

NOVATO SANITARY DISTRICT

Meeting Date: October 24, 2016

The Board of Directors of Novato Sanitary District will hold a regular meeting at 6:00 p.m., Monday, October 24, 2016, at the District Offices, 500 Davidson Street, Novato.

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

AGENDA

1. **PLEDGE OF ALLEGIANCE:**
2. **AGENDA APPROVAL:**
3. **PUBLIC COMMENT (PLEASE OBSERVE A THREE-MINUTE TIME LIMIT):**

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

4. **REVIEW OF MINUTES:**
 - a. Approve minutes of the October 10, 2016 meeting.
5. **CONSENT CALENDAR:**

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

- a. Approve regular disbursements.
 - b. Approve payroll and payroll-related disbursements.
 - c. Receive Accounts Receivable Report as of October 21, 2016.
 - d. Cancel Board meetings of November 28th and December 26th, 2016.
6. **SOLID WASTE: PUBLIC HEARING – SET CALENDAR YEAR (CY) 2017
MAXIMUM ALLOWABLE SOLID WASTE RATES.**
 - a. Receive staff report.
 - b. Open public hearing.
 - c. Public comments.
 - d. Board comments.
 - e. Close public hearing.

Consider action on:

- f. Adopting Resolution No. 3103 setting CY2017 maximum allowable rates for refuse collection and disposal services.

7. BOARD MEMBER REPORTS AND REQUESTS:

8. INFORMATIONAL ITEMS:

These items are for information only; no action will be taken on these items).

- a. University of North Carolina, Chapel Hill, Environmental Finance Center article: "Fun Facts About Water System Rate Structures".

9. GENERAL MANAGER'S ANNOUNCEMENTS:

Next Resolution No. 3104.

Next regular meeting date: Monday, November 14, 2016, 6:00 PM at the Novato Sanitary District office, 500 Davidson Street, Novato, CA

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

NOVATO SANITARY DISTRICT

Board Meeting Minutes

Meeting Date: October 10, 2016

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:01 p.m., Monday, October 10, 2016, at the District offices, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Peters, Directors Long, Mariani, and Miller. Director Dillon-Knutson was absent (excused).

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

ALSO PRESENT:

Bob Brown, Community Development Director, City of Novato
John Bailey, Project Manager, Veolia Water
John O'Hare, Pretreatment Programs Manager, Veolia Water
Steve Krautheim, Field Services Manager, Novato Sanitary District
Dale Thrasher, Joint Health and Safety Program Director, Novato Sanitary District
Dee Johnson, Household Hazardous Waste Program Coordinator

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

- Consider approval of minutes of the September 26, 2016 meeting.
On motion of Director Mariani, seconded by Director Long, and carried unanimously by those Directors present, the September 26, 2016 Board meeting minutes were approved.

CONSENT CALENDAR:

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

- a. Approve Board member disbursements in the amount of \$987.03. Approve operating check disbursements in the amount of \$125,755.88, and capital project disbursements in the amount of \$169,158.17.
- b. Receive deposit summary, September 2016.

On motion of Director Mariani, seconded by Director Long, and carried unanimously by those Directors present, the above listed Consent Calendar items were approved.

CITY OF NOVATO GENERAL PLAN 2035:

- Receive presentation from Bob Brown, Community Development Director, City of Novato.
The General Manager stated that Bob Brown, Community Development Director, City of

Novato, would be making a presentation. Mr. Brown gave a PowerPoint presentation titled, "City of Novato, General Plan 2035". The presentation gave a summary of the steps used to prepare the General Plan and then provided a detailed outlook for Novato's future, from current day through 2035. Mr. Brown stated that the General Plan was to articulate the future that Novato residents want for their community and to provide a City Council approved document (road map) on how to achieve that objective. He stated that the City Council's goal was to use intentional planning to manage change which would benefit all current and future Novato residents, businesses, and visitors. Bob Brown and Dee Johnson discussed the General Plan's recycling and diversion rates, and discussion followed between Mr. Brown, Ms. Johnson, the General Manager, and the Board.

Mr. Brown concluded his presentation by saying that he would like District comments by early November so that there would be time to refine any of the policy language. The General Manager stated that he would work with staff to prepare a letter incorporating the District's comments and send it to Mr. Brown.

At 7:11 p.m., President Peters declared that the Board would take a short recess.

Bob Brown and Dee Johnson left the meeting.

The Board meeting reconvened at 7:16 p.m.

ADMINISTRATION:

- Establish Electrical/Instrumentation Technician I job classification, approve the job description, and authorize the General Manager to recruit for the position. The General Manager outlined the recommended action before the Board. He stated that the Electrical/Instrumentation Technician I classification would be a represented classification within the Teamsters Bargaining Unit represented employee group, and that it would be governed by the District's Memorandum of Understanding (MOU) with the Teamsters. He stated that as part of the employment process, the District has met and conferred with the Teamsters regarding this new job classification and pay rate, and has satisfied the District's meet and confer obligation. He requested that the Board establish the classification, approve the job description, and authorize the General Manager to recruit for an Electrician/Instrumentation Technician I.

On motion of Director Mariani, seconded by Director Long, and carried unanimously by those Directors present, the Board established the Electrical/Instrumentation Technician I job classification, approved the job description, and authorized the General Manager-Chief Engineer to recruit for the position.

- Consider approval of an Agreement with the Central Marin Sanitation Agency (CMSA) for a Joint Health and Safety Program (subject to minor edits and changes), and authorize the General Manager-Chief Engineer to execute it. The General Manager stated that at the August 22nd regular meeting, the Board approved a revised job description for the District's Administrative/Risk Services and Safety Officer, and authorized the General Manager to make a contingent offer to Mr. Dale Thrasher for this position. He stated that Mr. Thrasher has accepted the job offer. The General Manager pointed out that Mr. Thrasher has been the Joint Health and Safety Officer for CMSA and the District for over six years, and because he has accepted the position as Administrative/Risk Services and Safety Officer at

the District, the joint agreement between the two agencies will require modifications. He stated that CMSA staff has worked with the District to develop a new Draft Agreement, and noted that this Agreement has been reviewed by District Counsel.

The General Manager stated that he received a comment from Director Miller to strike section 5.2 from the Agreement, and discussion followed. The General Manager stated that item 5.2 would be deleted upon concurrence with CMSA, and that the revised/final Agreement would be reviewed by District Counsel. He recommended that the Board approve the Agreement as presented, subject to minor edits and changes, and recognizing that Section 5.2 may be deleted.

On motion of Director Long, seconded by Director Miller, and carried unanimously by those Directors present, the Board approved an Agreement, subject to minor edits, changes, and review by District Counsel, with the Central Marin Sanitation Agency for a Joint Health and Safety Program, and authorized the General Manager-Chief Engineer to execute it.

WASTEWATER OPERATIONS:

- Receive Wastewater Operations Report, September 2016. The General Manager introduced Veolia Project Manager John Bailey who provided an overview of the Treatment Facilities Monthly Operations Report for September. The Project Manager reviewed the treatment plant performance summary and noted that there were no excursions or violations for the month. He outlined the safety training that was completed in September, and stated that safety performance was excellent with a total of 2,320 accident-free days. He reported that the treatment facility discharged to reclamation in September.

Field Services Manager Steve Krauthem provided a summary of the Collection System Operations report for September. He stated that the department cleaned 17,022 lineal feet of sewer pipelines and conducted smoke testing of sewer mains in the Bel Marin Keys area. He provided a further overview of operational and maintenance activities, and stated that there were no lost time accidents in September, for a total of 2,026 accident-free days. He stated that there was one Category III overflow in September, resulting in an approximate discharge of 65 gallons. In addition, the Field Services Manager gave an overview of maintenance and training activities for the month.

The Field Services Manager then provided a summary of the Reclamation Facilities report. He stated that the rancher continues to replace or repair sprinklers on Sites 3 & 7. He stated that a tree company on contract with PG&E has trimmed the eucalyptus trees at Site 2. He reported that no bids were received to replace the damaged chain-link fence on Site 2, and that in accordance with applicable statutes, he will negotiate with a local fence contractor to complete the project. He stated that 64.8 million gallons (MG) of treated water was used for irrigation in September and that 93.4 MG was delivered to the storage ponds from the Novato Treatment Plant.

BOARD MEMBER REPORTS AND REQUESTS:

- North Bay Watershed Association (NBWA), meeting, October, 2016. Director Miller discussed his attendance at the NBWA meeting of October 7th which was held at the

Petaluma Community Center. He gave an overview of the topics discussed and stated that a final report on NBWA's *LandSmart Project* was presented.

Director Long stated that he will be attending a communications workshop organized by the California Association of Sanitation Agencies (CASA) soon where he will be giving a PowerPoint presentation titled "Selling a Big Rate Hike". He then provided a preview of the PowerPoint presentation to the Board.

INFORMATIONAL ITEMS:

- California Association of Sanitation Agencies (CASA) – complete list of final bill dispositions (as tracked by CASA) for the 2015-16 session of the State of California legislature. The General Manager stated that this item was for informational purposes only.

GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:

- Announcement: Next Board meeting: Monday, October 24th, at 6:00 p.m., and includes a public hearing to establish Calendar Year (CY) 2017 maximum solid waste rates.
- Announcement: As in prior years, there will be no Board meetings in the second half of November and December.

The meeting adjourned at 8:19 p.m. However, at 8:20 p.m., the General Manager requested that President Peters reconvene the meeting as the General Manager had recalled an announcement that he needed to make at District Counsel's request.

The meeting was reconvened at 8:21 p.m., with President Peters, Directors Long, Mariani, and Miller present. The General Manager stated that District Counsel had asked him to make an announcement to the effect that the long running Bayside matter in the Hamilton neighborhood had been resolved per prior direction provided by the Board. The result is an unconditional settlement offer from Lennar/Greystone Homes in the amount of \$225,000 to resolve the matter. Consistent with Board direction, District Counsel has accepted the offer on behalf of the District. District Counsel will be signing the settlement agreement on behalf of the District, and asks that the Board President also sign it. President Peters stated that he would sign the Bayside settlement agreement.

ADJOURNMENT: There being no further business to come before the Board, President Peters adjourned the meeting at 8:23 p.m.

Respectfully submitted,

Sandeep Karkal
Secretary

Julie Hoover, Recording

Novato Sanitary District Operating Check Register

October 24, 2016

Date	Num	Name	Credit
Oct 24, 16			
10/24/2016	59926	Veolia Water North America, Inc.	342,752.62
10/24/2016	59916	Pacific, Gas & Electric	102,429.99
10/24/2016	59927	Veolia Water North America, Lab	56,350.02
10/24/2016	59923	Stericycle-(Previously PSC)	35,716.59
10/24/2016	59893	Central Marin Sanitation District	21,681.17
10/24/2016	59907	Maze & Associates	11,615.00
10/24/2016	59911	North Marin Water District	7,532.41
10/24/2016	59908	North Bay Petroleum	5,906.77
10/24/2016	59909	North Bay Watershed Assoc.	5,882.57
10/24/2016	59918	R3 Consulting Group, Inc.	5,400.00
10/24/2016	59920	RMC Water & Environment, Inc.	5,112.50
10/24/2016	59915	Novato, City	4,245.72
10/24/2016	59924	SWRCB-ELAP Fees	3,555.00
10/24/2016	59888	American Express-21007	2,426.16
10/24/2016	59912	North Marin Water District - Lab	2,310.00
10/24/2016	59928	Water Environment Research Fou...	2,277.00
10/24/2016	59919	Rauch Communication Consultant...	1,922.32
10/24/2016	59900	Interstate Batteries	1,726.35
10/24/2016	59905	Marin/Sonoma Mosquito Dist	1,688.35
10/24/2016	59922	Siemens Industry	1,679.64
10/24/2016	59891	Buckles-Smith1	1,496.47
10/24/2016	59913	North Marin Water District Payroll	1,174.00
10/24/2016	59921	RP Equipment previously MBE	897.32
10/24/2016	59898	Grainger	823.22
10/24/2016	59901	Johnson Controls, Inc.	703.50
10/24/2016	59899	Herc Corporation	643.06
10/24/2016	59897	Frontier Communications of CA	567.75
10/24/2016	59892	Cagwin & Dorward Inc.	448.00
10/24/2016	59890	BoundTree Medical, LLC	436.96
10/24/2016	59894	Custom Tractor Service	400.00
10/24/2016	59895	Evoqua Water Technologies - Lab	272.00
10/24/2016	dir dep	Peters, Jerry Brd Member	167.90
10/24/2016	59904	Marin Independent Journal	102.55
10/24/2016	59914	Novato Chamber of Commerce	100.00
10/24/2016	59889	Barnett Medical LLC	90.00
10/24/2016	59906	MarinScope Inc.	59.00
10/24/2016	59910	North Marin Auto Parts	53.19
10/24/2016	59917	Petty Cash	50.09
10/24/2016	59896	First Alarm	39.91
10/24/2016	59902	Kentfield Occupational Med Center	38.00
10/24/2016	59903	Marin County Ford	27.49
10/24/2016	59925	United Parcel Service	3.27
Oct 24, 16			<u>630,803.86</u>

Novato Sanitary District Capital Projects Check Register

October 24, 2016

Date	Num	Name	Credit
Oct 24, 16			
10/24/2016	3095	RMC Water & Environment, Inc.	34,125.61
10/24/2016	3096	Summit Engineering Inc	6,799.84
10/24/2016	3088	GHD Inc.	5,632.50
10/24/2016	3087	Arntz Builders, Inc.	2,037.00
10/24/2016	3089	Lateral-Hill	2,000.00
10/24/2016	3090	Lateral-Muldowney	2,000.00
10/24/2016	3091	Lateral-Nativity of Christ Church	2,000.00
10/24/2016	3092	Lateral-Overfield	2,000.00
10/24/2016	3093	Lightning Services, Inc.	1,400.00
10/24/2016	3094	Marin Fence Company	831.00
10/24/2016	3097	WaterSavers Irrigation Inc.	385.35
Oct 24, 16			<u>59,211.30</u>

Novato Sanitary District
Payroll and Payroll Related Check Register
October - 2016

Date	Description	Amount
10/31/2016	October Payroll	105,554.53
10/21/2016	October - Retirees Health Benefits	11,953.00
10/21/2016	CALPERS Retirement	9,313.75
10/31/2016	United States Treasury	22,447.11
10/21/2016	CalPers Supplemental Income Plan	2,500.00
10/31/2016	EDD	6,977.08
10/21/2016	Lincoln Financial Group 457	8,259.90
10/21/2016	Lincoln Financial Group 457 Roth	250.00
10/21/2016	Lincoln Financial Group-401a Plan	3,623.55
10/21/2016	Lincoln Financial Group-401a Plan	3,604.43
10/21/2016	CALPERS Retirement	13,345.84
10/21/2016	CalPERS Health	30,690.61
10/21/2016	Local Union 315	460.00
10/21/2016	Operating Engineers Trust	590.20
10/21/2016	Delta Dental	2,672.72
10/21/2016	Dearborne	2,485.42
		224,728.14

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Consent Calendar: Accounts Receivable Aging Summary for the Period Ended October 15, 2016.	MEETING DATE: October 24, 2016 AGENDA ITEM NO.: 5.c.
RECOMMENDED ACTION: Receive Accounts Receivable Report as of October 15, 2016.	
SUMMARY AND DISCUSSION: <p>The attached Accounts Receivable Summary shows the following receivables as of October 15, 2016:</p> <p><u>1-45 days - \$321,241:</u> Current.</p> <p><u>46-90 days - \$34,748:</u> Considered collectible primarily for rancher's lease of the District's property.</p> <p><u>90+ days - \$70,289:</u> Considered collectible - approximately \$30k attributable to reimbursement due from contractor for District costs related to a sewer overflow on the Hamilton Trunk Sewer Project. The remainder is also considered collectible, including the third quarterly billing for the rancher's lease, and the District's annual Used Oil/Beverage "grant" for 2015/16.</p>	
ATTACHMENTS: 1. Accounts Receivable (A/R) Aging Summary.	
STRATEGIC PLAN INFORMATION: This item addresses Goal 4 (Well Planned Finances with a Long Range Outlook) of the latest Strategic Plan Update.	
DEPT. MGR.: lmc, ssk	GENERAL MANAGER: SSK

Novato Sanitary District
A/R Aging Detail
As of October 15, 2016

Item 5.c.
Attachment 1

	Current	46 - 90	91 - 120	TOTAL
AT &T	1,148.87	0.00	0.00	1,148.87 (4)
Au Energy LLC	1,240.00	0.00	0.00	1,240.00 (1)
Bel Marin Keys CDS	412.56	0.00	0.00	412.56 (4)
Biomarin	0.00	3,795.65	0.00	3,795.65 (1)
City of Novato	17,519.50	0.00	0.00	17,519.50 (4)
City of Novato - Used Oil/Beverage	0.00	0.00	13,050.74	13,050.74 (2)
ETIC Engineering	0.00	1,963.28	0.00	1,963.28 (1)
Frontier California, Inc.	3,598.45	0.00	0.00	3,598.45 (4)
Golden Gate Bridge, Hwy & Trans	1,249.14	0.00	0.00	1,249.14 (4)
Hayden, Ron	0.00	27,184.99	27,184.99	54,369.98 (3)
Homeward Bound	7,414.62	0.00	0.00	7,414.62 (4)
Indian Valley College	21,143.70	0.00	0.00	21,143.70 (4)
Indian Valley Golf Course	5,652.65	0.00	0.00	5,652.65 (4)
Marin County Free Library	1,736.19	0.00	0.00	1,736.19 (4)
Marin County Housing Auth	11,460.00	0.00	0.00	11,460.00 (4)
Marin Municipal Water District	4,965.05	0.00	0.00	4,965.05 (4)
Michael Paul Company	0.00	0.00	30,060.71	30,060.71 (5)
North Marin Water District	2,277.68	0.00	0.00	2,277.68 (4)
Novato Charter School	1,806.09	0.00	0.00	1,806.09 (4)
Novato Children's Center	1,002.75	0.00	0.00	1,002.75 (4)
Novato Community Hospital	24,931.23	0.00	0.00	24,931.23 (4)
Novato Disposal	88,533.50	0.00	0.00	88,533.50 (8)
Novato Fire Protection	11,482.94	0.00	0.00	11,482.94 (4)
Novato Unified School District	97,375.62	0.00	0.00	97,375.62 (4)
Optical Metal Services	485.74	0.00	0.00	485.74 (1)
PG&E	60.17	0.00	0.00	60.17 (4)
PG&E(1)	0.00	1,804.46	0.00	1,804.46 (1)
Petaluma Septic	1,106.42	0.00	0.00	1,106.42 (7)
SMART	30.09	0.00	0.00	30.09 (6)
USCG-Finance Center	14,608.10	0.00	-7.09	14,601.01 (6)
TOTAL	321,241.06	34,748.38	70,289.35	426,278.79

- (1) Lab monitoring and analyses fees, permitted non-domestic discharge.
- (2) City of Novato - 2015/16 Used Oil/Beverage Grant.
- (3) Rancher's lease fees for third and fourth quarters 2015/16.
- (4) Non-tax roll first semi-annual billings of sewer service charges.
- (5) Reimbursement for District costs related to sewer overflow on Hamilton Trunk Sewer Project.
- (6) Monthly and quarterly sewer service charge fees.
- (7) Septic tank service truck discharge fees.
- (8) First Quarter AB939 Collector Fees.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Solid Waste Rates: Setting Maximum Rates for Calendar Year (CY) 2017.	MEETING DATE: October 24, 2016 AGENDA ITEM NO.: 6.a.&f.
RECOMMENDED ACTION: Receive staff report, and consider adopting a Resolution setting CY2017 maximum allowable rates for refuse collection and disposal services.	
SUMMARY AND DISCUSSION: <p>At its September 26, 2016 meeting, the District Board reviewed the following: (a) CY2017 rate adjustment request by Novato Disposal Service (NDS); (b) A report by the District's consultant, R3 Consulting (Sacramento) that analyzed the NDS request; and (c) A staff report with a recommendation for an overall solid waste rate adjustment based on a Refuse Rate Index (RRI) adjustment of +1.02%. A copy of the R3 report presented at the September 26, 2016 meeting is included herein for reference as Attachment 1.</p> <p>As shown in Attachment 2, Tables A and B, Novato's rates are, and will continue to be, the lowest across all entities in Marin County for residential, commercial, and debris box services, even if the proposed CY2017 maximum allowable rates are adopted. A broader comparison is also provided in Table B titled "RESIDENTIAL & COMMERCIAL COLLECTION RATES – JULY 2016, RATE COMPARISON WITH OTHER AGENCIES". This Table B indicates that: (a) Novato has lower rates than comparable Marin agencies, and (b) Although Sonoma County, Santa Rosa and Petaluma do have lower residential rates, these are offset by higher commercial rates. The District's solid waste rate adjustment history is presented as Table C for informational purposes. Finally, proposed CY2017 final rates are presented as Table D.</p> <p>At its September 26, 2016 meeting, the Board had also set the date for a public hearing on the CY2017 maximum allowable rates, for its October 24, 2016 meeting. Notices of the proposed rate increase and hearing were published in the Marin Independent-Journal on October 6, 2016, and October 13, 2016. Proof of publication of these notices is provided as Attachment 4.</p> <p>It is recommended that the Board adopt the attached Resolution setting CY2017 maximum allowable rates for refuse collection and disposal services.</p>	
ATTACHMENTS: <ol style="list-style-type: none"> 1. R3 Consulting report dated September 15, 2016. 2. Tables A, B, C, and D. 3. Resolution No. 3103 – A Resolution Setting Maximum Solid Waste Service Charges for Novato Disposal Company in Novato Sanitary District. 4. Notice of Public Hearing - Proof of Publication for October 6, 2016, and October 13, 2016. 	
STRATEGIC PLAN INFORMATION: This item addresses Goal 4 (Well Planned Finances with a Long Range Outlook) of the latest Strategic Plan Update, as well as Goal 1 (Operational Excellence), and Goal 3 (Alignment and Communications).	
DEPT. MGR.: ssk	GENERAL MANAGER: SSK

September 15, 2016

Mr. Sandeep Karkal
Novato Sanitary District
5000 Davidson Street
Novato, CA 94945

Re: Letter Report – Review of Novato Disposal Service’s Requested Rate Adjustment for Rate Year 2017

Dear Mr. Karkal:

R3 Consulting Group (R3) was engaged by the Novato Sanitary District (District) to assist with a review of Novato Disposal Service’s (Company) requested rate adjustment for Rate Year 2017 (January 1, 2017 – December 31, 2017). Specifically, R3 was asked to confirm that the rate adjustment methodology used by the Company is consistent with the Refuse Rate Index (RRI) Rate Adjustment Methodology set forth in Exhibit 2 of the Amended and Restated Franchise Agreement (Agreement) and that the calculation is mathematically accurate. This Letter Report communicates our findings and recommendations.

Objectives

- To review the Company’s requested rate increase to confirm that:
 - It is consistent with applicable terms and conditions of the Agreement;
 - It is mathematically accurate; and
 - It correctly accounts for the required Balancing Account adjustment to the rates.
- To recommend the appropriate Rate Year 2017 rate adjustment based on the results of our review; and
- To confirm the current Balancing Account balance.

Background

The Agreement provides for an annual adjustment to the Company’s rates based on the specified Refuse Rate Index (RRI), with the option to conduct a detailed rate review not more frequently than once every three (3) years. A copy of Article 6 of the Agreement (Company’s Compensation and Rates) is provided as Attachment 1.

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

- Labor;
- Fuel;
- Vehicle Replacement;
- Vehicle Maintenance; and
- All Other.

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

Section 6.3 of the Agreement (RRI Financial Information) states that:

“On or before September 1, 2011, and annually thereafter during the term of this Agreement, the Company shall deliver to the District information for the specific services performed under this Agreement for the preceding Agreement Year. Such financial information shall be in a format as set forth in Exhibit 2, or as may be further revised by the District from time to time. If the Company fails to submit the financial information in the required format by September 1st, it is agreed that the Company shall be deemed to have waived the RRI adjustment for that year...”

The Company submitted an electronic copy of its 2017 Rate Adjustment Application to the District on August 30, 2016.

Recommended Rate Adjustment

The Company’s Rate Adjustment Application calculated a 1.02 percent rate increase (Attachment 3) based on the specified RRI methodology. As part of our review, we verified that the Company’s financial information, cost category index values, and mathematical formulas were consistent with the RRI methodology included in the Restated Franchise Agreement. Based on our review, we are recommending an RRI rate adjustment of 1.02 percent, which is equal to the rate adjustment amount calculated by the Company in their Rate Adjustment Application.

Balancing Account Calculation

Base Year Revenues

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

2013 Balancing Account Rate Impact

Recycling revenues are calculated for each year, starting with 2008 and using the specified methodology, and each calculated amount is compared to the 2008 projected revenue amount of \$542,420.¹ The difference is accounted for in the Balancing Account as either revenue due to the District (if calculated recycling revenues are higher than the projected amount), or revenue due to the Company (if calculated recycling revenues are lower than the projected amount). Per the rate adjustment methodology in the Agreement, the cumulative Balancing Account amount for 2008 through 2011 was accounted for in full when setting the rates for Calendar Year 2013. That Balancing Account amount of \$1,124,671 due to the District resulted in a net reduction of 2.45 percent to the calculated 2013 rate adjustment. That rate decrease is to remain in effect through 2017 as specified in Exhibit 7.2.b.i of the Agreement. Therefore, as of January 1, 2012 the Balancing Account balance was zero. Going forward, the Agreement provides for a similar methodology for calculating the Balancing Account.

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

Current Balancing Account Balance

Attachment 4 provides the language in the Agreement related to the Balancing Account. Attachment 5 provides R3's calculated Balancing Account balance as of December 31, 2015 based on the currently agreed upon methodology. R3's calculated Balancing Account balance is based on a CRV adjustment amount of \$4.19 per ton, consistent with the agreed upon figure that has been used since 2012. The Company's Balancing Account calculation did not use the updated Balancing Account calculation from the last year, and therefore projected an incorrect Balancing Account balance. The Company reported that it agrees with the updated Balancing Account calculation as reflected in Attachment 5.

As shown in Attachment 5, the Balancing Account balance due to the District increased in 2012 and 2013, but decreased in 2014 and 2015, and currently stands at approximately \$124,000. When rates are set next year for the 2018 rate year, the Balancing Account balance through calendar year 2016 will be factored into that rate adjustment. Assuming a net zero Balancing Account next year (if revenues decrease at roughly the same level as they did this year), the rates would need to be increased by approximately 2.45 percent (i.e., the annual rate decrease that resulted from the impact of the 2013 Balancing Account rate adjustment), plus the calculated annual RRI adjustment.

As stated in Exhibit 7, item 2.h ("Exit Clause"), of the Agreement (see Attachment 4):

"The parties agree that the proposed methodology is intended to provide a reasonable projection of the fair market value of revenues paid by third parties to the Company. Recycling material commodity prices can, however, be extremely volatile and factors other than those accounted for in the proposed methodology may impact the fair market value of revenues. To provide a contingency for such potential events, each party shall have the right to terminate the use of the methodology for establishing the monthly Per Ton Revenue Amount described in this Section at any time during the term of this Agreement at either party's sole discretion. The notification shall be in writing and shall be effective thirty calendar days after receipt. The exercising of said option shall not remove either party's obligation to the other party for any Balancing Account balance at the time said option is exercised and becomes effective."

The District's Agreement with the Company expires on December 1, 2025, unless otherwise extended by the District as provided for in Section 2.4, which provides the District with the sole option to extend the Agreement for a maximum additional sixty (60) months. Given the state of recycling markets, the District may wish to consider its option to terminate the Balancing Account.

* * * * *

Mr. Sandeep Karkal
September 15, 2016
Page 4 of 4

We appreciate the opportunity to be of assistance to the District. If you have any questions regarding this submittal, please feel free to contact me by phone at (916) 782-7821, or by email at wschoen@r3cgi.com.

Sincerely,

R3 CONSULTING GROUP



William Schoen
Principal

Attachments:

Attachment 1	Article 6 – Company’s Compensation and Rates
Attachment 2	Exhibit 2 – Refuse Rate Index
Attachment 3	Rate Year 2017 Rate Adjustment Calculation
Attachment 4	Exhibit 7 – Recyclable Materials Balancing Account
Attachment 5	Balancing Account Calculation

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1 **ARTICLE 6 COMPANY'S COMPENSATION AND RATES**

2 **6.1 General**

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

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

12 **6.2 Refuse Rate Index Adjustments to Service Rates**

13 **6.2.1 Adjustments to Service Using the Refuse Rate Index (RRI).** Beginning on
14 January 1, 2012, and annually thereafter, the Company shall, subject to
15 compliance with all provisions of this Article, shall receive an annual adjustment
16 in of the Service Rates as set forth in Exhibit 1 of this Agreement.

17 **6.2.2 RRI Adjustment.** Beginning on January 1, 2012, and annually thereafter during
18 the term of this Agreement, the Service Rates set forth in Section 6.2.1 above
19 shall be adjusted by the RRI adjustment set forth below. In any year that the
20 calculation of the RRI results in a negative number, there shall be no adjustment
21 of the Service Rates. Instead, the negative RRI number shall be added to the result
22 of the subsequent years RRI calculation and the result shall be the RRI adjustment
23 for that subsequent year.

24 **6.2.3 12-Month Annual Average.** The RRI adjustment shall be the sum of the
25 weighted percentage change in the twelve (12) month annual average of each RRI
26 index number between the base year, which shall be the prior preceding fiscal
27 year ending June 30th and the preceding fiscal year ending June 30th as contained
28 in the most recent release of the source documents listed in Exhibit 2, ("REFUSE
29 RATE INDEX") which is attached to and included in this Agreement. Therefore,
30 the first Service Rate adjustment will be based on the percentage changes between
31 the twelve (12) month Annual Average of the RRI indices for the fiscal year
32 ending June 30, 2010 and the Annual Average of the RRI indices for the fiscal
33 year ending June 30, 2011. The RRI shall be calculated using the RRI
34 methodology included in Exhibit 2.

35 **6.3 RRI Financial Information**

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

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

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

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

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

19 **6.4 Recyclable Materials Balancing Account**

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

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

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

31

EXHIBIT 2
Refuse Rate Index

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

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

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

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

EXHIBIT 2
Refuse Rate Index

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

1

Rate Year 2017 Rate Adjustment Calculation

Cost Category	1-1-16 Rate Rev Base Breakdown	7-01-15 to 6-30-16 Change In Index	Percentage Weight for Each Cost Category	Weighted Percentage Change for Each Cost Category
Labor	\$2,522,739	3.150%	24.090%	0.76%
Fuel	\$566,625	-24.280%	5.410%	-1.31%
Vehicle Replacement	\$468,289	1.220%	4.470%	0.05%
Vehicle Maintenance	\$386,415	1.730%	3.690%	0.06%
Disposal Fee	\$1,620,109	1.420%	15.470%	0.22%
Organic Waste Processing Fee	\$503,074	1.480%	4.800%	0.07%
Other operating costs	\$4,403,017	2.780%	42.070%	1.17%
Total allowed operating costs	\$10,470,268		100.000%	1.02%
Refuse Rate Index Adjusted for Balancing Account				1.02%

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Exhibit 7
Recyclable Materials Balancing Account

1. Recyclable Material Per Ton Net Revenue Amount.

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

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

Exhibit 7
Recyclable Materials Balancing Account

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

2. Balancing Account Calculation for Recyclable Materials.

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

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

Exhibit 7
Recyclable Materials Balancing Account

received by the Company through the recycling program and delivered to the related parties for processing times the calculated monthly Per Ton Revenue Amount); and

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

Exhibit 7
Recyclable Materials Balancing Account

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

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

1

	OBM Per Ton Revenue Amount	Ceiling / Floor Price	CRV Per Ton Adjustment	Per Ton Net Revenue Amount	San Francisco OBM Prices (average of high & low) ⁽¹⁾			Variance vs. Prior Month			Price Adjustment		Total Tons	Total Revenue
					Mixed Paper	#8 NP	OCC	Mixed Paper	#8 NP	OCC	100%			
2012														
Jan	\$70.50		\$4.19	\$74.69	\$82.50	\$120.00	\$135.00	\$4.60	\$55.20	\$10.79	\$70.60	933	\$	69,685
Feb	\$73.60		\$4.19	\$77.79	\$87.50	\$120.00	\$145.00	\$2.30	\$0.00	\$0.80	\$3.10	859	\$	66,820
Mar	\$73.60		\$4.19	\$77.79	\$87.50	\$120.00	\$145.00	\$0.00	\$0.00	\$0.00	\$0.00	1,001	\$	77,866
Apr	\$73.60		\$4.19	\$77.79	\$87.50	\$120.00	\$145.00	\$0.00	\$0.00	\$0.00	\$0.00	924	\$	71,877
May	\$72.80		\$4.19	\$76.99	\$87.50	\$120.00	\$135.00	\$0.00	\$0.00	-\$0.80	-\$0.80	968	\$	74,526
Jun	\$71.60		\$4.19	\$75.79	\$87.50	\$120.00	\$120.00	\$0.00	\$0.00	-\$1.20	-\$1.20	1,051	\$	79,655
Jul	\$68.90		\$4.19	\$73.09	\$82.50	\$120.00	\$115.00	-\$2.30	\$0.00	-\$0.40	-\$2.70	1,162	\$	84,931
Aug	\$52.00		\$4.19	\$56.19	\$67.50	\$100.00	\$105.00	-\$6.90	-\$9.20	-\$0.80	-\$16.90	1,013	\$	56,920
Sep	\$38.35		\$4.19	\$42.54	\$52.50	\$87.50	\$92.50	-\$6.90	-\$5.75	-\$1.00	-\$13.65	900	\$	38,286
Oct	\$50.85		\$4.19	\$55.04	\$67.50	\$97.50	\$105.00	\$6.90	\$4.60	\$1.00	\$12.50	1,054	\$	58,012
Nov	\$60.10		\$4.19	\$64.29	\$77.50	\$105.00	\$120.00	\$4.60	\$3.45	\$1.20	\$9.25	1,096	\$	70,461
Dec	\$54.70		\$4.19	\$58.89	\$72.50	\$100.00	\$110.00	-\$2.30	-\$2.30	-\$0.80	-\$5.40	1,052	\$	61,952

2012 Balancing Account Calculated Revenues =	\$ 810,991
2012 Projected Recyclable Materials Revenue =	542,420
July 1, 2007 CRV Adjustment =	40,664
Total 2012 Balancing Account Projected Revenues =	583,084
2012 Balancing Account Due to District (Company)	227,907

NET BALANCING ACCOUNT FOR 2012-2012 DUE TO DISTRICT (COMPANY) = 227,907

2013														
Jan	\$54.70		\$4.19	\$58.89	\$72.50	\$100.00	\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	1,092	\$	64,307
Feb	\$59.70		\$4.19	\$63.89	\$82.50	\$100.00	\$115.00	\$4.60	\$0.00	\$0.40	\$5.00	927	\$	59,226
Mar	\$60.50		\$4.19	\$64.69	\$82.50	\$100.00	\$125.00	\$0.00	\$0.00	\$0.80	\$0.80	1,010	\$	65,336
Apr	\$60.50		\$4.19	\$64.69	\$82.50	\$100.00	\$125.00	\$0.00	\$0.00	\$0.00	\$0.00	1,054	\$	68,182
May	\$52.80		\$4.19	\$56.99	\$72.50	\$95.00	\$115.00	-\$4.60	-\$2.30	-\$0.80	-\$7.70	1,091	\$	62,175
Jun	\$49.35		\$4.19	\$53.54	\$72.50	\$87.50	\$115.00	\$0.00	-\$3.45	\$0.00	-\$3.45	1,027	\$	54,985
Jul	\$49.75		\$4.19	\$53.94	\$72.50	\$87.50	\$120.00	\$0.00	\$0.00	\$0.40	\$0.40	1,078	\$	58,146
Aug	\$45.55		\$4.19	\$49.74	\$67.50	\$82.50	\$125.00	-\$2.30	-\$2.30	\$0.40	-\$4.20	1,020	\$	50,733
Sep	\$45.55		\$4.19	\$49.74	\$67.50	\$82.50	\$125.00	\$0.00	\$0.00	\$0.00	\$0.00	960	\$	47,749
Oct	\$45.55		\$4.19	\$49.74	\$67.50	\$82.50	\$125.00	\$0.00	\$0.00	\$0.00	\$0.00	1,016	\$	50,534
Nov	\$45.55		\$4.19	\$49.74	\$67.50	\$82.50	\$125.00	\$0.00	\$0.00	\$0.00	\$0.00	978	\$	48,644
Dec	\$40.15		\$4.19	\$44.34	\$62.50	\$77.50	\$115.00	-\$2.30	-\$2.30	-\$0.80	-\$5.40	1,091	\$	48,373

2013 Balancing Account Calculated Revenues =	\$ 678,389
2013 Projected Recyclable Materials Revenue =	542,420
July 1, 2007 CRV Adjustment =	40,664
Total 2013 Balancing Account Projected Revenues =	583,084
2013 Balancing Account Due to District (Company)	95,305

NET BALANCING ACCOUNT FOR 2012-2013 DUE TO DISTRICT (COMPANY) = 323,212

2014														
Jan	\$37.85		\$4.19	\$42.04	\$62.50	\$72.50	\$115.00	\$0.00	-\$2.30	\$0.00	-\$2.30	906	\$	38,087
Feb	\$38.25		\$4.19	\$42.44	\$62.50	\$72.50	\$120.00	\$0.00	\$0.00	\$0.40	\$0.40	1,089	\$	46,215
Mar	\$38.25		\$4.19	\$42.44	\$62.50	\$72.50	\$120.00	\$0.00	\$0.00	\$0.00	\$0.00	1,006	\$	42,693
Apr	\$37.45		\$4.19	\$41.64	\$62.50	\$72.50	\$110.00	\$0.00	\$0.00	-\$0.80	-\$0.80	1,042	\$	43,387
May	\$37.45		\$4.19	\$41.64	\$62.50	\$72.50	\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	1,068	\$	44,470
Jun	\$37.45		\$4.19	\$41.64	\$62.50	\$72.50	\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	1,052	\$	43,804
Jul	\$37.45		\$4.19	\$41.64	\$62.50	\$72.50	\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	1,089	\$	45,344
Aug	\$37.45		\$4.19	\$41.64	\$62.50	\$72.50	\$110.00	\$0.00	\$0.00	\$0.00	\$0.00	1,009	\$	42,013
Sep	\$36.65		\$4.19	\$40.84	\$62.50	\$72.50	\$100.00	\$0.00	\$0.00	-\$0.80	-\$0.80	983	\$	40,145
Oct	\$36.25		\$4.19	\$40.44	\$62.50	\$72.50	\$95.00	\$0.00	\$0.00	-\$0.40	-\$0.40	1,093	\$	44,200
Nov	\$36.25		\$4.19	\$40.44	\$62.50	\$72.50	\$95.00	\$0.00	\$0.00	\$0.00	\$0.00	968	\$	39,145
Dec	\$36.05		\$4.19	\$40.24	\$62.50	\$72.50	\$92.50	\$0.00	\$0.00	-\$0.20	-\$0.20	1,292	\$	51,990

2014 Balancing Account Calculated Revenues =	\$ 521,493
2014 Projected Recyclable Materials Revenue =	542,420
July 1, 2007 CRV Adjustment =	40,664
Total 2014 Balancing Account Projected Revenues =	583,084
2014 Balancing Account Due to District (Company)	(61,591)

NET BALANCING ACCOUNT FOR 2012-2014 DUE TO DISTRICT (COMPANY) = 261,621

2015														
Jan	\$35.65		\$4.19	\$39.84	\$62.50	\$72.50	\$87.50	\$0.00	\$0.00	-\$0.40	-\$0.40	1,171	\$	46,652
Feb	\$29.02		\$4.19	\$33.21	\$55.70	\$67.50	\$72.50	-\$3.13	-\$2.30	-\$1.20	-\$6.63	960	\$	31,884
Mar	\$22.55		\$4.19	\$26.74	\$52.50	\$57.50	\$67.50	-\$1.47	-\$4.60	-\$0.40	-\$6.47	1,024	\$	27,382
Apr	\$24.85		\$4.19	\$29.04	\$52.50	\$62.50	\$67.50	\$0.00	\$2.30	\$0.00	\$2.30	1,055	\$	30,638
May	\$25.25		\$4.19	\$29.44	\$52.50	\$62.50	\$72.50	\$0.00	\$0.00	\$0.40	\$0.40	1,016	\$	29,911
Jun	\$30.65		\$4.19	\$34.84	\$57.50	\$67.50	\$82.50	\$2.30	\$2.30	\$0.80	\$5.40	1,145	\$	39,892
Jul	\$36.05		\$4.19	\$40.24	\$62.50	\$72.50	\$92.50	\$2.30	\$2.30	\$0.80	\$5.40	1,119	\$	45,028
Aug	\$36.05		\$4.19	\$40.24	\$62.50	\$72.50	\$92.50	\$0.00	\$0.00	\$0.00	\$0.00	1,084	\$	43,620
Sep	\$35.65		\$4.19	\$39.84	\$62.50	\$72.50	\$87.50	\$0.00	\$0.00	-\$0.40	-\$0.40	998	\$	39,760
Oct	\$35.65		\$4.19	\$39.84	\$62.50	\$72.50	\$87.50	\$0.00	\$0.00	\$0.00	\$0.00	983	\$	39,163
Nov	\$30.65		\$4.19	\$34.84	\$57.50	\$67.50	\$82.50	-\$2.30	-\$2.30	-\$0.40	-\$5.00	934	\$	32,540
Dec	\$30.65		\$4.19	\$34.84	\$57.50	\$67.50	\$82.50	\$0.00	\$0.00	\$0.00	\$0.00	1,116	\$	38,881

2015 Balancing Account Calculated Revenues =	\$ 445,351
2015 Projected Recyclable Materials Revenue =	542,420
July 1, 2007 CRV Adjustment =	40,664
Total 2015 Balancing Account Projected Revenues =	583,084
2015 Balancing Account Due to District (Company)	(137,733)

NET BALANCING ACCOUNT FOR 2012-2015 DUE TO DISTRICT (COMPANY) = 123,888

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

TABLE A: COMPARISON OF 2016 SOLID WASTE RATES -
MARIN COUNTY ONLY

	Agency/Area	Residential rate, 32 gal can
1.	a. Novato (2016) b. Novato (2017 - proposed)	\$19.33 \$19.53
2.	Las Gallinas (unincorporated)	\$29.62
3.	Almonte	\$30.17
4.	Homestead ⁽¹⁾	\$30.56
5.	Strawberry ⁽¹⁾	\$30.94
6.	Fairfax (level) ⁽²⁾	\$31.29
7.	Ross	\$32.37
8.	Corte Madera (level) ⁽¹⁾	\$32.47
9.	San Rafael (level)	\$33.88
10.	Ross Valley South	\$36.29
11.	San Anselmo	\$36.62
12.	Alto ⁽¹⁾	\$37.55
13.	Larkspur (level)	\$37.55
14.	Ross Valley North Oak Manor	\$38.29
15.	Tiburon (level ⁽¹⁾)	\$39.02
16.	Sausalito	\$38.90 (30 gl.)
17.	Ross Valley North Sleepy Hollow	\$39.54
18.	County #2 (part of Mill Vly. and Tiburon)	\$40.48
19.	County #1 (part of Mill Valley)	\$41.46
20.	Tamalpais CSD	\$41.54 (35 gl.)
21.	Mill Valley (level) ⁽¹⁾	\$41.61
22.	Belvedere ⁽¹⁾	\$46.25
23.	County #3 (part of Tiburon)	\$48.84
24.	County #4 (part of Mill Valley)	\$50.99

(1) No rate increase.

(2) Decrease due to lower than projected costs.

TABLE B: RESIDENTIAL & COMMERCIAL COLLECTION RATES – JULY 2016
RATE COMPARISON WITH OTHER AGENCIES

Agency	Franchise Fee, %	Type	Residential 32 gal can/wk ^{(1) (2)}	2 yd Bin Weekly Dump Monthly fee	3 yd Bin 1/wk
Corte Madera (No rate increase)	20	Level Hill	32.47 34.93	303.65	
Fairfax (Decrease due to lower than projected costs)	10	Level Hill	31.29 36.55	307.55	431.25
Larkspur	10	Level Hill	37.55 40.09	363.20	474.57
Las Gallinas (County/Novato Portion – City now included in San Rafael)	\$25,000		29.62	n/a	429.05
Mill Valley (no rate increase)	17 + 3 road impact	Level Hill	41.61 47.73	368.57	
Petaluma	\$500,000+ \$250,000 road impact		16.84 35 gl.	293.87	393.20
San Anselmo	10		36.62	417.28	601.01
San Rafael	10	Level Hill	33.88 38.38	321.55	418.55
Santa Rosa	11		16.92	269.12	330.89
Sausalito	15		38.90 30 gl.	307.25	
Tiburon (no rate increase)	14	Level Hill	39.02 46.47	371.47	
Novato: 2016	\$52,186 (adjusts with CPI)		19.33 (32 gal)	199.68	251.87

Notes:

1. All rates include a charge for recycling, hazardous waste, curbside green waste collection, and food composting.
2. Sausalito rates include street sweeping, 2 clean-ups/yr, and free City services.
3. Corte Madera and Tiburon rates include street sweeping and 4 clean-ups/yr. Mill Valley rates include street sweeping and 2 clean-ups/yr.
4. Santa Rosa rates include street sweeping and 4 clean-ups/yr. Petaluma rates include street sweeping and 4 clean-ups/yr.
5. Novato rates include 4 clean-ups/yr.

TABLE C: HISTORY OF NOVATO DISPOSAL SERVICE SOLID WASTE RATE INCREASES: 2005 - 2016

DATE	INCREASE	REASON
January 1, 2016	1.33%	Annual adjustment based on changes in Refuse Rate Index (RRI).
January 1, 2015	3.00%	Based on Refuse Rate Index (RRI) adjustment of 1.94% and account migration adjustment of 1.06%.
January 1, 2014	1.63%	Annual adjustment based on changes in Refuse Rate Index (RRI).
2013	None	
January 1, 2012	2.43%	Annual adjustment based on changes in Refuse Rate Index (RRI).
January 1, 2011	3.34%	Annual adjustment based on changes in Refuse Rate Index (RRI).
2010	None	
January 1, 2009	8.00%	Annual adjustment based on changes in Refuse Rate Index (RRI).
July 1, 2008	0.56%	Increase of 1.12% effective July 1, 2008 representing annual increase of 0.56% pro-rated over 6 months. Based on detailed audited financial statements; replacing fleet with split-body trucks; eliminating free service to governmental agencies; reducing debris box fees.
April 1, 2007	7.44%	Increase of 9.92% effective April 1, 2007 representing annual increase of 7.44% pro-rated over 9 months. Based on changes in Refuse Rate Index (RRI).
January 1, 2006	2.94%	Increase in pass-through costs and operating cost increase.
July 1, 2005	1.30%	Increase of 2.60% effective July 1, 2005 representing annual increase of 1.3% pro-rated over 6 months. Based on CPI, increased fuel costs, AB 939, JPA fees.

TABLE D: REFUSE DISPOSAL RATES

RATE CLASSIFICATION	Maximum Monthly Fees	Maximum Monthly Fees	(est.1.02 % increase)
	Effective 1/1/15	Effective 1/1/16	Maximum Monthly Fees Effective 1/1/17
Single Family residential:			
1 20 Gal. can collected weekly	\$11.93	\$12.09	\$12.21
1 32 Gal. can collected weekly	\$19.08	\$19.33	\$19.53
1 68 Gal. can collected weekly	\$38.13	\$38.64	\$39.03
1 95 Gal. can collected weekly	\$57.22	\$57.98	\$58.57
Special Trips - Can not set out	\$11.90	\$12.05	\$12.17
Special Rate - Containers more than 50 feet from street (each 50 feet)	\$5.50	\$5.57	\$5.63
Extra Pickups	\$5.85	\$5.93	\$5.99
Additional 95 gl. Green Waste Carts after 2	\$18.15	\$18.39	\$18.58
Multi-family, mobile home parks, commercial/industrial:			
<u>32 Gallon</u>			
1 x week	\$20.66	\$20.94	\$21.15
2 x week	\$44.07	\$44.66	\$45.11
3 x week	\$67.40	\$68.30	\$68.99
6 x week	\$137.51	\$139.33	\$140.75
<u>68 Gallon</u>			
1 x week	\$39.66	\$40.18	\$40.59
2 x week	\$84.54	\$85.67	\$86.55
3 x week	\$129.28	\$130.99	\$132.33
6 x week	\$263.75	\$267.26	\$269.98
<u>95 Gallon</u>			
1 x week	\$59.48	\$60.27	\$60.89
2 x week	\$126.79	\$128.48	\$129.79
3 x week	\$193.91	\$196.49	\$198.49
6 x week	\$395.63	\$400.90	\$404.99
Extra Pickups	\$5.85	\$5.93	\$5.99
Debris Box Service:			
<u>2 Cu. Yd. Containers</u>			
1 x week	\$197.06	\$199.68	\$201.72
2 x week	\$345.87	\$350.47	\$354.05
3 x week	\$494.64	\$501.22	\$506.33
4 x week	\$643.35	\$651.90	\$658.55
5 x week	\$792.08	\$802.61	\$810.79
6 x week	\$940.80	\$953.31	\$963.04
The above rates include an allowance for container rental as follows:	\$48.34	\$48.98	\$49.48
Extra Pickups	\$53.81	\$54.52	\$55.07

<u>RATE CLASSIFICATION</u>	Maximum Monthly Fees	Maximum Monthly Fees	(est. 1.02 % increase)
	<u>Effective 1/1/15</u>	<u>Effective 1/1/16</u>	<u>Maximum Monthly Fees Effective 1/1/17</u>
<u>3 Cu. Yd. Containers</u>			
1 x week	\$248.56	\$251.87	\$254.44
2 x week	\$432.54	\$438.29	\$442.76
3 x week	\$616.74	\$624.95	\$631.33
4 x week	\$800.71	\$811.36	\$819.64
5 x week	\$984.88	\$997.97	\$1,008.15
6 x week	\$1,168.91	\$1,184.45	\$1,196.53
The above rates include an allowance for container rental as follows:	\$64.52	\$65.38	\$66.05
Extra Pickups	\$53.81	\$54.52	\$55.07
<u>4 Cu. Yd. Containers</u>			
1 x week	\$323.63	\$327.93	\$331.28
2 x week	\$567.77	\$575.32	\$581.19
3 x week	\$812.04	\$822.84	\$831.23
4 x week	\$1,056.18	\$1,070.23	\$1,081.14
5 x week	\$1,300.43	\$1,317.72	\$1,331.16
6 x week	\$1,544.61	\$1,565.15	\$1,581.12
The above rates include an allowance for container rental as follows:	\$64.52	\$65.38	\$66.05
Extra Pickups	\$64.52	\$65.38	\$66.05
<u>6 Cu. Yd. Containers</u>			
1 x week	\$473.75	\$480.05	\$484.95
2 x week	\$838.22	\$849.37	\$858.03
3 x week	\$1,202.67	\$1,218.66	\$1,231.09
4 x week	\$1,567.07	\$1,587.91	\$1,604.11
5 x week	\$1,931.55	\$1,957.24	\$1,977.20
6 x week	\$2,295.99	\$2,326.53	\$2,350.26
The above rates include an allowance for container rental as follows:	\$64.52	\$65.38	\$66.05
Extra Pickups	\$107.60	\$109.04	\$110.15
<u>15 Cu. Yd. Containers</u>			
1 x week	\$2,077.83	\$2,105.46	\$2,126.93
2 x week	\$4,160.46	\$4,215.79	\$4,258.80
3 x week	\$6,238.30	\$6,321.27	\$6,385.75
The above rates include an allowance for container rental as follows:	\$64.52	\$65.38	\$66.05
Extra Pickups	\$479.87	\$486.25	\$491.21

<u>RATE CLASSIFICATION</u>	Maximum Monthly Fees <u>Effective 1/1/15</u>	Maximum Monthly Fees <u>Effective 1/1/16</u>	<i>(est. 1.02 % increase)</i> Maximum Monthly Fees <u>Effective 1/1/17</u>
Cleanup Bins:			
3 yd. - 2 days	\$173.69	\$176.00	\$177.80
3 yd. - weekend	\$173.69	\$176.00	\$177.80
6 yd. - 2 days	\$292.84	\$296.73	\$299.75
6 yd. - weekend	\$292.84	\$296.73	\$299.75
15 - yd. up to 3 T - one week	\$479.87	\$486.25	\$491.21
20 yd. up to 3 T - one week	\$538.50	\$545.67	\$551.24
30 yd. up to 4 T - one week	\$898.56	\$910.51	\$919.80
Additional/ton charge for cleanup bins	\$58.15	\$58.93	\$59.53
Occasional or irregular collections per 5 cubic feet	\$5.85	\$5.93	\$5.99
Special collections other than debris box - plus regular rate	\$24.78	\$25.11	\$25.37
Special collections for debris boxes - plus regular rate	\$53.84	\$54.55	\$55.10
Monthly charge for special collection conditions	\$11.67	\$11.83	\$11.95

RESOLUTION NO. 3103

**A RESOLUTION SETTING MAXIMUM SOLID WASTE SERVICE CHARGES
FOR
NOVATO DISPOSAL COMPANY
IN
NOVATO SANITARY DISTRICT**

WHEREAS, pursuant to A.B. 939 and the District's enabling act (California Health and Safety Code Sections 6400 and following) the District has authority to manage, control and supervise the solid waste stream originating from and/or being disposed of within its jurisdictional boundaries; and

WHEREAS, the District adopted Ordinance No 110 repealing Ordinance No. 27 and amendments thereto; and

WHEREAS, pursuant to Section 27.210 of Ordinance No. 110, the District may set the maximum fees to be charged by the Franchisee; and

WHEREAS, the District published a notice of its intention to consider modifications to the maximum solid waste service charges on October 6th and October 13th, 2016, in the Marin Independent Journal; and

WHEREAS, the District held a Public Hearing at 6:00 P.M. on October 24, 2016 to hear all persons desiring to be heard; and

WHEREAS, the District finds that: (a) a rate adjustment to cover changes in the annual Refuse Rate Index (RRI) is justified; and (b) the rates listed in Table 1 are justified and appropriate under the Franchise methodology and the facts presented.

BE IT RESOLVED, by the Board of Directors of the Novato Sanitary District, Marin County, California, that the service charges that the Franchisee, Novato Disposal Service, may charge for refuse collection services as of January 1, 2017, are limited to the maximum rates as listed in attached Table 1.

BE IT FURTHER RESOLVED that these maximum rates shall remain in effect until further action by the Board of Directors.

* * * * *

I hereby certify that the foregoing resolution was duly and regularly passed and adopted by the Board of Directors of the Novato Sanitary District, Marin County, California, at a meeting thereof duly held on the 24th day of October, 2016, by the following vote:

AYES, and in favor thereof, Members:

NOES, Members:

ABSENT, Members:

Gerald Peters, President,
Board of Directors
Novato Sanitary District

ATTEST:

(SEAL)

Secretary

**TABLE 1:
REFUSE COLLECTION RATES**

<u>RATE CLASSIFICATION</u>	<u>Maximum Monthly Fees Effective 1/1/17</u>
<i>Single Family residential:</i>	
1 20 Gal. can collected weekly	\$12.21
1 32 Gal. can collected weekly	\$19.53
1 68 Gal. can collected weekly	\$39.03
1 95 Gal. can collected weekly	\$58.57
Special Trips - Can not set out	\$12.17
Special Rate - Containers more than 50 feet from street (each 50 feet)	\$5.63
Extra Pickups	\$5.99
Additional 95 gl. Green Waste Carts after 2	\$18.58
<i>Multi-family, mobile home parks, commercial/industrial:</i>	
<u>32 Gallon</u>	
1 x week	\$21.15
2 x week	\$45.11
3 x week	\$68.99
6 x week	\$140.75
<u>68 Gallon</u>	
1 x week	\$40.59
2 x week	\$86.55
3 x week	\$132.33
6 x week	\$269.98
<u>95 Gallon</u>	
1 x week	\$60.89
2 x week	\$129.79
3 x week	\$198.49
6 x week	\$404.99
Extra Pickups	\$5.99
<i>Debris Box Service:</i>	
<u>2 Cu. Yd. Containers</u>	
1 x week	\$201.72
2 x week	\$354.05
3 x week	\$506.33
4 x week	\$658.55
5 x week	\$810.79
6 x week	\$963.04
The above rates include an allowance for container rental as follows:	\$49.48
Extra Pickups	\$55.07

<u>RATE CLASSIFICATION</u>	Maximum Monthly Fees <u>Effective 1/1/17</u>
<u>3 Cu. Yd. Containers</u>	
1 x week	\$254.44
2 x week	\$442.76
3 x week	\$631.33
4 x week	\$819.64
5 x week	\$1,008.15
6 x week	\$1,196.53
The above rates include an allowance for container rental as follows:	\$66.05
Extra Pickups	\$55.07
<u>4 Cu. Yd. Containers</u>	
1 x week	\$331.28
2 x week	\$581.19
3 x week	\$831.23
4 x week	\$1,081.14
5 x week	\$1,331.16
6 x week	\$1,581.12
The above rates include an allowance for container rental as follows:	\$66.05
Extra Pickups	\$66.05
<u>6 Cu. Yd. Containers</u>	
1 x week	\$484.95
2 x week	\$858.03
3 x week	\$1,231.09
4 x week	\$1,604.11
5 x week	\$1,977.20
6 x week	\$2,350.26
The above rates include an allowance for container rental as follows:	\$66.05
Extra Pickups	\$110.15
<u>15 Cu. Yd. Containers</u>	
1 x week	\$2,126.93
2 x week	\$4,258.80
3 x week	\$6,385.75
The above rates include an allowance for container rental as follows:	\$66.05
Extra Pickups	\$491.21

<u>RATE CLASSIFICATION</u>	<u>Maximum Monthly Fees</u> <u>Effective 1/1/17</u>
<i>Cleanup Bins:</i>	
3 yd. - 2 days	\$177.80
3 yd. - weekend	\$177.80
6 yd. - 2 days	\$299.75
6 yd. - weekend	\$299.75
15 - yd. up to 3 T - one week	\$491.21
20 yd. up to 3 T - one week	\$551.24
30 yd. up to 4 T - one week	\$919.80
Additional/ton charge for cleanup bins	\$59.53
Occasional or irregular collections per 5 cubic feet	\$5.99
Special collections other than debris box - plus regular rate	\$25.37
Special collections for debris boxes - plus regular rate	\$55.10
Monthly charge for special collection conditions	\$11.95

Marin Independent Journal

4000 Civic Center Drive, Suite 301

San Rafael, CA 94903

415-382-7335

legals@marinij.com

Item 6.a.&f.
Attachment 4
(Pages 39 & 40)

NOVATO SANITARY DISTRICT
500 DAVIDSON ST
NOVATO, CA 94945-3328

Account Number: 2071871

Ad Order Number: 0005825992

Customer's Reference
/ PO Number:

Publication: Marin Independent Journal

Publication Dates: 10/06/2016, 10/13/2016

Amount: \$102.55

Payment Amount: \$0.00

Invoice Text: **NOVATO SANITARY DISTRICT**

NOTICE OF INTENT AND PUBLIC HEARING
TO CONSIDER MODIFICATIONS TO MAXIMUM SOLID WASTE SERVICE CHARGES

NOTICE IS HEREBY GIVEN that it is the intention of the Board of Directors of the Novato Sanitary District to consider modification of the maximum solid waste service charges.

NOTICE IS FURTHER GIVEN that on Monday, October 24, 2016, at 6:00 PM at the regular meeting place of Novato Sanitary District, 500 Davidson Street, Novato, CA 94945, said Board will hear all persons desiring to be heard and shall consider adoption of the maximum solid waste service charges applying within the Novato Sanitary District.

BY ORDER OF THE BOARD OF DIRECTORS OF THE NOVATO SANITARY DISTRICT

Dated: September 27, 2016

/s/ Sandeep Karkal
Sandeep Karkal, Secretary
Novato Sanitary District

NO.1248 October 6 and 13, 2016

Marin Independent Journal

4000 Civic Center Drive, Suite 301
San Rafael, CA 94903
415-382-7335
legals@marinij.com
2071871

NOVATO SANITARY DISTRICT
500 DAVIDSON ST
NOVATO, CA 94945-3328

**PROOF OF PUBLICATION
(2015.5 C.C.P.)**

**STATE OF CALIFORNIA
County of Marin**

I am a citizen of the United States and a resident of the County aforesaid: I am over the age of eighteen years, and not a party to or interested in the above matter. I am the principal clerk of the printer of the MARIN INDEPENDENT JOURNAL, a newspaper of general circulation, printed and published daily in the County of Marin, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Marin, State of California, under date of FEBRUARY 7, 1955, CASE NUMBER 25566; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

10/06/2016, 10/13/2016

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated this 13th day of October, 2016.



Signature

PROOF OF PUBLICATION

Legal No. **0005825992**

NOVATO SANITARY DISTRICT

NOTICE OF INTENT AND PUBLIC HEARING
TO CONSIDER MODIFICATIONS TO MAXIMUM
SOLID WASTE SERVICE CHARGES

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BY ORDER OF THE BOARD OF DIRECTORS OF
THE NOVATO SANITARY DISTRICT

Dated: September 27, 2016

/s/ Sandeep Karkal
Sandeep Karkal, Secretary
Novato Sanitary District

NO.1248 October 6 and 13, 2016

Fun Facts about Water System Rate Structures

efc.web.unc.edu/2016/10/12/water-system-rate-structures/

Daniel Irvin

10/12/2016



The [Environmental Finance Center](#) currently produces statewide water and wastewater rates dashboards for [12 states](#) across the US. We collect a lot of data on water system finance and management to build these dashboards, and those data can tell interesting stories about how water and wastewater systems structure their rates. This post presents key features of rate structures across seven states where we have survey data available: Alabama, Arizona, Georgia, Illinois, North Carolina, and Wisconsin.

Types of Rate Structures

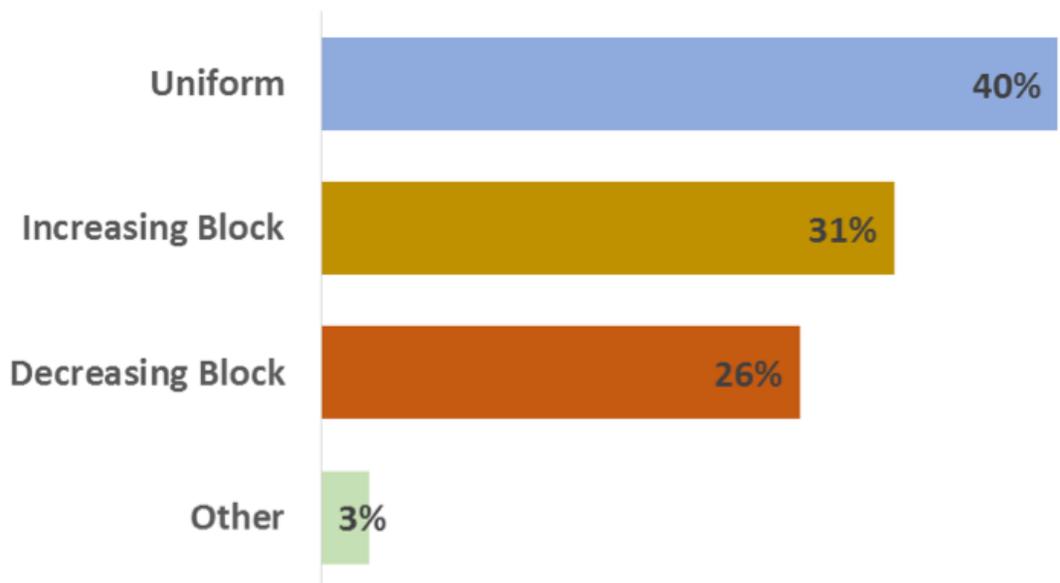
The vast majority of systems in those seven states have rate structures that we classify as “Uniform,” “Increasing Block,” or “Decreasing Block.” Uniform rates charge the same price for every 1,000 gallons of water. Increasing Block structures, also called Inclining Block, are rate structures where the system charges a higher price at larger volumes of water. For example, a system might charge \$4.00 per 1,000 gallons for the first 5,000 gallons, and \$8.00 per thousand gallons for all subsequent usage. Decreasing Block structures, also called Declining Block, operate on the same principle, but in reverse. In these structures, the price of water on per 1,000 gallons decreases at larger volumes of water.

About 3 percent of systems in our surveys have a rate structure that does not fit into one of these categories, which we have labeled as “Other.” These include

- Increasing/decreasing block—rates increase over an initial range and decrease over subsequent ranges, or vice versa;
- Flat Fee—one price per billing period for unlimited water consumption;
- Tiered Flat Fee—one price per billing period for unlimited water consumption that varies by customer class;
- Seasonal uniform—uniform rates that vary by season; and
- Uniform at One Block’s Rate—customer pays one rate per 1,000 gallons, but that rate is determined by their total usage.

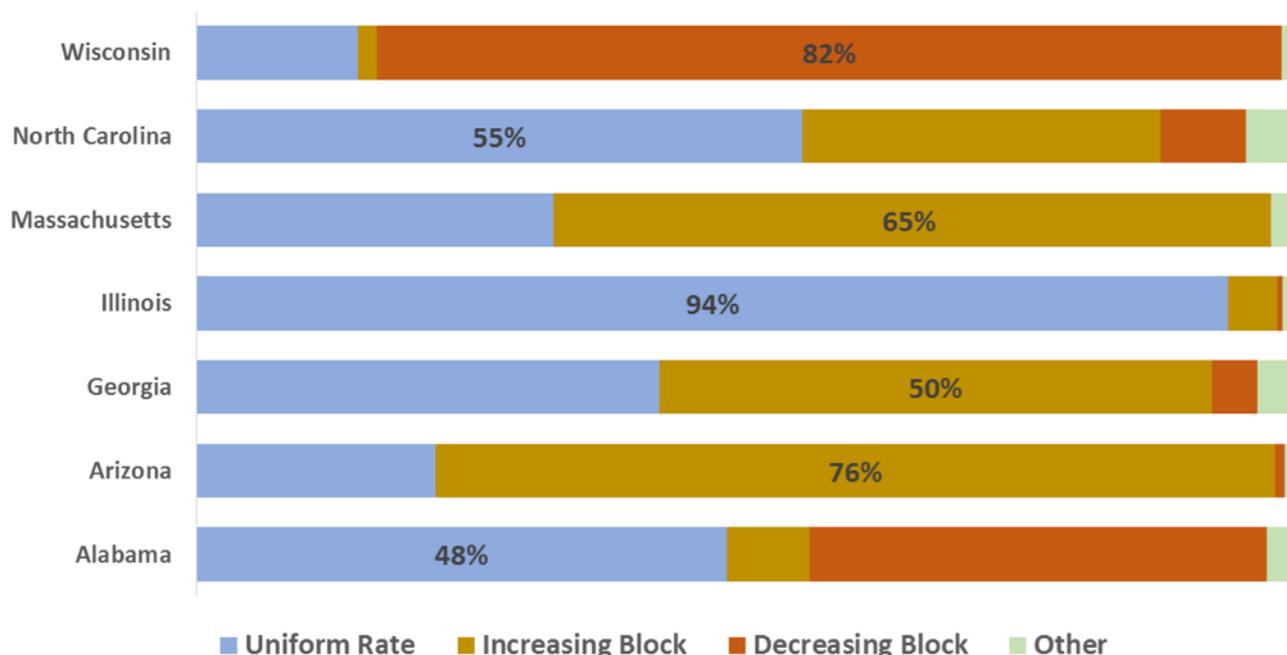
Prevalence of Different Rate Structures

The chart below shows the rate structures for 2,786 water systems across the seven states. Uniform rates are most common, but many systems have increasing or decreasing block rate structures.



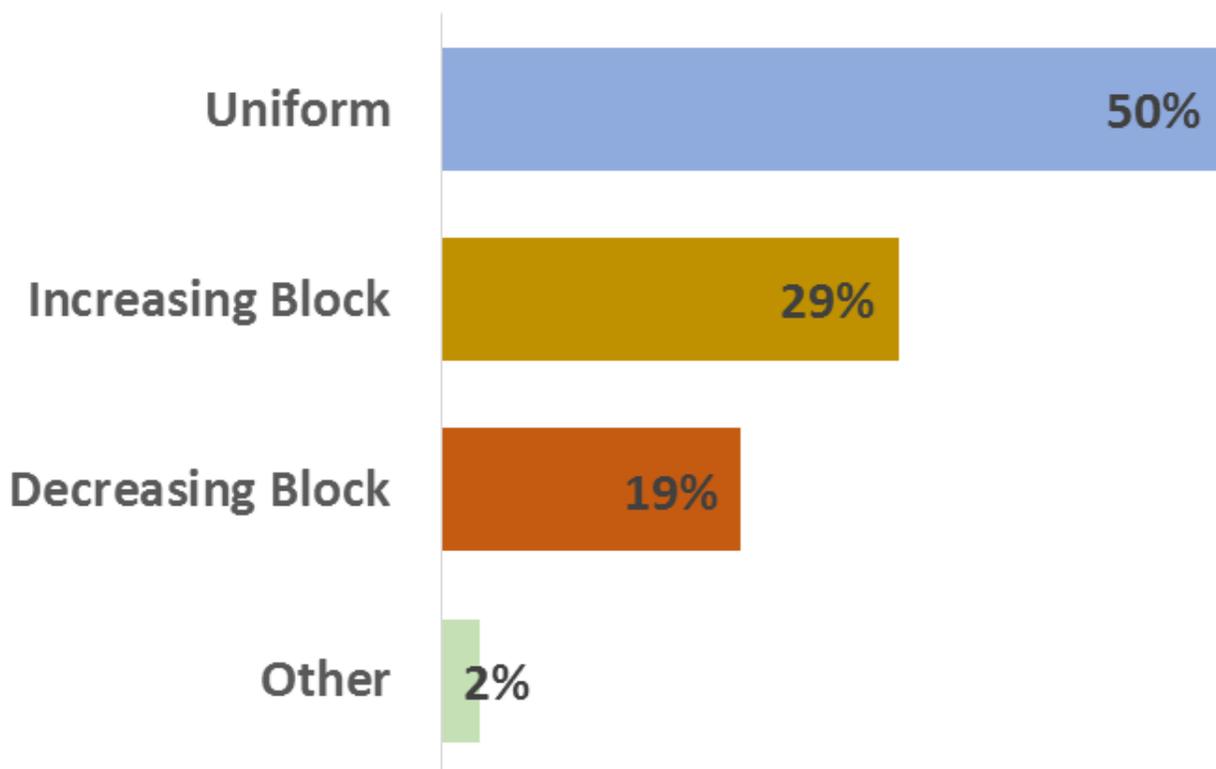
Analysis by Environmental Finance Center @ UNC. Data gathered from 7 surveys over a 4 year time period 2013-2016. N = 2,786 systems.

We do see variations in the patterns of rate structures by state. For example, increasing block rates were most likely to be found in Arizona, Georgia, and North Carolina, while almost all systems in Illinois had uniform rate structures. About 92% of the decreasing block structures were in Wisconsin or Alabama. Below is a table showing the state by state breakdown. The labels on the bars indicate what percentage of the systems in a state have the most common rate structure for that state. For example, 82% of systems in Wisconsin have a decreasing block structure.



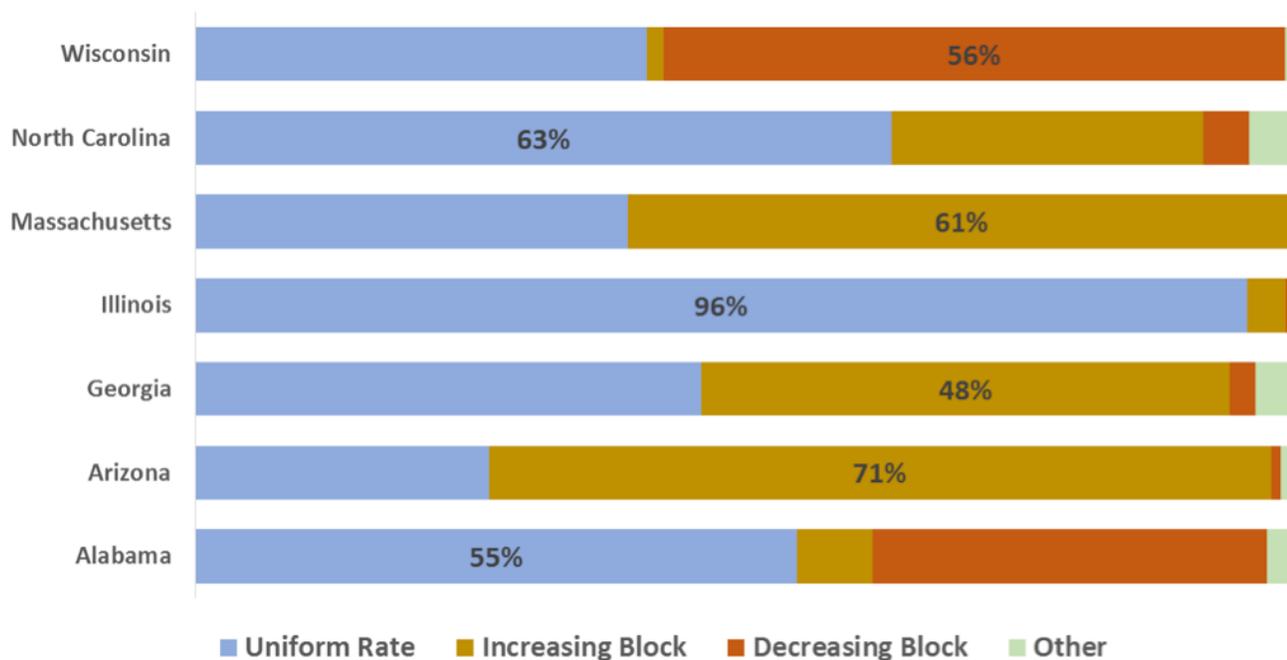
Effective Rate Structures for Residential Customers

Some systems that have increasing or decreasing block structures set the first block high enough that almost no residential customers reach it. The goal of these structures is usually to have a block structure that targets commercial or industrial customers, not residential customers. In effect, residential customers at these systems are paying uniform rates. The chart below shows the effective rate structures that would actually apply to the most residential customers. If a system's first block is larger than 15,000 gallons, then it is classified as "uniform" in the chart.



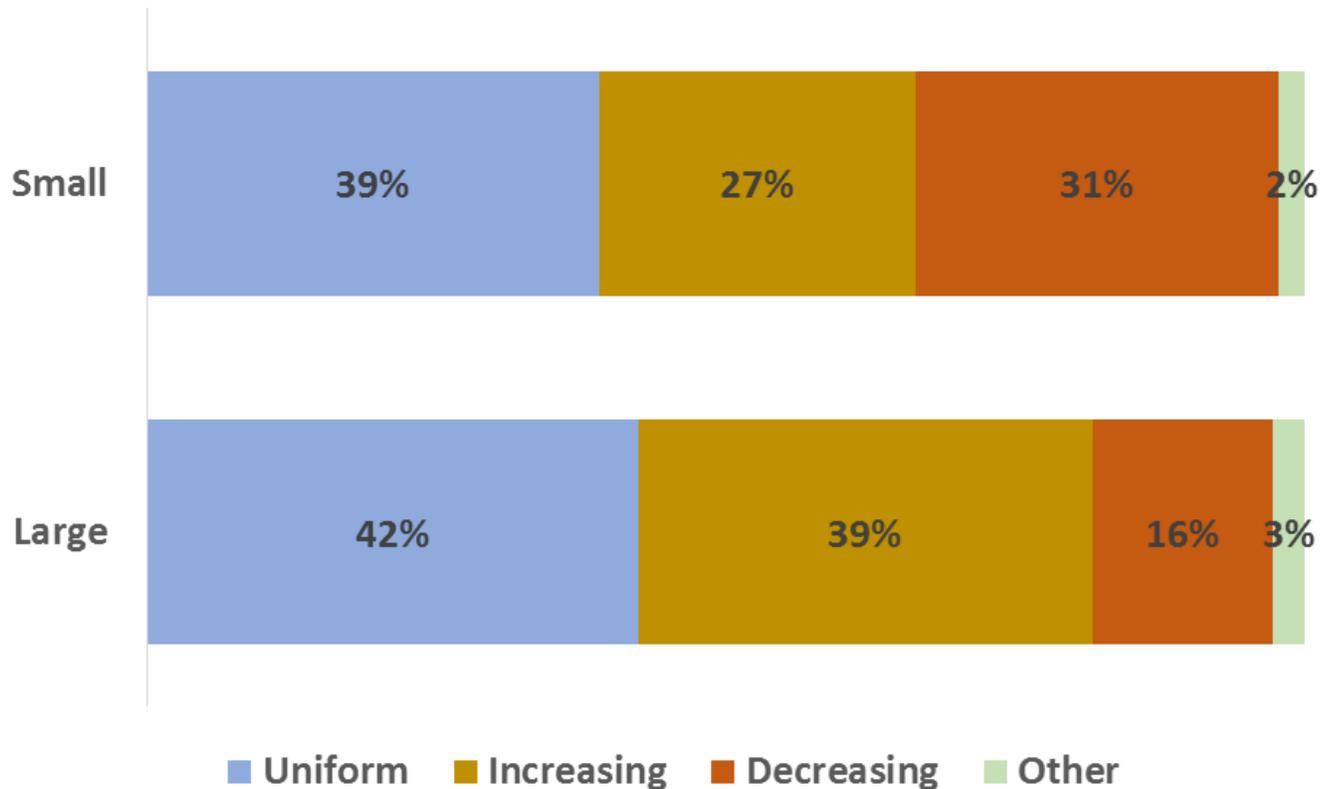
Analysis by Environmental Finance Center @ UNC. Data gathered from 7 surveys over a 4 year time period 2013-2016. N = 2,786 systems.

This adjustment caused a slight decrease in the number of increasing block structures but a fairly substantial decrease in the number of decreasing block structures. In total, 63 increasing block structures (7%) and 198 decreasing block structures (27%) were reclassified as uniform block. An implication of these changes is that increasing block structures are more likely to have smaller blocks—and are thus more likely to be targeted at residential customers—while decreasing block structures are more likely to have large blocks—and thus more likely to be targeted to non-residential customers. Wisconsin had the most significant re-categorization, as can be seen in the chart below. While 82% of Wisconsin systems had nominal decreasing block rates, only 56% of them have effective decreasing block rates. However, it is still the most common rate structure in the state.



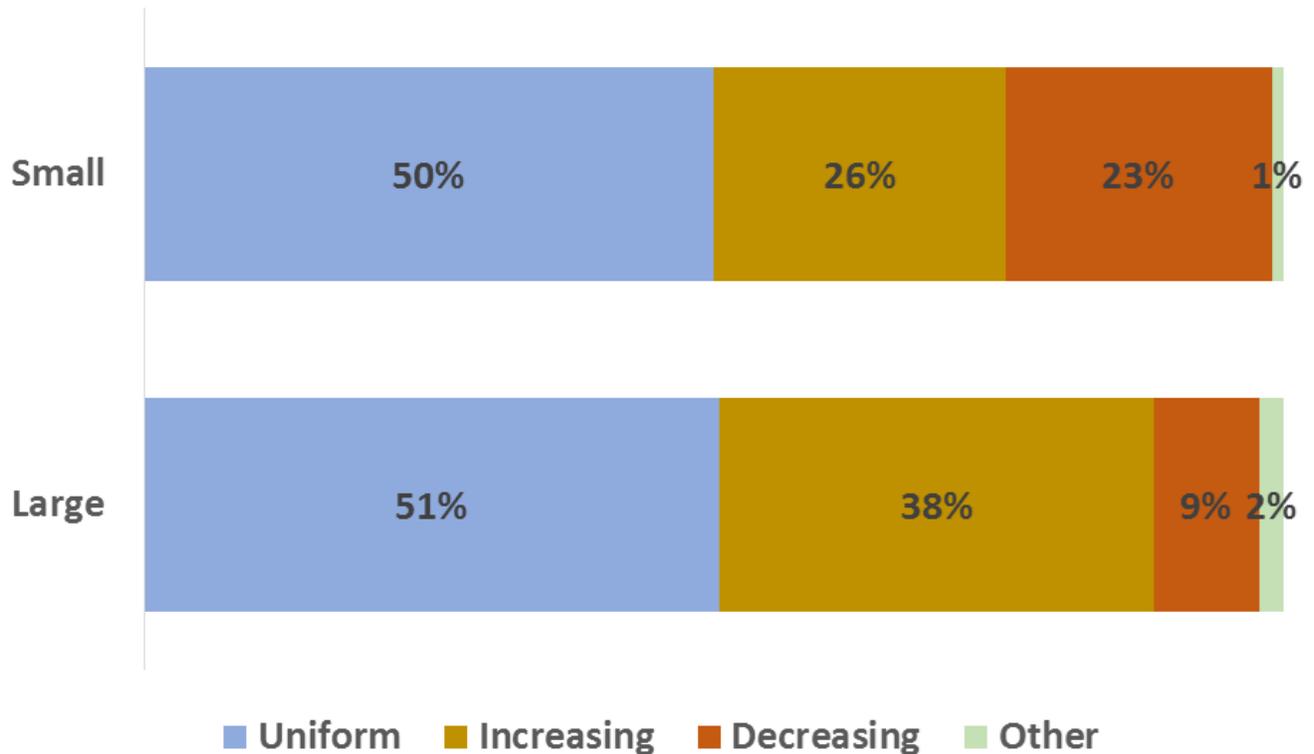
Variations in Rate Structures by System Size

How do rate structures vary by system size? As the chart below shows, large systems (population over 10,000) and small systems (population under 10,000) were essentially equally as likely to have uniform rate structures (in this case “uniform” only includes those systems that report their rate structure as such, not systems that have been adjusted). However, large systems were much more likely to have increasing block structures, while small systems were much more likely to have a decreasing block structure.



Analysis by Environmental Finance Center @ UNC. Data gathered from 7 surveys over a 4 year time period 2013-2016. N = 2,638.

One particularly striking fact is that out of 58 very large systems (population over 100,000), 40 had increasing block structures, and only 2 had decreasing block structures. The effective rate structure by system size has a similar breakdown.



The proportion of systems with uniform rate structures increases slightly more for small systems than large systems. Interestingly, both Very Large systems with decreasing block rates have effective uniform rates, while none of the Very Large systems with increasing block rates have effective uniform rates.

In future posts, we will explore more data summaries including average monthly bills, base charges, and billing periods. Please leave a comment with any other analysis that you would like to see.

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