.17%
Employee Benefits		23,249		146,422	326,125	571,552			1,067,348	9.97%	84,410	8.59%
Retiree Health Benefits						411,230			411,230	3.84%	24,067	6.22%
Pension Expense(Trust)						290,016			290,016	2.71%	66,864	29.96%
Directors' Fees						34,000			34,000	0.32%	(6,000)	-15.00%
Election Expense						60,000			60,000	1%	60,000	0.00%
Gasoline, Oil & Fuel		2,000	1,500	5,000	15,000	5,000			28,500	0.27%	-	0.00%
Insurance	14,000					180,500			194,500	1.82%	30,500	18.60%
Ins Claims Expense						45,000			45,000	0.42%	-	0.00%
Agency Dues						66,000			66,000	0.62%	12,000	22.22%
Memberships						14,000			14,000	0.13%	4,000	40.00%
Office Expense						28,000			28,000	0.26%	2,000	7.69%
Safety		500	1,000	2,000	3,500	2,000			9,000	0.08%	-	0.00%
Software Maint		2,000	1,000	7,000	50,000				60,000	0.56%	29,000	93.55%
Operating Supplies		2,000	20,000	10,000	25,000	5,000		4,400	66,400	0.62%	(5,600)	-7.78%
Operating Chemicals				2,000				60,100	62,100	0.58%	32,800	111.95%
Sludge Disposal-Contractual		220,000							220,000	2.06%	(20,000)	-8.33%
Accounting & Auditing						28,000			28,000	0.26%	2,000	7.69%
Attorney						50,000			50,000	0.47%	(15,000)	-23.08%
Outside Consulting						181,000			181,000	1.69%	(42,000)	-18.83%
IT/Misc. Electrical						43,000			43,000	0.40%	3,000	7.50%
Safety & Wellness Incentive Program						10,000			10,000	0.09%	-	0.00%
Printing & Publication						24,000			24,000	0.22%	2,000	9.09%
Repairs & Maintenance		60,000	10,000	120,000	75,000	50,000		30,500	345,500	3.23%	(7,900)	-2.24%
Unusual Equipment Maint	150,000								150,000	1.40%	-	0.00%
Small Tools		500		2,000	2,000				4,500	0.04%	-	0.00%
Outside Services				55,000	120,000				175,000	1.63%	(30,000)	-14.63%
Ditch/Dike Maintenance		10,000							10,000	0.09%	-	0.00%
Research & Monitoring			125,000					14,000	139,000	1.30%	(22,500)	-13.93%
Travel, Mtgs & Train.						70,000			70,000	0.65%	5,000	7.69%
Pollution Prevention/Pub. Ed.			40,000						40,000	0.37%	(1,500)	-3.61%
Gas & Electricity	771,689	75,000		105,000				38,000	989,689	9.24%	30,190	3.15%
Water		5,000		7,000	12,000				24,000	0.22%	2,000	9.09%
Telephone				24,000	4,000	13,000			41,000	0.38%	1,000	2.50%
Other/Operational Assistance					700				700	0.01%	(300)	-30.00%
Permits & Fees	85,000	5,000	6,000	7,000	80,000			0	183,000	1.71%	9,000	5.17%
Co. Collection Fees						63,000			63,000	0.59%	(3,000)	-4.55%
Ser. Chg. System Exp						5,000			5,000	0.05%	-	0.00%
AB 939 Solid Waste Programs							463,501		463,501	4.33%	24,346	5.54%
<b>Total</b>	<b>3,282,731</b>	<b>491,542</b>	<b>583,012</b>	<b>838,716</b>	<b>1,381,782</b>	<b>3,461,953</b>	<b>463,501</b>	<b>202,000</b>	<b>10,705,237</b>	<b>100.00%</b>	<b>376,002</b>	<b>3.64%</b>
	30.66%	4.59%	5.45%	7.83%	12.91%	32.34%	4.33%	2%	100.00%			

***SECTION III***

***OPERATING BUDGET  
By Cost Center and Account Category***

**Novato Sanitary District  
2018-20 Preliminary Budget  
Operating Budget - Collections**

<b>Collections Cost Center - 60000</b>	<b>Adopted Budget 16/17</b>	<b>Adopted Budget 17/18</b>	<b>Projected Exp 2017-18</b>	<b>Proposed Budget 2018-19</b>	<b>Preliminary Budget 2019-20</b>
<b>Accounts</b>					
<b>60010 · Salaries &amp; Wages</b>	627,355	650,120	601,369	668,458	732,897
<b>60020 · Employee Benefits</b>	286,293	299,148	248,096	326,125	378,103
<b>60060 · Gas, Oil &amp; Fuel</b>	28,000	15,000	12,000	15,000	15,500
<b>60085 · Safety</b>	3,500	3,500	3,500	3,500	3,500
<b>60091 · Software Maint</b>	75,000	20,000	20,000	50,000	22,000
<b>60100 · Operating Supplies</b>	30,000	28,000	18,000	25,000	28,000
<b>60150 · Repairs &amp; Maint</b>	85,000	80,000	35,000	75,000	80,000
<b>60152 · Small Tools</b>	2,000	2,000	2,000	2,000	2,000
<b>60153 · Outside Services</b>	175,000	175,000	115,000	120,000	155,000
<b>60192 · Water</b>	12,000	12,000	12,000	12,000	12,000
<b>60193 · Telephone</b>	2,000	4,000	3,500	4,000	4,000
<b>60200 · Other(Garbage Coll)</b>	1,000	1,000	600	700	700
<b>60201 · Permits &amp; Fees</b>	65,000	70,000	12,728	80,000	18,000
	<b>1,392,148</b>	<b>1,359,767</b>	<b>1,083,793</b>	<b>1,381,782</b>	<b>1,451,700</b>

**Novato Sanitary District  
2018-20 Preliminary Budget  
Operating Budget - Treatment Facilities**

<b>Treatment Facilities - Cost Center - 61000</b>	<b>Adopted Budget 16/17</b>	<b>Adopted Budget 17/18</b>	<b>Projected Exp 2017-18</b>	<b>Proposed Budget 2018-19</b>	<b>Preliminary Budget 2019-20</b>
<b>Accounts</b>					
<b>61000-1 · Fixed Fee(1)</b>	2,113,278	2,173,976	2,157,898	2,262,043	2,371,395
<b>61000-2 · Insurance &amp; Bonds</b>	14,000	14,000	14,000	14,000	14,000
<b>61000-3 · Major Repair/Replcmnt</b>	150,000	150,000	140,000	150,000	150,000
<b>61000-4 · Water/Permits/Phone</b>	90,000	90,000	80,563	85,000	90,000
<b>61000-5 · Gas &amp; Electricity(2)</b>	708,913	732,499	701,535	771,689	848,857
	<b>3,076,191</b>	<b>3,160,475</b>	<b>3,093,996</b>	<b>3,282,731</b>	<b>3,474,252</b>

**Comments:**

- (1) Fixed fee - 5% increase from prior year, and an allowance for contractual incentive payment.  
(2) Assumes 10% increase for purchased utility power based on actual expenditures for 2017/18, and an allowance for contractual incentive payment with 50-50 sharing of savings from power usage below contract baseline, between District and Veolia.

**Novato Sanitary District  
2018-2020 Preliminary Budget  
Operating Budget - Reclamation**

Reclamation Cost Center - 63000	Adopted Budget 16/17	Adopted Budget 17/18	Projected Exp 2017-18	Proposed Budget 2018-19	Preliminary Budget 2019-20
<b>Accounts</b>					
<b>63010 · Salaries &amp; Wages</b>	91,943	71,693	63,489	86,292	99,806
<b>63020 · Employee Benefits</b>	36,595	24,860	13,391	23,249	35,978
<b>63060 · Gasoline &amp; Oil</b>	4,000	2,000	1,500	2,000	2,000
<b>63085 · Safety</b>	500	500	500	500	500
<b>63091 · Software Maint</b>	2,000	2,000	1,100	2,000	2,000
<b>63100 · Operating Supplies</b>	2,000	2,000	1,500	2,000	2,000
<b>63115 · Sludge Disposal</b>	190,000	240,000	216,000	220,000	225,000
<b>63150 · Repairs &amp; Maint</b>	70,000	65,000	50,000	60,000	70,000
<b>63152 · Small Tools</b>	500	500	300	500	500
<b>63157 · Ditch/Dike Maint</b>	20,000	10,000	9,000	10,000	11,000
<b>63191 · Gas &amp; Electricity</b>	95,000	95,000	65,000	75,000	80,000
<b>63192 · Water</b>	3,000	3,000	10,000	5,000	5,000
<b>63201 · Permits &amp; Fees</b>	6,000	5,000	3,300	5,000	5,000
	<b>521,538</b>	<b>521,554</b>	<b>435,080</b>	<b>491,542</b>	<b>538,783</b>

**Novato Sanitary District  
2018-20 Preliminary Budget  
Operating Budget - Laboratory**

Laboratory Cost Center - 64000	Adopted Budget 16/17	Adopted Budget 17/18	Projected Exp 2017-18	Proposed Budget 2018-19	Preliminary Budget 2019-20
<b>Accounts</b>					
<b>64010 · Contract Lab Services (1)</b>	368,136	363,761	351,219	378,512	406,760
<b>64060 · Gasoline &amp; Oil</b>	2,500	1,500	1,500	1,500	1,600
<b>64085 · Safety</b>	1,000	1,000	0	1,000	1,000
<b>64091 · Software Maintenance</b>	4,000	1,000	0	1,000	1,000
<b>64100 · Operating Supplies</b>	20,000	20,000	19,000	20,000	20,500
<b>64150 · Repairs &amp; Maintenance</b>	25,000	19,200	5,000	10,000	12,000
<b>64160 · Research &amp; Monitoring</b>	182,000	147,500	90,000	125,000	130,000
<b>64170 · Pollution Prev/Public Ed</b>	43,000	41,500	35,000	40,000	41,500
<b>64201 · Permits &amp; Fees</b>	3,000	4,000	5,294	6,000	6,500
	<b>648,636</b>	<b>599,461</b>	<b>507,013</b>	<b>583,012</b>	<b>620,860</b>

**Comments:**

- (1) Includes fees and charges paid for contract laboratory and environmental services provided by Veolia Water and North Marin Water District (NMWD).

**Novato Sanitary District  
2018-20 Preliminary Budget  
Operating Budget - Pump Stations**

Pump Stations Cost Center - 65000	Adopted Budget 16/17	Adopted Budget 17/18	Projected Exp 2017-18	Proposed Budget 2018-19	Preliminary Budget 2019-20
<b>Accounts</b>					
<b>65010 · Salaries &amp; Wages</b>	344,528	358,335	297,340	346,294	399,177
<b>65020 · Employee Benefits</b>	154,611	153,974	111,444	146,422	175,179
<b>65060 · Gasoline &amp; Oil</b>	6,000	5,000	4,000	5,000	5,000
<b>65085 · Safety</b>	2,000	2,000	2,000	2,000	2,000
<b>65091 · Software Maintenance</b>	12,000	8,000	6,000	7,000	8,000
<b>65100 · Operating Supplies</b>	10,000	10,000	7,500	10,000	10,000
<b>65101 · Operating Chemicals</b>	15,000	2,000	0	2,000	2,000
<b>65150 · Repairs &amp; Maintenance</b>	115,000	115,000	115,000	120,000	120,000
<b>65152 · Small Tools</b>	2,000	2,000	2,000	2,000	2,100
<b>65153 · Outside Services, Elect.</b>	35,000	30,000	25,000	55,000	55,000
<b>65191 · Gas &amp; Electricity</b>	110,000	115,000	97,344	105,000	115,000
<b>65192 · Water</b>	7,000	7,000	7,000	7,000	7,000
<b>65193 · Telephone</b>	24,000	24,000	22,000	24,000	24,000
<b>65201 · Permits &amp; Fees</b>	17,000	4,000	5,900	7,000	7,500
	<b>854,139</b>	<b>836,309</b>	<b>702,528</b>	<b>838,716</b>	<b>931,956</b>

**Novato Sanitary District  
2018-20 Preliminary Budget  
Operating Budget - Administration/Engineering**

Administration and Engineering Cost Center - 66000	Adopted Budget 16/17	Adopted Budget 17/18	Projected Exp 2017-18	Proposed Budget 2018-19	Preliminary Budget 2019-20
<b>Accounts</b>					
66010 · Salaries & Wages	1,152,160	1,235,744	1,048,397	1,212,656	1,368,151
66020 · Employee Benefits	473,551	504,956	504,956	571,552	681,275
66021 · Retiree Health Benefits(1)	377,348	224,377	224,377	247,223	267,700
66021-1 · Retiree Health Benefits(2)	0	162,786	162,786	164,007	149,577
66022 · Pension Expense (3)	0	223,152	223,152	290,016	360,743
66030 · Director's Fees	38,000	40,000	27,300	34,000	34,000
66040 · Election Expense	0	0	0	60,000	0
66060 · Gasoline & Oil	10,000	5,000	2,787	5,000	5,000
66070 · Insurance	150,000	150,000	157,013	180,500	192,500
66071 · Insurance Claim Expense	50,000	45,000	10,000	45,000	45,000
66075 · Agency Dues	62,000	54,000	56,500	66,000	69,300
66080 · Memberships/Certifications	10,000	10,000	10,000	14,000	15,000
66085 · Safety	2,000	2,000	2,000	2,000	3,000
66090 · Office Expense	27,000	26,000	27,000	28,000	28,000
66100 · Engineering Supplies	10,000	10,000	10,000	5,000	5,000
66121 · Accounting & Auditing	27,000	26,000	26,000	28,000	29,000
66122 · Attorney Fees	75,000	65,000	35,000	50,000	55,000
66123 · O/S Contractual	218,000	223,000	140,000	181,000	185,000
66124 · IT/Misc Electrical	45,000	40,000	39,000	43,000	45,000
66125 · Safety & Wellness Incent Prog	10,000	10,000	2,450	10,000	10,000
66130 · Printing & Publications	22,000	22,000	22,000	24,000	24,000
66150 · Repairs & Maintenance	50,000	50,000	45,000	50,000	52,500
66170 · Travel, Meetings & Training	55,000	65,000	65,000	70,000	75,000
66193 · Telephone	10,000	12,000	12,549	13,000	13,500
66202 · County Fees-Property Taxes	26,000	26,000	31,754	33,000	35,000
66203 · County Fees-Sewer Ser Chg	42,000	40,000	28,800	30,000	31,000
66250 · Service Charge Sys Exp	5,150	5,000	5,000	5,000	5,000
	<b>2,947,210</b>	<b>3,277,014</b>	<b>2,918,821</b>	<b>3,461,953</b>	<b>3,784,247</b>

**Comments:**

- (1) Projected contribution to current retirees' health care premiums.
  - (2) Represents FY18-19 Unfunded Actuarial Liability (UAL) contributions into the PARS Trust (OPEB sub-account) established in November 2016.
  - (3) Represents FY17-18 projected contributions to PARS Trust (Pension sub-account).
- \*PARS = Public Agency Retirement Services.  
OPEB = Other Post-Employment Benefits.

Novato Sanitary District									
Preliminary Operating Budget 2018-20									
PERSONNEL DETAIL									
Number	Position	Cost Center	Pay Range	Salaries					
				2018-19	2019-20				
1.00	General Manager-Chief Engineer.....	A/E		233,508	242,381				
1.00	Deputy General Manager.....	A/E	MC122.5	177,840	193,832				
1.00	Field Services Manager .....	.25AE/.25CS/.25PS/.25Rec	MC119	149,265	162,691				
1.00	Senior Engineer.....	.65AE/.25PS/.10Rec	MC116.5	62,160	135,496				
0.46	Administrative Services Specialist .....	A/E	MC117.5	69,744	72,394				
1.00	Administrative/Risk Services and Safety Officer (1)	A/E	MC117.5	138,206	150,630				
1.00	Administrative Assistant .....	A/E	MC103	30,630	66,767				
1.00	Administrative Secretary.....	A/E	MC106	86,196	89,471				
1.00	Finance Officer.....	A/E	MC115	133,716	138,797				
1.00	Staff Engineer.....	.5A/E/.5CS	47	110,016	114,197				
1.00	Construction Inspector.....	A/E	44.5	81,472	88,799				
1.00	Information System Specialist II.....	.5A/E/.5CS	43.5	92,772	96,297				
1.00	Electrical/Instrumentation Tech I.....	.34A/E/.33PS/.33Rec	40.5	73,290	79,880				
1.00	Collection System Superintendent.....	.67CS/.33PS	MC115	112,356	122,398				
1.00	Collection System Leadworker.....	.67CS/.33PS	47	106,520	114,197				
0.00	Collection System Worker III.....	.67CS/.33PS	43.5	-	-				
4.00	Collection System Worker II.....	.67CS/.33PS	40.5	310,092	326,877				
3.00	Collection System Worker I.....	.67CS/.33PS	38.5	158,701	204,196				
1.00	Admin Intern	A/E	N/A	7,200	7,200				
1.00	Engineering Aide - temp	A/E	N/A	8,640	8,640				
0.40	Hourly Electrician	.25AE/.25PS/.50Rec	N/A	32,000	32,000				
	Allowance for Overtime.....	C/S		33,000	33,000				
	Allowance for Overtime.....	A/E		7,500	7,500				
	Allowance for Standby Duty Pay.....	C/S		36,000	36,000				
	Adjustment for CMSA Reimbursement(1)	A/E		(17,932)	(19,582)				
	Subtotal			2,232,893	2,504,059				
	Allowance for Possible COLA - across the board .....	3.80%		80,806	95,973				
		4.00%							
				2,313,699	2,600,032				
23.86	Administration and Engineering (A/E)		1,212,656	1,368,151					
	Collection System	67%	668,458	732,897					
	Pump Stations	33%	346,294	399,177					
	Reclamation Facilities		86,292	99,806					
	Total/Check		2,313,699	2,600,032					
(1) A portion of the compensation for this position to be reimbursed by Central Marin Sanitation Agency (CMSA) under the Joint Safety Program between CMSA and the District.									

**Novato Sanitary District  
2018-20 Preliminary Budget  
Operating Budget - Solid/Household Hazardous Waste**

<b>Solid/HHW Cost Center - 67000</b>	<b>Adopted Budget 16/17</b>	<b>Adopted Budget 17/18</b>	<b>Projected Exp 2017-18</b>	<b>Proposed Budget 2018-19</b>	<b>Preliminary Budget 2019-20</b>
<b>Accounts</b>					
<b>67400 · Management Services</b>	134,750	138,118	100,555	142,464	146,025
<b>67500 · Household Haz. Waste</b>	220,000	242,500	255,000	260,000	265,000
<b>67530 · Used Oil Grant</b>	11,269	11,269	11,269	11,269	11,269
<b>67530-1Beverage Container Grant</b>	11,268	11,268	11,268	11,268	11,268
<b>67540 · Education/Public Outreach</b>	23,500	21,000	21,000	23,500	23,500
<b>67600 · Other</b>	5,000	5,000	5,000	5,000	5,000
<b>67610 · City AB 939 Admin Service</b>	10,000	10,000	10,000	10,000	10,000
	<b>415,787</b>	<b>439,155</b>	<b>414,092</b>	<b>463,501</b>	<b>472,062</b>

**Comments:**

Per proposed budget by HHW Coordinator.

**Novato Sanitary District  
2018-20 Preliminary Budget  
Operating Budget - Recycled Water**

Recycled Water Cost Center - 68000	Adopted Budget 16/17	Adopted Budget 17/18	Projected Exp 2017-18	Proposed Budget 2018-19	Preliminary Budget 2019-20
<b>Accounts</b>					
<b>68010 · O &amp; M Services (1)</b>	50,000	50,000	50,000	55,000	57,000
<b>68100 · Operating Supplies (2)</b>	2,000	2,000	2,200	4,400	5,000
<b>68101 · Operating Chemicals (2)</b>	26,000	27,300	30,000	60,100	62,000
<b>68150 · Repairs &amp; Maintenance(3)</b>	22,000	24,200	25,410	30,500	31,000
<b>68160 · Research &amp; Monitoring</b>	14,000	14,000	14,000	14,000	14,000
<b>68191 · Gas &amp; Electricity (2)</b>	2,000	17,000	19,000	38,000	39,000
<b>68201 · Permits &amp; Fees</b>	1,000	1,000	0	0	0
	<b>117,000</b>	<b>135,500</b>	<b>140,610</b>	<b>202,000</b>	<b>208,000</b>

***SECTION IV***

***CAPITAL IMPROVEMENT BUDGET***

**Novato Sanitary District  
2018-20 Preliminary Budget  
Capital Improvement Budget - Summary of Revenues**

			Projected	Proposed	Preliminary
Capital Fund	Adopted	Adopted	Revenue	Budget	Budget
Revenue Center - 51000	Budget 16/17	Budget 17/18	2017-18	2018-19	2019-20
<b>Accounts</b>					
<b>Capital Improvement Income</b>					
51010 · Sewer Service Charges(1)	7,595,952	7,753,152	7,753,152	7,940,160	8,422,128
51015 · Property Taxes	1,938,000	2,188,693	2,244,314	2,289,200	2,334,984
51015-1 · Redevelopment Agency(2)	0	0	50,000	0	0
51020 · Connection Charges(3)	434,400	447,600	300,000	461,200	475,200
51030 · Collector Sewer Charges	1,000	1,000	0	1,000	2,000
51040 · Special Equalization Chrg	1,000	1,000	4,230	1,000	4,000
51060 · Interest	25,000	40,000	100,000	125,000	125,000
51070 · Other Revenue	20,000	20,000	20,000	20,000	20,000
51072 · Grant Revenue - RWF	0	475,000	24,344	383,000	0
<b>Total Capital Improvement Income</b>	<b>10,015,352</b>	<b>10,926,445</b>	<b>10,496,040</b>	<b>11,220,560</b>	<b>11,383,312</b>
<b>Comments:</b>					
<b>(1) Sewer Service Charge (SSC) revenue is based on rate increase approved on June 13, 2016 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:</b>					
- For 2018/19 the charge is \$615 split between operating (\$345) and capital (\$270).					
- For 2019/20 the charge is \$636 split between operating (\$350) and capital (\$286).					
<b>(2) Redevelopment Agency(RDA) related revenues are being shown separately as they have increased over the past few years from the dissolution and distribution of assets of these agencies. Also, projections for future RDA fund distributions are not available at this time.</b>					
<b>(3) Connection Charges projected at 40 new connections each year.</b>					
- Per Ordinance 120, the connection charge beginning July 1, 2018 is \$11,530 per EDU, and increases by 3% on July 1, 2019 to \$11,880 per EDU.					

**Novato Sanitary District  
2018-20 Preliminary Budget  
Capital Improvement Budget - CIP Expenditures**

			Projected	Proposed	Preliminary
Capital Improvements	Adopted	Adopted	Exp	Budget	Budget
Cost Centers - 72000 & 73000	Budget 16/17	Budget 17/18	2017-18	2018-19	2019-20
<b>Accounts</b>					
72403 · Pump Station Rehabilitation	50,000	150,000	8,043	50,000	250,000
72508 · North Bay Water Reuse Authority (NBWRA)	440,000	100,000	80,485	10,000	10,000
72706 · Collection System Improvments	1,200,000	1,700,000	160,000	2,450,000	2,200,000
72706-1 · Lateral Replacement Program	60,000	80,000	48,000	80,000	100,000
72707 · Hamilton Wetlands/Outfall Integration	10,000	10,000	0	10,000	10,000
72708 · Cogeneration	45,000	350,000	15,000	350,000	700,000
72802 · Annual Sewer Adj. for City Proj	10,000	40,000	10,000	25,000	25,000
72803 · Annual Collection Sys Repairs	200,000	200,000	50,000	225,000	225,000
72804 · Annual Reclamation Fac Improvements	100,000	175,000	48,000	175,000	140,000
72805 · Annual Treatment Plant Improvements	100,000	300,000	25,000	300,000	100,000
72806 · Annual Pump Station Improvements	100,000	100,000	58,000	140,000	100,000
72807 · Annual Ignacio Facility Improvements	0	50,000	0	50,000	50,000
72808 · Strategic Plan Update	20,000	20,000	0	20,000	20,000
72809 · Novato Creek Watershed	10,000	5,000	0	5,000	5,000
73003 · Admin Building Upgrade/Maint. Building	350,000	350,000	56,170	350,000	20,000
73004 · Odor Control and NTP Landscaping	75,000	50,000	50,000	50,000	50,000
73005 · RWF Expansion (1)	1,300,000	1,460,000	410,000	2,020,000	10,000
73006 · NTP Corrosion Control	180,000	150,000	21,000	233,000	100,000
73090 · Vehicle Replacement	425,000	390,000	390,000	120,000	500,000
<b>Subtotal before Debt Service</b>	<b>4,675,000</b>	<b>5,680,000</b>	<b>1,429,698</b>	<b>6,663,000</b>	<b>4,615,000</b>
78500 · Interest - SRF Loan	1,610,195	1,519,744	1,519,744	1,427,123	1,332,279
78500 · Principal - SRF Loan	3,768,762	3,859,212	3,859,212	3,951,833	4,046,677
78500 · Interest - COP Bond/Rev. Refunding Bond	775,748	739,548	517,884	670,500	631,000
78500 · Principal - COP Bond/Rev. Refunding Bond	905,000	925,000	945,000	790,000	820,000
<b>Subtotal for Debt Service</b>	<b>7,059,705</b>	<b>7,043,504</b>	<b>6,841,840</b>	<b>6,839,456</b>	<b>6,829,956</b>
<b>Totals</b>	<b>11,734,705</b>	<b>12,723,504</b>	<b>8,271,538</b>	<b>13,502,456</b>	<b>11,444,956</b>

**Comments:**

(1) FY17-18 expenditures include provisions for USBR Title XVI grant funds through the NBWRA Phase I program, and potential reimbursement from the joint NMWD/NSD Recycled Water Capital Replacement and Expansion Fund.

***SECTION V***

***WASTEWATER CAPITAL RESERVE FUND &  
CERTIFICATE OF PARTICIPATION (COP)  
RESERVE FUND***

**Novato Sanitary District  
2018-20 Preliminary Budget  
Wastewater Capital Reserve Fund**

		<b>2018-20 Budget</b>	
		Prelim	Final
<b><u>Wastewater Capital Reserve Fund</u></b>			
<b>FUND BALANCE 6/30/17 . . . . .</b>		3,275,000	
	Required Deposits	27,336	
<b>FUND BALANCE 6/30/18 . . . . .</b>		<b>3,302,336</b>	
	Required Deposits/Transfers In	297,317	
<b>ANTICIPATED FUND BALANCE 6/30/19 . . . . .</b>		<b>3,599,653</b>	
	Proposed Deposits/Transfers In	297,317	
<b>ANTICIPATED FUND BALANCE 6/30/20 . . . . .</b>		<b>3,896,970</b>	0
<b>Note:</b> The District borrowed \$81,307,947 between 2008 and 2011 from the State Revolving Fund (SRF) program, under a loan agreement with the State Water Resources Control Board (SWRCB). The loan agreement requires the District to deposit sufficient funds to build up the Wastewater Capital Reserve Fund (WCRF) at a minimum rate of 0.5% of the SRF loan amount each year for a period of ten years, beginning in FY08-09. The District's unused bonding capacity of \$3,275,000 from the 1970 and 1986 General Obligation (GO) bonds may be used to offset, dollar for dollar, the required cash deposits to the WCRF. The maximum required WCRF balance is \$3,599,654 of which \$3,275,000 is satisfied by the unused GO bonding capacity. District Policy No. 3500 (adopted August 8, 2013), paragraph 3500.33, sets the reserve amounts in accordance with the terms of the loan, and requires the remainder to be funded as follows: \$27,336 in FY17-18, and \$297,317 in FY18-19. These amounts are being funded from unreserved amounts in the capital improvement fund, and the total of these required deposits (i.e. \$324,653) is included in the Summary of Fund Balances table (Page 1).			

**Novato Sanitary District  
2018-20 Preliminary Budget  
COP Reserve Fund**

		2018-20 Budget	
		Preliminary	Final
<b><u>Certificates of Participation Reserve Fund</u></b>			
<b>FUND BALANCE 6/30/17 . . . . .</b>		1,694,034	-
	Interest Income	695	-
	Transfer to Escrow account for Bond Refunding 2017	(1,694,414)	
<b>FUND BALANCE 6/30/18 . . . . .</b>		<b>315</b>	<b>-</b>
<b>Summary of COP Activity:</b>		<b>16/17</b>	<b>17/18</b>
<b>Beginning Balance each year</b>		<b>1,693,858</b>	<b>1,694,034</b>
<b>Cop Proceeds</b>		-	-
<b>Less Withdrawals</b>		-	<b>(1,694,414)</b>
<b>Interest earned and Reinvested</b>		<b>176</b>	<b>695</b>
<b>Cash Balance for COP Expenditures</b>		<b>1,694,034</b>	<b>315</b>
<b>Note 1:</b> In the new bond refunding of 2017, there is no longer a need for the reserve fund, thus this fund was closed in November of 2017 to the escrow fund to fund the upcoming debt payment for the previous bond issue of 2011.			

***SECTION VI***

***RATE STABILIZATION FUND***

**Novato Sanitary District  
2018-20 Preliminary Budget  
Rate Stabilization Fund**

		<b>2018-20 Budget</b>	
		Prelim	Final
<b><u>RATE STABILIZATION FUND</u></b>			
	<b>FUND BALANCE 6/30/17 .....</b>	1,639,091	0
	Required Deposits/Transfers from Operating	49,173	0
	<b>FUND BALANCE 6/30/18.....</b>	<b>1,688,264</b>	<b>0</b>
	Required Deposits/Transfers from Operating	50,648	
	<b>FUND BALANCE 6/30/19 .....</b>	<b>1,738,912</b>	<b>0</b>
	Required Deposits/Transfers from Operating	52,167	
	<b>FUND BALANCE 6/30/20 .....</b>	<b>1,791,079</b>	<b>0</b>
<b>Note:</b> This fund is maintained at a minimum balance of \$1,500,000 adjusted annually for inflation from unreserved amounts in the operating fund. Beginning FY17-18, this Fund is also included in the Summary of Fund Balances table (Page 1) to relate the cash based methodology of the budget document with the accrual methodology of the Comprehensive Annual Financial Report (CAFR).			

***SECTION VII***

***DEBT SERVICE FUND SUMMARY***

**Novato Sanitary District  
2018-20 Preliminary Budget  
State Revolving Fund Loan  
COP Bond Fund  
Revenue Refunding Bond**

		2018-20 Budget			
		Preliminary	Final		
<b><u>State Revolving Fund Loan</u></b>					
<b>DEBT BALANCE 6/30/17 . . . . .</b>		63,322,683	-		
Principal Payment 2017-18		(3,859,211)	-		
Interest payments 2017-18		(1,519,744)	-		
Transfer from Capital Improvement Fund 2017-18		1,519,744	-		
<b>DEBT BALANCE 6/30/18 . . . . .</b>		59,463,472	-		
Principal Payment 2018-19		(3,951,833)	-		
Interest payments 2018-19		(1,427,123)	-		
Transfer from Capital Improvement Fund 2018-19		1,427,123	-		
<b>ANTICIPATED DEBT BALANCE 6/30/19 . . . . .</b>		55,511,639	-		
<b><u>COP Bond Financing Issued October 2011</u></b>					
<b>DEBT BALANCE 6/30/17 . . . . .</b>		17,475,000	-		
Principal Payment 2017-18		(925,000)	-		
Interest payments 2017-18		(775,748)	-		
Transfer from Capital Improvement Fund 2017-18		775,748	-		
Refunded COP with Revenue Bond listed below		(16,550,000)	-		
<b>DEBT BALANCE 6/30/18 . . . . .</b>		0	-		
<b><u>Revenue Refunding Bond Financing Issued October 2017</u></b>					
<b>DEBT BALANCE 6/30/17 . . . . .</b>		0	-		
Revenue Refunding Bond Issued to Refund COP 2011		14,355,000.00	-		
Principal Payment 2017-18		(945,000)	-		
Interest payments 2017-18		(165,481)	-		
Transfer from Capital Improvement Fund 2018-19		165,481	-		
<b>DEBT BALANCE 6/30/18 . . . . .</b>		13,410,000	-		
Principal Payment 2018-19		(790,000)	-		
Interest payments 2018-19		(670,500)	-		
Transfer from Capital Improvement Fund 2018-19		670,500	-		
<b>ANTICIPATED DEBT BALANCE 6/30/19 . . . . .</b>		12,620,000	-		
Note: Second payment for COP Bond payable paid with escrow funds.					
		<b>Projected</b>	<b>Preliminary</b>		
		<b>Rev/Exp</b>	<b>Budget</b>		
<b>Debt Coverage Ratio(1)</b>		<b>Budget 17/18</b>	<b>2018-19</b>	<b>Preliminary Budget 2019-20</b>	
<b>Net Operating Revenue</b>		113,226	290,260	238,135	(11,806)
<b>Capital Revenue</b>		10,926,445	10,496,040	11,220,560	11,383,312
<b>Annual Debt Service</b>		7,043,504	6,841,840	6,839,456	6,829,956
<b>Debt Coverage Ratio</b>		1.57	1.58	1.68	1.66
<b>Net revenues covenant requires a 1.20 coverage ratio</b>					
<b>(1) Net Operating Revenue + Capital Revenue/ Annual Debt Service = Debt Coverage Ratio</b>					

# Novato Sanitary District

## MEMORANDUM

**TO:** District Board of Directors

**FROM:** Sandeep Karkal, General Manager-Chief Engineer  
Erik Brown, Deputy General Manager

**BOARD MEETING DATE:** May 21, 2018

**SUBJECT:** FY18-20 Preliminary Capital Improvements Program (CIP) Budget  
– Summary of Anticipated Project Work.

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### Introduction

This memo presents a summary of the potential or anticipated scope of work for projects and project work included within the various Accounts of the Capital Improvements Program (CIP) budget for FY18-20.

A copy of the proposed two-year FY18-20 capital improvement expenditures is included as Table 1: 2018-20 Preliminary Budget, Anticipated Capital Improvement Expenditures.

### **Account No. 72403: Pump Station Rehabilitation**

This ongoing, long-term account provides for replacing the District's underground-type pump stations with submersible pump-type pump stations. The lift stations that remain to be rehabilitated include the two Vintage Oaks Pump Stations and the Rowland Plaza Pump Station. The rehabilitation schedule for these pump stations will be impacted by potential development in the Hanna Ranch and Vintage Oaks area, and work is being deferred until the development plans for the area become clearer.

Therefore, construction work is not anticipated during FY18-19. However, design work on the remaining pump stations may be initiated depending on how development plans for these areas evolve, and a placeholder amount is included in the account to initiate any needed design work.

### **Account No. 72508: North Bay Water Reuse Authority**

The District is a member agency of the North Bay Water Reuse Authority (NBWRA). FY18-19 will be the fifth year of the multi-year Phase 2 program, including continuing environmental work for currently over \$75 million in recycled water projects across all NBWRA agencies for funding under the US Bureau of Reclamation Title XVI (WaterSMART) program.

In the scoping study leading into the Phase 2 feasibility work, the District had identified three projects with a total estimated cost of about \$36 million. These projects have been substantially refined in the feasibility phase to Title XVI eligible projects with an estimate of about \$6.5 million, primarily a second (about 2021-22) expansion of the District's Recycled Water Facility (RWF).

In addition to RWF expansion, the Phase 2 environmental work includes preliminary environmental work for a potential third (after about 2025) non-Title XVI funded RWF expansion project, with a current estimate of about \$5 million. The Phase 2 environmental work also provides programmatic (high level) environmental analyses of two recycled water storage alternatives on District owned property at the site of the existing reclamation facility, with current estimates of about \$6 million and \$8 million respectively.

Also, if the initial Title XVI eligible Phase 2 projects move into the design and construction phases, it is anticipated that grant funding from USBR would pay for up to 50% of design and construction costs for recycled water storage projects, and up to 25% of other recycled water projects (tertiary treatment, pipelines, pumping, etc.). The District would be required to come up with its share (local share) of the project costs, i.e. 50% of design and construction costs for storage projects and 75% of the design and construction costs for additional tertiary treatment facilities, etc.

The District's cost commitments towards Phase 2 have largely been satisfied in the period from FY14-15 through FY17-18. However, at this time, there are also ongoing discussions to transition the NBWRA program into a more comprehensive North Bay Water Program which will potentially incorporate more holistic water management goals and programs including flood control and drought contingency planning. It is anticipated that the District's participation in this expanded program will occur at a very modest level and consistent with its water recycling goals. Therefore, the District's preliminary FY18-20 CIP budget includes only a "placeholder" type budget amount of \$10,000 for each of these years.

### **Account No. 72706: Collection System Improvements**

This account includes budget amounts for continuing work on rehabilitating the District's collection system. This fiscal year's project work includes:

1. The rehabilitation of about 1,850 feet of 12-inch sewer main along Redwood Blvd. between Lamont Avenue and Diablo Avenue.
2. The rehabilitation of about 950 feet of 10-inch and about 1,350 feet of 8-inch sewer main in Bel Marin Keys Blvd.
3. Continuing work associated with the Collection System Master Plan (CSMP) currently underway for the District.
4. The relocation of about 700 feet of 8-inch sewer main that currently runs through an easement on the Marin Country Club's property to extend down Country Club Drive to the existing sewer on Birdie Drive

5. An allowance for the potential design of a relief sewer in San Marin Drive between Simmons Lane and Campus Drive.
6. An allowance for the initial design of the Novato Boulevard Trunk Sewer between Diablo Avenue and Grant Avenue (if the City of Novato revives the Novato Boulevard street widening project).

A number of projects listed above were originally budgeted for construction in FY 17/18. The Redwood Blvd., Bel Marin Keys Blvd. and Birdie Drive projects are in the final stages of design and expected to be bid and constructed during the first half of FY18/19.

### **Account No. 72706-1: Lateral Replacement Program**

The District established this program as a sub-account within Account No. 72706, as part of a long-term approach to reducing infiltration and inflow from private residential laterals into the District's collection system.

The program seeks to incentivize individual homeowners financially to replace the entire sewer lateral between their residence and the sewer main, and currently provides a grant for half of the replacement cost up to \$2,000 to replace a residential sewer lateral in the District's service area. In FY17-18, the District budgeted an overall budget amount of \$80,000 for this program.

The District did not observe the level of participation for the lateral replacement program in FY 17-18 compared with the previous fiscal year, with approximately half of the budget funds being expended in FY 17-18. There could be a variety of reasons for the dip in participation including a drier winter this year. Based on the District's FY17-18 experience with the program, the District's share, i.e. the maximum individual grant amount will remain at \$2,000 and the overall budget for the program will remain \$80,000 in FY2018-19.

As in prior years, the District will continue to monitor and modulate the maximum individual grant and budget amounts on a yearly basis, based on its ongoing experience, and its goal of incentivizing lateral replacement.

### **Account No. 72707: Hamilton Wetlands/Outfall Integration**

Previously, the District cooperated with the California State Coastal Conservancy (SCC) in a study to examine alternatives for a long-term SCC project to integrate the District's outfall into the SCC's Hamilton Wetlands project.

As noted in prior years, the SCC's goal for their project is to utilize the District's effluent as a reliable, long-term fresh water source to establish and maintain a brackish marsh habitat at the SCC's Wetlands project.

While all funding to implement this project will be provided by the SCC, this account will continue to retain a “placeholder” status with nominal budget amounts in FY18-20 to meet any minor or unanticipated District expenses for coordination work with SCC staff.

#### **Account No. 72708: Cogeneration**

This account will fund the design and construction of a cogeneration project that will utilize digester gas produced in the anaerobic digestion process to produce power that may result in an offset to the District’s utility power purchases.

The District will also pursue grant-funding opportunities for these projects, and the FY18-19 budget includes funds for initial engineering studies and design, potential California Environmental Quality Act (CEQA) related work, and assistance with securing grant funding.

Also, the budgeted amounts do not include any potential grants that may be received through programs such as the Clean Water State Revolving Fund Green Project Reserve (GPR), or rebates through the California Public Utility Commission’s Self Generation Incentive Program (SGIP).

#### **Account No. 72802: Annual Sewer Adjustment for City Projects**

The budget in this account is established annually to compensate the City of Novato or County of Marin for work performed on District facilities through City or County Capital Improvement Projects.

An example of work funded through this account would be a City or County street paving or repaving project, when District manholes are raised to grade.

#### **Account No. 72803: Annual Collection System Repairs**

This account is established annually primarily to fund smaller projects to repair District collection system facilities, primarily point and spot repairs, or to replace short reaches of sewer main(s).

The Collection system staff generates the repair list during routine maintenance activities including sewer cleaning and CCTV work. The Field Services Manager then tracks and prioritizes repair projects in conjunction with the Collection System Superintendent, the Deputy General Manager, and the Construction Inspector.

#### **Account 72804: Annual Reclamation Facilities Improvements**

The budget in this account is established annually to fund small projects to repair District facilities at the Reclamation Area.

The work typically includes irrigation system repairs for lines larger than 4” in diameter, parcel rehabilitation work, and other miscellaneous repairs. Also included in the budget for this year is the removal of fallen eucalyptus trees and fence repairs.

**Account No. 72805: Annual Treatment Plant Improvements**

This budget account is established to fund small projects to repair District treatment related facilities at the Novato Treatment Plant.

This account is anticipated to fund minor mechanical & electrical work, water line repairs, pavement repairs, painting, and any other small repairs or improvements.

An allowance is also made this fiscal year for work associated with the cleaning of Digester No. 1.

**Account No. 72806: Annual Pump Station Improvements**

This budget account was established to fund small projects to repair District pumping facilities at the various pump stations throughout the District.

This account is anticipated to fund minor mechanical & electrical work, water line repairs, pavement repairs, painting, and any other small repairs or improvements at District pump stations.

**Account No. 72807: Annual Ignacio Facility Improvements**

This budget account was recently established in FY 17-18 to fund small projects to maintain the Ignacio facility (excluding the Ignacio Transfer Pump Station), or perform demolition/site clean-up work related to the some of the abandoned treatment units of the decommissioned Ignacio Treatment Plant (ITP).

**Account No. 72808: Strategic Plan Update:**

The District's Strategic Plan document was most recently updated in 2016. While no specific updates have been identified or are expected for FY18-19, this account is established to serve as a "placeholder" account if the need to make any potential updates to the District's Strategic Plan document arise during the fiscal year.

**Account No. 72809: Novato Creek Watershed**

This account and its budget was established as a result of an agreement with the Marin County Flood Control District.

Under this agreement, the District participates in a program with the County of Marin, the City of Novato, and the North Marin Water District to explore alternatives to reduce flooding potential in the lower Novato Creek portion where all of these agencies have facilities that are prone to flood damage.

The budgeted amounts are a minimal amount and function as a "placeholder", or to meet minimal District commitments to potential, previously unidentified studies, through FY18-19. Future work (FY18-19 and beyond) arising out of these studies may require increased funding, but potential costs are unknown at this point.

**Account No. 73003: Administration Building Upgrades/Maintenance Building**

This account includes allowances for minor improvements to the Administration Building and work associated with providing a new temporary Maintenance Building.

In FY17-18 the District advertised for bids for installation of a temporary modular maintenance building and appurtenances. The District rejected all bids for this project due to the lowest bid coming in well above the engineer's estimate. District staff have reevaluated the project delivery method and recommend a direct purchase rather than a typical design/bid/build contract. FY 18-19 includes funds for the procurement and placement of a temporary modular maintenance building and appurtenances.

**Account No. 73004: Odor and Landscaping Improvements**

This account budgets further work by District and operations staff and the District's Odor Specialist consultant(s) to address and manage any odor issues raised by the District's neighbors. It also includes an allowance to address any landscaping items.

Removal of existing, and installation of new media in select odor control beds was completed in FY17-18 and this work will continue in FY 18-19.

**Account No. 73005: RWF Expansion**

This account will fund the design and construction of an incremental capacity expansion to the existing Recycled Water Facility (RWF) at the Novato Treatment Plant site. This first expansion is necessitated by the planned expansion by the North Marin Water District (NMWD) of its Central Area Project, which will push NMWD's recycled water distribution pipelines into the Central Novato/Ignacio geographic areas.

The budgeted amounts do not include any potential grants that may be received through State Proposition 84 (Integrated Regional Water Management or IRWM) or Proposition 1 (State Water Bond) funds, or through the US Bureau of Reclamation (USBR) Title XVI (WaterSMART) program.

The project was bid and construction began in 2017-18. The FY 18-19 budget includes funds for the completion of construction of the expansion project, construction/project management and SCADA programming.

**Account No. 73006: NTP Corrosion Control**

This account includes funds for corrosion control projects at the Novato Treatment Plant site. As the recently constructed facilities age, the effects of the aggressive nature of wastewater corrosion start to appear and need to be addressed.

It is anticipated that this account will see budgeting of funds on an ongoing basis. The budgeted funds for FY18-19 will focus on addressing corrosion issues at the Headworks Channels and Effluent Box as well as design work associated with coating of the UV channels.

**Account No. 73090: Vehicle Replacement**

This account includes a budget amount for the purchase a 40kw portable generator and replacement of up to three light duty trucks. Replacement of two additional light trucks, a combination vac/flusher and a utility truck is anticipated in FY 19-20.

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**Novato Sanitary District**  
**Table 1: 2018-20 Preliminary Budget**  
**Capital Improvement Budget - Anticipated CIP Expenditures**

Capital Improvements				Projected	Proposed	Preliminary
Cost Centers - 72000 & 73000	Adopted	Adopted	Expenditures	Exp	Budget	Budget
	Budget 16/17	Budget 17/18	thru March 2018	2017-18	2018-19	2019-20
<b>Accounts</b>						
72403 · Pump Station Rehabilitation	50,000	150,000	8,043	8,043	50,000	250,000
72508 · North Bay Water Reuse Authority (NBWRA)	440,000	100,000	80,485	80,485	10,000	10,000
72706 · Collection System Improvments	1,200,000	1,700,000	112,991	160,000	2,450,000	2,200,000
72706-1 · Lateral Replacement Program	60,000	80,000	28,000	48,000	80,000	100,000
72707 · Hamilton Wetlands/Outfall Integration	10,000	10,000	0	0	10,000	10,000
72708 · Cogeneration	45,000	350,000	3,116	15,000	350,000	700,000
72802 · Annual Sewer Adj. for City Proj	10,000	40,000	9,150	10,000	25,000	25,000
72803 · Annual Collection Sys Repairs	200,000	200,000	41,849	50,000	225,000	225,000
72804 · Annual Reclamation Fac Improvements	100,000	175,000	47,725	48,000	175,000	140,000
72805 · Annual Treatment Plant Improvements	100,000	300,000	9,100	25,000	300,000	100,000
72806 · Annual Pump Station Improvements	100,000	100,000	43,551	58,000	140,000	100,000
72807 · Annual Ignacio Facility Improvements	0	50,000	0	0	50,000	50,000
72808 · Strategic Plan Update	20,000	20,000	0	0	20,000	20,000
72809 · Novato Creek Watershed	10,000	5,000	0	0	5,000	5,000
73003 · Admin Building Upgrade/Maint. Building	350,000	350,000	56,170	56,170	350,000	20,000
73004 · Odor Control and NTP Landscaping	75,000	50,000	0	50,000	50,000	50,000
73005 · RWF Expansion (1)	1,300,000	1,460,000	81,097	410,000	2,020,000	10,000
73006 · NTP Corrosion Control	180,000	150,000	20,897	21,000	233,000	100,000
73090 · Vehicle Replacement	425,000	390,000	170,052	390,000	120,000	500,000
<b>Subtotal before Debt Service</b>	<b>4,675,000</b>	<b>5,680,000</b>	<b>712,226</b>	<b>1,429,698</b>	<b>6,663,000</b>	<b>4,615,000</b>
78500 · Interest - SRF Loan	1,610,195	1,519,744	1,519,744	1,519,744	1,427,123	1,332,279
78500 · Principal - SRF Loan	3,768,762	3,859,212	3,859,212	3,859,212	3,951,833	4,046,677
78500 · Interest - COP Bond/Rev. Refunding Bond	775,748	739,548	517,884	517,884	670,500	631,000
78500 · Principal - COP Bond/Rev. Refunding Bond	905,000	925,000	925,000	945,000	790,000	820,000
<b>Subtotal for Debt Service</b>	<b>7,059,705</b>	<b>7,043,504</b>	<b>6,821,840</b>	<b>6,841,840</b>	<b>6,839,456</b>	<b>6,829,956</b>
<b>Totals</b>	<b>11,734,705</b>	<b>12,723,504</b>	<b>7,534,066</b>	<b>8,271,538</b>	<b>13,502,456</b>	<b>11,444,956</b>

**Comments:**

(1) FY17-18 expenditures include provisions for USBR Title XVI grant funds through the NBWRA Phase I program, and potential reimbursement from the joint NMWD/NSD Recycled Water Capital Replacement and Expansion Fund.

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

**TITLE:** Wastewater Operations Report, April 2018.

**MEETING DATE:** May 21, 2018

**AGENDA ITEM NO.:** 11.a.

**RECOMMENDED ACTIONS: Receive Wastewater Operations Reports for April 2018:**

- Collection System
- Treatment Facilities Operations
- Reclamation Facilities

**SUMMARY AND DISCUSSION:**

The April 2018 Wastewater Operations Report incorporating operations reports for collections systems, wastewater treatment operations, and the reclamation facilities is attached.

District and Veolia staff will be present at the meeting to provide overviews of the reports for their operational areas, and be available to discuss the reports or respond to any questions.

**ATTACHMENTS:** 1. Wastewater Operations Reports for the month of April 2018.

**STRATEGIC PLAN INFORMATION:** This item addresses Goal 1 (Operational Excellence) and Goal 2 (Reliable and Efficient Facilities) of the latest Strategic Plan Update.

**DEPT. MGR.:** JB (Veolia), EB

**GENERAL MANAGER:** SSK

**Novato Sanitary District  
Wastewater Operations - Collection System Operations Report  
April 2018**

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**1.0 General:**

The equivalent of about seven (7) full time employees (FTE) worked in the Collection System Department during the month. The breakdown of staff time for the month in terms of equivalent FTE hours utilized, works out approximately as follows:

- 3.0 FTE field workers for Sewer Maintenance (main line cleaning)
- 1.2 FTE field workers for Pump Station Maintenance
- 0.3 FTE field workers for Closed Circuit Television (CCTV) work
- 0.3 FTE field workers for Underground Service Alert Mark and Locate (USA)
- 1.7 FTE field workers for time spent on data input, training, service calls, overflow response, or any other activity that does not directly relate to the activities listed above, or special activities (for e.g. smoke testing of mainlines), and
- 0.4 FTE field workers for vacation, holiday or sick leave.

**2.0 Collection System Maintenance:**

Performance metrics for the department are presented in the attached graphs showing the length of line cleaned/month, footage cleaned/hour worked, overflows/month, and the CCTV footage achieved. A brief discussion is also provided below.

Line Cleaning Performance

The sewer system ICOM3 Computerized Maintenance Management System (CMMS) generated 616 work orders for the month. Collections staff completed 616 work orders, leaving 0 work orders outstanding. The completed work orders resulted in 108,944 feet of sewer pipelines cleaned by staff. Of that footage, 29,758 feet of sewer main, 148 work orders, were cleaned to prepare for upcoming root treatment.

CCTV Performance:

The District's CCTV equipment was in the field for 18 working days and televised a total of 34,429 feet of sewer main.

CCTV Findings:

- Infrastructure related: CCTV work identified some tree root intrusions and sources of inflow and infiltration (I&I). The lines identified with root intrusion are scheduled to be included in the upcoming root treatment work. Lines identified to have I&I have been documented and placed on the spot repair list for future repair.
- O&M related: CCTV work did not identify any area that would require a change in sewer line maintenance operations.



Collections crew cleaning out grit accumulated in a pump at Vintage Oaks PS #1.

**Novato Sanitary District  
Wastewater Operations - Collection System Operations Report  
April 2018**

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**3.0 Pump Station Maintenance:**

The Collection System Department conducted 189 lift station inspections this month. 85 of the inspections were generated through the District's JobsCal Plus CMMS system. There are no outstanding work orders for the month. A Pump Stations Work Order Statistics summary is attached.

**4.0 Air Relief/Vacuum Valves (ARVs):**

Staff completed maintenance inspections on seven (7) air relief/vacuum valves this month.

**5.0 Safety and Training:**

General:

Collections Department staff attended four (4) safety tailgate meetings in April.

Specialized Training:

Collections Department staff attended a confined space entry training.

Members of Collections Department went to the California Water Environment Association Annual Conference and attended classes on various collection systems and pump station courses.

Safety performance:

For the Collections Department, there were no lost time accidents this month.

**6.0 Miscellaneous Projects:**

Collections Department staff assisted a contractor with the installation of the Hand-Off-Auto (HOA) switch for pump #3 and #4 at East Hamilton pump station. Collections staff also assisted in the HMI at Vintage Oaks #2 Pump Station.

Additionally, Collections Department and Engineering staff attended presentations by the manufacturers of two CCTV software programs (POSM and ITPipes) and have selected POSM CCTV software to be installed on the new Video van being built as we speak.

**7.0 Sanitary Sewer Overflows (SSOs):**

There were no (0) sanitary sewer overflows in April.



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Novato Sanitary District  
Collection System Monthly Report For April 2018 (as of April 30, 2018)

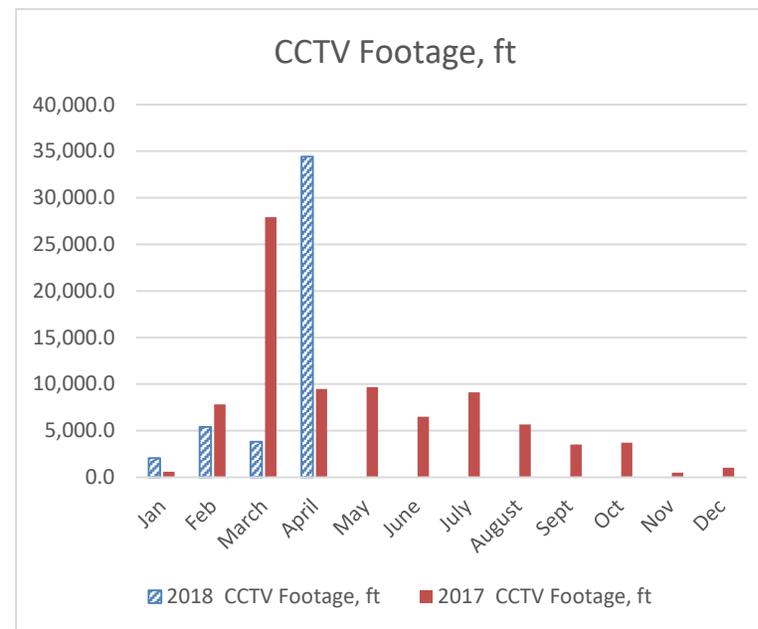
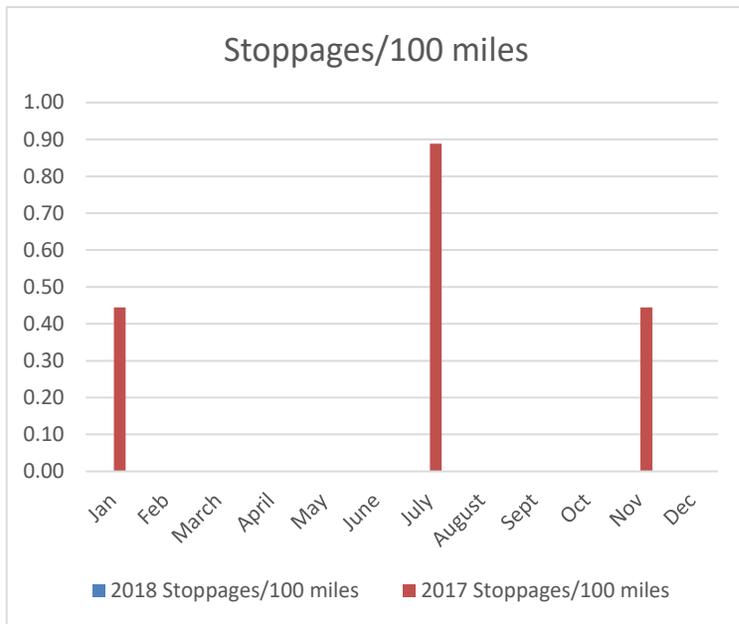
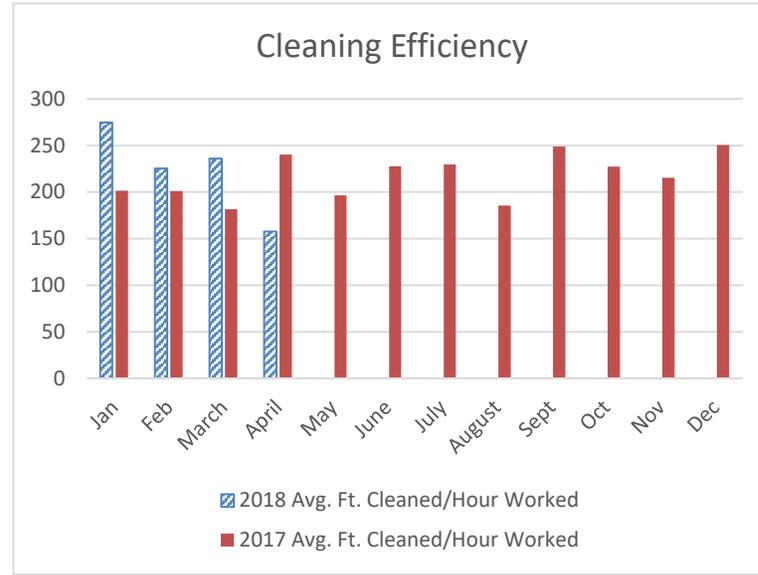
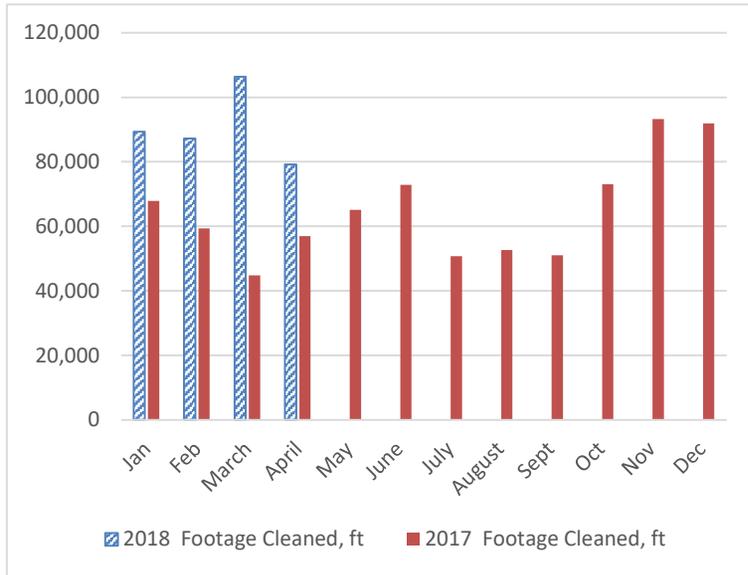
	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
<b>A. Employee Hours Worked</b>														
Number of FTEs (main line cleaning), hrs.	1.8	2.4	2.5	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA	0.8
Number of FTEs (other)	1.8	1.9	1.9	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA	0.6
Number of FTEs (USAs)	0.3	0.3	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA	0.1
Number of FTEs (CCTV)	0.2	0.2	0.2	0.3	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	NA	0.1
Total, FTEs	4.0	4.9	4.8	5.4	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	NA	1.6
Regular Time Worked, (main line cleaning), hrs	325	387	451	502	0	0	0	0	0	0	0	0		
Regular Time Worked on Other, hrs (1)	324	303	352	288	0	0	0	0	0	0	0	0		
Regular Time Worked on USAs	51	59	41	53										
Regular Time Worked on CCTV (2)	32	40	40	57	0	0	0	0	0	0	0	0		
Total Regular time, worked, hrs	732	788	882	900	0	0	0	0	0	0	0	0	3,301	275
Total Vacation/Sick Leave/Holiday, hrs	216	106	123	70	0	0	0	0	0	0	0	0	513	43
Vacation/Sick Leave/Holiday, FTEs	1.2	0.7	0.7	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	0.2
Overtime Worked on Coll. Sys., hrs	11	7	3	6	0	0	0	0	0	0	0	0	26	2
Overtime Worked on Other, hrs (1)	4	0	0	0	0	0	0	0	0	0	0	0	4	0
Overtime Worked on USAs, hrs	0	0	0	0										
Overtime Worked on CCTV (2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Overtime, hrs	15	7	3	6	NA	NA	NA	NA	NA	NA	NA	NA	30	7
<b>B. Productivity</b>														
<b>1. Line Cleaning</b>														
Rodder Work Orders generated	28	33	65	65	0	0	0	0	0	0	0	0	191	16
Rodder 3208 ft. cleaned	6,241	6,875	12,729	10,481	0	0	0	0	0	0	0	0	36,326	3,027
Rodder - outside services, ft cleaned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Flusher Work Orders generated	401	413	472	403	0	0	0	0	0	0	0	0	1,689	141
Truck 3205V ft. cleaned	22,719	28,924	43,973	2,861	0	0	0	0	0	0	0	0	98,477	8,206
Truck 3206V ft. cleaned	60,376	51,396	18,896	28,966	0	0	0	0	0	0	0	0	159,634	13,303
Truck 3209F ft. cleaned	0	0	30,733	36,879	0	0	0	0	0	0	0	0	67,612	5,634
Flusher - outside services, ft. cleaned	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Footage cleaned(3)	89,336	87,195	106,331	79,187	NA	NA	NA	NA	NA	NA	NA	NA	362,049	90,512
Work Orders completed	429	446	537	616	0	0	0	0	0	0	0	0	2,028	184
Work Orders backlog	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>2. Closed Circuit Television (CCTV)</b>														
Camera Work Orders generated	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CCTV Truck 3126T, ft. videoed	2,048	5,420	3,805	0	0	0	0	0	0	0	0	0	11,273	939
CCTV (hand cam), ft. videoed	0	0	0	34,429	0	0	0	0	0	0	0	0	34,429	0
CCTV Inspection - outside services, ft. videoed	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total CCTV footage(3)	2,048	5,420	3,805	34,429	NA	NA	NA	NA	NA	NA	NA	NA	45,702	0
<b>C. Sanitary Sewer Overflows (SSOs)</b>														
Minor (Category III)	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Major (Category II)	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Major (Category I)	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Overflow Gallons	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Volume Recovered	0	0	0	0	0	0	0	0	0	0	0	0	0	NA
Percent Recovered	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	#DIV/0!	NA
<b>D. Service Calls (non-SSO related)</b>														
Service calls, normal hours, #	8	4	2	2	0	0	0	0	0	0	0	0	16	1
Normal hours S.C. response time, mins (avg.)	39	29.25	17	18.5	0	0	0	0	0	0	0	0	104	9
Service Callouts, after hours, #	1	0	0	0	0	0	0	0	0	0	0	0	1	0
After Hours S.C. response time, mins (avg.)	37	0	0	NA	NA	NA	0	NA	NA	NA	N/A	0	37	7
<b>E. Benchmarks</b>														
Average Ft. Cleaned/Hour Worked	275	225	236	158	NA	NA	NA	NA	NA	NA	NA	NA	NA	223
Total Stoppages/100 Miles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA
Average spill response time (mins)	0	0	0	NA	NA	NA	0	NA	NA	NA	0	NA	NA	0
Callouts/100 Miles	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0
Overtime hours/100 Miles	5	3	1	3	0	0	0	0	0	0	0	0	11.56	1
Overflow Gallons/100 Miles	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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

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

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

# Collection System: 2018 & 2017 Graphs



**Novato Sanitary District**  
**Pump Station Monthly Report For April 2018 (as of April 30, 2018)**

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Total Year to Date	Average Year to Date
<b>Employee Hours Worked</b>	372	254	212	251	0	0	0	0	0	0	0	0	1,088	
Number of Employees (FTEs)	1.8	1.4	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.5
Regular Time Worked on Pump Sta	325	226	212	197	0	0	0	0	0	0	0	0	959	
Overtime Worked on Pump Sta	47	28	32	54	0	0	0	0	0	0	0	0	161	
After Hours Callouts	3	1	1	1	0	0	0	0	0	0	0	0	6	
Average Callout response time (mins)	36	28	6	9	0	0	0	0	0	0	0	0	79	7
<b>Work Orders</b>														
Number generated in month	95	89	77	85	0	0	0	0	0	0	0	0	346	29
Number closed in month	95	89	77	85	0	0	0	0	0	0	0	0	346	29
Backlog	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**PUMP STATIONS  
WORK ORDER STATISTICS  
April 1, 2018-April30, 2018**

	<b>Open Work Orders Due Prior to 4/1/2018</b>	<b>Open Work Orders 4/1/2018-4/30/2018</b>	<b>Total Open Work Orders</b>
Preventive	0	85	85
Corrective	0	0	0
Total	0	85	85

	<b>Closed Work Orders 4/1/2018 -4/30/2018</b>
Preventive	85
Corrective	0
Total	85

<b>Total Outstanding Work Orders as of 3/31/2018</b>	<b>0</b>
--	----------



May 15, 2018

Mr. Sandeep Karkal  
General Manager – Chief Engineer  
Novato Sanitary District  
500 Davidson Street  
Novato, CA 94545

**Subject: Veolia Water Operations Report – April 2018**

Dear Mr. Karkal:

I am pleased to provide the Monthly Operations report for April 2018.

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

Best regards,

A handwritten signature in blue ink, appearing to read "John Bailey", written in a cursive style.

John Bailey  
Project Manager, Veolia



MONTHLY OPERATIONS REPORT  
April 2018

Prepared for

NOVATO SANITARY DISTRICT (NSD)  
WASTEWATER TREATMENT PLANT  
500 Davidson Street  
Novato, CA 94945

Prepared by

Veolia Water West Operating Services, Inc. (VWWOS)

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  - 2) Laboratory Data
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-

**A: TREATMENT PLANT PERFORMANCE SUMMARY: April 2018**

Parameter	Value		Limits	
	Ave	Max		
Flow, MGD (monthly ave/max)	5.45	13.78	N/A	
Peak Sustained (1 hour +) 3/22/18 – 0915 – 1015 hours.		~17	N/A	
<b>Influent</b>				
BOD <sub>5</sub> , lb/day (month ave/max)	10,503	11,780	N/A	
TSS, lb/day (monthly ave/max)	10,883	13,854	N/A	
<b>Effluent</b>				
BOD <sub>5</sub> , mg/L (monthly ave/max weekly ave)	<5	5	30	45
TSS, mg/L (monthly ave/max weekly ave)	<3	5	30	45
BOD <sub>5</sub> - % Removal, Average	98		85	
TSS - % Removal, Average	99		85	
Ammonia, mg/L – (monthly ave/daily max)	0.65	0.65	5.9	21
pH, su (min / max)	6.9	7.1	6.0	9.0
Enterococcus, MPN/100 ml (30 day geo mean)	4.7		35	
Fecal Coliform, MPN/100 ml (monthly median)	7.8		140	
Fecal Coliform, MPN/100 ml (90 <sup>th</sup> PCTL)	7.8		430	
<b>Total Permit Exceedances (NPDES)</b>	0		N/A	

**Title 22 - Recycled Water Production and Quality**

Description	Units	Value	Limit
Volume Produced	Million Gallons	5.084	N/A
Average Turbidity	NTU	1.4	2.0
Turbidity > 5 NTU (in 24 hour)	Minutes	0	72
Minimum CT (disinfection)	mg-min/L	>450	450 minimum
Minimum Dissolved Oxygen (DO)	mg/L	8.5	2 mg/L minimum
Maximum Total Coliform	MPN/100 ml	<1	240
Maximum Total Coliform 2 Samples 30 days	MPN/100 ml	<1	23
Total Coliform 7 Sample Median	MPN/100 ml	<1	2.2

**Discussion of Violations / Excursions**

- Bay Discharge (NPDES Limits) – None
- Recycled Water – None
- Bay Area Air Quality Management District – one, Biogas Flare Low Temperature (<1,400 F). See G: Miscellaneous for more information on this item.



**B: SAFETY AND TRAINING:**

- Monthly plant safety inspections for Novato WWTP and Ignacio Transfer Pump Station completed.
- Five minute tailgate training was held during morning meetings with all staff.
- No safety incidents for the month of April 2018.  
Monthly Safety Topics and Training: Lockout/Tagout safety training

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

- Routine rounds, readings and maintenance.
- Replaced batteries in uninterruptable power supply (UPS) in the operations area.
- Replaced actuator and controller on wet weather pump #1
- Replaced pressure transmitter on digester #2
- Primary clarifier #1 placed into service
- Primary clarifier #2 taken out of service

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

- Aeration basin #1 & #3 (standby).
- Primary clarifier #2 (standby).
- Secondary clarifier #1 (not needed at current flow).

**Ignacio Transfer Pump Station**

- Routine rounds, readings and maintenance.

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

- None

**Recycled Water Plant (RWP)**

- Routine rounds and maintenance.

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

- None

**Sludge Lagoons (and Reclamation Area)**

- Performed routine rounds and inspection.

**D: LABORATORY ACTIVITIES SUMMARY:**

Discharge Status: San Pablo Bay



**Total Coliforms**

The National Pollutant Discharge Elimination System (NPDES) permit monitoring program does not require sampling and analysis for Total Coliform.

**Enterococcus**

The NPDES permit monitoring program requires that *Enterococcus* bacteria be sampled and analyzed. Three samples were analyzed each week in April and all were well under the regulatory limits.

**Fecal Coliforms**

The NPDES permit monitoring program requires that Fecal Coliform sampling be conducted once per quarter. The second quarterly samples (March thru May) were analyzed in April. The results were reported to be well below the regulatory limitation.

**BACWA**

Liz Falejczyk attended the Bay Area Clean Water Agency Permits and Laboratory Committee Meetings.

**Training**

Liz Falejczk attended the California Water Environment Association (CWEA) annual conference in Sacramento April 15-18 including the pre-conference workshop “Two Aspects of California’s TNI Standard: Laboratory Manual Update and QC History”.

**Whole Effluent Toxicity Testing**

The NPDES permit monitoring program requires that Quarterly Acute (96 hours) and Chronic Toxicity (7 days) be conducted. Testing began on April 4, 2018. Both analyses were performed by Aqua Science in Davis, CA. Acute Toxicity testing results yielded 100% survival. The Chronic Toxicity test results for survival and growth were very good at <1.0 TUc each. See historic Chronic Toxicity results below.

Test Date	4/15	5/15	11/15	1/16	4/16	11/16	1/17	4/17	6/17	10/17	1/18	4/18
EC <sub>25</sub> (%)	>100	>100	>100	>100	>100	>100	>100	>100	>100	>100	>100	>100
NOEC (%)	50	100	100	100	100	100	100	100	100	65	100	100
TUc(100/EC <sub>25</sub> )	<1.0	<1.0	<1.0	<1.0	<1.0	<1.0	<1.0	<1.0	<1.0	<1.0	<1.0	<1.0

**Wildlife Pond and Reclamation Activities**

**Wildlife Pond**

Samples and weekly/monthly observations at the Wildlife pond were taken according to the Waste Discharge Requirements (WDR) (Order No. 92-065).

The 2018 update to the WDR Order No. 92-065, Wildlife Pond Management Plan, Section C.7 was submitted to the Water Resources Control Board, Watershed Management Division. Updates to the Plan are due every five years.

**Proficiency Testing**



U.S. EPA DMR 38 Proficiency Testing Study was conducted in April and 100% acceptable results were achieved. This was collaborative effort between Kurt Hawkyard, Liz Falejczyk and Jessica Bena from North Marin Water district. The Certificate of Excellence is provided below.

Ver. 1  
Page 12 of 12

## **CERTIFICATE OF EXCELLENCE**

In recognition of the quality of your laboratory in proficiency testing for

**WP-278**

**Novato Sanitary District Laboratory**

is issued this certificate of achievement by ERA. This laboratory has been recognized as a Laboratory of Excellence for achieving 100% acceptable data in this study which included 1004 participating laboratories. This achievement is a demonstration of the superior quality of the laboratory in evaluation of the standards listed below.

Demand	Hardness
Minerals	pH
Simple Nutrients	Total Residual Chlorine
Turbidity	WasteWatR™ Coliform
	MicrobE™
WasteWatR™ Coliform	
MicrobE™ - SM 9221	



Matthew Seebeck  
Quality Officer

N583801

### **Note:**

Parameters not analyzed in this Proficiency Testing Study include; Enterococcus, Source Water Coliforms and Dissolved Oxygen which will be performed in May 2018.

### **Pretreatment Program**

#### **Reports**

- Received Periodic Reports of Continued Compliance from all Significant Industrial Users (SIUs)

#### **Permits**

- Renewed one SIU Class I Permit.

#### **Inspections and Sampling**

- Inspected one SIU
- Continued monitoring one Food Service Establishment (FSE) grease removal several times per week
- Received support documentation confirming compliance from 3 FSEs



**E: ADMINISTRATION:**

- March Electronic Self-Monitoring Report (eSMR) submitted on April 26, 2018.
- March Electronic Discharge Monitoring Report (DMR) submitted on April 26, 2018.

**F: ODORS & LANDSCAPING:**

- Four contacts during the month of April 2018.
- Jerome meter (H<sub>2</sub>S) part per million (ppm) readings performed in neighborhood.
- All readings in neighborhood were 0 ppm.

**G: MISCELLANEOUS**

- Process Control Management Plan (PCMP) meetings held weekly with all of the Veolia staff.
- BAAQMD Excursions - Biogas Flare - The biogas flare was modified to improve combustion efficiency at low gas flow rates. The modification eliminated uncontrolled air flow into the combustion chamber by blinding off the static damper and sealing a gap between the gas piping and flare body. The modifications are easily reversed if and when the need should arise. Credit to NSD Technical Services Manager, Jeff Boheim for this solution.

**Veolia Support Staff On/Off Site (Various Times)**

John O'Hare

Technical Support, Regulatory, Pretreatment &amp; Laboratory



# ***PHOTOS***

TROUBLESHOOTING – BIOGAS FLARE  
APRIL 2018



Jeff Boheim and Preston Ingram work to seal up air leaks on Biogas Flare

# INSTALL NEW GRINDER AT IGNACIO APRIL 2018



Jeff Hendricks, Javier Vega, and Aaron Hendricks team up to install new "Channel Monster" grinder at Ignacio Transfer Pump Station.

# ***LABORATORY DATA***

Novato Sanitary District  
BOD/TSS Report



April, 2018

Date	Flow MGD	Influent				Effluent				BOD % Removal PERCENT	TSS % Removal PERCENT
		BOD		TSS		BOD		TSS			
		mg/l	lb/d	mg/l	lb/d	mg/l	lb/d	mg/l	lb/d		
04/01/18	4.66										
04/02/18	4.64										
04/03/18	4.58										
04/04/18	4.47	220	8,202	257	9,581	<5	<169	<3	<101	97.7	98.8
04/05/18	5.16							<3	<129		
04/06/18	13.78										
04/07/18	11.43										
04/08/18	7.83										
04/09/18	6.60										
04/10/18	6.08	230	11,663	205	10,395	<5	<254	<3	<152	97.8	98.5
04/11/18	6.28										
04/12/18	4.95										
04/13/18	5.20										
04/14/18	4.97										
04/15/18	5.31										
04/16/18	5.65	250	11,780	294	13,854	<5	<236	3	141	98.0	99.0
04/17/18	4.84										
04/18/18	4.82										
04/19/18	4.90										
04/20/18	4.42										
04/21/18	4.52										
04/22/18	4.61										
04/23/18	3.66										
04/24/18	4.55										
04/25/18	4.12										
04/26/18	4.44	280	10,368	262	9,702	<5	<170	5	170	98.2	98.1
04/27/18	4.15										
04/28/18	4.36										
04/29/18	4.46										
04/30/18	4.14										
<b>Weekly Averages</b>											
04/07/18	Week 1	220	8,202	257	9,581	5	169	3	115		
04/14/18	Week 2	230	11,663	205	10,395	5	254	3	152		
04/21/18	Week 3	250	11,780	294	13,854	5	236	3	141		
04/28/18	Week 4	280	10,368	262	9,702	5	170	5	170		
	Week 5										
<b>Monthly</b>											
Minimum	3.66	220	8,202	205	9,581	<5	<169	<3	<101	98	98
Maximum	13.78	280	11,780	294	13,854	<5	<254	5	170	98	99
Total	163.58										
Average	5.45	245	10,503	255	10,883	<5	<207	<3	<139	98	99



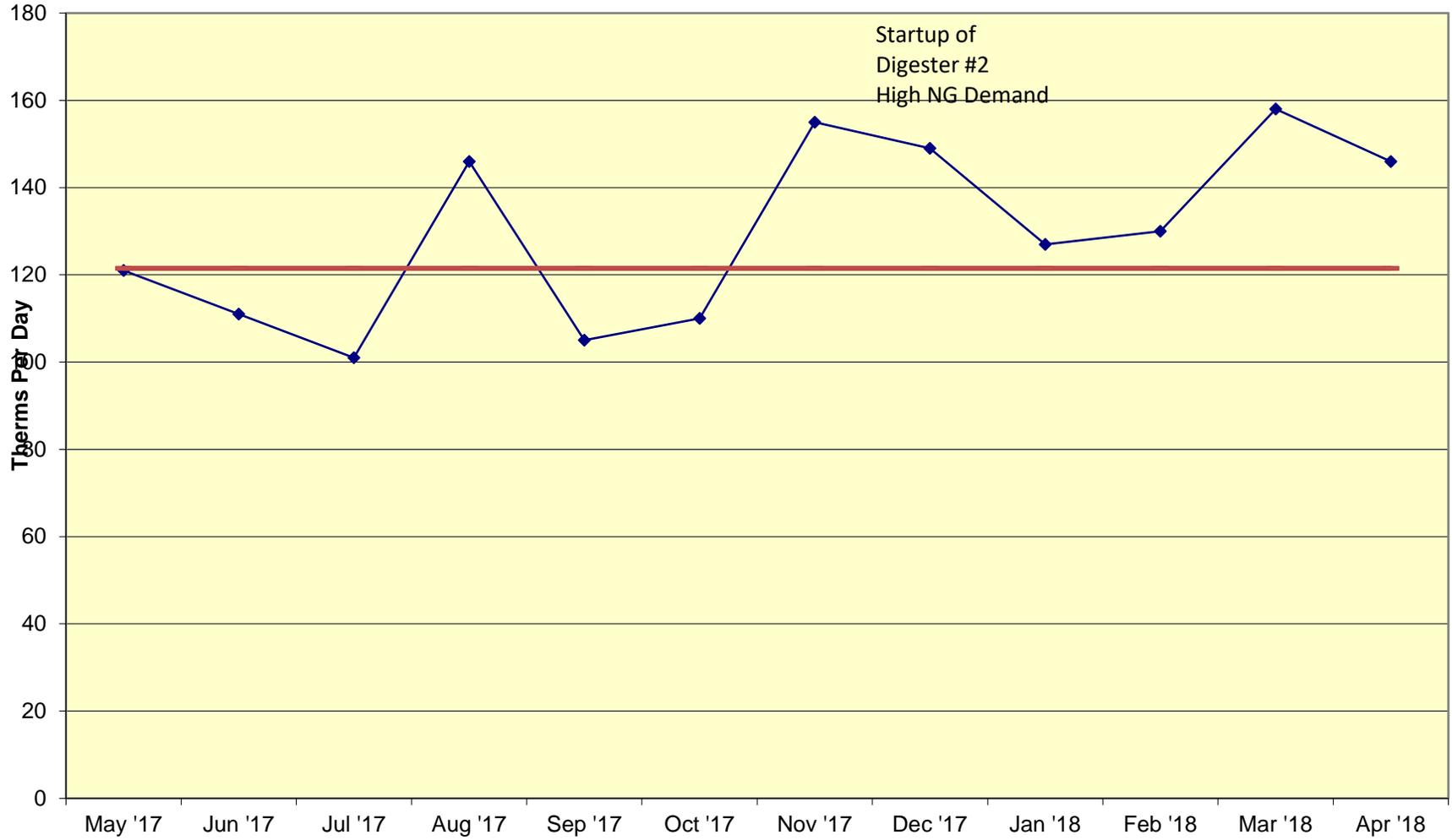
# ***RECYCLED WATER REPORT***

NOVATO SANITARY DISTRICT  
RECYCLED WATER  
COMPLIANCE SUMMARY REPORT

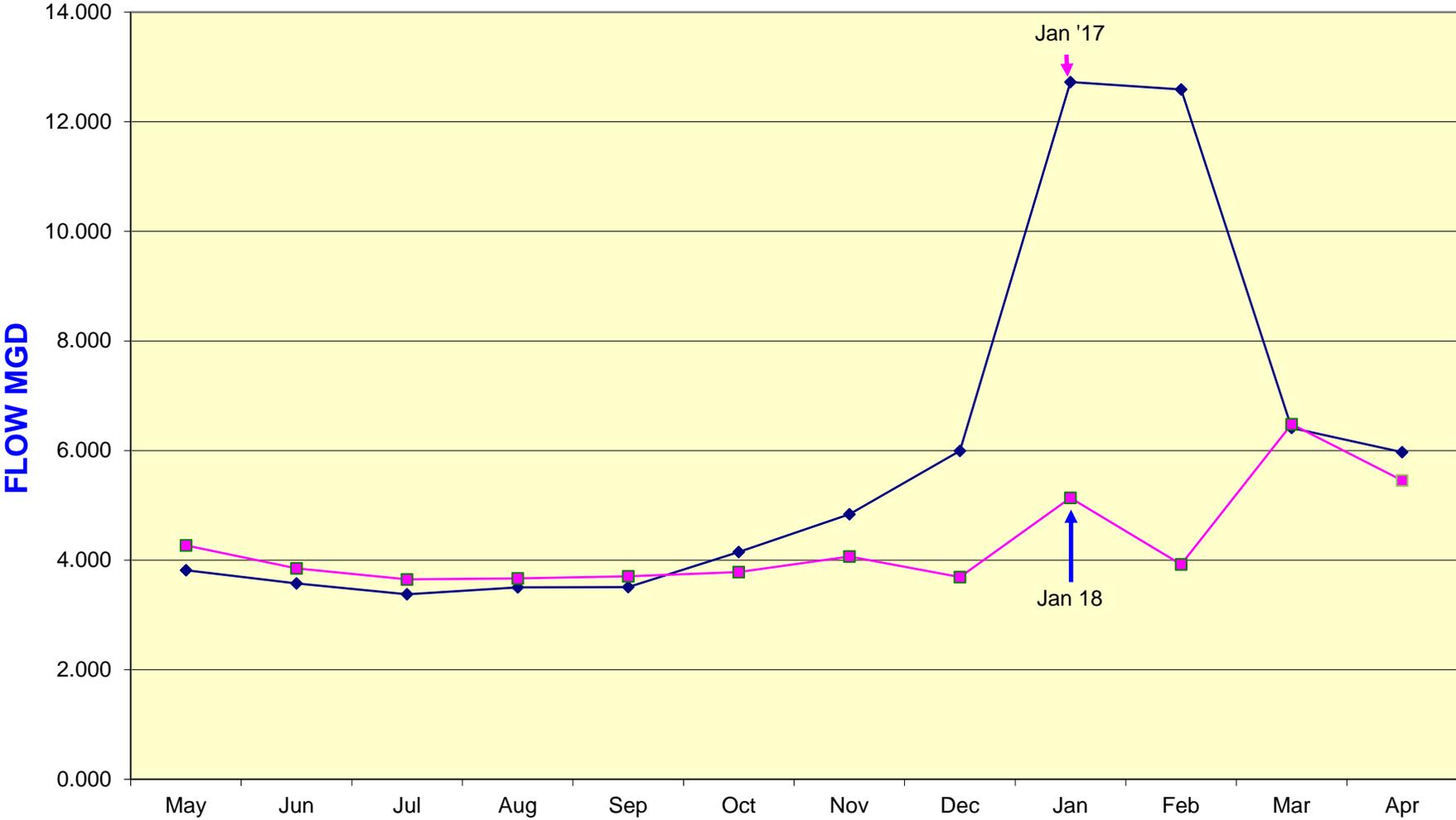
Date	Filter Influent Flow	Recycled Water Flow to Plum St.	Recycled Water Banked	Banked Water To Plum Street Tank	Potable Water To Plum St Tank	Recycled Water Influent Turbidity Max	Recycled Water Influent Turbidity Ave.	Minutes Over 5 NTU Turbidity	Filter Effluent 24 Hr Average Turbidity	Recycled Water Inf Chlorine Dose	Filter Effluent Dissolved Oxygen	Filter Effluent Total Coliform	Chlorint Contact Time
	MGD	MGD	MG	MGD	NTU	NTU	(m)	NTU	(mg/l)	(mg/l)	MPN/100m	Minutes	
4/1/2018	0.000	0.000											
4/2/2018	0.000	0.000											
4/3/2018	0.000	0.000											
4/4/2018	1.130	0.423			4.0		0	1.2	0.001	8.9	<1	>450.000	
4/5/2018	0.000	0.000											
4/6/2018	0.000	0.000											
4/7/2018	0.000	0.000											
4/8/2018	0.000	0.000											
4/9/2018	0.000	0.000											
4/10/2018	0.000	0.000											
4/11/2018	0.000	0.000											
4/12/2018	0.000	0.000											
4/13/2018	0.000	0.000											
4/14/2018	0.000	0.000											
4/15/2018	0.000	0.000											
4/16/2018	0.000	0.000											
4/17/2018	0.900	0.429			2.3		0	0.8	0.001	9.0	<1	>450.000	
4/18/2018	0.000	0.000											
4/19/2018	0.000	0.000											
4/20/2018	0.000	0.000											
4/21/2018	0.000	0.000											
4/22/2018	0.000	0.000											
4/23/2018	0.000	0.000											
4/24/2018	0.000	0.000											
4/25/2018	1.100	0.883			3.9		0	1.3	0.001	9.5	<1	>450.000	
4/26/2018	0.450	0.358			2.1		0	1.3	0.001	9.0	<1	>450.000	
4/27/2018	1.150	0.966			3.2		0	1.7	0.001	8.7	<1	>450.000	
4/28/2018	0.920	0.747			2.5		0	1.5	0.001		<1	>450.000	
4/29/2018	0.720	0.622			2.6		0	1.6	0.001	8.6	<1	>450.000	
4/30/2018	0.850	0.656			3.2		0	1.8	0.001	8.5	<1	>450.000	
Total	7.220	5.084											
Minimum	0.000	0.000			2.1		0	0.8	0.0	8.5	<1	>450.0	
Maximum	1.150	0.966			4.0		0	1.8	0.0	9.5	<1	>450.0	
Average	0.241	0.169			3.0		0	1.4	0.0	8.9	<1	>450.0	

# ***ANNUAL COMPLIANCE SUMMARY – GRAPHS***

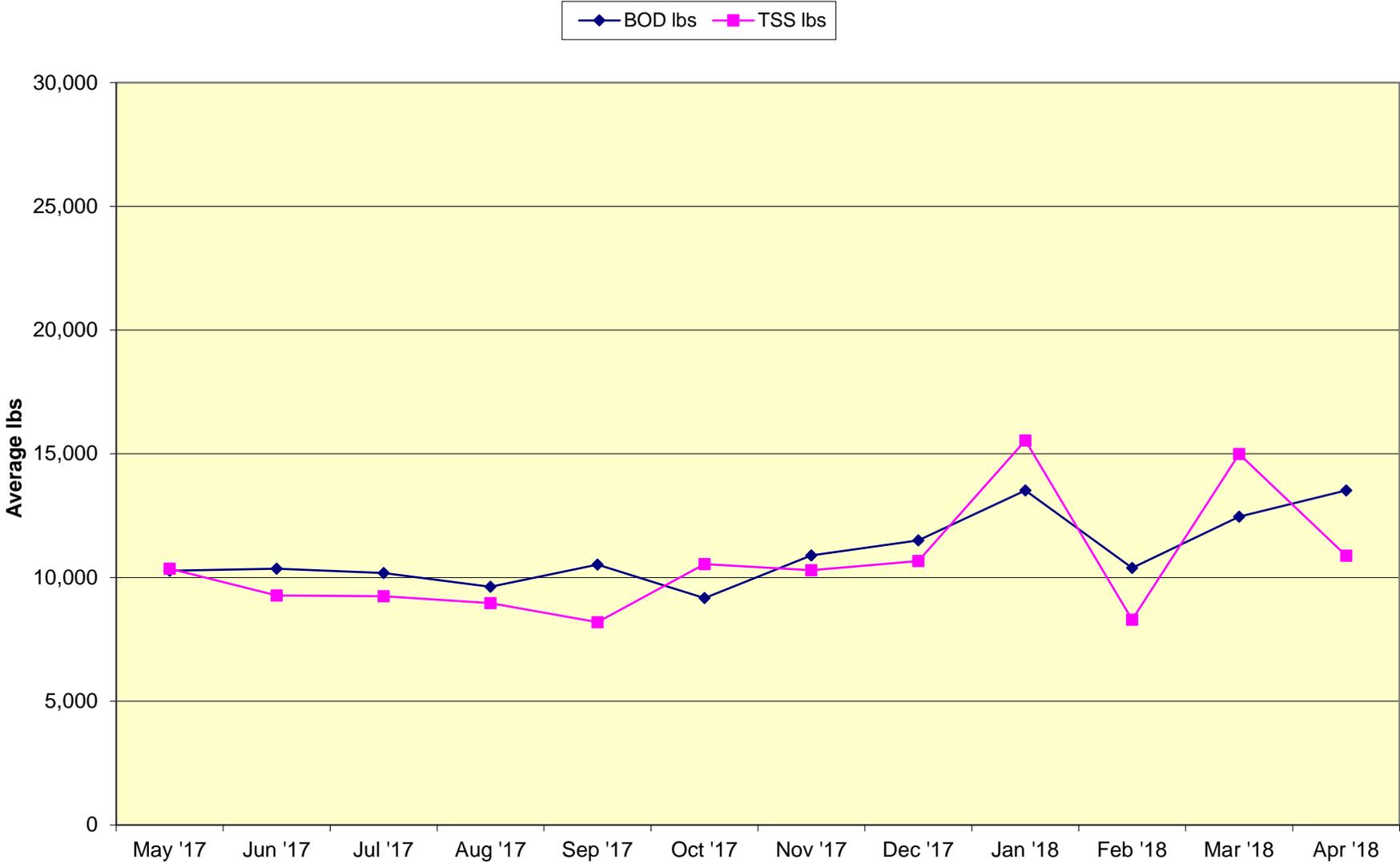
### Natural Gas Use



# WASTEWATER INFLUENT FLOW COMPARISON

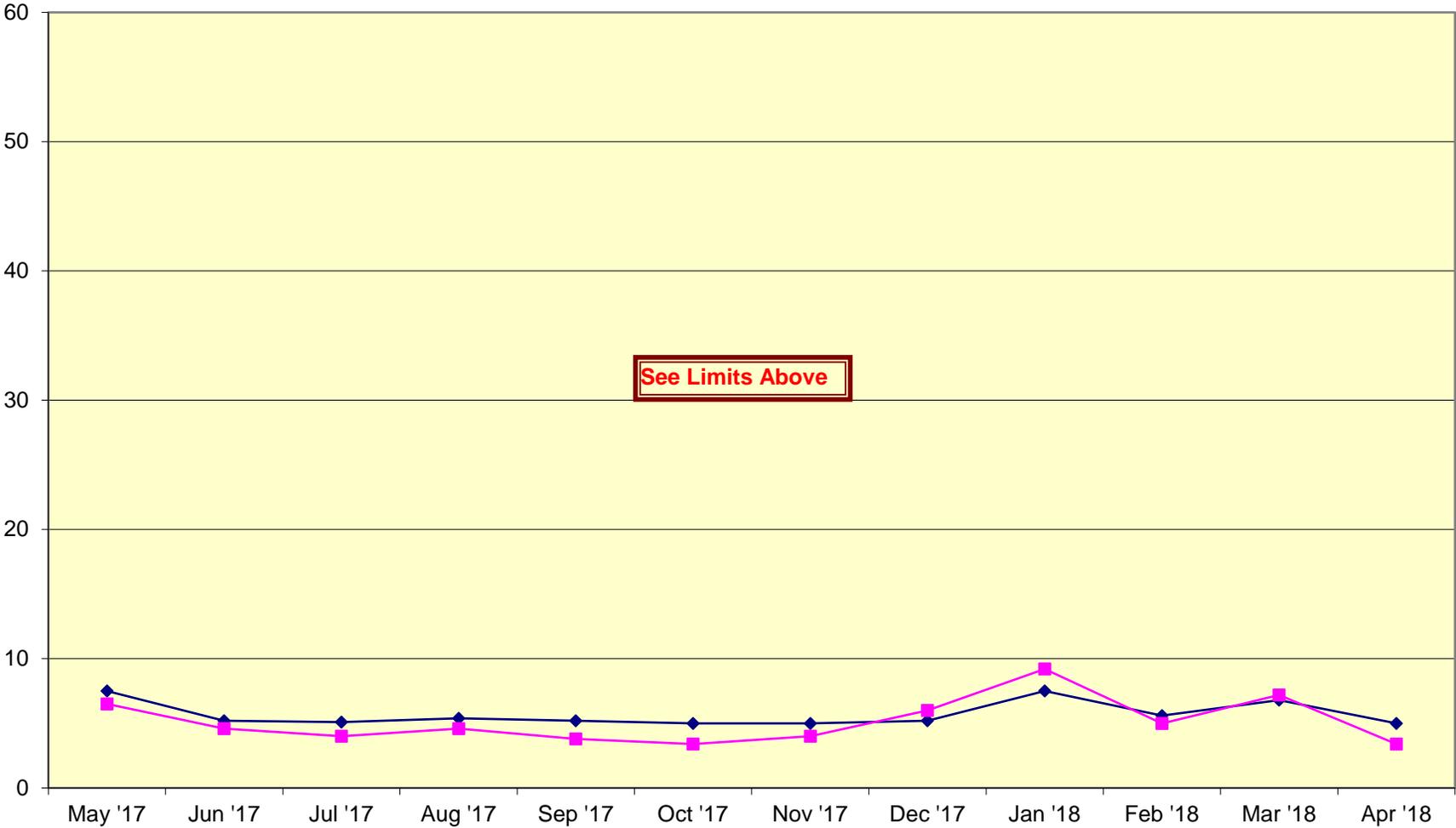


### Influent Load BOD / TSS lbs



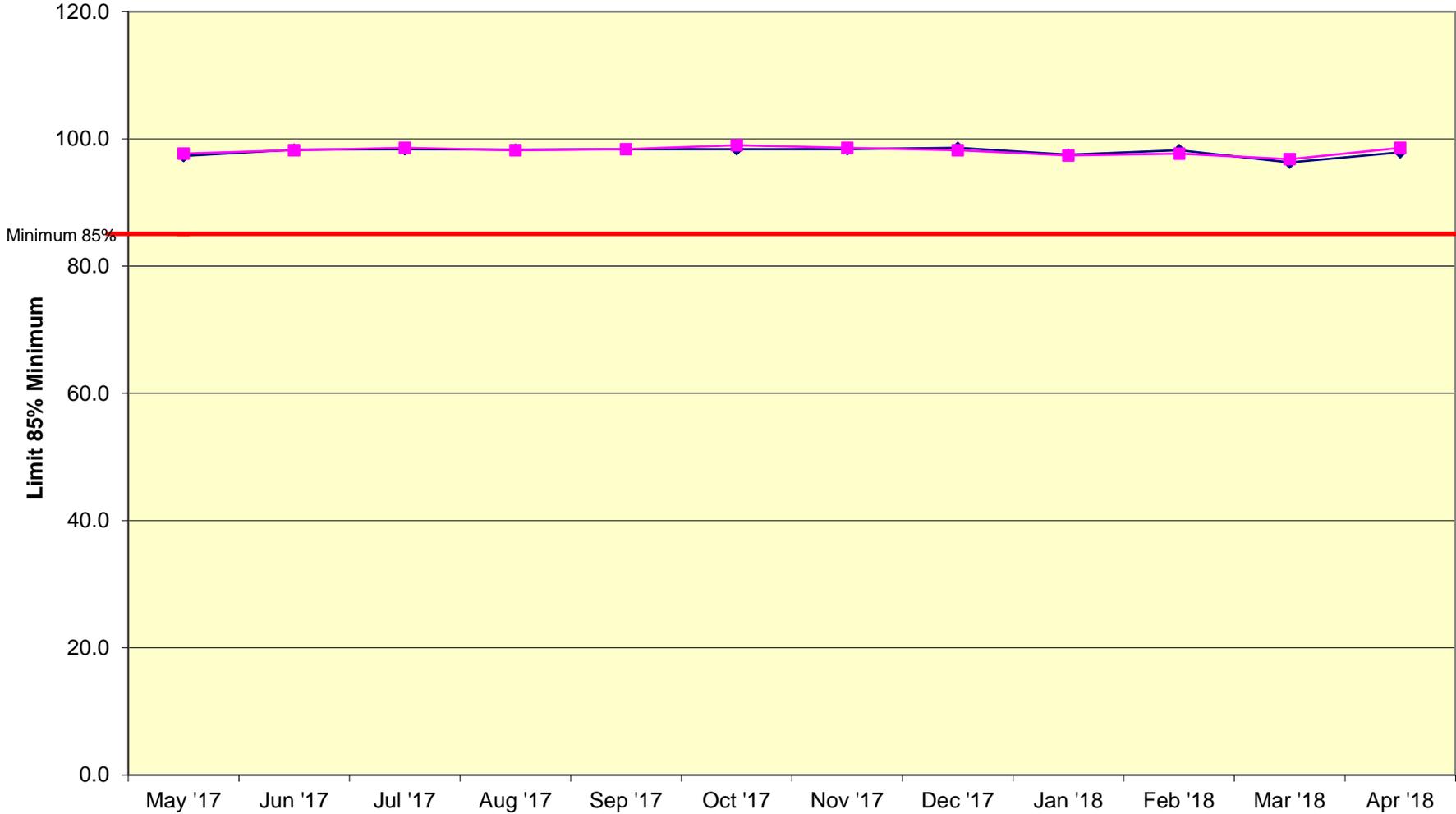
# Effluent BOD / TSS Concentration

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

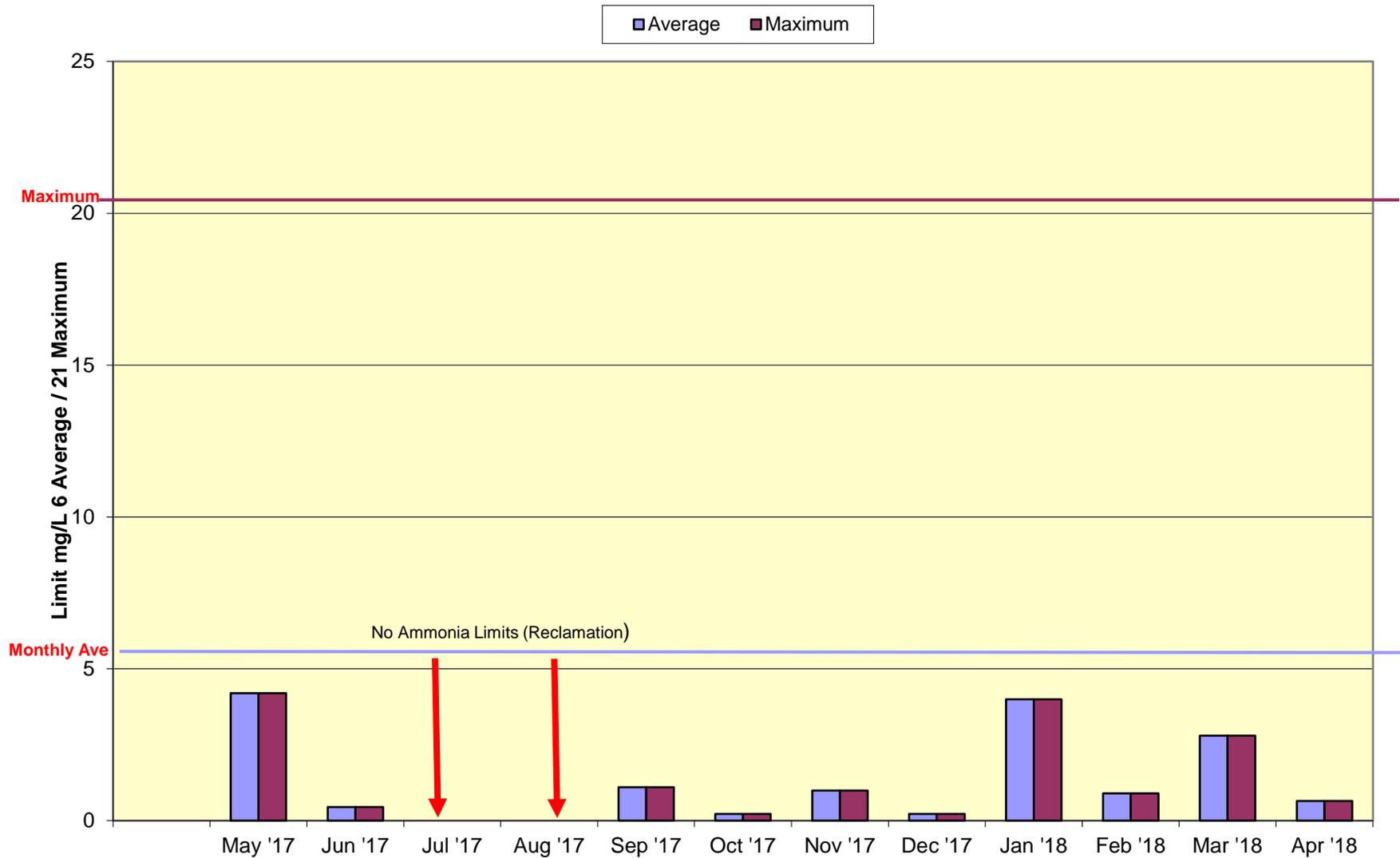


# BOD / TSS Percent Removal

◆ BOD    ■ TSS

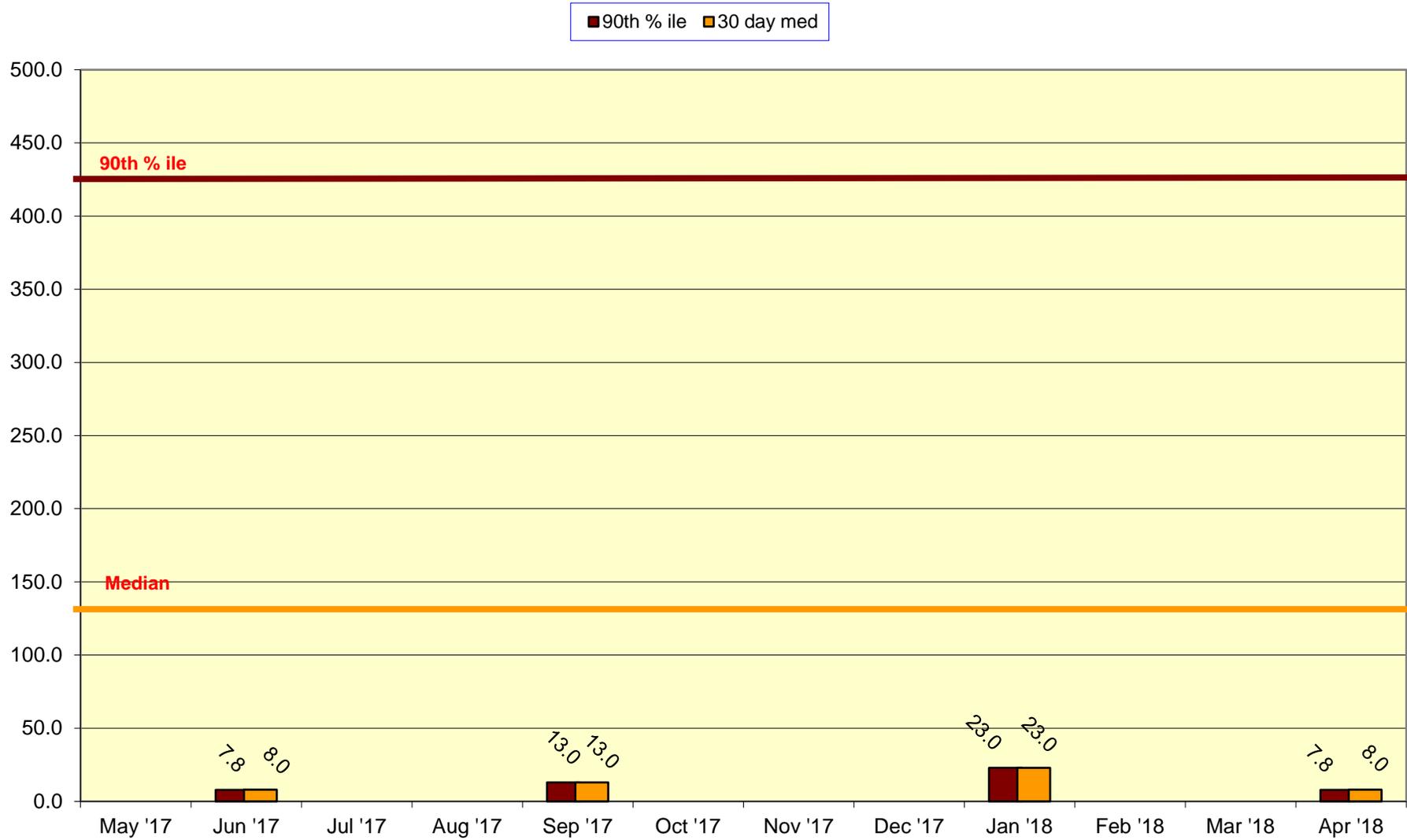


# Effluent Ammonia



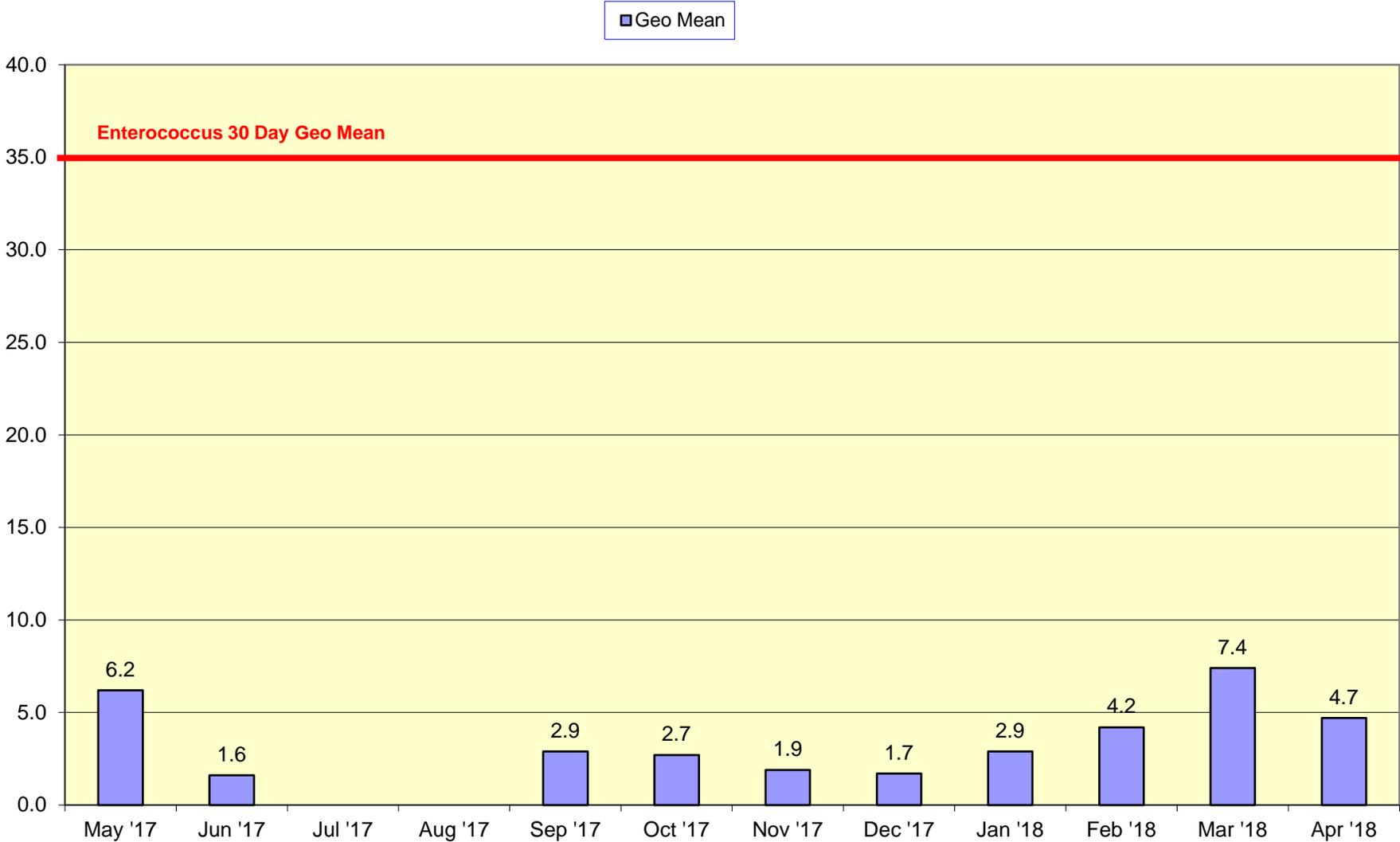
# Disinfection - Fecal Coliform

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



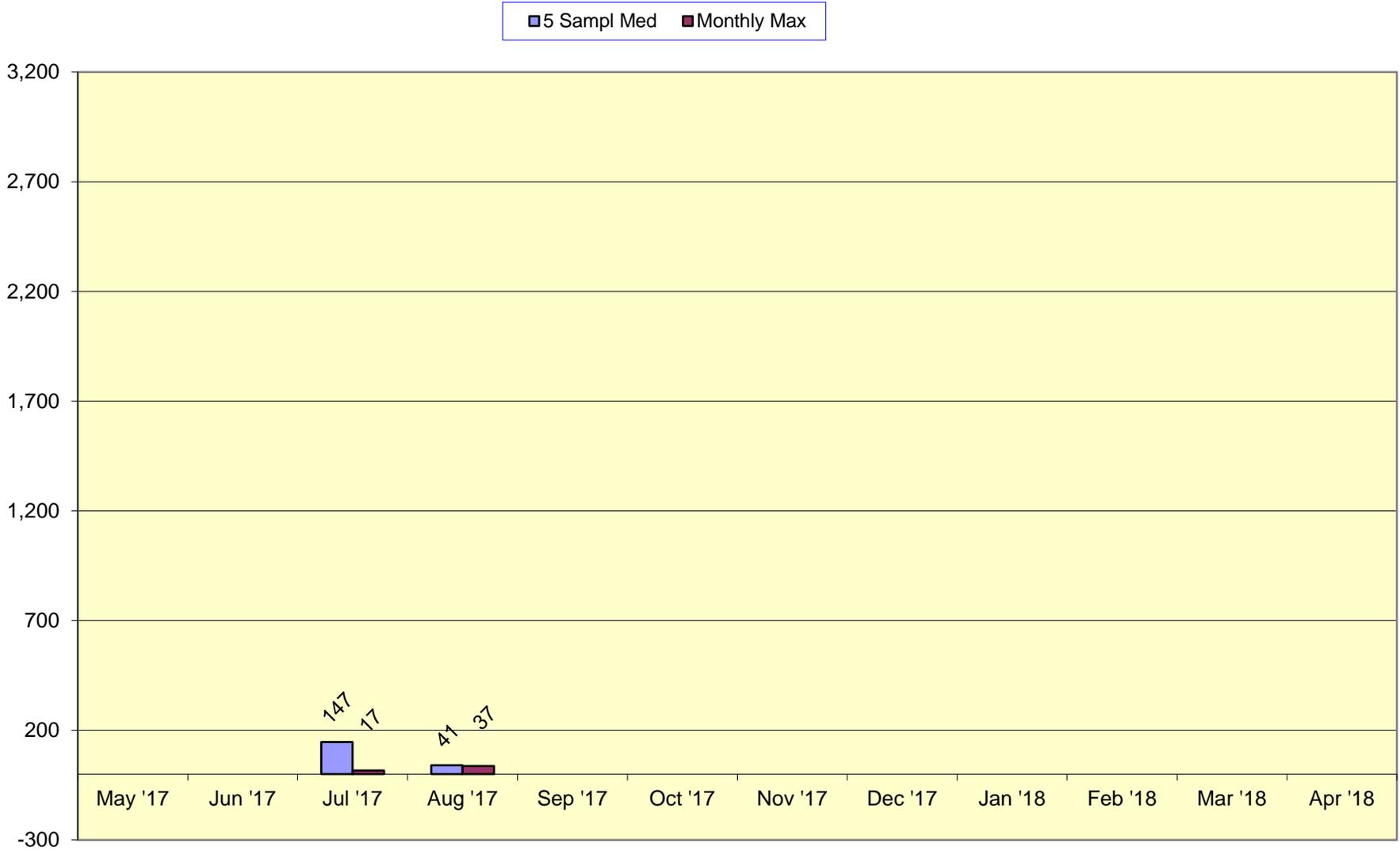
# Disinfection - Enterococcus

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

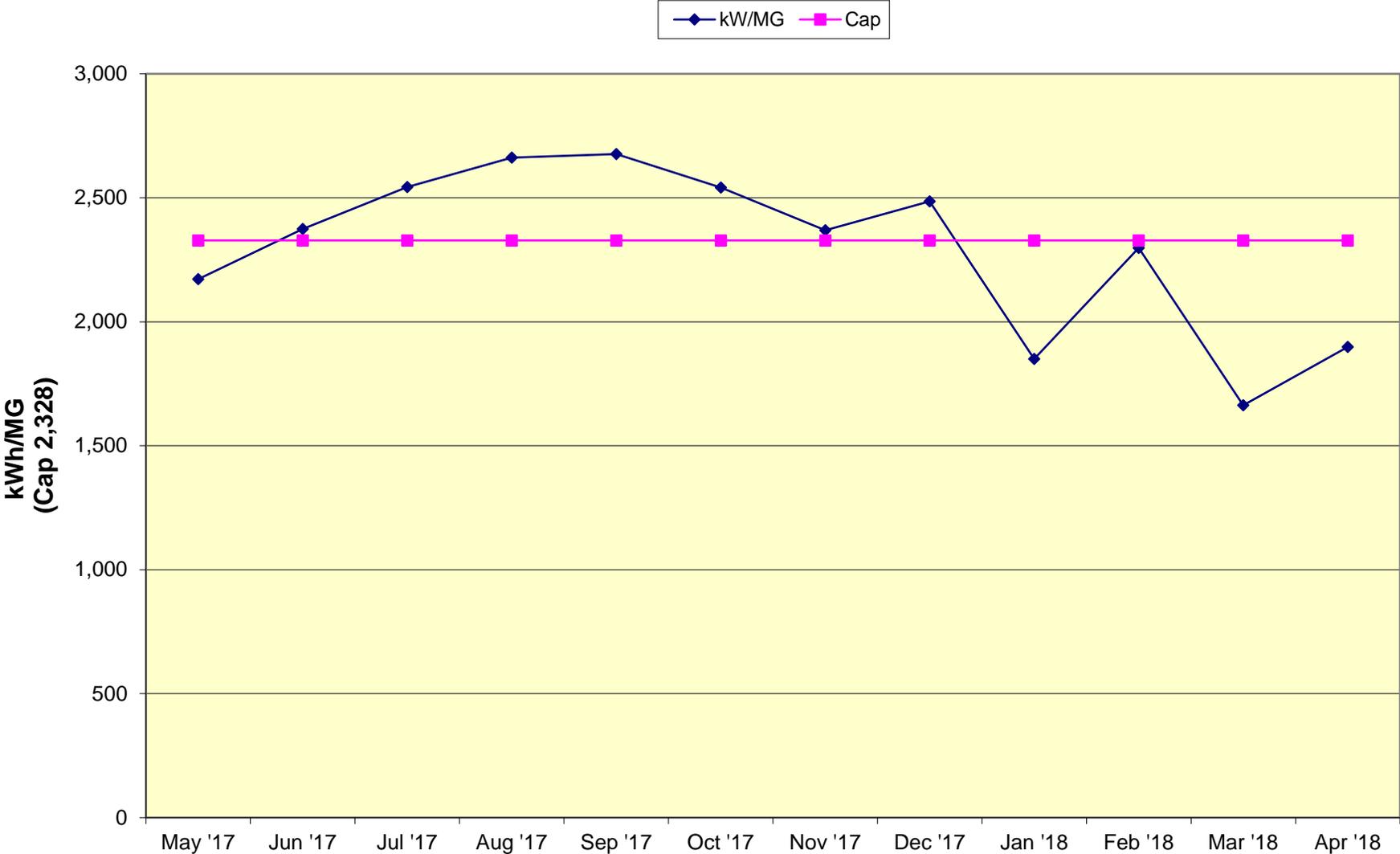


# Disinfection - Total Coliform

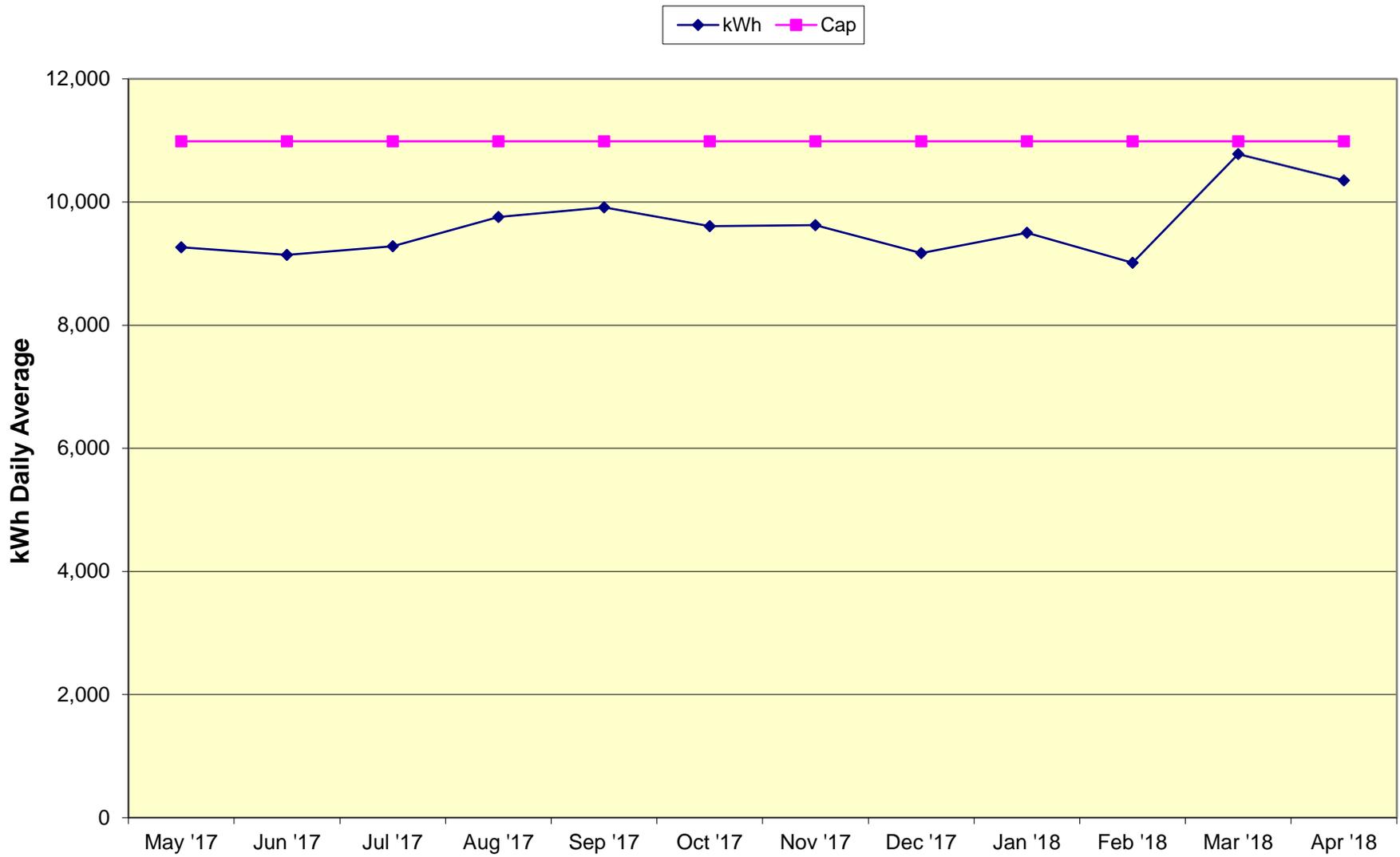
**TOTAL COLIFORM LIMITS - WDR**  
**5 Sample Median - 240 mpn /100 ml**  
**Maximum - 10,000 mpn/100 ml**



### Energy kWh/MG

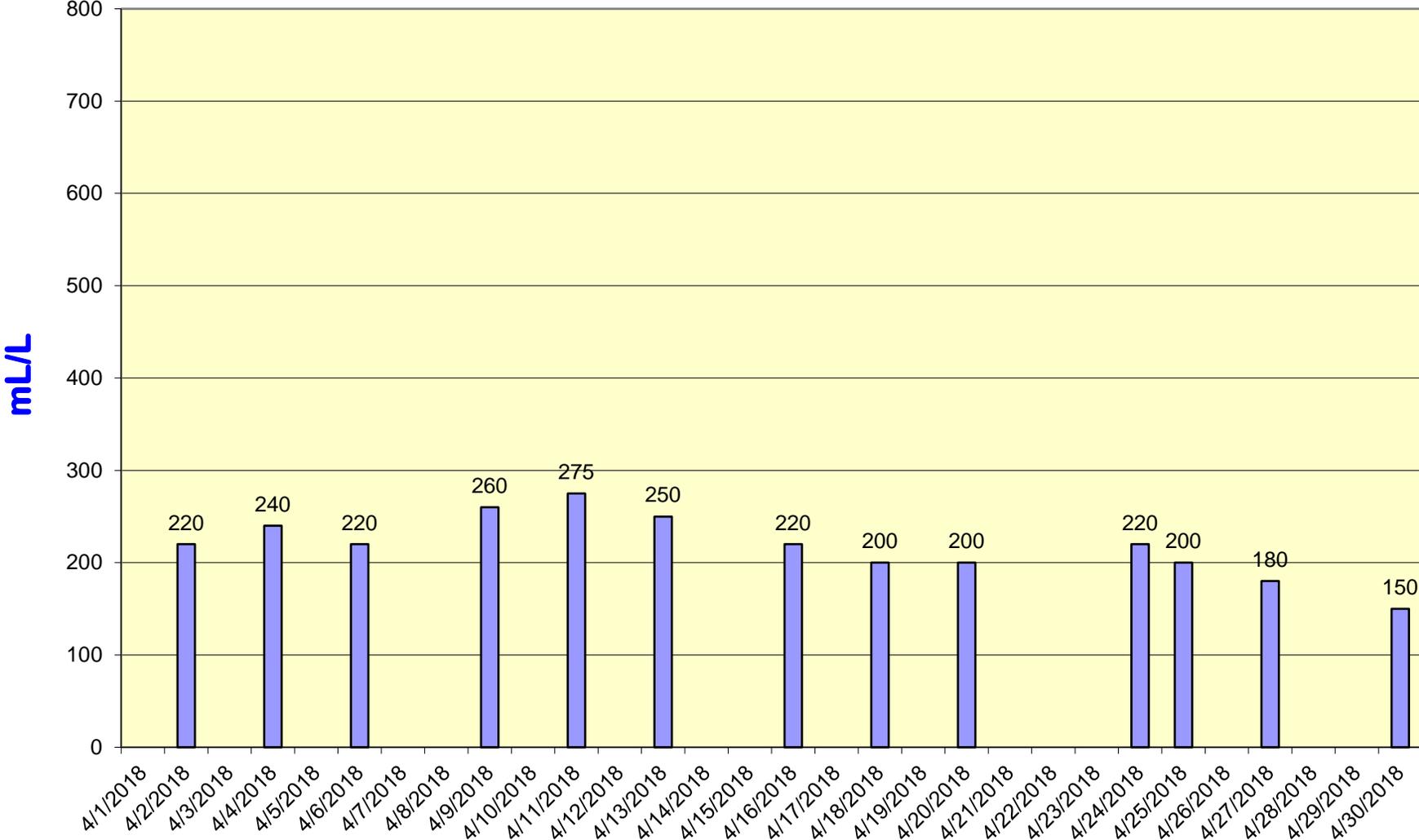


# Energy kWh

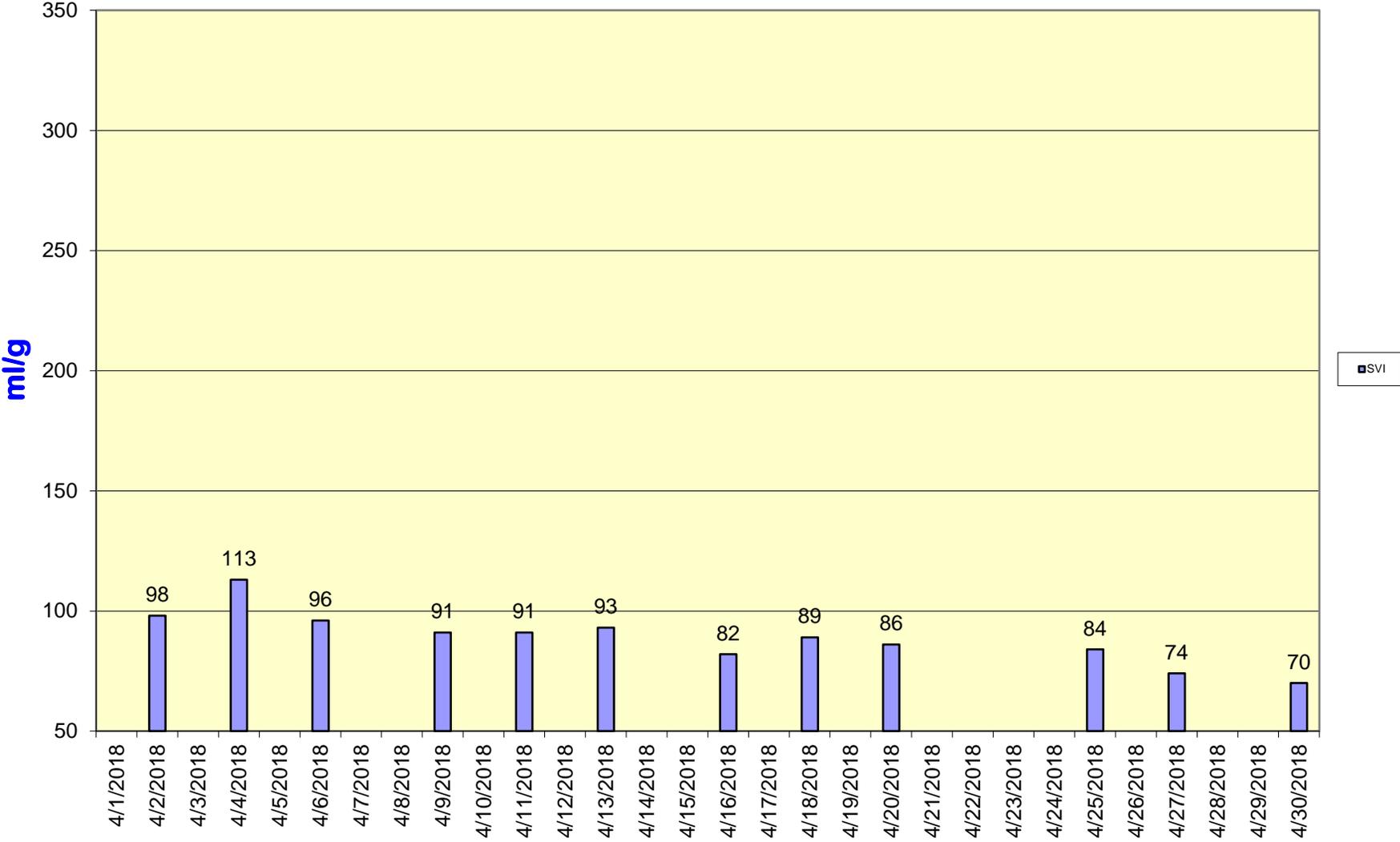


# ***PROCESS CONTROL DATA / GRAPHS***

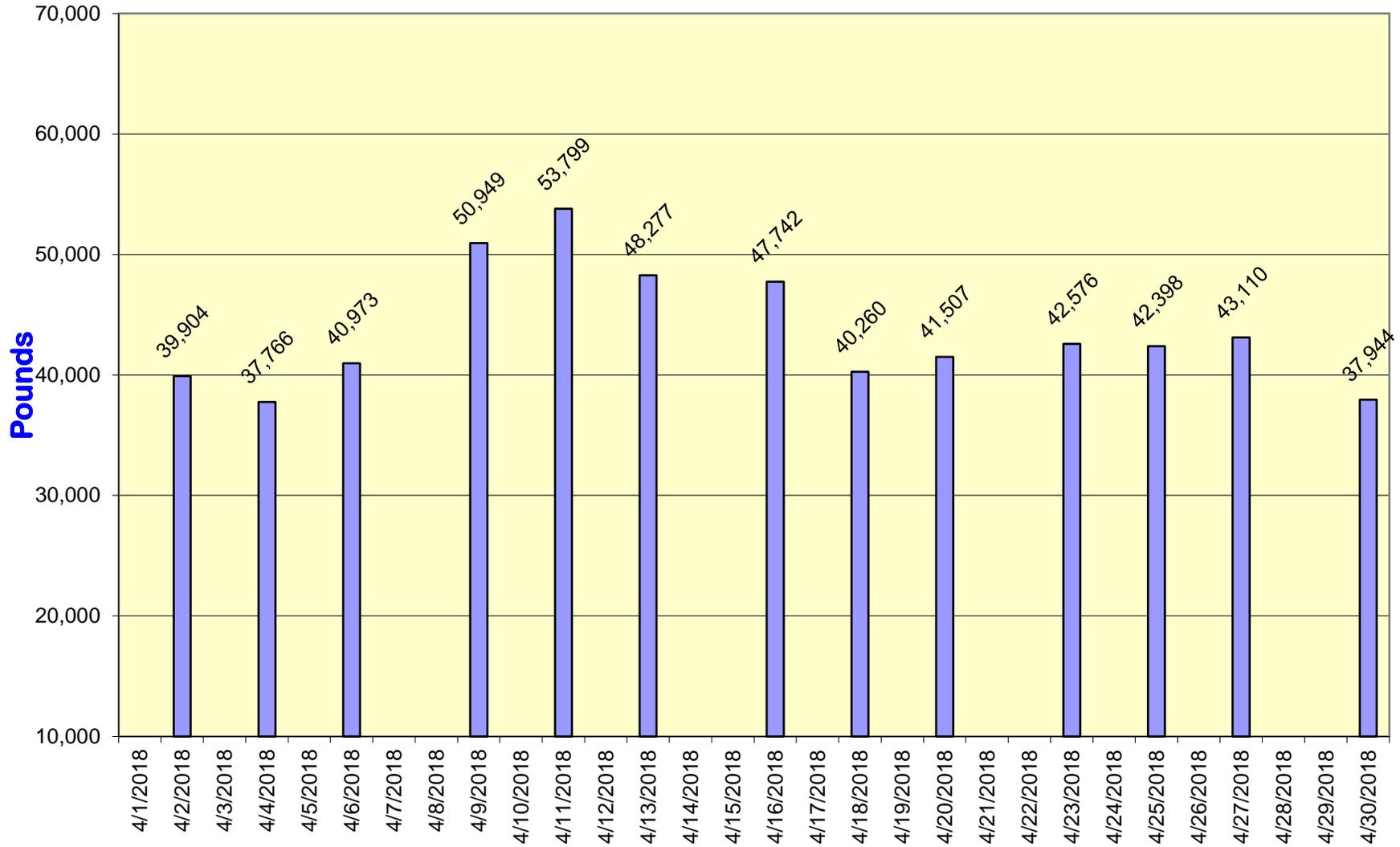
# Settleability



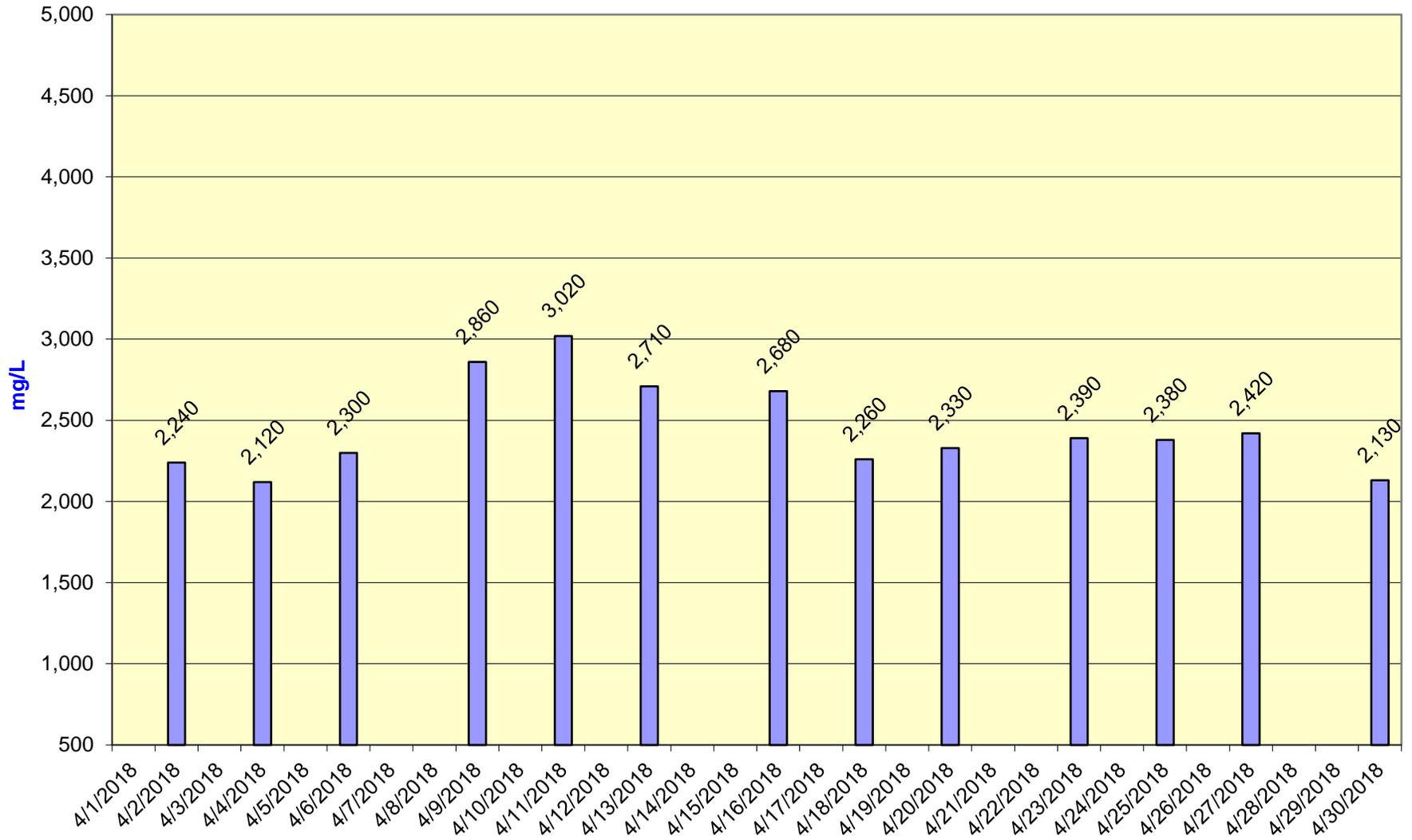
# Sludge Volume Index



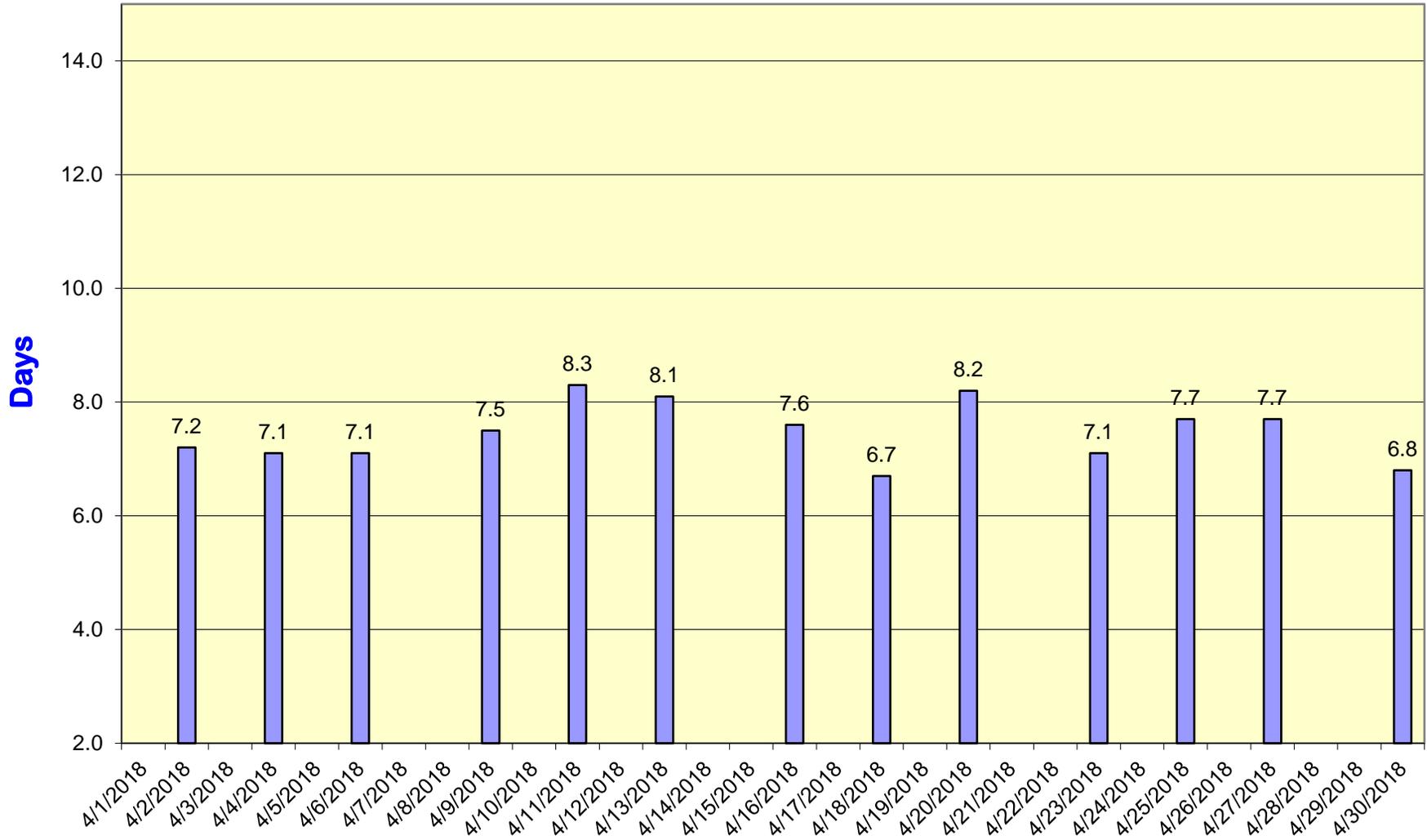
# MLSS Inventory



### MLSS Concentration



## Mean Cell Residence Time



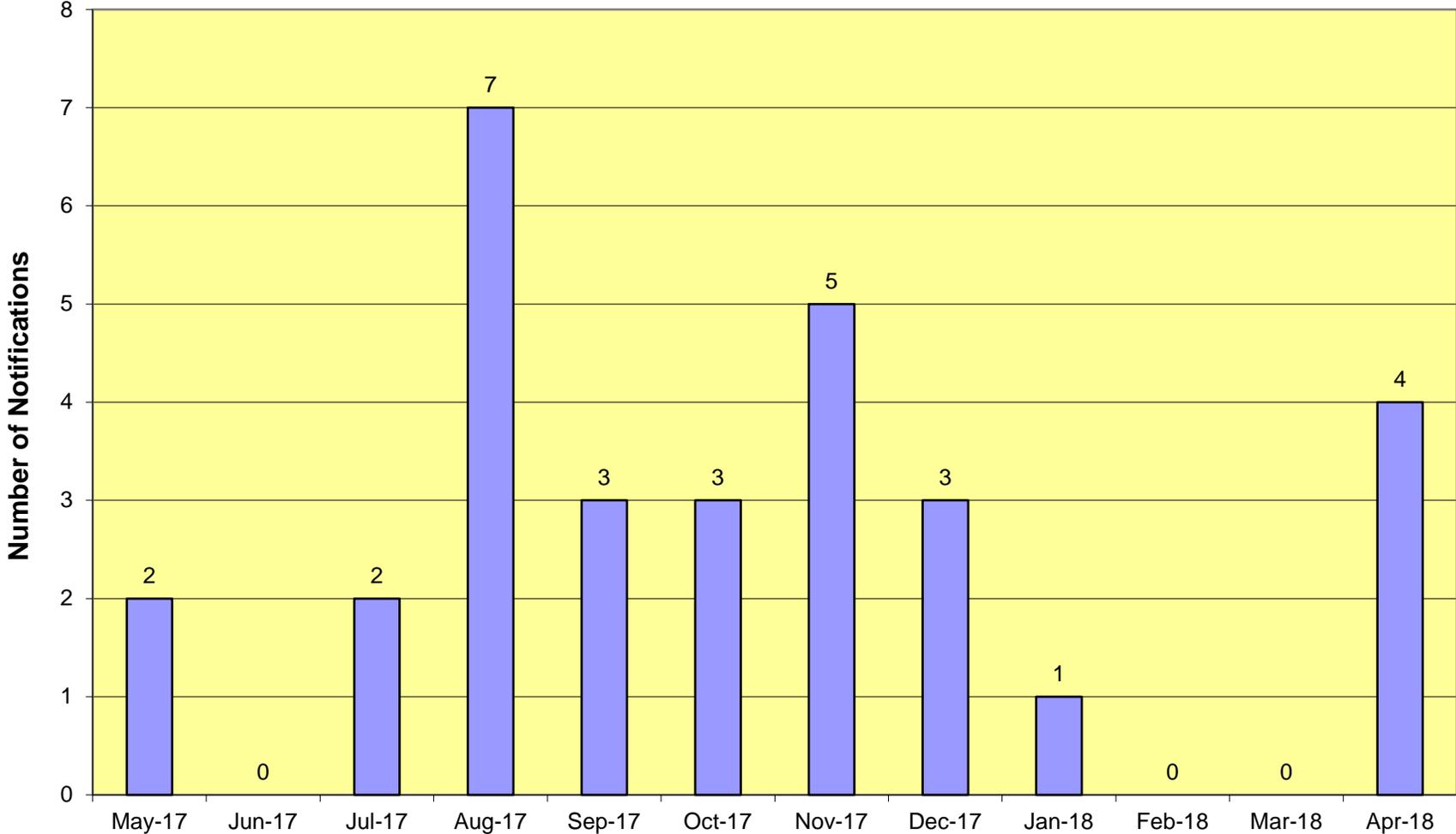
## Process Control Data

	<b>Influent Flow</b>	<b>Settleability</b>	<b>MLSS Concentration</b>	<b>MLSS Inventory</b>	<b>MCRT</b>	<b>SVI</b>
4/1/2018	4.66					
4/2/2018	4.64	220	2,240	39,904	7.2	98
4/3/2018	4.58					
4/4/2018	4.47	240	2,120	37,766	7.1	113
4/5/2018	5.16					
4/6/2018	13.78	220	2,300	40,973	7.1	96
4/7/2018	11.43					
4/8/2018	7.83					
4/9/2018	6.60	260	2,860	50,949	7.5	91
4/10/2018	6.08					
4/11/2018	6.28	275	3,020	53,799	8.3	91
4/12/2018	4.95					
4/13/2018	5.20	250	2,710	48,277	8.1	93
4/14/2018	4.97					
4/15/2018	5.31					
4/16/2018	5.65	220	2,680	47,742	7.6	82
4/17/2018	4.84					
4/18/2018	4.82	200	2,260	40,260	6.7	89
4/19/2018	4.90					
4/20/2018	4.42	200	2,330	41,507	8.2	86
4/21/2018	4.52					
4/22/2018	4.61					
4/23/2018	3.66		2,390	42,576	7.1	
4/24/2018	4.55	220				
4/25/2018	4.12	200	2,380	42,398	7.7	84
4/26/2018	4.44					
4/27/2018	4.15	180	2,420	43,110	7.7	74
4/28/2018	4.36					
4/29/2018	4.46					
4/30/2018	4.14	150	2,130	37,944	6.8	70
Minimum	3.66	150	2,120	37,766	6.7	70
Maximum	13.78	275	3,020	53,799	8.3	113
Total	163.58					
Average	5.45	218	2,449	43,631	7.5	89

# ***NEIGHBORHOOD CONTACTS***



# Neighborhood Contacts Received



WEEKLY NEIGHBOR CONTACT LOG													
April 16, 2018	April 16, 2018 - April 22, 2018												
NEIGHBOR	Mon 16-Apr	Tue 17-Apr	Wed 18-Apr	Thu 19-Apr	Fri 20-Apr	Sat 21-Apr	Sun 22-Apr						
	Time	Time	Time	Time	Time	Time	Time	Notes					
Neighbor #1													
Neighbor #2					8 4 ~13:00								Notified via phone of odors.
Neighbor #3													
Neighbor #4													
Neighbor #5													
Total													

Legend

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

Neighbor #2, 4/20/18 - Informed of Moderate Persistent odors. Not normal "aeration basin" type odors. Checked headworks, primary clarifiers, aeration basins, fog system, and North East boundary. Drove through neighborhood. Nothing unusual observed. Arranging meeting with affected neighbors.

Neighbor #

WEEKLY NEIGHBOR CONTACT LOG														
April 23, 2018	April 23, 2018 - April 29, 2018													
NEIGHBOR	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Time		Time		Time		Notes
	23-Apr	24-Apr	25-Apr	26-Apr	27-Apr	28-Apr	29-Apr	7	8	7:00	7	8	6:00	
Neighbor #1														email - see below
Neighbor #2														
Neighbor #3														
Neighbor #4														
Neighbor #5														
Total														

**Legend**

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

Neighbor #1, 4/28/18 - Try as I may ... to ignore or wish that they go away I have been experiencing on & off odors for the last week.  
 Neighbor #1, 4/29/18 - Once again this morning, the odors are present. I am detecting odors on/fff since 6 am

Neighbor #

0

**WEEKLY NEIGHBOR CONTACT LOG**

NEIGHBOR	April 30, 2018 - May 6, 2018												Notes		
	Mon 30-Apr	Tue 1-May	Wed 2-May	Thu 3-May	Fri 4-May	Sat 5-May	Sun 6-May								
	Time	Time	Time	Time	Time	Time	Time								
Neighbor #1															
Neighbor #2															
Neighbor #3															
Neighbor #4															
Neighbor #5	7	8	17:23												email - see below
<b>Total</b>															

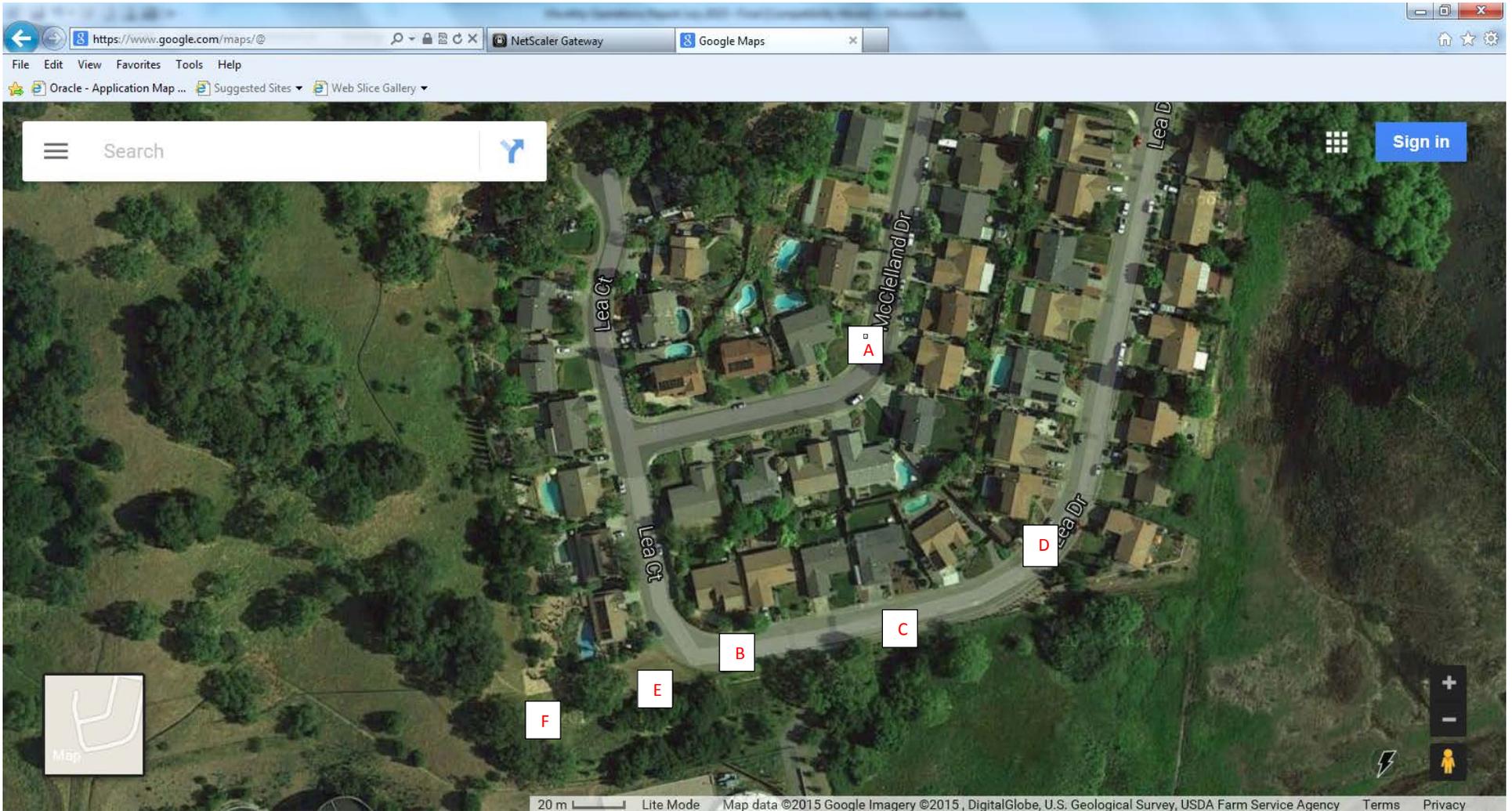
**Legend**

<b>Description</b>		Neighbor #5, 4/28/18 - Just caught in my driveway. I think it's the digester smell. Sewagey. Also I can smell the perfumey masker. Please get it back under control. Thank you.
Aeration Basins	1	
Raw Sewage	2	
H2S	3	
Aeration + Sewage	4	
Aeration, Sewage, H2S	5	
Sewage + H2S	6	
Other (see notes)	7	
Not Specified / Unknown	8	
<b>Intensity</b>		
Mild Intermittent	1	
Mild Persistent	2	
Moderate Intermittent	3	
Moderate Persistent	4	
Strong Intermittent	5	
Strong Persistent	6	
Other (see notes)	7	
Not Specified / Unknown	8	



# ***JEROME METER READINGS & LOCATIONS***

# NEIGHBORHOOD JEROME METER LOCATIONS – LEA AND McCLELLAND



**JEROME METER READINGS -APRIL 2018**

Sample Location	Min	Max	Ave	NOTES / COMMENTS
A: McLelland	0.000	0.000	0.000	Neighborhood
B: Lea 1	0.000	0.000	0.000	Neighborhood
C: Lea 2	0.000	0.000	0.000	Neighborhood
D: Lea 3	0.000	0.000	0.000	Neighborhood
E: Lea 4	0.000	0.000	0.000	Neighborhood
F: Lea 5	0.000	0.000	0.000	Neighborhood

**NOVATO SANITARY DISTRICT**  
**Wastewater Operations - Reclamation Facilities Report**  
**April 2018**

**1.0 Summary:**

The rancher continued annual weed abatement work this month on Sites 3 and 7 and prepared for hay cutting operations to start in early May. Marin County Flood Control Staff sent water from Simmons Slough to Drainage Pump Station No. 3 for the first time in April under the terms of a memorandum of agreement with the District.

**2.0 Ranch Operations:**

The rancher continued annual weed abatement work this month on Sites 3 and 7 and prepared his equipment for hay cutting operations to begin in early May.

Drainage Pump Stations No. 3 and 7 pumped approximately 94.9 MG and 16.7 MG of storm water, respectively this month.

In November of 2017, the District entered into a Memorandum of Agreement (MOA) with the Marin County Flood Control and Water Conservation District (FCD) that authorized use of Drainage Pump Stations No. 3 and/or No. 7 to convey stormwater from Simmons Slough to Novato Creek. April 6<sup>th</sup>, was the first time since entering into the agreement that the gate valve between Simmons Slough and the drainage channel that routes flow to Drainage Pump No. 3 was opened. Staff estimates that approximately 75 MG of the 94.9 MG of stormwater pumped by Drainage Pump No. 3 was from Simmons Slough. The MOA contains provisions for FCD to reimburse the District for the additional power usage, plus an escalator for O&M costs, for pumping the additional stormwater. The gate valve was closed on May 7<sup>th</sup>.

**3.0 Irrigation Parcels:**

There were no irrigation activities this month.

**4.0 Irrigation Pump Station:**

There were no irrigation activities this month. The District's effluent ponds are currently storing 49 MG of water. The Wildlife Pond circulation pump was put into service on April 2nd.

**5.0 Sludge Handling & Disposal:**

There were no sludge handling activities this month.

\*\*\*\*\*

NOVATO SANITARY DISTRICT														
Reclamation Facility - Monthly Statistics for Calendar Year 2018, as of April 2018														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year to Date	Annualized Monthly Average
<b>Irrigation Pump Station</b>														
Plant flow to ponds (MG)	0	0	0	0	0								-	0.00
Irrigation (MG)	0	0	0.0	0	0								-	0.00
Irrigation Pump 1 Hours													-	0.00
Irrigation Pump 2 Hours													-	0.00
Irrigation Pump 3 Hours													-	0.00
Washdown Water Pump Hours													-	0.00
Wildlife Feed Pump Hours	0	0	0	688						0	0	0	688.0	57.33
Water Circulated through Wildlife Pond (MG)	0	0	0	43.344	0	0	0	0	0.00	0	0	0	43.3	3.61
Strainer No. 1 Hours										0	0	0	-	0.00
Strainer No. 2 Hours										0	0	0	-	0.00
Pond 1 Gauge @ Beginning of Month	2.5	3.2	3	3.5										
Pond 1 Gauge @ End of Month	3.2	3	3.5	3.2										
Pond 1 Gallons Stored @ End of Month(MG)	22	20	24	22										
Pond 2 Gauge @ Beginning of Month	2.5	3.2	3	3.5										
Pond 2 Gauge @ End of Month	3.2	3	3.5	3.2										
Pond 2 Gallons Stored @ End of Month(MG)	27	25	31	27										
Total Irrigation Water Stored	49	45	55	49	0	0	0	0	0	0	0	0		
<b>Drainage Pump Station No. 3</b>														
Drainage Pump No. 1 Hours	0	0	0.1	0										
Drainage Pump No. 2 Hours	11.1	5.8	83.9	297.8										
Drainage Pump No. 3 Hours	31.9	0	0	18.6										
Total Gallons Stormwater Pumped (MG)	12.9	1.74	25.2	94.92	0	0	0	0	0	0	0	0	134.76	33.69
<b>Drainage Pump Station No. 7</b>														
Drainage Pump No. 1 Hours	14.8	0	0.3	27.1										
Drainage Pump No. 2 Hours	0	0	69.5	10.1										
Drainage Pump No. 3 Hours	10.7	11.7	20.8	0										
Total Gallons Stormwater Pumped (MG)	11.48	5	41	16.74	0	0	0	0	0	0	0	0	74.25	18.56

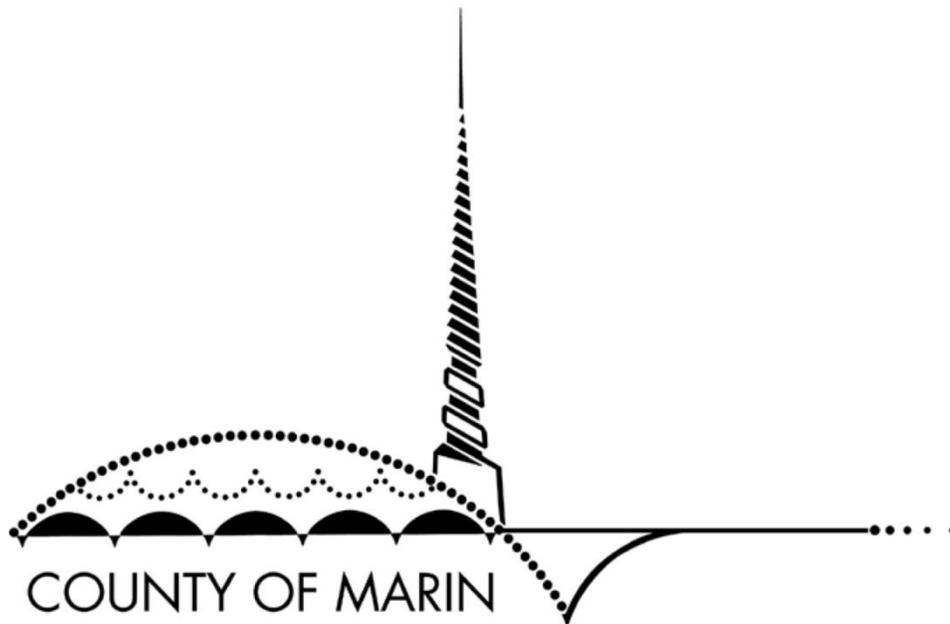
# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

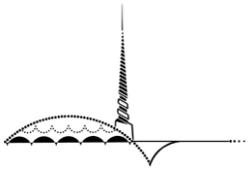
<b>TITLE: Information Item: Grand Jury Report.</b>	<b>MEETING DATE: May 21, 2018</b>  <b>AGENDA ITEM NO.: 13.a.</b>
<b>RECOMMENDED ACTION: Receive copy of 2017-18 Marin County Civil Grand Jury report and related informational media articles – Information only.</b>	
<b>SUMMARY AND DISCUSSION:</b>  <p>The 2017-18 Marin County Civil Grand Jury recently published a Report titled “Consolidation of Sanitation Districts” with a Report Date of April 13, 2018, and a Public Release Date of April 20, 2018. A copy is attached. Note that the District was not contacted by the Grand Jury during the preparation of the report, and the District did not receive a copy (official or unofficial, or confidential or non-confidential) of the report from the Grand Jury.</p> <p>Staff reviewed the Report for references to the District, and specifically Page 12 which says: “Novato Sanitary District should consider a plan to consolidate with the to-be-formed Central Marin Sanitation district. (Recommendation No. 2)”. However, when Recommendation R2 is reviewed, it says: “Central Marin Sanitation Agency (JPA), Sanitary District #1 (Ross Valley), Sanitary District #2 (Corte Madera), and the San Rafael Sanitary District should reorganize into a single sanitary/sanitation district. Each entity should complete a reorganization application with Marin LAFCO by 9/30/2018 and announce this action on the agenda of the next board meeting for public involvement.” In other words, there appears to be no reference to the District in the recommendation. Further, it is noted that the District is not included in the “REQUEST FOR RESPONSE” portion of the Report.</p> <p>Therefore, this Report and related articles in the Marin Independent Journal (Marin IJ), and the Novato Advance newspapers, are being presented as informational items only.</p>	
<b>ATTACHMENTS:</b> <ol style="list-style-type: none"> <li>1. Grand Jury Report titled “Consolidation of Sanitation Districts”.</li> <li>2. Marin Independent Journal article dated April 24, 2018, titled “Dick Spotswood – Chances of Marin sewage district consolidation are slim”.</li> <li>3. Editorial in the Marin Independent Journal dated April 26, 2018 and titled: “Sewage agency consolidations require leadership”.</li> <li>4. Novato Advance article dated May 2, 2018, titled “Grand Jury calls for consolidation – MARIN HAS TOO MANY SPECIAL DISTRICTS”.</li> </ol>	
<b>STRATEGIC PLAN INFORMATION:</b> This item addresses Goal 3 (Alignment and Communications), and Goal 4 (Well Planned Finances with a Long-Range Outlook), of the latest Strategic Plan Update.	
<b>DEPT. MGR.:</b> ssk	<b>GENERAL MANAGER:</b> SSK

# Consolidation of Sanitation Districts

Report Date: April 13, 2018

Public Release Date: April 20, 2018





## Consolidation of Sanitation Districts

### SUMMARY

Marin residents support an unusually high number of special districts. These local government entities, such as police, fire and sanitation districts, serve residents daily and are funded through fees and taxes. Each district is governed by a board of directors that decides how money is budgeted and spent. These boards are accountable only to the voters yet public oversight is largely missing. Some Marin districts have responded to budget tightening by sharing resources that led to consolidations, while other districts have responded by increasing their budgets and raising fees. This report examines the merits of consolidating special districts, why certain attempts have succeeded where others have failed, and what path forward is in the best interest of the residents of Marin.

The creation of a high number of special districts in Marin was not by design. It developed over time without a master plan as areas that were once isolated rural communities developed their own services. Today these communities have become connected neighborhoods that are still served by a patchwork of districts.

Consolidation has been recommended repeatedly, most recently in two studies published in 2017. A local Marin study recommends specific sanitary district consolidations.<sup>1</sup> A report by the Little Hoover Commission asks that the State of California remove barriers to district consolidations.<sup>2</sup> This is not a new idea. A decade earlier an independent consulting firm hired to study the issue by Central Marin Sanitation Agency, Joint Powers Authority (CMSA, JPA) and its member sanitation districts recommended consolidation.<sup>3</sup> These studies describe decreased costs, increased efficiency and the use of best practices as benefits.

Several examples exist of successful consolidations in Marin, motivated by budget concerns and cost savings. A police consolidation in central Marin has demonstrated substantial cost savings and fire districts in southern Marin are currently collaborating with the end goal of consolidation.

For decades, attempts to combine sanitary districts have been unsuccessful. We examine why, including the differences in funding schemes, the fear of losing local control, and the lack of oversight.

Increasingly, special districts will be required to respond to climate change challenges, such as sea level rise and increased wildfire risk due to drought. Specific to sanitation, the use of gravity in wastewater systems results in sanitation facilities being located at the lowest elevation, thereby

<sup>1</sup> [“Central Marin Wastewater Services Study,” Marin LAFCO.](#)

<sup>2</sup> [“Special Districts: Improving Oversight & Transparency,” The Little Hoover Commission.](#)

<sup>3</sup> [“Central Marin Regionalization Scenarios Evaluation,” Red Oak Consulting.](#)

exposing them to rising sea levels. Large capital expenditures will be required as Federal and State funds diminish. Consolidated districts will be better able to prepare for these scenarios.

This report discusses the consolidation process itself. The path to move from separate districts to one consolidated district is complex and requires months or years of increased cooperation. It begins with shared service agreements, proceeding to formal contracts and finally consolidation.

## **BACKGROUND**

### **Marin's Early History Led to a Large Number of Special Districts**

The North Pacific Coast Railway was completed in 1875 and some of the large tracts of land in central Marin were subdivided to meet the new demand for homeownership. At that time the county was sparsely populated with small towns along the railway line. Soon the increase in population, combined with failing septic tank systems and poor water quality issues, made improvements necessary.

Consequently, an election was held in 1899 and what would later become the first special district in Marin, Sanitary District Number 1, was formed. Today it is also known as the Ross Valley Sanitary District (RVSD). RVSD brought together the communities of Ross, Kentfield, San Anselmo and Fairfax to solve mutual sanitation problems.<sup>4</sup>

Before the Golden Gate Bridge was completed in 1937, Marin was accessible to the growing San Francisco population only by ferries, resulting in modest growth. The access created by the bridge spurred growth in both primary and vacation homes. World War II brought an increasing number of defense industry workers, many of whom remained in Marin. Small special districts proliferated to serve isolated rural communities. Rapid growth of new residents in the 1950s resulted in further proliferation of special districts. (See Appendix C for a map of current sanitation districts.)

In 2018 our communities are no longer isolated but most of the special districts remain. A few districts have already formally merged while others contract with neighboring districts to provide mandated services, such as sanitation or water, a crucial step in the consolidation process.

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<sup>4</sup> [Ross Valley Sanitary District.](#)

## APPROACH

The Grand Jury reviewed the complete list of Marin County special districts compiled by the 2013-14 Marin County Civil Grand Jury report, “What Are Special Districts and Why Do They Matter?”<sup>5</sup> Previously there was no centralized database of all separate political entities within Marin. For the purpose of this study, we will focus on 63 special districts and Joint Powers Authorities (JPAs), which contain studied districts. (Please see the glossary for a definition of JPA and Appendix A for the list of districts.)

- The majority of studied districts are police, fire and sanitation districts.
- Transportation and open space districts were excluded because they are countywide.
- School districts are special districts but were excluded because they were considered to be beyond the scope of this investigation.
- Cities and towns were excluded, however, dependent districts and some departments within cities and towns are considered.

The Jury examined documents including the districts’ audited financial statements, public reports and records, including:

- “Special Districts: Improving Oversight & Transparency.”<sup>6</sup>
- “Central Marin Wastewater Services Study.”<sup>7</sup>
- “Central Marin Regionalization Scenarios Evaluation.”<sup>8</sup>
- “It’s Time to Draw the Line, A Citizen’s Guide to LAFCOs California’s Local Agency Formation Commissions.”<sup>9</sup>
- “What’s So Special About Special Districts? A Citizen’s Guide to Special Districts in California.”<sup>10</sup>
- “Special Districts: The Threat of Consolidation and How to Stop It.”<sup>11</sup>
- “Understanding Proposition 218.”<sup>12</sup>
- “What Are Special Districts and Why Do They Matter?”<sup>13</sup>

The jury interviewed representatives from:

- Marin municipalities and towns.
- County administrator’s office.
- Legal expert for special districts.
- Marin LAFCO.
- Marin JPAs.
- Marin special districts.

The jury toured the Central Marin Sanitation Agency waste treatment facility.

<sup>5</sup> [“What Are Special Districts and Why Do They Matter?”](#) 2013/2014 Marin County Civil Grand Jury.

<sup>6</sup> [“Special Districts: Improving Oversight & Transparency.”](#) The Little Hoover Commission.

<sup>7</sup> [“Central Marin Wastewater Services Study.”](#) Marin LAFCO.

<sup>8</sup> [“Central Marin Regionalization Scenarios Evaluation.”](#) Red Oak Consulting for CMSA.

<sup>9</sup> Tami Bui and Bill Ihrke [“It’s Time to Draw the Line A Citizen’s Guide to LAFCOs California’s Local Agency Formation Commissions.”](#) Senate Committee on Local Government.

<sup>10</sup> [“What’s so special about Special Districts? A Citizen’s Guide to Special Districts in California”](#) (4th edition) Senate Local Government Committee.

<sup>11</sup> Adam Probolsky [“Special Districts: The Threat of Consolidation and How to Stop It”](#) PUBLICCEO, June 8, 2015.

<sup>12</sup> [“Understanding Proposition 218”](#) Legislative Analyst’s Office, December 1996.

<sup>13</sup> [Ibid](#)

## DISCUSSION

As stated in the introduction, the high number of special districts in Marin is not by design but rather an accident of our history. Several groups have examined the issue and recommended consolidation as the remedy. This report discusses in detail three studies, two published within the past year. The third study and the discussion that follows are focused on sanitation districts and their repeated failures to consolidate. Some consolidations have succeeded in Marin and they are commonplace elsewhere. Finally, the Grand Jury will explain the complicated consolidation process and what actions are in the best interest of Marin.

In 2017, a study conducted by the Little Hoover Commission<sup>14</sup> recommended legislation to remove barriers to special district consolidations, and an unrelated study by Marin LAFCO<sup>15</sup> recommended specific consolidations meriting immediate initiation.

Both of these studies identified the following issues:

- Districts need to prepare for the effects of climate change, including floods, sea level rise, drought, and an increased risk of wildfire.
- Districts should cooperate and combine resources in order to prepare adequately for these events. Fire and police leaders are cooperating in this manner but sanitation districts are not, yet wastewater services are affected by sea level rise and drought more than any other municipal service.
- Decreased redundancy of operations can reduce costs. For example, one administration department supporting one board of directors should cost less than several administration offices each with a board of directors. The increased standardization of policies and practices across similar spheres of influence and the use of best practices will improve service and operations.

In 2005, the Central Marin Sanitation Agency, JPA, and its member districts (Sanitary District #1, Sanitary District #2, San Rafael Sanitary District, and City of Larkspur) commissioned a report titled “Central Marin Regionalization Scenarios Evaluation.”<sup>16</sup> The examiners rejected scenarios in which no consolidations were considered. Instead, they strongly recommended total consolidation of the JPA and its component districts into a single district. Three districts and the JPA agreed to consolidate but the board of RVSD declined and the agreement failed.

### *Special Districts: Improving Oversight and Transparency* The Little Hoover Commission

In 2016 and 2017, the Little Hoover Commission analyzed 2,071 of California’s independent special districts and reviewed the state’s role and responsibility in overseeing them. The August

<sup>14</sup> [“Special Districts: Improving Oversight & Transparency.”](#) *The Little Hoover Commission.*

<sup>15</sup> [“Central Marin Wastewater Services Study.”](#) *Marin LAFCO.*

<sup>16</sup> [“Central Marin Regionalization Scenarios Evaluation.”](#) *Red Oak Consulting.*

2017 “Special Districts: Improving Oversight and Transparency”<sup>17</sup> report delved into four primary areas of concern for special districts.

Recommendations included:

- The State of California should simplify and create consistency in the special district consolidation process.
- Oversight of special districts should be improved, specifically, opportunities to bolster the effectiveness of LAFCO.
- The continued need for districts to improve transparency and public engagement.
- The urgency of climate change adaptation in California and the front-line roles that special districts, particularly water, wastewater treatment and flood control districts, play in preparing their communities and defending them from harm.

### ***Central Marin Wastewater Services Study*** **Marin LAFCO**

In July 2017, Marin LAFCO published the results of the wastewater services review that included recommending consolidations of sanitation districts

One of the three stated objectives of the study is to “... serve as the source document to initiate one or more government reorganizations, such as special district formations, consolidations, and/or dissolutions.” The Grand Jury agrees with several conclusions and recommendations.

#### **Conclusions of the Central Marin Wastewater Services Study included:**

- Reorganize Murray Park Sewer Maintenance District (MPSMD) and San Quentin Village Sewer Maintenance District (SQVSMD), two county dependent districts with areas of 0.1 and 0.01 sq. miles respectively, so that both districts are absorbed by Ross Valley Sanitary District (RSVD) with an area of over 26 sq. miles.
  - Conclusion No. 5 of Study: These reorganizations would eliminate two dependent special districts governed by the County of Marin and operating under antiquated statutes in favor of recognizing RVSD as the preferred and more capable service provider going forward.<sup>18</sup>
- Explore regional reorganization and consolidation of agencies to align with the Ross Valley watershed and San Rafael Creek watershed.
  - Conclusion No. 6 of Study: Additional Merit to Explore Regional Consolidation. Information collected and analyzed in this study provides sufficient merit for the Commission to further evaluate options to reorganize and consolidate public wastewater services in Central Marin and most pertinently among agencies in the Ross Valley watershed (RVSD, Corte Madera - Sanitary District #2,<sup>19</sup> MPSMD) and San Rafael

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<sup>17</sup> [“Special Districts: Improving Oversight and Transparency”](#) California LAFCO

<sup>18</sup> [“Central Marin Wastewater Services Study”](#) Marin LAFCO, pg.29

<sup>19</sup> [Corte Madera - Sanitary District #2](#). Town of Corte Madera.

Creek watershed (San Rafael Sanitary District,<sup>20</sup> Central Marin Sanitation Agency,<sup>21</sup> SQVSMD).<sup>22</sup>

- The commission should consider initiating the dissolution of MPSMD and SQVSMD and place their service areas in RVSD.
  - Recommendation 7. The Commission should consider proceeding with reorganizations to dissolve MPSMD and SQVSMD and concurrently place their respective service areas in RVSD.<sup>23</sup>
- The sewer agencies in central Marin should coordinate efforts to establish policies and protocols in addressing the increasing effects of climate change relative to wastewater services.
  - Recommendation 11. The affected agencies in Central Marin should coordinate efforts to establish policies and protocols in addressing the increasing effects of climate change relative to wastewater services. This includes resiliency planning with respect to droughts, storm events, and rising water tables.<sup>24</sup>

### ***Central Marin Regionalization Scenarios Evaluation*** **Red Oak Consulting**

In 2005, Central Marin Sanitation Agency (CMSA) commissioned Red Oak Consulting to study regionalization options. It is a comprehensive study addressing topics such as long-term planning, evaluations of existing organizational structures, operations and procedures, and scenarios for regionalization.

The purpose of the report was to analyze issues facing CMSA, leading to the evaluation of its then-current structure against other regionalization solutions.

The report offered the commissioners four possible scenarios for consideration:

- Scenario 1A    Joint Powers Agreement (no change).
- Scenario 1B    Modified Joint Powers Agreement.
- Scenario 2    Partial combination of one or several of the agencies.
- Scenario 3    Total combination of CMSA and all member agencies.

The examiners rejected scenarios 1A and 2. The remaining options presented by Red Oak Consulting recommended Scenario 1B—implementing modifications to the JPA, while researching and proceeding toward Scenario 3—Total Combination.

The following remarks were prescient since none of the recommendations of the report were adopted:

“The modifications to the JPA could be viewed as ‘stepping stones’ toward total combination... It allows the CMSA and member agencies to focus on their immediate priorities. Additionally, ironing out issues during the execution of such modifications would also facilitate the

<sup>20</sup> [San Rafael Sanitary District](#). *City of San Rafael*.

<sup>21</sup> [Central Marin Sanitation Agency](#)

<sup>22</sup> “[Central Marin Wastewater Services Study](#).” *Marin LAFCO*, pg.29

<sup>23</sup> [Ibid.](#), pg.33

<sup>24</sup> [Ibid.](#), pg.34

establishment of any new structure. This option allows for the establishment of trust among the participants for continued momentum toward the ultimate goal.

“The total combination (Scenario 3) could easily be pushed aside and, in five years, the Commissioners could find themselves in the same place they are today.”<sup>25</sup>

## Sanitation Districts Should Consolidate

The four districts that cooperate to form the CMSA JPA have considered full consolidation since its inception. This is logical because forming a JPA can be a step in the process of full consolidation. However, all proposals over the years have been rejected, including after the publication of the regionalization report discussed above, which was eventually terminated in 2007 by a vote of the RVSD board of directors.

The 2010-11 Grand Jury focused on the consolidation failure in its report, “Ross Valley Sanitary District: Not Again!”<sup>26</sup> The jury noted that it was the third report in five years about this particular district. The report detailed a series of lawsuits that accumulated extensive legal fees in the years between the 2007 failure and the 2010 report.

However, the legal battles did not stop in 2010 and have not been confined to central Marin. The Sausalito–Marin City Sanitary District (SMCSD) is suing the Tamalpais Community Services District (TCSD) for \$500,000 plus interest and legal costs.<sup>27</sup> SMCSD claims it was incorrectly charged in a mutual contract.

The RVSD recently sued SQVSD and CMSA over a contract dispute.<sup>28</sup> At issue was a contract for services for SQVSD that was awarded to CMSA over RVSD. It is worth pointing out that RVSD is a member district of CMSA.

The Las Gallinas Sanitary District board of directors accepted—under pressure—the resignations of top employees in 2017.<sup>29</sup> The resulting investigation of the alleged wrongdoing of the general manager cost the district \$19,500 but did not find any misuse of funds. The district has an annual budget of over \$14 million.

The lawsuits are wasteful, because even when successful, the award simply moves money from one district to another after accumulating large legal bills. If the districts had already been consolidated then decisions regarding best use of funds could be made by regional management rather than being decided in court.

It is important to point out that these are examples of independent districts overseen only by the voters. Dependent districts are also at risk for wasteful spending, though it is more difficult to see

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<sup>25</sup> [Ibid](#) pg.3-9

<sup>26</sup> “[Ross Valley Sanitary District: Not Again!](#)” Marin County Civil Grand Jury.

<sup>27</sup> “[Tam Valley Sued by Sewage District in Billing Dispute](#)” *Marin Independent Journal*. 18 August 2017

<sup>28</sup> “[Marin Sanitation Agencies End Legal Battle](#)” *Marin Independent Journal*. 28 May 2015

<sup>29</sup> “[San Rafael Sewage Chief Soiled by Backflow of Staff Ire](#)” *Marin Independent Journal*. 6 November 2017

because wasteful expenditures can be absorbed by its parent entity. Sanitation District #2 functions as if it were a department of the Town of Corte Madera, leaving open the possibility of staff, supplies, and resources being commingled between the town and district. The district's budget of over \$5.5 million is difficult to correctly assess because of this possibility. The San Rafael Sanitation District is another dependent district that functions as if it were a department of its parent jurisdiction, in this case the City of San Rafael.

### **Enterprise District Funding Reduces Pressure on Sanitation Districts to Consolidate**

Districts that collect and dispose of sewage charge a fee for this service rather than depend entirely on property taxes. When the revenue is lower than needed or desired, the district will raise fees using Proposition 218 rules. Non-enterprise agencies, such as police and fire, cannot increase their funding as easily from municipal annual budgets, creating pressure to do more with less money, which is a strong incentive to consolidate. When savings are realized through shared services, often the desire is to make the savings permanent through consolidation. Sanitation districts have avoided the pressures to consolidate by raising fees.

### **The Lack of Public Attention Reduces Pressure on Sanitation Districts to Consolidate**

The discussion is about the use of public money yet sanitation districts do not attract the attention that is needed for proper oversight. The Grand Jury in 2011 reported, "No one wants to think about sewers or pipes or overflows. They want to flush and forget."<sup>30</sup>

This year's Little Hoover Commission report also discusses the lack of public interest. "Special districts in general are geographically close to their constituents and provide a limited number of services. This often leads to low public visibility and a lack of engagement. Special districts are often referred to as 'ghost governments, invisible governments and under-the-radar governments.' The public has limited practical ability to understand the workings of the special district and make informed decisions in voting."<sup>31</sup>

This is especially true with sanitation districts. The CMSA JPA-led effort to regionalize was a multi-year process that did not include much input from the community. Although meetings were open, the public was not encouraged to participate.

The "flush and forget" attitude should not be used as an excuse to avoid engagement. Instead, people should be made aware that the discussion is not about the flush, it's about the bill. The public has the strongest oversight power over these districts and transparency is crucial to inform and involve them.

The State of California strongly supports more participation in local elections, and in 2015 passed SB 415, the [California Voter Participation Rights Act](#). This law requires that special districts hold their elections only in March or November in even numbered years, no later than November 2022. The aim is to increase visibility of special districts and the elections of their independent boards.

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<sup>30</sup> ["What Are Special Districts and Why Do They Matter?"](#) 2013/2014 Marin County Civil Grand Jury

<sup>31</sup> ["Special Districts: Improving Oversight & Transparency."](#) The Little Hoover Commission

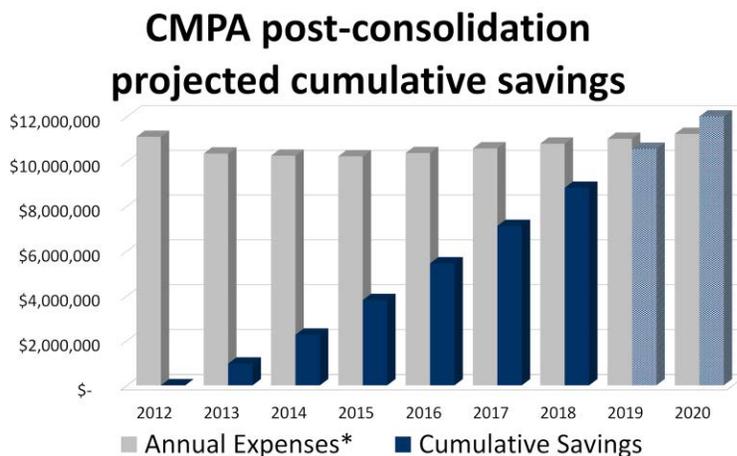
Fear of losing local control is often a reason for withdrawing from the consolidation. This fear is not supported by the facts. The consolidation of police and fire districts in Marin demonstrates that local control was not reduced. During the consolidation process, local control is repeatedly studied and negotiated. Districts are independent and cannot be forced to cooperate or share.

Only if each district agrees can consolidation move forward.

**Consolidation has Succeeded in Marin and Elsewhere**

Central Marin Police Authority (CMPA) is a recent example of a consolidation process. The police departments of Larkspur, Corte Madera and San Anselmo began sharing services in 2012, guided by a Memorandum of Understanding (MOU) that helped pilot increasing involvement and build trust. A completed JPA consolidation occurred in 2014.<sup>32</sup>

This combined entity has a substantially lower need for revenue than the three independent departments combined. The consolidation will save the equivalent of these agencies’ combined annual budgets in just seven years. The main motivation for the consolidation project was to reduce costs. The new department serves the same population with 42 officers compared to a pre-consolidation headcount of 55. (See Appendix B)



\*The merger was initiated in 2012 and completed in 2013.  
 2012-2014 data is from audited financials  
 2015-2018 data is from district budgets  
 2019-2020 data has been projected by the Grand Jury

Another area of consolidation is the Southern Marin Fire Protection District, which serves Tamalpais Valley, Almonte, Homestead Valley, Alto, Strawberry, Tiburon, Sausalito, Fort Baker, and Marin Headlands. As a result of sharing services, the new district is projected to save \$315,000 per year while streamlining services and management. “Demonstrated cost savings is

<sup>32</sup> [Central Marin Police Authority history](#)

what kept everyone at the table,” said an officer involved with the consolidation project.<sup>33</sup> Currently, some of the shared services include battalion chiefs, equipment and training.

### Successful Mergers Outside of Marin

Here are three examples of large districts that demonstrate the advantages of consolidation:

- **Truckee Sanitary District (TSD)** is one of the oldest sanitary districts in the state with boundaries that extend across county lines. It provides wastewater collection and conveyance within Nevada and Placer counties. In the 1960s, TSD annexed the adjacent Donner Lake drainage area in adjoining Placer County in order to help protect the lake water quality. One district in control of one watershed as a sphere of influence is the most efficient model for environmental protection.<sup>34</sup>
- **East Bay Municipal Utility District**—often referred to as East Bay MUD<sup>35</sup>—performs both water and sewerage treatment services within Alameda and Contra Costa counties and has a very large sphere of influence. It was first formed in 1923 out of a necessity for stored water and soon started purchasing water rights and reservoir infrastructure. The water system today serves approximately 1.4 million people in a 332-square-mile area. Its smaller wastewater system, added in 1944, was created by election to protect the bay and today serves approximately 685,000 people in an 88-square-mile area. This entity has an annual budget of over 1 billion dollars. It warrants public involvement as it prepares for drought and climate change challenges, improves aging infrastructure in congested urban areas, and attends to hundreds of miles of pipe, yet maintains fresh water quality and release of safely-treated wastewater.
- **Sonoma County Water Agency (SCWA)** is a countywide dependent district whose board members are the county district supervisors. Though SCWA functions like a county government department, it is a separate entity of local government having its defined set purpose: water. This overarching agency oversees public water systems, from collection and distribution of fresh water to the conveyance and treatment of wastewater. It also attends to important water stewardship concerns for the public (flooding, recycling), wildlife (river fish) and environment (groundwater protection). SCWA works with water companies, municipalities, sanitary districts and zones operating eight sanitation systems, while giving resources to drought and climate change projects.<sup>36</sup>

### Marin LAFCO is Underfunded and Understaffed

Special district consolidations require the participation and approval of Marin LAFCO. Currently, the staff consists of one executive officer and one commission clerk. An additional full-time employee is on disability leave.

This level of staffing may be adequate in general but not to handle the additional workload that would be created by initiating the recommendations in this report. The agency is staffed

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<sup>33</sup> [Southern Marin Fire Department](#)

<sup>34</sup> [Truckee Sanitary District](#)

<sup>35</sup> [East Bay MUD](#)

<sup>36</sup> [Sonoma County Water Agency](#)

adequately to produce the reports required by law, but handling an influx of requests for consolidations, annexations and other boundary changes will most likely require additional resources.

Marin LAFCO is funded by 42 separate entities divided into three categories. Each category is responsible for one third each:

- Marin County
- Cities and towns
- 30 special districts

These contributions are calculated by the State Controller's office based on revenues and not based on need. The agency itself cannot adjust its revenue so the county should consider voluntarily increasing its contribution beyond its one-third obligation. It is in the best interest of the residents of Marin County to ensure Marin LAFCO is adequately staffed. The county's 2016-2017 contribution was just over \$150,000.<sup>37</sup> An increase would allow the agency to hire an additional analyst to handle consolidations. The proven cost savings of consolidations justify this voluntary expense.

### **Understanding the Consolidation Process**

The process does not begin with an agreement to consolidate. First, two or more districts need to identify services that can be shared. Tailored Memorandums of Understanding (MOUs) and formal contracts are used when agreements are made. A fire department, for example, might agree to serve a particular neighborhood not in its own district because its station is closer to that neighborhood. This improves service to the residents in the area by decreasing response times while also reducing costs.

Districts should cooperate on the purchase and use of expensive line items. For example, CMSA and nearby districts maintain their own heavy equipment and software. In some cases these items are not fully utilized by either district and could be easily shared using a simple MOU. This can be repeated in numerous scenarios, such as personnel, capital equipment and contracted services.

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<sup>37</sup> [Annual Operating Budget](#), *Marin LAFCO*

## CONCLUSION

The Grand Jury has determined that Marin has an excessive number of sanitary districts. Small districts are inherently inefficient due to duplication of expenditures and redundancy in operations. Special districts often lack sufficient oversight and accountability. Many have experienced cost and administrative challenges but have operated with very little public oversight. Operational benefits of consolidation are widely recognized and recommended. Marin has already experienced several successful consolidations. The Grand Jury is in support of this trend.<sup>38</sup>

The Grand Jury recommends several consolidations that can be accomplished within one year. In addition to those actions, the remaining districts should pursue logical consolidations:

- Las Gallinas Sanitation District should consolidate with the to-be-formed central Marin sanitation district.
- Sausalito-Marín City Sanitary District and Tiburon Sanitary District #5 should consolidate with the to-be-formed Southern Marin Sanitation District. (Recommendation No.3)
- Novato Sanitary District should consider a plan to consolidate with the to-be-formed Central Marin Sanitation district. (Recommendation No. 2)
- The ultimate goal should be a countywide water and sanitation agency—Marin Municipal Utilities District (Marin MUD).

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<sup>38</sup> [“Merging and Dissolving Special Districts”](#) Yale Law School, p.494, 2014

## FINDINGS

- F1. Marin County has a large number of sanitary districts.
- F2. Independent sanitary districts are accountable only to district voters.
- F3. The public is not greatly involved in local sanitary district governance.
- F4. The public is not well informed about funding schemes or governance of sanitary districts.
- F5. Marin County's current system of sanitary districts is not cost-efficient.
- F6. Consolidation of sanitary districts in Marin has been recommended multiple times by governmental and non-governmental agencies.
- F7. Well-executed consolidations of sanitary districts will reduce administrative and operating costs.
- F8. Well-executed consolidations of sanitary districts will improve service.
- F9. Sanitation districts need to prepare for sea level rise.
- F10. Marin LAFCO is underfunded and understaffed.

## RECOMMENDATIONS

- R1. Marin LAFCO should complete the planned reorganization of Murray Park Sewer Maintenance District and San Quentin Village Sewer Maintenance District with Ross Valley Sanitary District.
- R2. Central Marin Sanitation Agency (JPA), Sanitary District #1 (Ross Valley), Sanitary District #2 (Corte Madera), and the San Rafael Sanitary District should reorganize into a single sanitary/sanitation district. Each entity should complete a reorganization application with Marin LAFCO by 9/30/2018 and announce this action on the agenda of the next board meeting for public involvement.
- R3. Sewerage Agency of Southern Marin (JPA), Almonte Sanitary District, Alto Sanitary District, Richardson Bay Sanitary District, Homestead Valley Sanitary District, Public Works Department of the City of Mill Valley, and Tamalpais Community Services District should reorganize into a single sanitary/sanitation district. Each entity should initiate a reorganization application with Marin LAFCO and announce this action on the agenda of the next board meeting for public involvement.
- R4. The County of Marin should allocate additional funds to Marin LAFCO.

## REQUEST FOR RESPONSES

Pursuant to Penal code section 933.05, the grand jury requests responses as follows:

From the following elected governing bodies:

- Marin County Board of Supervisors (R4)
- City of Mill Valley, Department of Public Works (R3)
- Almonte Sanitary District (R3)
- Alto Sanitary District (R3)
- Homestead Valley Sanitary District (R3)
- Murray Park Sewer Maintenance District (R1)
- Richardson Bay Sanitary District (R3)
- San Quentin Village Sewer Maintenance District (R1)
- San Rafael Sanitary District (R2)
- Sanitary District #1 (Ross Valley) (R1,R2)
- Sanitary District #2 (Corte Madera) (R2)
- Tamalpais Community Services District (R3)

From the following governing bodies:

- Marin LAFCO (R1)
- Joint Powers Authorities:
  - Central Marin Sanitation Agency (R2)
  - Sewerage Agency of Southern Marin (R3)

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted in accordance with Penal Code section 933 (c) and subject to the notice, agenda and open meeting requirements of the Brown Act.

Note: At the time this report was prepared information was available at the websites listed.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

## GLOSSARY

**Annexation:** When a district attaches additional territory to its boundary.

**Consolidation:** When two or more districts become one.

**Contract:** A legally binding agreement.

**Dissolution:** Refers to a district ceasing to exist.

**Joint Powers Authority (JPA):** An additional government entity created so that two or more special districts or local government entities can share a function.

**LAFCO: Local Agency Formation Commission:**<sup>39</sup> Mandated by the state to regulate and plan local government. Every county, including Marin, has a local office. Its responsibilities include:

- Initiation of special district consolidations
- Special district boundary changes
- Sphere of influence studies
- Service reviews
- Out-of-district service agreements
- Adoption of local policies

**The Little Hoover Commission:** An independent state oversight agency with a mission to investigate state government operations, such as special districts.

**Memorandum of Understanding (MOU):** A non-binding, written agreement often setting guidelines, timelines and goals.

**Merger:** Occurs when one district consumes another.

**Special district:** A local government entity created to address specific local community needs to tax themselves through public petition, and possible election. Special districts are further defined by their purpose, funding, and governing structure.

- *Single purpose:* A special district can have one purpose, such as a sewer maintenance district, which exists solely to maintain the sewer pipe.
- *Multi-purpose:* A district can provide a combination of services, such as maintaining both a water treatment plant and a community park.
- *Enterprise funding districts* collect service charges as the primary source of revenue, such as a water district that charges based on use.
- *Non-enterprise districts*, such as most fire protection and police districts, receive tax funds and do not charge based on a fee-for-service model.
- *Dependent districts* are governed by a separate entity, such as the county Board of Supervisors or city council.
- *Independent districts* have their own board of directors and do not report to the county Board of Supervisors or any other government agency. Oversight of independent districts is provided directly by the voters.

**Reorganization:** Combining two or more changes in one proposal.

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<sup>39</sup> [Marin LAFCO](#)

**Sphere of Influence:** An established boundary line adopted by LAFCO to designate the boundary and service area for a city or special district.<sup>40</sup>

**Sanitary:** A category of health and safety codes with powers and functions that involve the maintenance and operation of facilities such as garbage dump sites, garbage collection and disposal systems, sewers, storm water drains, and stormwater recycling and distribution systems.

**Sanitation:** A category of health and safety codes with powers and function that involve maintaining and operating sewage systems, sewage treatment plants and sewage disposal systems.

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<sup>40</sup> [Sphere of Influence](#)

## APPENDIX A

Special districts considered in this investigation:

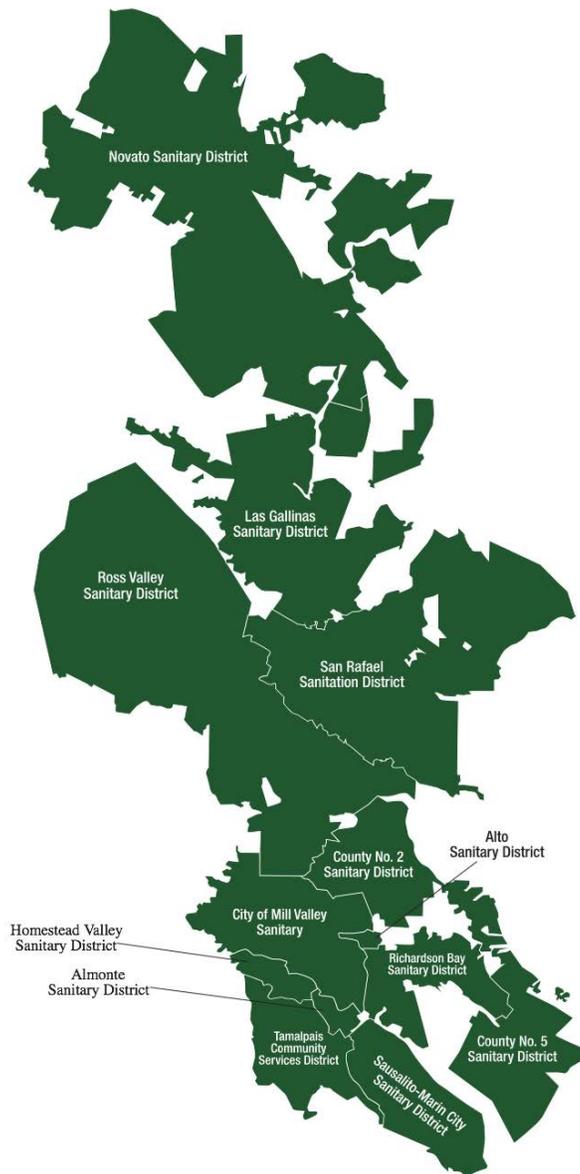
1. Almonte Sanitary District
2. Alto Sanitary District
3. Bel Marin Keys CSD
4. Bolinas Community Public Utility District
5. Bolinas Fire Protection District
6. Bolinas Highlands Permanent Road Division
7. Corte Madera Sanitary District No. 2
8. CSA #1 (Loma Verde)
9. CSA #6 (Gallinas Creek)
10. CSA #9 (Northbridge)
11. CSA #13 (Lucas Valley)
12. CSA #14 (Homestead Valley)
13. CSA #16 (Greenbrae)
14. CSA #17 (Kentfield)
15. CSA #18 (Las Gallinas)
16. CSA #19 (San Rafael)
17. CSA #20 (Indian Valley, Dominga Canyon)
18. CSA #23 (Terra Linda)
19. CSA #25 (Unincorporated Novato)
20. CSA #27 (Ross Valley Paramedic)
21. CSA #28 (West Marin Paramedic)
22. CSA #29 (Paradise Cay)
23. CSA #31 (County Fire)
24. CSA #33 (Stinson Beach)
25. Homestead Valley Sanitary District
26. Inverness Public Utility District
27. Inverness Subdivision No. 2 Permanent Road Division
28. Kentfield Fire Protection District
29. Las Gallinas Sanitary District
30. Marin City CSD
31. Marin County Flood Control and Water Conservation District
32. Marin County Law Library
33. Marin County Lighting District
34. Marin County Open Space District
35. Marin County Transit District
36. Marin Healthcare District
37. Marin Municipal Water District
38. Marin Resource Conservation District
39. Marin/Sonoma Mosquito & Vector Control District
40. Marinwood Community Service District
41. Monte Cristo Permanent Road Division
42. Mt. View Ave - Lagunitas Permanent Road Division
43. Muir Beach Community Services District
44. Murray Park Sewer Maintenance District
45. North Marin Water District
46. Novato Fire Protection District
47. Novato Sanitary District
48. Paradise Estate Permanent Road Division
49. Richardson Bay Sanitary District
50. Ross Valley Sanitary District

51. Rush Creek Lighting and Landscape
52. San Quentin Village Sewer Maintenance District
53. San Rafael Sanitation District
54. Sausalito - Marin City Sanitary District
55. Sleepy Hollow Fire Protection District
56. Southern Marin Fire Protection District
57. Stinson Beach County Water District
58. Stinson Beach Fire Protection District
59. Strawberry Recreation District
60. Tamalpais Community Services District
61. Tiburon Fire Protection District
62. Tiburon Sanitary District #5
63. Tomales Village Community Services District

## APPENDIX B: CENTRAL MARIN POLICE AUTHORITY POST-CONSOLIDATION ANALYSIS

Source	2012 Budget \$	2013 Budget \$	2014 Budget \$	2015 Budget \$	2016 Budget \$	2017 Budget \$	2018 Budget \$	2019 Projected	2020 Projected
<b>Expenses</b>	11,095,129	10,348,615	10,251,452	10,226,658	10,371,547	10,578,978	10,790,557	11,006,369	11,226,496
<b>Expenses w/out merge</b>	11,095,129	11,317,032	11,543,372	11,774,240	12,009,724	12,249,919	12,494,917	12,744,816	12,999,712
<b>Annual Savings</b>	-	968,417	1,291,920	1,547,582	1,638,177	1,670,941	1,704,360	1,738,447	1,773,216
<b>Cumul. Savings</b>	-	968,417	2,260,337	3,807,918	5,446,096	7,117,037	8,821,397	10,559,844	12,333,060

## APPENDIX C: WASTEWATER AGENCIES IN MARIN COUNTY



Map thanks to The Marin Association of REALTORS®

## Dick Spotswood: Chances of Marin sewage district consolidation are slim

Tuesday, April 24, 2018



The Marin County Civil Grand Jury has a well-earned reputation for having the ability, desire and political courage to dive into important but politically dicey issues.

They've just issued their newest report, "Consolidation of Sanitary Districts," which is a blueprint for the efficient consolidation of a slew of uncoordinated out-of-sight agencies that provide an essential service.

Most California counties are served by a large number of special-purpose districts providing sewage, fire protection, flood control, water and park services. These are historical anomalies that arose a century ago when cow counties, of which Marin was one, became populated.

There was no grand plan. Often a collection of houses outside an incorporated town grew into a neighborhood and there was a pressing need for fire or sewage service. Neighbors, with county permission, created special districts to perform those functions. Boards of directors were elected and the agencies charged fees or received part of the property tax to support itself.

As time passed, the special districts became to be ignored by residents, overlooked by the media and operated with little oversight. They had outlived their time. Having no one looking over an agency's shoulder is the classic route to self-dealing, inefficiencies and outright corruption.

An example of an opaque system out of control was the scandal-plagued Ross Valley Sanitary District, which is only now emerging into the sunlight. Some, but not all, sanitary directors have taken advantage of their invisibility by paying themselves, and pay and perks that no Marin city council members — all subject to press and public scrutiny — would ever dare take.

Good-government advocates have long sought consolidation not only of the sanitary districts, but also the other special-purpose districts, each with its own board and management staff.

They've been thwarted by the only people that really care if the agencies remain: members of the agencies' boards of directors fearful of losing their perks, their political allies and sanitary district employees who benefit from the status quo. Change is hard, since the issue is so below the radar that most voters tend to be swayed by the directors' collective scream, "Keep local control." Why "local control" of toilets and sewage lines is a political issue is mystifying.

The civil grand jury has the guts to tackle the issue. Its conclusion provides for significant but not radical change; it recommends that independent sanitary agencies remain, just fewer of them.

The report's key recommendations are:

- First, the “Central Marin Sanitation Agency, Sanitary District No. 1 (Ross Valley), Sanitary District No. 2 (Corte Madera), and the San Rafael Sanitary District should reorganize into a single sanitary/sanitation district.”
- Second, the “Sewerage Agency of Southern Marin, Almonte Sanitary District, Alto Sanitary District, Richardson Bay Sanitary District, Homestead Valley Sanitary District, Public Works Department of the City of Mill Valley, and Tamalpais Community Services District should reorganize into a single sanitary/sanitation district.”

More efficiency, less bureaucracy, with as good if not better services at a lower cost. Who could object? Amazingly, the grand jury’s suggestion is a long shot. These agencies, perhaps with the exception of the cities of Mill Valley and San Rafael and Tamalpais Community Services District, will resist the suggestion with their dying breath. No agency ever wants to eliminate itself. The Board of Supervisors will be missing in action and the likelihood of this reform taking place, at best, is in the 20 percent range.

If such a basic reform doesn’t take place within two years, this tells taxpayers all they need to know about the dim prospects of even wider mergers of special-purpose districts that might save even more tax dollars.

Columnist Dick Spotswood of Mill Valley writes on local issues Sundays and Wednesdays. Email him at [spotswood@comcast.net](mailto:spotswood@comcast.net).

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URL: <http://www.marinij.com/opinion/20180424/dick-spotswood-chances-of-marin-sewage-district-consolidation-article-slim>

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## Editorial: Sewage agency consolidations require leadership

Thursday, April 26, 2018



The Marin County Civil Grand Jury is doing its job pointing out ways local government can operate better and more efficiently when it comes to taxpayer cost.

It comes as no surprise that the 2017-18 grand jury focused on Marin's many local sanitary districts and called for regional consolidations.

That same recommendation has been raised, studied, recommended and rejected before; most recently in 2013, when Southern Marin voters rejected a proposal to consolidate sanitary districts that serve the area.

But the grand jury raised the issue to echo the state Little Hoover Commission's findings that California has too many special districts and many operate with little public oversight or participation.

The districts are mostly protected by the political rallying cry of local control, that the best government is small and closer to the people it serves.

It was that argument that submarined the ballot measure to consolidate Southern Marin's sewer districts. Board members — often longtime incumbents whose re-election has rarely gone challenged — campaigned against the proposed reform.

Local officials wouldn't risk their political capital to actually campaign for consolidation. It showed that winning voter approval of consolidation would take more than a bunch of bureaucratic studies and a measure on the ballot.

A proposal that several sewer districts — Ross Valley, San Rafael, Larkspur, Corte Madera, Murray Park and San Quentin Village — reorganize as a single entity with the Central Marin Sanitation Agency, which runs the sewer plant that the local lines run to, has been studied at length before, generating lawsuits and political power struggles, but no consolidation.

The 2013 measure would have merged the Alto, Almonte, Homestead Valley, Richardson Bay and Mill Valley sewer systems into a single agency. The directors of the small agencies campaigned against the measure and prevailed.

So, where will this grand jury's recommendation go?

The grand jury is recommending that the county bolster its funding of the Marin Local Agency Formation Commission, a little-known agency that is supposed to focus on redrawing jurisdictional lines in ways that make sense in today's geography and budgets.

LAFCO has studied this issue before and come up with the same recommendations.

Better funding of LAFCO could improve the odds that its recommendations could become reality, the grand jury says.

Increased staffing of an agency isn't going to build the political will and mettle needed to make consolidations happen.

Maybe members of the grand jury, upon the end of their terms, should stay involved in the issue. Public involvement is the best way to build political will and alter the history of previous recommendations.

Until then, spending public time and money on proposals that make sense, but lack local leadership, will just add to the piles of consultant studies and staff reports that have already been devoted to this issue.

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URL: <http://www.marini.com/opinion/20180426/editorial-sewage-agency-consolidations-require-leadership>

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# Grand jury calls for consolidation

## MARIN HAS TOO MANY SPECIAL DISTRICTS

By Chris Rooney  
*Marinscope*

An editorial in the LA Times called for two southern California sanitary districts to consolidate in order to “reduce the size and cost of local government.” Because that’s what everybody wants — to eliminate waste and bolster efficiency.

So when the Marin County civil grand jury released its “Consolidation of Sanitation Districts” report this month, it didn’t exactly break any new ground. The report calls for a bunch of tiny sanitary districts to merge resources in order to save money and create a united countywide approach to the many obstacles to sanitation that may arise in the future — including those created by a rise on the sea level.

“The Grand Jury has determined that Marin has an excessive number of sanitary districts,” the report states. “Small districts are inherently inefficient due to duplication of expenditures and redundancy in operations. Special districts often lack sufficient oversight and accountability. Many have experienced cost and administrative challenges but have operated with very little public oversight. Operational benefits of consolidation are widely recognized and recommended. Marin has already experienced several successful consolidations. The Grand Jury is in support of this trend.”

The report recommends several consolidations that they say can be accomplished within a year. In addition to those actions, the remaining districts should pursue logical consolidations.

The report backs the notion of consolidating services rather than raising fees.