

# NOVATO SANITARY DISTRICT

Meeting Date: November 10, 2014

**The Board of Directors of Novato Sanitary District will hold a regular meeting at 6:00 p.m., Monday, November 10, 2014, at the District Offices, 500 Davidson Street, Novato.**

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

## **AGENDA**

### **1. PLEDGE OF ALLEGIANCE:**

### **2. AGENDA APPROVAL:**

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

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

### **4. REVIEW OF MINUTES:**

- a. Approve minutes of the October 27, 2014 meeting.

### **5. CONSENT CALENDAR:**

The Manager-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.
- b. Receive Quarterly Investment Report.
- c. Receive Summary Fiscal Year (FY) 14-15 First Quarter Financial Report.

### **6. SOLID WASTE: PUBLIC HEARING – SET CALENDAR YEAR (CY) 2015 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 a Resolution setting CY2015 maximum allowable rates for refuse collection and disposal services.

**7. ADMINISTRATION:**

- a. Adopt a Resolution Amending the District's Deferred Compensation Plan Agreement with Lincoln Financial Group to Include Roth 457 Contributions, and Authorize Manager-Engineer to Execute the Amendment.

**8. STAFF REPORTS:**

- a. Receive update on North Bay Water Reuse Project (NBWRP) - Phase 2, District projects.

**9. BOARD MEMBER REPORTS:**

- a. North Bay Watershed Association (NBWA) report - Director Miller.
- b. Op-ed from Sacramento Bee: "San Juan water board shows pitfalls of special districts" – Director Peters.

**10. MANAGER'S ANNOUNCEMENTS:**

**11. ADJOURN:**

Next resolution no. 3082

**Next regular meeting date: Monday, December 8, 2014, 6:00 PM at the Novato Sanitary District office, 500 Davidson Street, Novato, CA**

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

October 27, 2014

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:00 p.m., Monday, October 27, 2014, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Jean Mariani, Directors Jerry Peters, Gary Butler, William Long and Brant Miller.

STAFF PRESENT: Manager-Engineer-Secretary Sandeep Karkal, District Counsel Kent Alm, and Administrative Secretary Julie Swoboda.

ALSO PRESENT: John Bailey, Project Manager, Veolia  
Brian Exberger, Assistant Project Manager, Veolia  
Dave Coffman, Asset Management Specialist, Veolia  
Melissa Dempsky, Asset Management Specialist, Veolia  
Dee Johnson, Household Hazardous Waste Program Coordinator  
Steve McCaffrey, Director of Governmental Affairs,  
Novato Disposal Services  
John Warren, Controller, Novato Disposal Services  
Delynn Kies, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as written.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

Consider approval of minutes of the October 13, 2014 meeting.

*On motion of Director Peters, seconded by Director Butler, and carried unanimously, the October 13, 2014 Board meeting minutes were approved.*

CONSENT CALENDAR:

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

- a. Approval of regular disbursements in the amount of \$256,627.84, project account disbursements in the amount of \$152,528.58, and payroll and payroll related disbursements in the amount of \$212,747.72.
- b. Approval of application from AU Energy, LLC. Authorized Manager-Engineer to issue a one-time, temporary, Class I non-domestic discharge permit for

discharge of excavation water from removal of underground fuel tanks at former Novato Shell station, 2085 Novato Boulevard.

## SOLID WASTE

- Receive Solid Waste Committee report: President Mariani stated that the Solid Waste Committee meeting report for the meeting of October 21, 2014 had been included in the Board Agenda packet. There was no discussion.

- Receive report on Calendar Year (CY) 2015 solid waste rate adjustments, and consider staff recommendations. President Mariani pointed out that this item was for discussion and to provide direction to staff; no action would be taken by the Board at this meeting.

As background, it was discussed that the District's Franchise Agreement with Novato Disposal Services (NDS) provides for an annual rate adjustment. NDS had proposed a +1.95% Refuse Rate Index (RRI) adjustment for CY 2015 and the District retained R3 Consulting Group, Inc. (R3) of Sacramento to assist with the rate review. R3 prepared its own independent opinion on NDS's proposed rate and concluded that a +1.94% (RRI) adjustment was appropriate.

Further, NDS had requested an additional adjustment of +2.46% to address the revenue impacts of account migration to smaller carts. R3 calculated the value of the additional adjustment at +1.85%. District staff negotiated an amount of +1.06% for the account migration for a total recommended rate adjustment of +3.00% for calendar year 2015.

Directors Miller and Butler discussed with District Counsel Kent Alm the proposed annual solid waste rate adjustment for calendar year 2015 and the proposed migration adjustment. Mr. Alm provided background to the Franchise Agreement, and said that there is adequate basis both in the Agreement and in terms of the Board's legal authority to consider the rate adjustment (including account migration), and grant it.

The Manager-Engineer stated that the Franchise Agreement includes a full rate review option which would address the migration issue, along with other costs and revenue issues. He stated that staff is not recommending a full rate review at this time given the small amount of the increase. He stated that the overall rate structure continues to be competitive with the market.

The Manager-Engineer stated that the Solid Waste Committee, at its October 21, 2014 meeting, considered District staff's recommendation. After discussion, the Committee forwarded the request without recommendation to the full Board of Directors for its consideration at the October 27, 2014 meeting.

Director Long stated that he was in agreement with the rate increase. He suggested that provisional language could be added to the contract to address cart migration, and

that a contract amendment might provide specific parameters to allow for making these adjustments in the future.

Director Peters stated that most of his questions had already been answered by District Counsel and that he was comfortable with the proposal as presented.

Noting that all Directors had addressed the issue, President Mariani opened the item for discussion to those in the audience.

Steve McCaffrey, Director of Governmental Affairs, Novato Disposal Services, stated that he appreciated working with the District and felt that the proposed +3.00% adjustment was fair and equitable. He requested the District move forward on the +3.00% increase.

John Warren, Controller, Novato Disposal Services, discussed historical rate increases.

Hearing no further comments, President Mariani stated that the Public Hearing to set Calendar Year 2015 Maximum Allowable Solid Waste Rates was set for November 10, 2014 at 6:00 p.m.

President Mariani called for a recess at 6:47 p.m.

Dee Johnson, Steve McCaffrey, John Warren, and Delynn Kies left the meeting.

At 6:54 p.m., President Mariani reconvened the meeting.

#### WASTEWATER OPERATIONS:

- Receive Wastewater Operations Committee Report. The Manager-Engineer stated that the Wastewater Operations Committee met on October 20<sup>th</sup> at 2:00 p.m. at the District office. He introduced Veolia Plant Manager John Bailey. The Plant Manager gave an overview of the Monthly Operations Report for September 2014 as presented to the Wastewater Operations Committee. He stated that the water quality performance was excellent and he discussed the routine maintenance activities performed at the NTP and the Ignacio Transfer Pump Station.

The Manager-Engineer gave a report of the District's odor control and landscaping. He discussed the odor control biofilter media beds and noted that natural settlement has apparently taken place. He stated that the beds are functioning as intended and that additional bio-filter material will be added to the media beds to bring the level of media to its original design depth.

The Manager-Engineer gave a report on the Collections Department and the Reclamation Facility. He noted that staff cleaned a total of 71,429 ft of sewer mains and that 12,090 feet of sewer lines were televised with the closed circuit television van. He stated that there were no lost time accidents in September for a total of 1,295 accident

free days. At the reclamation facility, the Manager-Engineer stated that work began to empty the sludge lagoons, transferring approximately 2.6 MG of sludge into the dedicated land disposal site. He noted that 33.77 MG of treated effluent was used for irrigation in September.

- Receive Criticality Assessment update. The Manager-Engineer introduced Dave Coffman, Veolia, to provide the Asset Management and Criticality Report.

Dave Coffman, Asset Management Specialist, Veolia, gave a PowerPoint presentation titled: "Mission for Asset Management: The Asset Management Model." The presentation discussed the following key areas of Asset Management for the District treatment facilities: Criticality Analysis, Criticality Analysis Ranking, and Condition Based Maintenance. He discussed some of the criticality assessment tools that Veolia is utilizing including thermography, oil analysis, and vibration analysis.

Melissa Dempsky, Asset Management Specialist, Veolia, stated that Veolia will be replacing its current JobCal Plus asset management system with a new asset management program called Oracle Work and Management Program (Oracle WAM). She stated that Veolia may have the new software implemented at the District in early 2015.

At 7:41, President Mariani declared a short recess.

Dave Coffman and Melissa Dempsky left the meeting.

At 7:44, President Mariani reconvened the meeting.

#### CAPITAL PROJECTS:

- WWTP Upgrade - Contract C (Digester No. 2/Solids Handling), Account No. 73001: Grant Final Acceptance of the Project, and authorize staff to file the Notice of Completion. The Manager-Engineer stated that on May 13, 2013, the District's Board of Directors awarded the contract for the WWTP Upgrade, Contract C - Digester No. 2 Upgrade Project, to R.E. Smith Contractor, Inc. for a low bid amount of \$2,814,928. He stated that work began on the project on June 17, 2013 and substantial completion was granted on August 26, 2014. He stated that the final cost of the project was \$2,794,254 or \$20,674 below the bid amount.

The Manager-Engineer recommended that final acceptance be granted and that staff be authorized to file the Notice of Completion on the above referenced project.

*On motion of Director Peters, seconded by Director Long, and carried unanimously, the Board granted final acceptance of the WWTP Upgrade – Contract C Upgrade Project and authorized staff to file the Notice of Completion.*

STAFF REPORTS:

- Regional Monitoring Program (RMP) 2014 Annual Meeting. The Manager-Engineer discussed his attendance at the annual meeting of the Regional Monitoring Program for Water Quality in San Francisco Bay (RMP) which was held on Tuesday, October 14, 2014 at the David Brower Center in Berkeley, CA. He stated that the theme was an update on four principal program areas: status and trends monitoring, small tributary loads, nutrients, and chemicals of emerging concern.

BOARD MEMBER REPORTS:

- North Bay Watershed Association (NBWA) Meeting. Director Miller discussed his attendance at the NBWA meeting which was held on October 3<sup>rd</sup> at the Petaluma Community Center, Petaluma. He discussed the presentations by guest speakers Chuck Weir, NBWRA, and Robert Dickenson, Argos.

MANAGER'S ANNOUNCEMENTS:

- The Standard and Poors rate review took place via a conference call with the Manager-Engineer and Finance Officer Laura Creamer on October 23<sup>rd</sup>. Standard and Poors will issue their rating in the near future. Last rating from Standard and Poors was 'A+ with a stable outlook'.

- The District's annual audit by Maze and Associates was performed at the District between October 20<sup>th</sup> and October 22<sup>nd</sup>. More information will be provided to the Board as it becomes available.

- The next Board meeting will be on November 10<sup>th</sup>, and include the Public Hearing to set calendar year 2015 maximum allowable Solid Waste Rates. This will also be the only Board meeting in November.

ADJOURNMENT: There being no further business to come before the Board, President Mariani adjourned the meeting at 8:01 p.m.

Respectfully submitted,

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Sandeep Karkal  
Secretary

Julie Swoboda, Recording

# Novato Sanitary District Operating Check Register

November 10, 2014

Date	Num	Name	Credit
<b>Nov 10, 14</b>			
11/10/2014	57577	Veolia Water North Ame...	208,651.04
11/10/2014	57550	Custom Tractor Service	113,038.43
11/10/2014	57546	Central Marin Sanitation...	22,391.24
11/10/2014	57573	RedZone Robotics	17,000.00
11/10/2014	57561	Maze & Associates	13,500.00
11/10/2014	57557	Johnson, Dee	11,520.00
11/10/2014	57578	Veolia Water Recycled ...	7,424.18
11/10/2014	57572	Rauch Communication ...	6,274.73
11/10/2014	57540	Aqua Science	5,650.00
11/10/2014	57571	R & B Company	3,341.79
11/10/2014	57543	Caltest Analytical Lab Inc.	3,282.25
11/10/2014	57552	Delta Dental	2,629.87
11/10/2014	57551	Dearborn National	2,372.66
11/10/2014	57549	Control Systems West, I...	2,322.75
11/10/2014	57583	Wedge Roofing Inc.	2,200.00
11/10/2014	57582	Water Environment Res...	2,136.00
11/10/2014	57581	VWR International Inc.	1,895.25
11/10/2014	57548	Comet Building Mainten...	1,320.00
11/10/2014	57559	Leonardi Automotive & ...	1,299.61
11/10/2014	57556	IEDA, INC	1,072.00
11/10/2014	57576	U.S. Bank Card (3)Craig	1,032.48
11/10/2014	57574	Shape Incorporated	991.38
11/10/2014	57558	JW Mobile	632.09
11/10/2014	57567	Pacific Power & System...	597.61
11/10/2014	57563	MME	557.21
11/10/2014	57560	Linscott Engineering Co...	550.00
11/10/2014	57538	Alliant Insurance Servic...	547.00
11/10/2014	dir dep	Long, William C.	537.70
11/10/2014	57544	CaterMarin	500.00
11/10/2014	57554	Evoqua Water Technolo...	486.00
11/10/2014	57580	Vision Service Plan	483.95
11/10/2014	57562	Meyers, Nave, Riback, ...	474.00
11/10/2014	57570	Pitney Bowes	400.00
11/10/2014	57566	Novato Disposal-	398.04
11/10/2014	57547	Certified Truck Bodies &...	381.38
11/10/2014	57545	CED Santa Rosa, Inc	295.55
11/10/2014	57537	3T Equipment Company...	254.47
11/10/2014	57542	California Truck Equip. ...	253.00
11/10/2014	57569	Pini Hardware	226.51
11/10/2014	57553	Environmental Products ...	215.06
11/10/2014	57555	Grainger	193.69
11/10/2014	57541	Barnett Medical LLC	180.00
11/10/2014	57568	Petty Cash	136.70
11/10/2014	57579	Verizon Wireless-	135.06
11/10/2014	57539	American Messaging	68.03
11/10/2014	57565	North Marin Water District	38.36
11/10/2014	57575	U.S. Bank (Sandeep)	30.11
11/10/2014	57564	North Marin Auto Parts	6.90
<b>Nov 10, 14</b>			<b><u>439,924.08</u></b>

**Novato Sanitary District**  
**Capital Projects Check Register**

November 10, 2014

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
<b>Nov 10, 14</b>			
11/10/2014	2781	Covello Group, The	8,182.00
11/10/2014	2784	Quattur Construction, L...	7,619.29
11/10/2014	2783	Nute Engineering Inc.	5,097.24
11/10/2014	2780	Brown & Caldwell, Inc.	2,040.77
11/10/2014	2782	Lateral-Smith	1,500.00
<b>Nov 10, 14</b>			<b><u>24,439.30</u></b>

**Novato Sanitary District**  
**Board Fees Check Register - October 2014**

November 7, 2014

Date	Num	Name	Credit
<b>Nov 7, 14</b>			
11/07/2014	3197	Miller, Brant	766.46
11/07/2014	3747	Mariani, Jean M	616.93
11/07/2014	3748	Peters, A. Gerald	574.37
11/07/2014	3746	Long, William C	558.68
11/07/2014	3745	Butler, Gary	
<b>Nov 7, 14</b>			<b>2,516.44</b>

# Novato Sanitary District

To 03-Nov-14

## QUARTERLY INVESTMENT REPORT -- For Quarter Ended September 30, 2014

INVESTMENT	ACTIVITY	July	August	September	QTR TOTAL	
STATE TREASURER'S INVESTMENT FUND	Total deposits/transfers in	310,000	160,000	8,287	478,287	
	Total transfers out	2,230,000	442,000	800,000	3,472,000	
Current Yield 0.228%	Minimum daily balance	13,492,934	13,210,934	12,419,221	12,419,221	
	Maximum daily balance	15,405,284	13,492,934	13,210,934	15,405,284	
	Interest earned	0	0	8,287	8,287	
TRUST ACCOUNT						
BANK OF NEW YORK MELLON For COP Bond Funds	Total deposits/transfers in	0	0	0	0	
	Total transfers out	0	619,346	0	619,346	
	Minimum daily balance	4,804,012	4,186,984	4,186,984	4,186,984	
	Maximum daily balance	4,804,018	4,804,018	4,186,999	4,804,018	
	Interest earned	6	2,312	15	2,333	
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>					
0.03%	Total deposits & transfers in	2,452,692	1,292,680	853,517	4,598,889	
	Total checks & transfers out	2,331,552	1,405,674	1,020,655	4,757,881	
	Minimum daily balance	4,220	27,320	37,011	4,220	
	Maximum daily balance	1,831,179	794,571	430,586	1,831,179	
	Interest earned	7	9	5	21	
	<b>Payroll Account</b>					
	Total transfers in	119,700	115,300	113,500	348,500	
	Total checks & transfers out	119,519	115,888	113,320	348,727	
	Minimum daily balance	779	380	323	323	
	Maximum daily balance	107,162	103,634	99,951	107,162	
<b>Project Account</b>						
Total transfers in	1,325,500	461,500	190,500	1,977,500		
Total checks & transfers out	1,312,551	463,838	200,945	1,977,334		
Minimum daily balance	2,543	2,664	6,480	2,543		
Maximum daily balance	1,311,543	419,910	169,617	1,311,543		
Interest earned	10	2	1	13		
<b>ARRA Grant Project Account</b>						
Total transfers in	0	0	0	0		
Total checks & transfers out	0	0	0	0		
Minimum daily balance	100	100	100	100		
Maximum daily balance	100	100	100	100		

NOTES: (1) The above investments are consistent with the annual Statement of Investment Policy approved by the board on an annual basis, most recent approval was March 2014.

The District has the ability to meet six months cash needs.

(2) LAIF interest rate is currently .246% which is an increase from .228% in June and .236% in March and a decrease from .264% in December 2013.



**BILL LOCKYER  
TREASURER  
STATE OF CALIFORNIA**



**2014 LAIF Conference Registration**

**PMIA Performance Report**

**LAIF Performance Report**

**Quarter Ending 09/30/14**

Apportionment Rate: 0.24%  
 Earnings Ratio: .00000662348923179  
 Fair Value Factor: 1.000181284  
     Daily: 0.25%  
 Quarter To Date: 0.25%  
 Average Life: 232

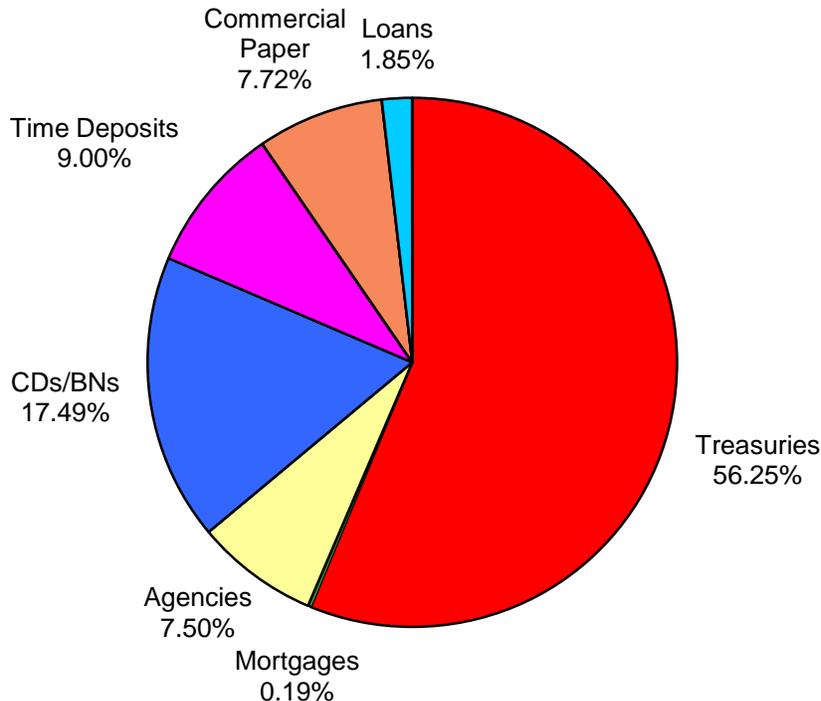
Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
10/09/14	0.26	0.26	232
10/10/14	0.26	0.26	233
10/11/14	0.26	0.26	233
10/12/14	0.26	0.26	233
10/13/14	0.26	0.26	230
10/14/14	0.26	0.26	229
10/15/14	0.26	0.26	230
10/16/14	0.26	0.26	229
10/17/14	0.26	0.26	229
10/18/14	0.26	0.26	229
10/19/14	0.26	0.26	229
10/20/14	0.26	0.26	220
10/21/14	0.25	0.26	220
10/22/14	0.25	0.26	219

**PMIA Average Monthly Effective Yields**

**SEP 2014 0.246%**  
 AUG 2014 0.260%  
 JUL 2014 0.244%

\*Daily yield does not reflect capital gains or losses

**Pooled Money Investment Account  
Portfolio Composition  
\$56.5 Billion  
09/30/14**



**State of California  
Pooled Money Investment Account  
Market Valuation  
9/30/2014**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 11,137,909,675.57	\$ 11,144,028,974.24	\$ 11,147,231,000.00	NA
Notes	\$ 20,613,431,491.60	\$ 20,611,735,881.66	\$ 20,620,552,000.00	\$ 20,714,247.00
Federal Agency:				
SBA	\$ 571,481,035.26	\$ 571,481,035.26	\$ 567,433,519.70	\$ 521,914.04
MBS-REMICs	\$ 109,474,286.60	\$ 109,474,286.60	\$ 116,983,332.51	\$ 521,209.85
Debentures	\$ 1,959,407,587.90	\$ 1,959,148,157.35	\$ 1,958,751,700.00	\$ 1,655,043.25
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 1,299,421,361.10	\$ 1,299,712,319.44	\$ 1,299,922,000.00	NA
GNMA	\$ -	\$ -	\$ -	\$ -
Supranational Debentures	\$ 399,927,859.19	\$ 399,927,859.19	\$ 399,644,500.00	\$ 192,809.50
CDs and YCDs FR	\$ -	\$ -	\$ -	\$ -
Bank Notes	\$ 400,000,000.00	\$ 400,000,000.00	\$ 399,896,651.17	\$ 139,833.33
CDs and YCDs	\$ 9,475,026,364.38	\$ 9,475,015,822.71	\$ 9,471,060,198.00	\$ 3,941,784.74
Commercial Paper	\$ 4,354,195,497.74	\$ 4,354,921,548.28	\$ 4,354,205,466.67	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 5,082,740,000.00	\$ 5,082,740,000.00	\$ 5,082,740,000.00	NA
AB 55 & GF Loans	\$ 1,047,229,467.74	\$ 1,047,229,467.74	\$ 1,047,229,467.74	NA
<b>TOTAL</b>	<b>\$ 56,450,244,627.08</b>	<b>\$ 56,455,415,352.47</b>	<b>\$ 56,465,649,835.79</b>	<b>\$ 27,686,841.71</b>

Fair Value Including Accrued Interest

\$ 56,493,336,677.50

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 (**1.000181284**). 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 \$20,003,625.69 or \$20,000,000.00 x **1.000181284**.

Portfolio as of 09-30-14

Pooled Money Investment Account

**PAR VALUES MATURING BY DATE AND TYPE**  
**Maturities in Millions of Dollars**

ITEM	1 day	31 days	61 days	91 days	121 days	151 days	181 days	211 days	271 days	1 year	2 years	3 years	4 years
	to 30 days	to 60 days	to 90 days	to 120 days	to 150 days	to 180 days	to 210 days	to 270 days	to 1 year	to 2 years	to 3 years	to 4 years	to 5 year/out
TREASURY	\$ 600	\$ 2,400	\$ 3,850	\$ 900	\$ 1,700	\$ 1,800	\$ 1,600	\$ 5,900	\$ 2,700	\$ 8,150	\$ 2,150		
REPO													
TDs	\$ 1,456	\$ 625	\$ 848	\$ 793	\$ 613	\$ 748							
AGENCY	\$ 771	\$ 200	\$ 200	\$ 1,000	\$ 150	\$ 50		\$ 475	\$ 390	\$ 1,207	\$ 881		
BAs													
CP	\$ 2,260	\$ 300	\$ 1,050		\$ 600	\$ 146							
CDs + BNs	\$ 4,700	\$ 900	\$ 1,175	\$ 200	\$ 1,100	\$ 200	\$ 250	\$ 1,350					
CORP BND													
TOTAL	\$ 9,787	\$ 4,425	\$ 7,123	\$ 2,893	\$ 4,163	\$ 2,944	\$ 1,850	\$ 7,725	\$ 3,090	\$ 9,357	\$ 3,031	\$ -	\$ -
PERCENT	17.4%	7.8%	12.6%	5.1%	7.4%	5.2%	3.3%	13.7%	5.5%	16.6%	5.4%	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.

# MEMORANDUM

**TO:** District Board of Directors

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

**DATE:** November 6, 2014

**SUBJECT:** Summary Fiscal Year (FY) 14-15 First Quarter Financial Report

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## INTRODUCTION

This memorandum presents a summary year-to-date financial report for the District as of the FY14-15 First Quarter ended September 30, 2014. The following items are presented as three sections:

1. Revenue and Expenditure Report for the quarter ended September 30, 2014 (Pages 1-8).
2. Debt Service Schedule as of September 30, 2014 (Page 9)
3. Operating and Capital Cash Flow for July 1 – September 30, 2014 (Pages 10-11)

Each section contains a summary of the relevant financial information, followed by a discussion, as needed.

## 1.0 REVENUE AND EXPENDITURES REPORT

This section presents an overview of revenues and expenditures for the operating and capital funds through the first quarter of Fiscal Year 2014-15, with a more detailed summary on pages 5-8. A brief discussion and analysis of items displaying variance from the final budget is provided also provided, as appropriate.

### OPERATING FUND

#### OPERATING REVENUE

	YTD Balance Received	Annual Budget	Budget Remaining	Pct. Received
<b>Total Operating Revenues</b>	\$146,624	\$9,601,856	\$9,455,232	1.5%

#### Discussion

Overall, operating revenues are approximately 1.5% of the total budget amount with 25% 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.

## OPERATING EXPENDITURES

	YTD Balance	Annual Budget	Budget Unused	Pct. Used
<b>Total Operating Expenditures</b>	\$ 2,023,441	\$9,406,216	\$7,382,775	21.5%

### Discussion

Overall, operating expenditures are at approximately 21.5% of budget, with 25% of the year complete. Variances in individual expenditure accounts are discussed below:

#### **Collection System (21.1%)**

Employee Benefits. 29.4%. Significant variance due to workers compensation annual premium paid in the first quarter; the variance should smooth out over the next two quarters. The account is expected to stay within budget over the fiscal year.

Operating Supplies. 26.0%. Per review of detail, no significant items noted; account expected to stay within budget for current fiscal year.

Repairs & Maintenance. 27.9%. Per review of detail, no significant items noted; account expected to stay within budget for current fiscal year.

#### **Treatment Facilities - Contract Operations (23.8%)**

Gas & Electricity. 29.5%. Significant variance is primarily due to part of October's utility usage being included in the September billing by PG&E. Account expected to stay within budget for the current fiscal year.

#### **Reclamation/Disposal Facilities (25.0%)**

Software Maintenance. 48.7%. Significant variance is due to the once a year expense for Wonderware software maintenance, which was paid in the first quarter of the fiscal year. Account expected to stay within budget for the current fiscal year.

Gas & Electricity. 41.2%. Significant variance due to the seasonal nature of the reclamation facility's irrigation activities. With less irrigation demand in the second and third quarters of the fiscal year, the account is expected to stay within budget for the current fiscal year.

Water. 193.6%. Expenditures are significantly over budget due to the seasonal nature of these expenditures for cattle grazing. Also, these expenditures will be reimbursed by the rancher.

Permits & Fees. 44.6%. Significant variance to the annual permit for Bay Area Air Quality Management District being paid in the first quarter of the fiscal year. Account expected to stay within budget for the current fiscal year.

**Laboratory/Monitoring (23.3%)**

No significant variances noted for this cost center.

**Pump Stations (24.0%)**

Software Maintenance. 29.4%. Significant variance is due to the once a year expense for Wonderware software maintenance being paid in the first quarter of the fiscal year. Account expected to stay within budget for the current fiscal year.

Operating Supplies. 28.1%. Per review of detail, no significant items noted; account expected to stay within budget for current fiscal year.

Operating Chemicals. 40.0%. Per review of detail, no significant items noted; account expected to stay within budget for current fiscal year.

Small Tools. 38.6%. Significant variance is due to the small budget allocation for this account. Per review of detail, account is expected to stay within budget for current fiscal year.

Gas & Electricity. 29.7%. Significant variance primarily is due to part of October's utility usage being included in the September billing. Account expected to stay within budget for the current fiscal year.

**Administration and Engineering (18.7%)**

Employee Benefits. 30.0%. Significant variance due to workers compensation annual premium being paid in the first quarter; the variance should smooth out in the next two quarters. Account expected to stay within budget for the current fiscal year.

Agency Dues. 37.0%. Significant variance due to a large portion of agency dues being paid in the first quarter. Account expected to stay within budget for the current fiscal year.

Printing & Publications. 33.0%. Significant variance due primarily to expenditures for the District's Fall newsletter. Expenses are otherwise typical for the first quarter of the year, and the variance is expected to smooth out over the rest of the year.

Repairs & Maintenance. 27.2%. Per review of detail, no significant items noted; account expected to stay within budget for current fiscal year.

**AB 939 Solid Waste Programs (15.6%)**

No significant items noted for this cost center.

**Recycled Water (16.9%)**

No significant items noted for this cost center.

**CAPITAL FUND**

**CAPITAL REVENUE**

Capital Revenue	YTD Balance Received	Annual Budget	Over/(Under)Budget	Pct. Received
<b>Sewer Service Charges</b>	\$12,226	\$7,183,200	(\$7,170,974)	.17%
<b>Property Taxes</b>	657	1,750,000	(1,749,343)	.04%
<b>Connection Charges</b>	74,788	493,500	(418,712)	15.16%
<b>Collector sewer/Special Equalization Charges</b>	0	6,000	(6,000)	0.00%
<b>Interest</b>	6,083	30,000	(23,917)	20.28%
<b>Other Revenue</b>	0	20,000	(20,000)	0.00%
<b>Total Revenue</b>	\$93,754	\$9,482,700	(\$9,388,946)	1.00%

**Discussion**

Overall capital revenues are 1.0% of budget at the close of the first quarter, consistent with the District receiving the bulk of its revenue in December and April.

**CAPITAL EXPENDITURES**

	YTD Balance	Annual Budget	Budget Unused	Pct. Used
<b>Capital Expenditures</b>	\$1,548,555	\$12,805,877	(\$11,257,322)	12.09%

**Discussion**

The list of capital project accounts is shown in the attached report. Overall expenses are 12.1% of budget. Capital work follows a different spending trajectory than normal operating expenditures and this is reflected in Account Nos. 72403, 72508, 72707, and 73001, where the variances noted reflect the appropriate levels of engineering and construction work completed to date. All of these accounts are expected to stay within budget for the current fiscal year.

**Novato Sanitary District**  
**Revenues & Expenditures Budget vs. Actual**  
July through September 2014

	Jul - Sep 14	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
<b>41000 · OPERATING INCOME</b>				
41010 · Sewer Service Charges	15,239.16	8,776,815.00	(8,761,575.84)	0.17%
41030 · Plan Check & Inspection Fee	5,819.50	500.00	5,319.50	1,163.9%
41040 · Permit & Inspection Fee	1,960.00	6,000.00	(4,040.00)	32.67%
41060 · Interest Income	4,578.32	15,000.00	(10,421.68)	30.52%
41080 · Engineering & Admin Charges	0.00	165,000.00	(165,000.00)	0.0%
41090 · Non-domestic Permit Fees	1,963.79	25,000.00	(23,036.21)	7.86%
41100 · Garbage Franchise Fees	0.00	49,768.00	(49,768.00)	0.0%
41105 · AB 939 Collector Fees	74,396.50	297,586.00	(223,189.50)	25.0%
41107 · Oil/Bev/Tire Grants	29,065.00	50,187.00	(21,122.00)	57.91%
41130 · Ranch Income	0.00	70,000.00	(70,000.00)	0.0%
41135 · Recycle Water Facility Revenue	9,696.32	116,000.00	(106,303.68)	8.36%
41140 · Other Revenue	3,905.87	20,000.00	(16,094.13)	19.53%
41142 · Loss on disposal of assets	0.00	10,000.00	(10,000.00)	0.0%
<b>Total 41000 · OPERATING INCOME</b>	<b>146,624.46</b>	<b>9,601,856.00</b>	<b>(9,455,231.54)</b>	<b>1.53%</b>
<b>Expense</b>				
<b>60000 · COLLECTION SYSTEM</b>				
60010 · Salaries & Wages	133,264.56	604,357.00	(471,092.44)	22.05%
60020 · Employee Benefits	77,175.20	262,502.00	(185,326.80)	29.4%
60060 · Gas, Oil & Fuel	2,212.04	28,000.00	(25,787.96)	7.9%
60085 · Safety	42.57	2,000.00	(1,957.43)	2.13%
60091 · Software Maint	0.00	25,000.00	(25,000.00)	0.0%
60100 · Operating Supplies	7,792.99	30,000.00	(22,207.01)	25.98%
60150 · Repairs & Maintenance	23,675.48	85,000.00	(61,324.52)	27.85%
60152 · Small Tools	0.00	2,000.00	(2,000.00)	0.0%
60153 · Outside Services	41,557.63	275,000.00	(233,442.37)	15.11%
60192 · Water	1,816.05	8,000.00	(6,183.95)	22.7%
60193 · Telephone	403.18	2,000.00	(1,596.82)	20.16%
60200 · Other(Garbage Coll)	101.58	1,000.00	(898.42)	10.16%
60201 · Permits & Fees	4,735.15	65,000.00	(60,264.85)	7.29%
<b>Total 60000 · COLLECTION SYSTEM</b>	<b>292,776.43</b>	<b>1,389,859.00</b>	<b>(1,097,082.57)</b>	<b>21.07%</b>
<b>61000 · TREATMENT FACILITIES</b>				
<b>61000-0 · Contract Operations</b>				
61000-1 · Fixed Fee	475,199.43	1,957,529.00	(1,482,329.57)	24.28%
61000-2 · Insurance & Bonds	1,899.22	42,570.00	(40,670.78)	4.46%
61000-3 · Major Repair/Replacement	0.00	150,000.00	(150,000.00)	0.0%
61000-4 · Water/Permits/Telephone	22,464.25	90,000.00	(67,535.75)	24.96%
61000-5 · Gas & Electricity	173,355.84	587,400.00	(414,044.16)	29.51%
<b>Total 61000-0 · Contract Operations</b>	<b>672,918.74</b>	<b>2,827,499.00</b>	<b>(2,154,580.26)</b>	<b>23.8%</b>

**Novato Sanitary District**  
**Revenues & Expenditures Budget vs. Actual**  
July through September 2014

	<b>Jul - Sep 14</b>	<b>Budget</b>	<b>\$ Over Budget</b>	<b>% of Budget</b>
<b>63000 · RECLAMATION/DISPOSAL</b>				
63010 · Salaries & Wages	8,815.50	60,549.00	(51,733.50)	14.56%
63020 · Employee Benefits	5,587.21	22,500.00	(16,912.79)	24.83%
63060 · Gasoline & Oil	316.01	4,000.00	(3,683.99)	7.9%
63085 · Safety	0.00	500.00	(500.00)	0.0%
63091 · Software Maintenance	1,508.68	3,100.00	(1,591.32)	48.67%
63100 · Operating Supplies	286.12	2,500.00	(2,213.88)	11.45%
63115 · Sludge Disposal	35,718.78	200,000.00	(164,281.22)	17.86%
63150 · Repairs & Maintenance	16,574.75	70,000.00	(53,425.25)	23.68%
63152 · Small Tools	10.89	500.00	(489.11)	2.18%
63157 · Ditch/Dike Maintenance	2,850.00	20,000.00	(17,150.00)	14.25%
63191 · Gas & Electricity	37,082.88	90,000.00	(52,917.12)	41.2%
63192 · Water - Reclamation	9,679.29	5,000.00	4,679.29	193.59%
63201 · Permits & Fees	2,677.47	6,000.00	(3,322.53)	44.63%
<b>Total 63000 · RECLAMATION/DISPOSAL</b>	<b>121,107.58</b>	<b>484,649.00</b>	<b>(363,541.42)</b>	<b>24.99%</b>
<b>64000 · LABORATORY/MONITORING</b>				
64010 · Salaries & Wages	49,070.33	194,138.00	(145,067.67)	25.28%
64020 · Employee Benefits	17,735.94	72,191.00	(54,455.06)	24.57%
64060 · Gasoline & Oil	237.00	3,000.00	(2,763.00)	7.9%
64085 · Safety	0.00	1,000.00	(1,000.00)	0.0%
64091 · Software Maintenance	900.00	4,000.00	(3,100.00)	22.5%
64100 · Operating Supplies	3,639.68	25,000.00	(21,360.32)	14.56%
64150 · Repairs & Maintenance	1,077.00	9,500.00	(8,423.00)	11.34%
64160 · Research & Monitoring	58,547.21	247,000.00	(188,452.79)	23.7%
64170 · Pollution Prevention/Public Ed	7,175.81	35,000.00	(27,824.19)	20.5%
64201 · Permits & Fees	0.00	3,000.00	(3,000.00)	0.0%
<b>Total 64000 · LABORATORY/MONITORING</b>	<b>138,382.97</b>	<b>593,829.00</b>	<b>(455,446.03)</b>	<b>23.3%</b>
<b>65000 · PUMP STATIONS</b>				
65010 · Salaries & Wages	66,126.35	316,295.00	(250,168.65)	20.91%
65020 · Employee Benefits	36,667.75	137,777.00	(101,109.25)	26.61%
65060 · Gasoline & Oil	395.01	5,000.00	(4,604.99)	7.9%
65085 · Safety Expenses	(41.90)	2,000.00	(2,041.90)	(2.1%)
65091 · Software Maintenance	3,526.83	12,000.00	(8,473.17)	29.39%
65100 · Operating Supplies	2,807.76	10,000.00	(7,192.24)	28.08%
65101 · Operating Chemicals	12,000.00	30,000.00	(18,000.00)	40.0%
65150 · Repairs & Maintenance	25,001.56	115,000.00	(89,998.44)	21.74%
65152 · Small Tools	385.66	1,000.00	(614.34)	38.57%
65153 · Outside Services, Electrical	7,515.40	40,000.00	(32,484.60)	18.79%
65191 · Gas & Electricity	26,700.85	90,000.00	(63,299.15)	29.67%
65192 · Water	1,851.07	7,000.00	(5,148.93)	26.44%
65193 · Telephone	6,441.15	24,000.00	(17,558.85)	26.84%
65201 · Permits & Fees	4,094.71	17,000.00	(12,905.29)	24.09%
<b>Total 65000 · PUMP STATIONS</b>	<b>193,472.20</b>	<b>807,072.00</b>	<b>(613,599.80)</b>	<b>23.97%</b>

**Novato Sanitary District**  
**Revenues & Expenditures Budget vs. Actual**  
July through September 2014

	<b>Jul - Sep 14</b>	<b>Budget</b>	<b>\$ Over Budget</b>	<b>% of Budget</b>
<b>66000 · ADMIN/ENGINEERING</b>				
66010 · Salaries & Wages	215,203.27	983,222.00	(768,018.73)	21.89%
66020 · Employee Benefits	112,749.56	375,733.00	(262,983.44)	30.01%
66021 · Retiree Health Benefits	53,570.46	396,155.00	(342,584.54)	13.52%
66030 · Director's Fees	8,325.00	45,000.00	(36,675.00)	18.5%
66060 · Gasoline & Oil	898.33	10,000.00	(9,101.67)	8.98%
66070 · Insurance	26,537.48	186,000.00	(159,462.52)	14.27%
66071 · Insurance Claim Expense	728.47	45,000.00	(44,271.53)	1.62%
66075 · Agency Dues	22,227.61	60,000.00	(37,772.39)	37.05%
66080 · Memberships	1,726.24	8,500.00	(6,773.76)	20.31%
66085 · Safety	67.90	1,000.00	(932.10)	6.79%
66090 · Office Expense	5,202.98	29,000.00	(23,797.02)	17.94%
66100 · Engineering Supplies	1,675.45	9,000.00	(7,324.55)	18.62%
66121 · Accounting & Auditing	0.00	18,000.00	(18,000.00)	0.0%
66122 · Attorney Fees	12,050.00	120,000.00	(107,950.00)	10.04%
66123 · O/S Contractual	24,822.48	275,000.00	(250,177.52)	9.03%
66124 · IT/Misc Electrical	5,728.34	40,000.00	(34,271.66)	14.32%
66130 · Printing & Publications	7,264.96	22,000.00	(14,735.04)	33.02%
66150 · Repairs & Maintenance	12,251.65	45,000.00	(32,748.35)	27.23%
66170 · Travel, Meetings & Training	14,406.68	70,000.00	(55,593.32)	20.58%
66193 · Telephone	2,341.09	15,000.00	(12,658.91)	15.61%
66202 · County Fees - Property Taxes	0.00	25,000.00	(25,000.00)	0.0%
66203 · County Fees - Sewer Service Chg	0.00	35,000.00	(35,000.00)	0.0%
66250 · Service Charge Sys Exp	0.00	5,000.00	(5,000.00)	0.0%
<b>Total 66000 · ADMIN/ENGINEERING</b>	<b>527,777.95</b>	<b>2,818,610.00</b>	<b>(2,290,832.05)</b>	<b>18.73%</b>
<b>67000 · AB 939 SOLID WASTE PROGRAMS</b>				
67400 · Consulting Services	21,869.38	130,161.00	(108,291.62)	16.8%
67500 · Household Hazardous Waste	34,186.97	164,000.00	(129,813.03)	20.85%
67530 · Used Oil/Beverage Cont Grant	990.00	22,537.00	(21,547.00)	4.39%
67540 · Outreach/Publicity/Education	381.25	37,000.00	(36,618.75)	1.03%
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>57,427.60</b>	<b>368,698.00</b>	<b>(311,270.40)</b>	<b>15.58%</b>
<b>68000 · Recycled Water</b>				
68010 · O & M Services	10,515.00	50,000.00	(39,485.00)	21.03%
68100 · Operating Supplies	0.00	3,000.00	(3,000.00)	0.0%
68101 · Operating Chemicals	8,456.11	34,000.00	(25,543.89)	24.87%
68150 · Repairs & Maintenance	606.18	18,000.00	(17,393.82)	3.37%
68191 · Gas & Electricity	0.00	10,000.00	(10,000.00)	0.0%
68201 · Permits & Fees	0.00	1,000.00	(1,000.00)	0.0%
<b>Total 68000 · Recycled Water</b>	<b>19,577.29</b>	<b>116,000.00</b>	<b>(96,422.71)</b>	<b>16.88%</b>
<b>Total Expense</b>	<b>2,023,440.76</b>	<b>9,406,216.00</b>	<b>(7,382,775.24)</b>	<b>21.51%</b>
<b>Net Income(Loss)</b>	<b>(1,876,816.30)</b>	<b>195,640.00</b>	<b>(2,072,456.30)</b>	<b>(959.32%)</b>

**Novato Sanitary District**  
**Revenues & Expenditures - Capital**  
 July through September 2014

	Jul - Sep 14	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
<b>51000 · CAPITAL IMPROVEMENT INCOME</b>				
51010 · Sewer Service Charges	12,226.26	7,183,200.00	(7,170,973.74)	0.17%
51015 · Property Taxes	657.02	1,750,000.00	(1,749,342.98)	0.04%
51020 · Connection Charges	74,788.28	493,500.00	(418,711.72)	15.16%
51030 · Collector Sewer Charges	0.00	2,000.00	(2,000.00)	0.0%
51040 · Special Equalization Charge	0.00	4,000.00	(4,000.00)	0.0%
51060 · Interest	6,082.93	30,000.00	(23,917.07)	20.28%
51070 · Other Revenue	0.00	20,000.00	(20,000.00)	0.0%
<b>Total 51000 · CAPITAL IMPROVEMENT INCOME</b>	<b>93,754.49</b>	<b>9,482,700.00</b>	<b>(9,388,945.51)</b>	<b>0.99%</b>
<b>Expense</b>				
<b>72000 · CAPITAL IMPROVEMENT PROJECTS</b>				
72110 · Drainage PS 3&7 Outfall Rehab	1,017.53	265,000.00	(263,982.47)	0.38%
72403 · Pump Station Rehabilitation	393,891.92	1,082,185.00	(688,293.08)	36.4%
72508 · N. Bay Water Recycling Auth	343,005.00	355,000.00	(11,995.00)	96.62%
72609 · WWTP Upgrade - Contract B	8,224.87	45,000.00	(36,775.13)	18.28%
72706 · Collection System Improv				
72706-1 · Lateral Replacement Program	950.00	50,000.00	(49,050.00)	1.9%
72706 · Collection System Improv - Other	4,320.36	1,600,000.00	(1,595,679.64)	0.27%
<b>Total 72706 · Collection System Improv</b>	<b>5,270.36</b>	<b>1,650,000.00</b>	<b>(1,644,729.64)</b>	<b>0.32%</b>
72707 · Hamilton Wetlands/Outfall Monit	10,771.37	36,542.00	(25,770.63)	29.48%
72708 · Cogeneration	0.00	40,000.00	(40,000.00)	0.0%
72802 · Annual Sewer Adj. for City Proj	0.00	10,000.00	(10,000.00)	0.0%
72803 · Annual Collection Sys Repairs	14,516.30	200,000.00	(185,483.70)	7.26%
72804 · Annual Reclamation Fac Imp	850.63	150,000.00	(149,149.37)	0.57%
72805 · Annual Trtmt Plnt/Pump St Impr	42,212.82	200,000.00	(157,787.18)	21.11%
72809 · Novato Creek Watershed	0.00	50,000.00	(50,000.00)	0.0%
73001 · WWTP Upgrade - Contract C	130,213.47	461,396.00	(331,182.53)	28.22%
73002 · Recycled Water - Cont D	900.00	10,000.00	(9,100.00)	9.0%
73003 · Admin Bldg/Maint.Bldg Upgrades	26,182.84	1,000,000.00	(973,817.16)	2.62%
73090 · Vehicle Replacement	153,098.65	180,000.00	(26,901.35)	85.06%
78500 · Interest - Capital Projects	418,398.75	2,621,583.00	(2,203,184.25)	15.96%
78501 · Principal - Capital Projects	0.00	4,449,171.00	(4,449,171.00)	0.0%
<b>Total 72000·CAPITAL IMPROVEMENT PROJECTS</b>	<b>1,548,554.51</b>	<b>12,805,877.00</b>	<b>(11,257,322.49)</b>	<b>12.09%</b>
<b>Total Expense</b>	<b>1,548,554.51</b>	<b>12,805,877.00</b>	<b>(11,257,322.49)</b>	<b>12.09%</b>
<b>Net Income(Loss)</b>	<b>(1,454,800.02)</b>	<b>(3,323,177.00)</b>	<b>1,868,376.98</b>	<b>43.78%</b>

**Novato Sanitary District  
State Revolving Fund Loan Payable  
and  
COP Bond Payable Balances**

**2.0 DEBT SERVICE SCHEDULE**

**State Revolving Fund Loan**

<b>SRF Loan Payable 6/30/14</b> .....	74,366,046
Principal Payment 2014-15	
Interest payments 2014-15	
<b>SRF Loan Payable Balance 9/30/14</b> .....	<b>74,366,046</b>

**COP Bond Financing Issued October 2011**

<b>COP Payable Balance 6/30/14</b> .....	20,120,000
Principal Payment 2014-15	
Interest payments 2014-15	418,399 (418,399)
<b>COP Payable Balance 9/30/14</b> .....	<b>20,120,000</b>

Note: Principal payment for SRF Loan Payable due December 2014.  
Principal and Interest payment for COP Bond Payable due in February 2015.

**3.0 OPERATING AND CAPITAL CASH FLOW**

**Operating:**

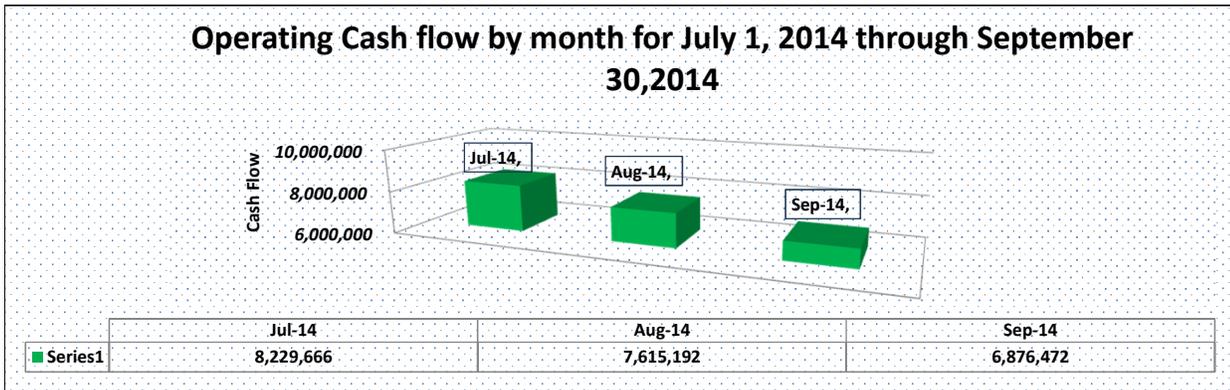
Cash Flow Projection For Novato Sanitary District

July 1, 2014 - September 30, 2014

Dated: November 4, 2014

Month Earned	Operating Revenue	Monthly Operating Expenditures	Cash Balance
Jul-14	75,188	598,811	8,753,289
Aug-14	43,615	658,089	8,229,666
Sep-14	27,821	766,541	7,615,192
	146,624	2,023,441	6,876,472

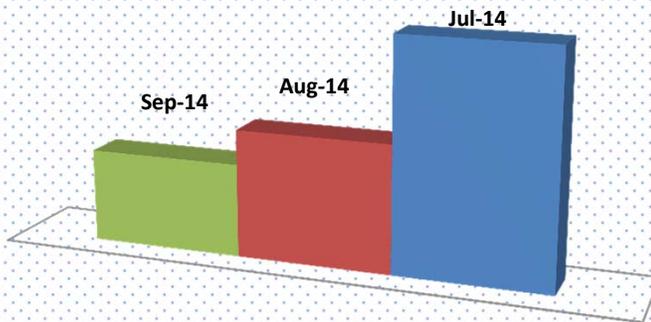
Note: Cash balances at year end split 55/45 - Operating/Capital based on split of sewer service charges.



**Capital:  
Cash Flow Projection For Novato Sanitary District  
July 1, 2014 - September 30, 2014  
Dated: November 4, 2014**

Month Earned	Monthly Operating Expenditures	Debt Service	Capital Revenue		Cash Balance
Jul-14	515,394	418,399	10,270		11,212,735
Aug-14	448,723		50,479		10,289,212
Sep-14	166,038		33,005		9,890,968
	1,130,155	418,399	93,754		9,757,935

**Capital Cash Flow by Month for July 1, 2014 through September 30, 2014**



	July to Sept 14
■ Jul-14	10,289,212
■ Aug-14	9,890,968
■ Sep-14	9,757,935

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Solid Waste Rates: Setting Maximum Rates for Calendar Year (CY) 2015.</b>	<b>MEETING DATE: November 10, 2014</b>  <b>AGENDA ITEM NO.: 6.a. &amp; f.</b>
<b>RECOMMENDED ACTION:</b> Receive staff report, and consider adopting a Resolution setting CY2015 maximum allowable rates for refuse collection and disposal services.	
<b>SUMMARY AND DISCUSSION:</b>  <p>At its October 27, 2014 meeting, the District Board reviewed the following: (a) A Calendar Year (CY) 2015 rate adjustment request by Novato Disposal Service (NDS); (b) A report by the District's consultant, R3 Consulting (of Sacramento) that analyzed the NDS request; and (c) A staff report with a recommendation for an overall solid waste rate adjustment of 3.00% comprised of a Refuse Rate Index (RRI) adjustment of +1.94% and an account migration adjustment of +1.06%.</p> <p>A copy of the staff report from the October 27, 2014 meeting is included herein for reference.</p> <p>Previously, at its October 13, 2014 meeting the Board had also set the date for a public hearing on the CY2015 maximum allowable rates, for its November 10, 2014 meeting. Notices of the proposed rate increase and hearing were published in the Marin IJ on October 14, 2014, and October 22, 2014.</p> <p>As shown in the attached Table A, 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 CY2015 rates are adopted. A broader comparison is also provided in the October 27, 2014 staff report, (see table titled "RESIDENTIAL &amp; COMMERCIAL COLLECTION RATES – JULY 2014, RATE COMPARISON WITH OTHER AGENCIES"). This latter table indicates that: (a) Novato has lower rates with comparable Marin agencies, and (b) In Sonoma county, Santa Rosa and Petaluma do have lower residential rates, but these are offset by higher commercial rates.</p> <p>It is recommended that the Board adopt the attached Resolution setting CY2015 maximum allowable rates for refuse collection and disposal services.</p>	
<b>ALTERNATIVES: NA</b>	
<b>BUDGET INFORMATION:</b> No impact to District budget.	
<b>DEPT. MGR.:</b>	<b>MANAGER-ENGINEER:</b>

**Table A: Comparison of 2014 Solid Waste Rates, Marin County only**

	<b>Agency/Area</b>	<b>Residential rate, 32 gal can</b>
<b>1.</b>	<b>a. Novato (2014)</b>	<b>\$18.52</b>
	<b>b. Novato (2015 - proposed)</b>	<b>\$19.08</b>
2.	Almonte	\$26.20
<b>3.</b>	<b>Las Gallinas (unincorporated)</b>	<b>\$27.26</b>
4.	Homestead	\$29.47
5.	Richardson Bay	\$32.20
6.	Strawberry	\$30.55
7.	Ross	\$29.82
<b>8.</b>	<b>San Rafael (level)</b>	<b>\$31.19</b>
<b>9.</b>	<b>Fairfax (level)</b>	<b>\$29.09</b>
<b>10.</b>	<b>Corte Madera (level)</b>	<b>\$31.93</b>
11.	Ross Valley South	\$32.32
12.	Baker and Cronkite	\$32.20
13.	Tamalpais CSD	\$32.13
14.	<b>San Anselmo</b>	<b>\$33.71</b>
<b>15.</b>	<b>Larkspur (level)</b>	<b>\$34.26</b>
<b>16.</b>	Ross Valley North Oak Manor	\$34.87
17.	<b>Sausalito</b>	<b>\$36.90</b>
<b>18.</b>	Alto	\$36.54
19.	County #2	\$37.18
20.	Ross Valley North Sleepy Hollow	\$36.40
21.	County #1	\$38.09
22.	<b>Tiburon (level)</b>	<b>\$37.85</b>
<b>23.</b>	Belvedere	\$39.94
24.	County #3	\$44.86
25.	County #4	\$46.84
26.	<b>Mill Valley (level)</b>	<b>\$39.70</b>

**NOVATO SANITARY DISTRICT  
BOARD AGENDA ITEM SUMMARY**

<b>TITLE: Solid Waste: CY2015 Solid Waste Rate Adjustment.</b>	<b>MEETING DATE: October 27, 2014</b>
	<b>AGENDA ITEM NO.: 6.b.</b>

**RECOMMENDED ACTION:** Receive report on Calendar Year (CY) 2015 solid waste rate adjustments, and consider staff recommendation.

**SUMMARY AND DISCUSSION:**

The District's Franchise Agreement with Novato Disposal Service (NDS) provides for an annual rate adjustment. NDS submitted its calendar year (CY) 2015 rate request on September 2, 2014. Pursuant to the Franchise Agreement (Section 6.3.2), the Manager-Engineer deemed the September 2, 2014 submittal timely because September 1, 2014 was a legal holiday.

The District retained R3 Consulting Group, Inc. (R3) of Sacramento to assist with the rate review by preparing its own independent opinion on NDS's proposed rate adjustment for CY 2015. NDS also requested consideration of an adjustment to account for revenue losses related to account migration. The attached Solid Waste Committee meeting packet includes these materials.

The following table summarizes the proposed and recommended adjustments for CY 2015.

Item	Adjustment	NDS Request	R3 Opinion	Staff Recommendation
a.	Refuse Rate Index (RRI) Adjustment	+1.95%	+1.94%	+1.94%
b.	Account Migration Adjustment	+2.46%	+1.85%	+1.06%
	<b>TOTAL ADJUSTMENTS</b>	<b>+4.41%</b>		<b>+3.00%</b>
c.	Funding Source for Account Migration	-2.46% offset from Balancing Account	No Opinion	+1.06% from Rate Adjustment
	<b>TOTAL RATE ADJUSTMENT</b>	<b>1.95%</b>		<b>+3.00%</b>

- a. NDS requested an RRI of +1.95%, which R3 determined should be +1.94%. NDS concurs with this calculation.
- b. NDS further requested an additional adjustment of +2.46% to address the revenue impacts of account migration to smaller carts. R3 calculated the value of the additional adjustment at +1.85%. District staff negotiated an amount of +1.06% for the account migration for a total recommended rate adjustment of +3.00% for CY 2015.
- c. NDS had suggested using funds from the Recycling Materials Balancing Account (Exhibit 7 of the Franchise Agreement included as Attachment 5 in the Solid Waste Committee Report) to offset its request for the account migration adjustment. District staff rejected that suggestion because of the lack of an appropriate nexus between recycling revenue and account migration. Instead, District staff recommends a rate adjustment of +1.06% for a total CY 2015 rate adjustment of +3.00%. NDS concurs with that recommendation.

Note that the requested increase for cart migration is not automatic and could be rejected. The Franchise Agreement includes a full rate review option which would address the migration issue, along with other costs and revenue issues. Staff is not recommending a full rate review at this time

**NOVATO SANITARY DISTRICT  
BOARD AGENDA ITEM SUMMARY**

<b>TITLE: Solid Waste: CY2015 Solid Waste Rate Adjustment</b>	<b>MEETING DATE: October 27, 2014</b> <b>AGENDA ITEM NO.: 6.b. (continued)</b>
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given the small amount of the increase. The overall rate structure continues to be competitive with the market.

The Solid Waste Committee, at its October 21, 2014 meeting, considered District staff's recommendation. After discussion, the Committee forwarded the request without recommendation to the full Board of Directors for its consideration at the October 27, 2014 meeting.

The language of the Franchise Agreement does not exclude rate adjustments other than the RRI adjustment. The proposed rate adjustment of +3.00% for CY 2015 provides acknowledgement of the account migration impact and avoids the time and expense of a detailed rate review.

Additional materials included with this item are: (1) A history of NDS solid waste rate increases from 2005 through 2014; (2) A July 2014 rate comparison with other local agencies; and (3) The impact of the proposed +3.00% rate increase on NDS customer classes.

Staff recommends an overall CY 2015 solid waste rate adjustment of +3.00% comprised of an RRI adjustment of +1.94% and an account migration adjustment of +1.06%.

<b>DEPT. MGR.:</b>	<b>MANAGER-ENGINEER:</b>
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NOVATO SANITARY DISTRICT

HISTORY OF NOVATO DISPOSAL SERVICE SOLID WASTE RATE INCREASES –  
2005 - 2014

Date	Increase	Reason
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 RRI
January 1, 2011	3.34%	Annual adjustment based on changes in RRI
2010	None	
January 1, 2009	8.00%	Annual adjustment based on changes in 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 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 1: RESIDENTIAL & COMMERCIAL COLLECTION RATES – JULY 2014  
RATE COMPARISON WITH OTHER AGENCIES

Agency	Franchise Fee, %	Type	Residential 32 gal can/wk (1) (2)	20 yd Debris Box	2 yd Bin Weekly Dump Monthly fee	3 yd Bin 1/wk
Corte Madera	20	Level Hill	31.93 34.35	540.00	298.58	
Fairfax	10	Level Hill	29.09 33.98	583.00 (5) 25 yd box	285.90	400.95
Larkspur	10	Level Hill	34.26 36.90	583.00 (5) 25 yd box	334.32	436.84
Las Gallinas (County/Novato Portion – City now included in San Rafael)	\$25,000		27.26	583.00 (5) 25 yd box	n/a	394.92
Mill Valley	17 + 3 road impact	Level Hill	39.70 45.54	519.00 (4T)	351.73	
Petaluma	\$500,000+ \$250,000 road impact		16.10 35 gl	610.00 (4T)	280.95	375.92
San Anselmo	10		33.71	583.00 (5) 25 yd box	384.10	553.23
San Rafael	10	Level Hill	31.19 35.33	583.00 (5) 25 yd box	296.00	385.27
Santa Rosa	11		12.79	610.00 (5) (4T)	259.44	316.76
Sausalito	15		36.90	526.00	291.90	
Tiburon	14	Level Hill	37.85 37.85	541.00	360.33	
<b>Novato: 2014</b>	<b>\$48,649</b> (adjusts with CPI)		<b>18.52 (32 gal)</b>	<b>522.82</b> <b>(3T)</b>	<b>191.32</b>	<b>241.32</b>

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 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. Debris Box rates are not included in the Franchise. Petaluma and Santa Rosa rates are \$150 haul fee plus \$115 each ton.
6. Novato rates include food waste composting and 4 clean-ups/yr.

**TABLE 1  
REFUSE COLLECTION RATES**

*(estimated 3% increase)*

RATE CLASSIFICATION	Maximum Monthly Fees <u>Effective 1/1/12</u>	Maximum Monthly Fees <u>Effective 1/1/14</u>	Maximum Monthly Fees <u>Effective 1/1/15</u>
<b>Single Family residential:</b>			
1 20 Gal. can collected weekly	\$11.39	\$11.58	\$11.92
1 32 Gal. can collected weekly	\$18.22	\$18.52	\$19.07
1 68 Gal. can collected weekly	\$36.43	\$37.02	\$38.13
1 95 Gal. can collected weekly	\$54.66	\$55.55	\$57.22
Special Trips - Can not set out	\$11.36	\$11.55	\$11.89
Special Rate - Containers more than 50 feet from street (each 50 feet)	\$5.25	\$5.34	\$5.50
Extra Pickups	\$5.59	\$5.68	\$5.85
Additional 95 gl. Green Waste Carts after 2	\$17.34	\$17.62	\$18.15
<b>Multi-family, mobile home parks, commercial/industrial:</b>			
<u>32 Gallon</u>			
1 x week	\$19.74	\$20.06	\$20.66
2 x week	\$42.10	\$42.79	\$44.07
3 x week	\$64.39	\$65.44	\$67.40
6 x week	\$131.36	\$133.50	\$137.51
<u>68 Gallon</u>			
1 x week	\$37.88	\$38.50	\$39.65
2 x week	\$80.76	\$82.08	\$84.54
3 x week	\$123.50	\$125.51	\$129.28
6 x week	\$251.96	\$256.07	\$263.75
<u>95 Gallon</u>			
1 x week	\$56.82	\$57.75	\$59.48
2 x week	\$121.13	\$123.10	\$126.80
3 x week	\$185.24	\$188.26	\$193.91
6 x week	\$377.95	\$384.11	\$395.63
Extra Pickups	\$5.59	\$5.68	\$5.85
<b>Debris Box Service:</b>			
<u>2 Cu. Yd. Containers</u>			
1 x week	\$188.25	\$191.32	\$197.06
2 x week	\$330.41	\$335.80	\$345.87
3 x week	\$472.53	\$480.23	\$494.64
4 x week	\$614.59	\$624.61	\$643.35
5 x week	\$756.68	\$769.01	\$792.08
6 x week	\$898.75	\$913.40	\$940.80
The above rates include an allowance for container rental as follows:	\$46.18	\$46.93	\$48.34
Extra Pickups	\$51.40	\$52.24	\$53.80

RATE CLASSIFICATION	Maximum Monthly Fees	Maximum Monthly Fees	(estimated 3% increase) Maximum Monthly Fees
	Effective 1/1/12	Effective 1/1/14	Effective 1/1/15
<u>3 Cu. Yd. Containers</u>			
1 x week	\$237.45	\$241.32	\$248.56
2 x week	\$413.20	\$419.94	\$432.53
3 x week	\$589.18	\$598.78	\$616.75
4 x week	\$764.92	\$777.39	\$800.71
5 x week	\$940.85	\$956.19	\$984.87
6 x week	\$1,116.66	\$1,134.86	\$1,168.91
The above rates include an allowance for container rental as follows:	\$61.64	\$62.64	\$64.52
Extra Pickups	\$51.40	\$52.24	\$53.80
<u>4 Cu. Yd. Containers</u>			
1 x week	\$309.16	\$314.20	\$323.63
2 x week	\$542.39	\$551.23	\$567.77
3 x week	\$775.75	\$788.39	\$812.05
4 x week	\$1,008.97	\$1,025.42	\$1,056.18
5 x week	\$1,242.30	\$1,262.55	\$1,300.43
6 x week	\$1,475.57	\$1,499.62	\$1,544.61
The above rates include an allowance for container rental as follows:	\$61.64	\$62.64	\$64.52
Extra Pickups	\$61.64	\$62.64	\$64.52
<u>6 Cu. Yd. Containers</u>			
1 x week	\$452.57	\$459.95	\$473.75
2 x week	\$800.76	\$813.81	\$838.23
3 x week	\$1,148.91	\$1,167.64	\$1,202.67
4 x week	\$1,497.03	\$1,521.43	\$1,567.07
5 x week	\$1,845.21	\$1,875.29	\$1,931.55
6 x week	\$2,193.37	\$2,229.12	\$2,296.00
The above rates include an allowance for container rental as follows:	\$61.64	\$62.64	\$64.52
Extra Pickups	\$102.79	\$104.47	\$107.60
<u>15 Cu. Yd. Containers</u>			
1 x week	\$1,984.96	\$2,017.31	\$2,077.83
2 x week	\$3,974.50	\$4,039.28	\$4,160.46
3 x week	\$5,959.46	\$6,056.60	\$6,238.30
The above rates include an allowance for container rental as follows:	\$61.64	\$62.64	\$64.52
Extra Pickups	\$458.42	\$465.89	\$479.87

<u>RATE CLASSIFICATION</u>	Maximum Monthly Fees <u>Effective 1/1/12</u>	Maximum Monthly Fees <u>Effective 1/1/14</u>	(estimated 3% increase) Maximum Monthly Fees <u>Effective 1/1/15</u>
<b>Cleanup Bins:</b>			
3 yd. - 2 days	\$165.93	\$168.63	\$173.69
3 yd. - weekend	\$165.93	\$168.63	\$173.69
6 yd. - 2 days	\$279.75	\$284.31	\$292.84
6 yd. - weekend	\$279.75	\$284.31	\$292.84
15 - yd. up to 3 T - one week	\$458.42	\$465.89	\$479.87
20 yd. up to 3 T - one week	\$514.43	\$522.82	\$538.50
30 yd. up to 4 T - one week	\$858.40	\$872.39	\$898.56
Additional/ton charge for cleanup bins	\$55.55	\$56.46	\$58.15
Occasional or irregular collections per 5 cubic feet	\$5.59	\$5.68	\$5.85
Special collections other than debris box - plus regular rate	\$23.67	\$24.06	\$24.78
Special collections for debris boxes - plus regular rate	\$51.43	\$52.27	\$53.84
Monthly charge for special collection conditions	\$11.15	\$11.33	\$11.67

**RESOLUTION NO. 3080**

**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 15<sup>th</sup> and October 22<sup>nd</sup>, 2014, in the Marin Independent Journal; and

**WHEREAS**, the District held a Public Hearing at 6:00 P.M. on November 10, 2014 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; (b) an additional rate adjustment to account for customer service level migration to smaller cart sizes, as recommended and encouraged by the District as part of the Countywide Zero Waste goals, and referenced in Exhibit 4 of the March 2011 Franchise Agreement, is also justified and appropriate as customers increase their waste reduction as a result of single stream recycling; and (c) 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, 2015, 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 10<sup>th</sup> day of November, 2014, by the following vote:

AYES, and in favor thereof, Members:            Butler, Long, Mariani, Miller, Peters

NOES, Members:                                    None

ABSENT, Members:                                None

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

ATTEST:

(SEAL)

\_\_\_\_\_  
Secretary

**TABLE 1**  
**REFUSE COLLECTION RATES**

<u>RATE CLASSIFICATION</u>	Maximum Monthly Fees <u>Effective 1/1/14</u>	(estimated 3% incr.) Maximum Monthly Fees <u>Effective 1/1/15</u>
<b>Single Family residential:</b>		
1 20 Gal. can collected weekly	\$11.58	\$11.93
1 32 Gal. can collected weekly	\$18.52	\$19.08
1 68 Gal. can collected weekly	\$37.02	\$38.13
1 95 Gal. can collected weekly	\$55.55	\$57.22
Special Trips - Can not set out	\$11.55	\$11.90
Special Rate - Containers more than 50 feet from street (each 50 feet)	\$5.34	\$5.50
Extra Pickups	\$5.68	\$5.85
Additional 95 gl. Green Waste Carts after 2	\$17.62	\$18.15
<b>Multi-family, mobile home parks, commercial/industrial:</b>		
<u>32 Gallon</u>		
1 x week	\$20.06	\$20.66
2 x week	\$42.79	\$44.07
3 x week	\$65.44	\$67.40
6 x week	\$133.50	\$137.51
<u>68 Gallon</u>		
1 x week	\$38.50	\$39.66
2 x week	\$82.08	\$84.54
3 x week	\$125.51	\$129.28
6 x week	\$256.07	\$263.75
<u>95 Gallon</u>		
1 x week	\$57.75	\$59.48
2 x week	\$123.10	\$126.79
3 x week	\$188.26	\$193.91
6 x week	\$384.11	\$395.63
Extra Pickups	\$5.68	\$5.85
<b>Debris Box Service:</b>		
<u>2 Cu. Yd. Containers</u>		
1 x week	\$191.32	\$197.06
2 x week	\$335.80	\$345.87
3 x week	\$480.23	\$494.64
4 x week	\$624.61	\$643.35
5 x week	\$769.01	\$792.08
6 x week	\$913.40	\$940.80
The above rates include an allowance for container rental as follows:	\$46.93	\$48.34
Extra Pickups	\$52.24	\$53.81

RATE CLASSIFICATION	Maximum Monthly Fees	(estimated 3% incr.) Maximum Monthly Fees
	Effective 1/1/14	Effective 1/1/15
<u>3 Cu. Yd. Containers</u>		
1 x week	\$241.32	\$248.56
2 x week	\$419.94	\$432.54
3 x week	\$598.78	\$616.74
4 x week	\$777.39	\$800.71
5 x week	\$956.19	\$984.88
6 x week	\$1,134.86	\$1,168.91
The above rates include an allowance for container rental as follows:	\$62.64	\$64.52
Extra Pickups	\$52.24	\$53.81
<u>4 Cu. Yd. Containers</u>		
1 x week	\$314.20	\$323.63
2 x week	\$551.23	\$567.77
3 x week	\$788.39	\$812.04
4 x week	\$1,025.42	\$1,056.18
5 x week	\$1,262.55	\$1,300.43
6 x week	\$1,499.62	\$1,544.61
The above rates include an allowance for container rental as follows:	\$62.64	\$64.52
Extra Pickups	\$62.64	\$64.52
<u>6 Cu. Yd. Containers</u>		
1 x week	\$459.95	\$473.75
2 x week	\$813.81	\$838.22
3 x week	\$1,167.64	\$1,202.67
4 x week	\$1,521.43	\$1,567.07
5 x week	\$1,875.29	\$1,931.55
6 x week	\$2,229.12	\$2,295.99
The above rates include an allowance for container rental as follows:	\$62.64	\$64.52
Extra Pickups	\$104.47	\$107.60
<u>15 Cu. Yd. Containers</u>		
1 x week	\$2,017.31	\$2,077.83
2 x week	\$4,039.28	\$4,160.46
3 x week	\$6,056.60	\$6,238.30
The above rates include an allowance for container rental as follows:	\$62.64	\$64.52
Extra Pickups	\$465.89	\$479.87

<u>RATE CLASSIFICATION</u>	Maximum Monthly Fees	(estimated 3% incr.) Maximum Monthly Fees
	<u>Effective 1/1/14</u>	<u>Effective 1/1/15</u>
<b>Cleanup Bins:</b>		
3 yd. - 2 days	\$168.63	\$173.69
3 yd. - weekend	\$168.63	\$173.69
6 yd. - 2 days	\$284.31	\$292.84
6 yd. - weekend	\$284.31	\$292.84
15 - yd. up to 3 T - one week	\$465.89	\$479.87
20 yd. up to 3 T - one week	\$522.82	\$538.50
30 yd. up to 4 T - one week	\$872.39	\$898.56
Additional/ton charge for cleanup bins	\$56.46	\$58.15
Occasional or irregular collections per 5 cubic feet	\$5.68	\$5.85
Special collections other than debris box - plus regular rate	\$24.06	\$24.78
Special collections for debris boxes - plus regular rate	\$52.27	\$53.84
Monthly charge for special collection conditions	\$11.33	\$11.67

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Administration: Add Roth Component to the District's 457(b) Deferred Compensation Plan with Lincoln Financial Group.</b>	<b>MEETING DATE: November 10, 2014</b>  <b>AGENDA ITEM NO.: 7.a.</b>
<b>RECOMMENDED ACTION: Adopt a Resolution Amending the District's Deferred Compensation Plan Agreement with Lincoln Financial Group to Include Roth 457 Contributions, and Authorize Manager-Engineer to Execute the Amendment.</b>	
<b>SUMMARY AND DISCUSSION:</b>  <p>In 1992 the District authorized the establishment of an IRS Section 457 Deferred Compensation Plan for District employees, administered by Lincoln Financial Group. The 457 Plan allows employees to make voluntary contributions to tax-deferred retirement accounts through direct payroll deductions. There is no District participation in the 457 Plan.</p> <p>Since the Deferred Compensation Plan was established, federal law has made it possible for Lincoln Financial Group to allow participants to make after-tax "Roth" contributions to their existing accounts. Employees enrolled in the 457 Deferred Compensation Plan may now choose to contribute both on a pre-tax and post-tax basis to their 457 account. Total annual contribution limits will remain the same. Adding this new option to the District's existing 457 Deferred Compensation Plan provides additional choices to employees and does not require any expenditure by the District except for a one-time \$100 administrative fee to Lincoln Financial Group.</p>	
<b>ALTERNATIVES:</b> Do not adopt resolution.	
<b>BUDGET INFORMATION:</b> A one-time \$100 administrative fee charged to Account No. 66020 – Employee Benefits.	
<b>DEPT. MGR.:</b> lc, ssk	<b>MANAGER-ENGINEER:</b>

**RESOLUTION NO. 3081**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NOVATO SANITARY DISTRICT,  
MODIFYING THE DISTRICT'S EXISTING 457(b) DEFERRED COMPENSATION PLAN  
WITH LINCOLN FINANCIAL GROUP  
TO INCLUDE ROTH 457 CONTRIBUTIONS**

**WHEREAS**, on January 28, 1992, the Board of Directors of the Novato Sanitary District adopted a 457(b) Deferred Compensation Agreement with Lincoln Financial Group which established an IRS Section 457 Deferred Compensation Plan ("Plan") for District employees. The Plan allowed District employees to make voluntary contributions to tax-deferred retirement funds through direct payroll deductions; and

**WHEREAS**, since this Plan was established, Lincoln Financial Group allows participants to make after-tax Roth contributions to their existing accounts according to new provisions by the federal government; and

**WHEREAS**, Novato Sanitary District would like to make this option available to its employees

**NOW, THEREFORE, BE IT RESOLVED** that Novato Sanitary District amends and restates the Novato Sanitary District's Deferred Compensation Agreement pursuant to Section 457(b) of the Internal Revenue Code to reflect Roth provisions, effective November 1, 2014, and authorizes the District Manager-Engineer to execute said agreement on behalf of Novato Sanitary District.

\* \* \* \* \*

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 10<sup>th</sup> day of November, 2014, by the following vote:

AYES, and in favor thereof, Members:            Butler, Long, Mariani, Miller, Peters

NOES, Members:                                    None

ABSENT, Members:                                None

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

ATTEST:

\_\_\_\_\_  
Secretary

# San Juan water board shows pitfalls of special districts

BY BRUCE MAIMAN - SPECIAL TO THE BEE

10/29/2014 San Juan water board shows pitfalls of special districts | The Sacramento Bee  
<http://www.sacbee.com/opinion/op-ed/bruce-maiman/article3407295.html#/tabPane=tabs-667eea02-1 2/4>

10/27/2014 5:00 PM | Updated: 10/28/2014 12:00 AM

Ever see the film “Rashomon”? It’s the story of an incident told through the eyes of four different people. Their stories don’t match. Such seems the case with the ugly San Juan Water District election.

In interviews with nearly a dozen officials, accounts included claims of questionable financing, incivility, illegalities, cover-ups and Chicago-style politics.

San Juan serves more than 265,000 people in suburban Sacramento, and also supplies water wholesale to separate water districts in Citrus Heights, Fair Oaks, Orangevale and Granite Bay. Its operating budget is around \$15 million a year, yet it is \$42 million in debt.

According to the state Controller’s Office, the district has 46 full-time employees whose salaries average around \$100,000 each. Total wages from 2009 to 2012 increased by \$955,233, even with one fewer staffer. San Juan raised its rates by 51 percent over the last decade, with plans for annual increases of 5 percent or more through 2020.

That’s troubling for the districts that depend on San Juan for their water while trying to keep costs down for their own ratepayers. “They have a way of doing business that we disagree with,” Fair Oaks Water board President Lonny Gossett said.

Three San Juan board seats are up for grabs on Nov. 4. When board president Bob Walters sought an endorsement from Fair Oaks Water District General Manager Tom Gray, he refused. “I told him, ‘It’s not personal, but I just don’t believe in how you guys are running the district,’” said Gray, who lives in the district and pays San Juan rates.

An email from San Juan board member Pam Tobin followed, accusing Gray of “campaigning against San Juan with your own slate to further your agenda. ... There are rules about that. ... Be careful!”

Gray and Fair Oaks board members viewed that as a threat and presented their concern in a formal letter at a San Juan board meeting on Sept. 24. When Gossett tried to address the letter during public comment, San Juan board member Ted Costa held the letter over a trash can and yelled, “This is a piece of crap we’re just going to throw in the garbage.”

“Ted was out of control,” Fair Oaks board member Dave Underwood told me. “Grown-ups can disagree, but this was beyond that.”

At a follow-up meeting with San Juan’s legal affairs committee on Oct. 14, Gray recalls: “As soon as I walk in the door. Ted Costa looks at me and says, ‘What the hell are you doing here?’” Costa “then went on a five-minute tirade, belittling me, using foul language,” Gray says.

Costa admits to his “outbursts” and language, but won’t apologize because he believes Gray is violating election law. “If I know someone is violating the law, then I should tell ’em about it,” he said.

Sorry, but not in such a disrespectful manner, not under any circumstances.

Walters claims he tried to calm Costa down at each meeting, but Fair Oaks board members say he remained silent, allowing the rants to continue. Though Gray requested the tirade toward him be put in the meeting minutes verbatim, it wasn’t. “Not one word,” Gray said.

“We weren’t taping it,” San Juan general manager Shauna Lorance said. “I had to go back by memory, so it was put in that there was an ‘outburst.’”

Tobin says the district used to record meetings, but the process became “cumbersome.” “You look at anybody’s board minute meetings ... there are no recordings,” she said.

Actually, the neighboring Sacramento Suburban Water District records its meetings, available to the public for six months. Interestingly, both Tobin and Walters requested I send each a transcript and recording of our interviews. I agreed.

Tobin went so far as to file a complaint against Gray with the state Fair Political Practices Commission. She wouldn't comment on it, but I've seen it. It looks weak. Gray insists he's done nothing wrong, "but if I have, I will own it."

Such complaints typically spike during election season. Tobin filed similar complaints in 2012, all dismissed, said Dave Peterson, the San Juan board member who first contacted me. He's not seeking re-election, frustrated by his board's behavior.

There's a bigger problem here. Many water districts and other special districts are so small that impropriety of any sort often goes undetected. The media lacks the manpower to cover them; voters haven't enough interest to follow them. Even if they did, transcripts are lacking, audio is missing and accountability becomes difficult.

The result: countless clusters of calcified governance that can become little fiefdoms for those in power. And there are more than 5,000 such agencies in California. This week, the Controller's Office will release an audit report on four of them.

San Juan isn't one of them. Yet.

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