

# NOVATO SANITARY DISTRICT

Meeting Date: June 11, 2012

**The Board of Directors of Novato Sanitary District will hold a regular meeting at 6:30 p.m., Monday, June 11, 2012, 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. PUBLIC HEARING PURSUANT TO ARTICLE 13(D) OF THE CALIFORNIA CONSTITUTION – INCREASED SEWER SERVICE CHARGES:**

- a. Staff report
- b. Open hearing
- c. Receive public comments
- d. Receive and tally written protests
- e. Close hearing

- 5. REVIEW OF MINUTES:**

- a. Consider approval of minutes of the May 29, 2012 meeting.

- 6. CONSENT CALENDAR:**

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

- a. Consider approval of proposal from DLJ Associates to provide consulting services for the 2012-13 fiscal year.
- b. Approve regular disbursements.
- c. Review Accounts Receivable Report.

**7. BUDGET:**

- a. Presentation of Preliminary Budget for fiscal year 2012-13.
- b. Approve revised schedule for approval of 2012-13 Preliminary and Final Budget, Appropriation Limit, and Sewer Service Charges.

**8. SEWER SERVICE CHARGES:**

- a. Set public hearing for July 9, 2012 for public hearing on individual sewer service charges and adoption of resolution confirming report on sewer service charges.

**9. ANNUAL COLLECTION SYSTEM REPAIRS PROJECT 72803:**

- a. Review bids received, consider accepting the lowest responsive bid and authorizing the Manager-Engineer to execute a Contract with WR Forde & Associates for the Group 2 Sewer Repairs.

**10. COLLECTION SYSTEM IMPROVEMENTS PROJECT 72706:**

- a. Consider approval of proposal for engineering design services from Nute Engineering and authorize the Manager-Engineer to execute a contract.

**11. WASTEWATER TREATMENT PLANT UPGRADE PROJECT 73002:**

- a. Consider approval of a proposal to prepare an Operations and Maintenance Manual and Operations Plan for the Recycled Water Treatment Facility.
- b. Consider adopting resolution approving the District Labor Compliance Program for the Recycled Water Project.
- c. Consider approval of a letter of support for AB 2398: Recycled Water Act of 2012.

**12. STAFF REPORTS:**

- a. Comprehensive Annual Financial Report Award.

**13. BOARD MEMBER REPORTS:**

**14. MANAGER'S ANNOUNCEMENTS:**

**15. ADJOURNMENT:**

Next resolution no. 3045

**Next regular meeting date: Monday, June 25, 2012, 6:30 PM at the Novato Sanitary District office, 500 Davidson Street, Novato, CA**

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

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE:</b> Public Hearing: Staff report	<b>MEETING DATE:</b> June 11, 2012  <b>AGENDA ITEM NO.:</b> 4a
<b>RECOMMENDED ACTION:</b> No action	
<b>SUMMARY AND DISCUSSION:</b>	
<p>Novato Sanitary District did not have a rate increase in either the 2010-11 or 2011-12 fiscal year. At their March 12<sup>th</sup> meeting the Board of Directors reviewed the updated financing plan prepared by Bartle Wells Associates. This plan analyzed the operating and capital expenditures projected for the next four years and recommended a staged four-year series of moderate rate increases. A copy of the report is attached.</p> <p>At the March 26<sup>th</sup> meeting the Board set the date for the Public Hearing for June 11, 2012, authorized the mailing of notices and set the maximum rate increase of 6.7% in 2012-13, 3.8% in 2013-14, 3.7% in 2014-15, and 3.6% in 2015-16.</p> <p>Notices were mailed to all property owners on April 24<sup>th</sup>. Public notices for the hearing were published in the Marin IJ on May 25<sup>th</sup> and June 1<sup>st</sup>. The attached schedule shows that the Board will consider adopting the new rates at its meeting on June 25, 2012.</p> <p>The rate structure is proportional to the cost of providing the service. Tom Gaffney of Bartle Wells will explain the fixed and variable costs that form the basis for the rates (see attached slides). There are three residential tiers:</p> <ol style="list-style-type: none"> <li>1. 200% or more than the average residential winter water use are charged for 1.8 EDU.</li> <li>2. Non-metered and average users (25%&lt;average&lt;200%) are charged 1 EDU.</li> <li>3. Low water use, 25% or less are charged 0.6 EDU.</li> </ol> <p>Non-residential rates are based on three factors:</p> <ol style="list-style-type: none"> <li>1. Building square footage.</li> <li>2. Non-metered and average users (25%&lt;average&lt;200%) are charged 1 EDU.</li> <li>3. Low water use, 25% or less are charged 0.6 EDU.</li> </ol> <p>The District has received 25 letters protesting the rate increase as of June 7, 2012.</p>	
<b>ALTERNATIVES:</b> NA	
<b>BUDGET INFORMATION:</b> NA	
<b>DEPT.MGR.:</b>	<b>MANAGER:</b>



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS

1889 Alcatraz Avenue  
Berkeley, CA 94703  
510 653 3399 fax: 510 653 3769  
e-mail: bwa@bartlewells.com

**TO:** Beverly James, General Manager  
Novato Sanitary District

**FROM:** Tom Gaffney

**DATE:** April 19, 2012

**SUBJ:** Financing plan update

The District has requested Bartle Wells Associates to update the financing plan to finance the District's capital improvement program as well as provide funding for ongoing operation and maintenance and replacement of existing collection system, pump station and reclamation facilities. This update includes the latest information on borrowing costs, capital costs, replacement costs, and operating expenses. The accompanying tables summarize the plan for ongoing District financing and show the potential impacts to future sewer service charges.

**Table 1 - Current operation and maintenance expenses.** This table shows NSD's actual expenses for 2010/11 and budgeted expenses for fiscal years 2011/12 and 2012/13. These figures are used to project future such expenses in a later table. Note that during the current year a payment of over \$1.2 million was used to retire a CalPERS Side Fund payoff. The side fund was a form of loan for underfunded pension costs at an interest rate of 7.75%. This payoff allows the District to save considerable interest costs over the following eleven years.

**Table 2 - Capital expenditures.** This table shows the District's capital improvement and major replacement expenses for five years. Including the current year, capital costs total nearly \$30 million. This amount does not include a new lateral sewer replacement program or annual costs related to retiring the outstanding COP issue or SRF loan. For FY 2016/17 and beyond, the financing plan is developed to allow the District to finance about \$2.5 million per year on a pay-as-you-go basis.

**Table 3 – State Revolving Fund Loan.** Nearly \$82 million of treatment plant project costs were funded by a low-interest SRF loan. These loans are an optimal financing method. Repayment of the loans is over 20 years at 2.4% interest. Annual loan payments begin this year and continue through FY 2030/31.

**Table 4 – Wastewater Certificates of Participation.** In addition to the SRF loan, the District sold \$21.75 million of COP's to finance collection system, pump station and additional treatment plant improvements. This issue sold for an average interest rate of 4.11% and will be fully retired in twenty years.

**Table 5 - Projected operating revenues and expenses.** Operating revenues and expenses are projected from their current level through FYE 2016. Expenses are

escalated at a rate of 3 percent annually. Based on the projected expenses, operating service charges are shown to increase at a nominal amount of \$9 annually. CalPERS payments of about \$118,000 annually have been eliminated by the one-time payoff during FY 2011/12.

**Table 6 - Projected Capital Cash Flow.** Capital expenses include capital improvements, facilities replacement, and borrowing costs. Capital improvement costs are highest in the first two years of the projection and then stabilize at about \$2.5 million annually. Borrowing costs are level at about \$7.1 million for the following nineteen years. Capital revenues include those from capital service charges, property taxes, and connection charges.

The annual capital service charge is projected to increase by \$22 next year. This increase is required to generate debt service coverage at the minimum level of 1.2 times annual debt service. After next year the capital service charge is projected to increase by \$10 annually. By FY 2015/16 the District will be able to fund about \$2.5 million of annual capital improvements on a pay-as-you-go basis. The projection is based on 50 new connections annually, which is less than previous projections. The projection also includes property tax revenues which may come under future possible appropriation because of the State's current financial situation. Loss of property tax revenues would require the District to increase capital service charges by about \$60 annually

**Table 7 - Summary of Current and Projected Service Charges.** The sum of required capital and operating service charges is shown in Table 7. Beginning in FY 2012/13, total annual service charges for operations and capital are projected to annually increase an estimated \$31 per equivalent dwelling unit (EDU) in FY 2012/13 and \$19/EDU in the following three years.

Service charges have remained constant for the past two years. Projected increases total about 19 percent over the six years. This is equivalent to an average of 3.2 percent over the same period. Over 59 percent of the increase is due to capital related expenses.

**Table 8 – Non-Residential Fixed Costs.** For non-residential users, service charges are developed based on a combination of fixed costs and variable costs. Non-residential fixed costs are based on floor area flow factors for various customer classes. Flow factor charges are increased at the same rate as those developed for residential customers.

**Table 9 – Non-Residential Variable Costs.** Non-residential users variable costs are assigned based on winter water consumption and estimated strength factors in accordance with guidelines developed in the State Water Resources Control Board's *Revenue Program Guidelines*. Future variable charges are increased at the same rate as those developed for residential customers.

**Table 10 – Service Charge Cost Comparison.** This table shows a comparison of the District's sewer service charges compared to those of neighboring wastewater agencies. The District's charges are currently the lowest of all nearby agencies. Even if the proposed rate increases are implemented, the District's charges will be the second lowest

April 19, 2012

Page 3

of the nearby agencies. Most likely, other agencies rates will also require upward adjustment within the same study period.

**Table 1**  
**Novato Sanitary District**  
**Current and Projected Operating Expense**

	<b>Actual Expenditures 2010/11</b>	<b>Final Budget 2011/12</b>	<b>Preliminary Budget 2012/13</b>
<b>Collection</b>	\$1,013,092	\$1,156,257	\$1,263,088
<b>Treatment - Contract Operations</b>	2,568,808	2,632,750	2,699,910
<b>Reclamation</b>	382,063	493,787	502,067
<b>Laboratory</b>	689,638	693,008	704,925
<b>Pump Stations</b>	702,446	814,148	777,972
<b>Administration/Engineering</b>	2,734,196	2,507,415	2,493,339
<b>CalPERS Side Fund Payoff</b>	0	1,215,597	0
<b>Retiree Health Benefits</b>	175,001	230,485	246,619
<b>Hazardous Household Waste</b>	<u>307,137</u>	<u>360,601</u>	<u>373,129</u>
<b>Totals</b>	\$8,572,381	\$10,104,048	\$9,061,049

Source: District Budgets

**Table 10**  
**Novato Sanitary District**  
**Annual Sewer Service Charges per Equivalent Dwelling Unit**  
**Cost Comparison with Neighboring Agencies**

<b>AGENCY</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
Sanitary District No. 5 - Belvedere	\$1,748	\$1,836			
City of Santa Rosa	\$1,098				
Tamalpais Community Service District	\$1,013				
City of Petaluma	\$966				
Sanitary District No. 1 - City of Larkspur	\$864				
Sanitary District No. 5 - Tiburon	\$717	\$825			
City of Rohnert Park	\$679				
Sanitary District No. 1 - Ross Valley	\$638				
San Rafael Sanitation District	\$638				
Sausalito-Marín City Sanitary Dist - Marin City	\$616	\$701			
City of Mill Valley	\$600	\$677			
Las Gallinas Valley Sanitary District	\$590				
Sausalito-Marín City Sanitary District - Sausalito	\$563	\$647			
Town of Corte Madera (S.D. #2)	\$498				
<b>NOVATO SANITARY DISTRICT</b>	<b>\$464</b>	<b>\$495</b>	<b>\$514</b>	<b>\$533</b>	<b>\$552</b>

**Table 2**  
**Novato Sanitary District**  
**Capital Improvements Program 2011-2016**

Project No.	Project Name	FY2011-12	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2011-16
72110	Drainage PS #3 & #7 Outfall Rehabilitation	-	50,000	-			50,000
72111	SCADA Phase II & IIA	20,000	20,000	20,000	20,000	20,000	100,000
72403	Pump Station Rehab. (BMK & Gormann-Rupp)	1,500,000	1,500,000	-	-	-	3,000,000
72507a	Stonetree Recycled Water	5,000	5,000				10,000
72508	N. Bay Water Recycling Auth.	50,000	50,000	50,000	50,000	50,000	250,000
72509	NTP Soil & Groundwater Invest.	5,000	5,000	-	-	-	10,000
72604	Laboratory Improvements	60,000	10,000	5,000	5,000	5,000	85,000
72607	WWTP Upgrade - Contract A1	15,000	10,000	10,000	-	-	35,000
72608	WWTP Upgrade - Contract A2	10,000	10,000	10,000	-	-	30,000
72609	WWTP Upgrade - Contract B	400,000	50,000	20,000	20,000	20,000	510,000
72611	Bayside Sewer	10,000	25,000	25,000	5,000	3,000	68,000
72612	Southgate Sewer	3,000	10,000	20,000	3,000	3,000	39,000
72706	Collection System Improvements <sup>(1)</sup>	2,000,000	2,000,000	2,000,000	2,000,000	1,500,000	9,500,000
72707	Hamilton Wetlands/Outfall monitoring & planning	5,000	5,000	5,000	5,000	5,000	25,000
72708	Cogeneration	50,000	700,000	150,000	50,000	10,000	960,000
72801	Annual Minor Projects	25,000	25,000	25,000	25,000	25,000	125,000
72802	Annual Sewer Adj. for City Projects	25,000	30,000	25,000	25,000	25,000	130,000
72803	Annual Collection System Repairs (Spot Repairs)	200,000	200,000	200,000	200,000	200,000	1,000,000
72804	Annual Reclamation Facilities Improvements	400,000	250,000	150,000	150,000	150,000	1,100,000
72805	Annual Treatment Plant & Pump Station Improvements	150,000	150,000	150,000	150,000	150,000	750,000
72808	Strategic Plan Update	50,000	-	-	-	-	50,000
73001	WWTP Faciilites Upgrade - Contract C	800,000	3,500,000	250,000	50,000	10,000	4,610,000
73002	WWTP Faciilites Upgrade - Contract D - Recycled Water Project	6,500,000	500,000	20,000	10,000	10,000	7,040,000
73003	Admin Building Upgrades	50,000	250,000	-	-	-	300,000
	<b>TOTALS</b>	<b>12,333,000</b>	<b>9,355,000</b>	<b>3,135,000</b>	<b>2,768,000</b>	<b>2,186,000</b>	<b>29,777,000</b>

(1) starting FY11-12, includes an allowance of \$1 million for replacing 4-inch decant line from reclamation to Deer Island, and 4-inch digested sludge transfer line from NTP to reclamation

**Table 3**  
**Novato Sanitary District**  
**SRF Loan Payments**  
**Loan Amount - \$81,973,200**  
**Term - 20 years; 2.4% Interest**

	<b>Date</b>	<b>Outstanding Principal</b>	<b>Interest Payment</b>	<b>Principal Payment</b>	<b>Total Annual Payment</b>
1	FY 2011/12	\$81,973,200	\$6,064,321	\$0	\$6,064,321
2	FY 2012/13	81,973,200	1,967,000	3,456,064	5,423,064
3	FY 2013/14	78,517,136	1,884,000	3,539,064	5,423,064
4	FY 2014/15	74,978,072	1,799,000	3,624,064	5,423,064
5	FY 2015/16	71,354,008	1,712,000	3,711,064	5,423,064
6	FY 2016/17	67,642,944	1,623,000	3,800,064	5,423,064
7	FY 2017/18	63,842,880	1,532,000	3,891,064	5,423,064
8	FY 2018/19	59,951,816	1,439,000	3,984,064	5,423,064
9	FY 2019/20	55,967,752	1,343,000	4,080,064	5,423,064
10	FY 2020/21	51,887,688	1,245,000	4,178,064	5,423,064
11	FY 2021/22	47,709,624	1,145,000	4,278,064	5,423,064
12	FY 2022/23	43,431,560	1,042,000	4,381,064	5,423,064
13	FY 2023/24	39,050,496	937,000	4,486,064	5,423,064
14	FY 2024/25	34,564,432	830,000	4,593,064	5,423,064
15	FY 2025/26	29,971,368	719,000	4,704,064	5,423,064
16	FY 2026/27	25,267,304	606,000	4,817,064	5,423,064
17	FY 2027/28	20,450,240	491,000	4,932,064	5,423,064
18	FY 2028/29	15,518,176	372,000	5,051,064	5,423,064
19	FY 2029/30	10,467,112	251,000	5,172,064	5,423,064
20	FY 2030/31	5,295,048	127,000	5,296,064	5,423,064

**Table 4**  
**Novato Sanitary District**  
**Wastewater Certificates of Participation - 2011**  
**\$21,750,000**

Payment Date	Principal	Rate	Interest	Period Debt Svc	Fiscal Year Debt Svc
02/01/12			\$268,169.52		\$268,169.52
08/01/12			442,848.75	442,848.75	
02/01/13	800,000	3.000%	442,848.75	1,242,848.75	1,685,697.50
08/01/13			430,848.75	430,848.75	
02/01/14	830,000	3.000%	430,848.75	1,260,848.75	1,691,697.50
08/01/14			418,398.75	418,398.75	
02/01/15	855,000	3.000%	418,398.75	1,273,398.75	1,691,797.50
08/01/15			405,573.75	405,573.75	
02/01/16	885,000	4.000%	405,573.75	1,290,573.75	1,696,147.50
08/01/16			387,873.75	387,873.75	
02/01/17	905,000	4.000%	387,873.75	1,292,873.75	1,680,747.50
08/01/17			369,773.75	369,773.75	
02/01/18	925,000	4.000%	369,773.75	1,294,773.75	1,664,547.50
08/01/18			351,273.75	351,273.75	
02/01/19	945,000	4.000%	351,273.75	1,296,273.75	1,647,547.50
08/01/19			332,373.75	332,373.75	
02/01/20	970,000	4.000%	332,373.75	1,302,373.75	1,634,747.50
08/01/20			312,973.75	312,973.75	
02/01/21	1,000,000	4.000%	312,973.75	1,312,973.75	1,625,947.50
08/01/21			292,973.75	292,973.75	
02/01/22	1,035,000	4.000%	292,973.75	1,327,973.75	1,620,947.50
08/01/22			272,273.75	272,273.75	
02/01/23	1,065,000	4.000%	272,273.75	1,337,273.75	1,609,547.50
08/01/23			250,973.75	250,973.75	
02/01/24	1,105,000	4.000%	250,973.75	1,355,973.75	1,606,947.50
08/01/24			228,873.75	228,873.75	
02/01/25	1,145,000	4.000%	228,873.75	1,373,873.75	1,602,747.50
08/01/25			205,973.75	205,973.75	
02/01/26	1,190,000	4.000%	205,973.75	1,395,973.75	1,601,947.50
08/01/26			182,173.75	182,173.75	
02/01/27	1,235,000	4.250%	182,173.75	1,417,173.75	1,599,347.50
08/01/27			155,930.00	155,930.00	
02/01/28	1,285,000	4.250%	155,930.00	1,440,930.00	1,596,860.00
08/01/28			128,623.75	128,623.75	
02/01/29	1,340,000	4.500%	128,623.75	1,468,623.75	1,597,247.50
08/01/29			98,473.75	98,473.75	
02/01/30	1,395,000	4.500%	98,473.75	1,493,473.75	1,591,947.50
08/01/30			67,086.25	67,086.25	
02/01/31	1,455,000	4.700%	67,086.25	1,522,086.25	1,589,172.50
08/01/31			32,893.75	32,893.75	
02/01/32	1,385,000	4.750%	32,893.75	1,417,893.75	1,450,787.50
Totals	21,750,000		11,004,547.02	32,486,377.50	32,754,547.02

**Table 5**  
**Novato Sanitary District**  
**Operation and Maintenance**  
**Projected Revenues and Expenses**

	Final Budget	Projected			
	2011/12	2012/13	2013/14	2014/15	2015/16
Number of equivalent connections	29,072	29,830	29,905	29,955	30,005
New equivalent connections		75	50	50	50
Annual operating service charge	\$276	\$283	\$292	\$301	\$310
Marin County's charge per account	\$2	\$2	\$2	\$2	\$2
Total annual operating service charge	\$278	\$285	\$294	\$303	\$312
Operating service charge increase	\$0.00	\$9.00	\$9.00	\$9.00	\$9.00
Beginning total operating funds balance	\$9,911,000	\$8,676,000	\$8,809,000	\$9,041,000	\$9,285,000
<b>Operating revenues</b>					
Operating service charges	\$8,211,000	\$8,442,000	\$8,732,000	\$9,016,000	\$9,302,000
Other revenues - 1% increase	785,000	737,000	744,000	751,000	759,000
Interest @ 1.0%	<u>15,000</u>	<u>15,000</u>	<u>88,000</u>	<u>90,000</u>	<u>93,000</u>
<b>Total operating revenues</b>	\$9,011,000	\$9,194,000	\$9,564,000	\$9,857,000	\$10,154,000
<b>Operating expenses (1)</b>					
Collection	\$1,156,257	\$1,263,000	\$1,301,000	\$1,340,000	\$1,380,000
Treatment - Contract Operations	2,632,750	2,700,000	2,781,000	2,864,000	2,950,000
Reclamation	493,787	502,000	517,000	533,000	549,000
Laboratory	693,008	705,000	726,000	748,000	770,000
Pump Stations	814,148	778,000	801,000	825,000	850,000
Administration/Engineering	2,507,415	2,493,000	2,568,000	2,645,000	2,724,000
CalPERS Side Fund Payoff	1,215,597	0	0	0	0
Retiree Health Benefits	230,485	247,000	254,000	262,000	270,000
Hazardous Household Waste	<u>360,601</u>	<u>373,000</u>	<u>384,000</u>	<u>396,000</u>	<u>408,000</u>
<b>Total operating expenses</b>	\$10,104,048	\$9,061,000	\$9,332,000	\$9,613,000	\$9,901,000
Net annual revenues	-\$1,093,048	\$133,000	\$232,000	\$244,000	\$253,000
Ending fund balance	\$8,676,000	\$8,809,000	\$9,041,000	\$9,285,000	\$9,538,000

1 - Operating expenses projected to increase by about 3% annually

**Table 6**  
**Novato Sanitary District**  
**Projected Capital Cash Flow**

	Final Budget	Projected			
	2011/12	2012/13	2013/14	2014/15	2015/16
Number of equivalent connections	29,072	29,830	29,880	29,930	29,980
New equivalent connections	80	50	50	50	50
Annual capital service charge	\$188	\$210	\$220	\$230	\$240
Capital service charge increase	\$0	\$22	\$10	\$10	\$10
Connection charge - 4% increase	\$8,520	\$8,950	\$9,310	\$9,680	\$10,070
Beginning capital fund balance	-\$1,667,000	\$23,813,000	\$15,771,000	\$14,530,000	\$13,977,000
<b>Capital revenues</b>					
Capital service charges	\$5,473,000	\$6,144,000	\$6,574,000	\$6,884,000	\$7,195,000
Property taxes @ 2% after 2011	1,775,000	1,775,000	1,811,000	1,847,000	1,884,000
Connection charges	682,000	448,000	466,000	484,000	504,000
Interest income @ 1.0%	25,000	25,000	158,000	145,000	140,000
Other revenues	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Annual capital revenue	7,985,000	8,422,000	9,039,000	9,390,000	9,753,000
Reclamation grant proceeds	1,609,000				
SRF loan proceeds	2,040,000				
COP proceeds	<u>20,179,000</u>				
<b>Total annual funding</b>	<b>\$31,813,000</b>	<b>\$8,422,000</b>	<b>\$9,039,000</b>	<b>\$9,390,000</b>	<b>\$9,753,000</b>
<b>Capital expenses</b>					
Treatment plant	\$0	\$4,225,000	\$460,000	\$230,000	\$190,000
Collection system	0	2,265,000	2,270,000	2,233,000	1,731,000
Pump stations	0	1,550,000	0	0	0
Reclamation system	0	310,000	205,000	205,000	205,000
Lateral program	0	0	30,000	60,000	90,000
Other projects	<u>0</u>	<u>1,005,000</u>	<u>200,000</u>	<u>100,000</u>	<u>60,000</u>
Subtotal capital projects	0	9,355,000	3,165,000	2,828,000	2,276,000
SRF Loan pmts ( Table 3)	6,064,000	5,423,000	5,423,000	5,423,000	5,423,000
COP debt service (Table 4)	269,000	1,686,000	1,692,000	1,692,000	1,696,000
<b>Total annual capital expense</b>	<b>\$6,333,000</b>	<b>\$16,464,000</b>	<b>\$10,280,000</b>	<b>\$9,943,000</b>	<b>\$9,395,000</b>
Net annual revenues	\$25,480,000	-\$8,042,000	-\$1,241,000	-\$553,000	\$358,000
Ending fund balance	\$23,813,000	\$15,771,000	\$14,530,000	\$13,977,000	\$14,335,000
Debt service coverage	4.851	1.203	1.303	1.354	1.406

**Table 7**  
**Novato Sanitary District**  
**Summary of Projected Sewer Service Charges**  
**Annual Cost per Equivalent Dwelling Unit**

	Current	Budget	Projected		
	2011/12	2012/13	2013/14	2014/15	2015/16
Operating	\$276	\$285	\$294	\$303	\$312
% increase	0.0%	3.3%	3.2%	3.1%	3.0%
Capital	188	210	220	230	240
% increase	0.0%	11.7%	4.8%	4.5%	4.3%
<b>Total</b>	<b>\$464</b>	<b>\$495</b>	<b>\$514</b>	<b>\$533</b>	<b>\$552</b>
<b>Annual increase</b>		<b>\$31</b>	<b>\$19</b>	<b>\$19</b>	<b>\$19</b>
% increase	0.0%	6.7%	3.8%	3.7%	3.6%

**Table 8**  
**Novato Sanitary District**  
**Non-Residential Fixed Costs**

User Type	Floor Area		Charge Per Square Foot				
	Flow Factor		Current	2012/13	2013/14	2014/15	2015/16
Base Charge/square foot	1.0		\$0.19	\$0.20	\$0.21	\$0.22	\$0.23
Warehouses/mini-storage	1.0		0.19	0.20	0.21	0.22	0.23
Office	1.0		0.19	0.20	0.21	0.22	0.23
Retail	1.0		0.19	0.20	0.21	0.22	0.23
Public office buildings	1.0		0.19	0.20	0.21	0.22	0.23
School classrooms/administration	1.0		0.19	0.20	0.21	0.22	0.23
Churches	1.0		0.19	0.20	0.21	0.22	0.23
Meeting halls with kitchens	1.0		0.19	0.20	0.21	0.22	0.23
Auto service stations	1.0		0.19	0.20	0.21	0.22	0.23
Supermarkets	1.0		0.19	0.20	0.21	0.22	0.23
Auditoriums theaters	1.0		0.19	0.20	0.21	0.22	0.23
Gymnasium w/showers	1.0		0.19	0.20	0.21	0.22	0.23
Hotels/motels, not incl. restaurant	1.0		0.19	0.20	0.21	0.22	0.23
Mortuary	1.0		0.19	0.20	0.21	0.22	0.23
Medical offices	1.3		0.25	0.20	0.21	0.22	0.23
Veterinary offices	1.3		0.25	0.20	0.21	0.22	0.23
Dental offices	1.3		0.25	0.20	0.21	0.22	0.23
Hospitals	1.3		0.25	0.20	0.21	0.22	0.23
Cafeteria/dining area	2.0		0.38	0.40	0.42	0.43	0.46
Restaurants/cafes	2.0		0.38	0.40	0.42	0.43	0.46
Bakeries	2.0		0.38	0.40	0.42	0.43	0.46
Ice cream/yogurt shops	2.0		0.38	0.40	0.42	0.43	0.46
Delicatessens	2.0		0.38	0.40	0.42	0.43	0.46
Laundry and laundromats	3.0		0.57	0.60	0.62	0.64	0.69

**Table 9**  
**Novato Sanitary District**  
**Non-Residential Variable Charge**  
**(water use and strength factors)**

User Type	Strength Factor	Current Charge	Charge Per Hundred Cubic Feet <sup>1</sup>			
			2012/13	2013/14	2014/15	2015/16
Base Charge/square foot	1.0	\$2.52	\$2.69	\$2.79	\$2.89	\$3.00
Warehouses/mini-storage	1.0	2.52	2.69	2.79	2.89	3.00
Office	1.0	2.52	2.69	2.79	2.89	3.00
Retail	1.0	2.52	2.69	2.79	2.89	3.00
Public office buildings	1.0	2.52	2.69	2.79	2.89	3.00
School classrooms/administration	1.0	2.52	2.69	2.79	2.89	3.00
Churches	1.0	2.52	2.69	2.79	2.89	3.00
Auto service stations	1.0	2.52	2.69	2.79	2.89	3.00
Auditoriums theaters	1.0	2.52	2.69	2.79	2.89	3.00
Gymnasium w/showers	1.0	2.52	2.69	2.79	2.89	3.00
Hotels/motels, not incl. restaurant	1.0	2.52	2.69	2.79	2.89	3.00
Medical offices	1.0	2.52	2.69	2.79	2.89	3.00
Veterinary offices	1.0	2.52	2.69	2.79	2.89	3.00
Dental offices	1.0	2.52	2.69	2.79	2.89	3.00
Hospitals	1.0	2.52	2.69	2.79	2.89	3.00
Laundries and laundromats	1.4	3.53	3.77	3.91	4.05	4.20
Meeting halls with kitchens	1.4	3.53	3.77	3.91	4.05	4.20
Cafeteria/dining area	2.2	5.48	5.85	6.07	6.29	6.52
Restaurants/cafes	2.2	5.48	5.85	6.07	6.29	6.52
Supermarkets	2.2	5.48	5.85	6.07	6.29	6.52
Bakeries	2.2	5.48	5.85	6.07	6.29	6.52
Ice cream/yogurt shops	2.2	5.48	5.85	6.07	6.29	6.52
Delicatessens	2.2	5.48	5.85	6.07	6.29	6.52
Mortuary	2.2	5.48	5.85	6.07	6.29	6.52

1 - Based on winter water consumption.

## Novato Sanitary District

### REVISED SCHEDULE FOR APPROVAL OF 2012-13 PRELIMINARY AND FINAL BUDGET, APPROPRIATIONS LIMIT, AND SEWER SERVICE CHARGES

March 26, 2012	<u>Regular Board Meeting</u> : Determination of maximum rate increase, authorization to prepare and publish a Proposition 218 Notice, and scheduling of public hearing for June 11 <sup>th</sup> .
April 9, 2012	<u>Regular Board Meeting</u> : Approval of schedule for adoption of 2012-13 Preliminary and Final Budget, Appropriations Limit, and Sewer Service Charges.
April 24, 2012	<u>Proposition 218 Notice</u> for public hearing on sewer service charge increase mailed.
April 26, 2012	<u>Deadline for publishing and mailing Proposition 218 Notice</u> for public hearing on sewer service charge increase.
April/May	Staff prepares proposed 2012-13 Preliminary Budget.
May 14, 2012	<u>Regular Board Meeting</u> . Budget workshop.
May 25, 2012	First publication of public hearing notice in Marin IJ. (Must be at least 14 days before public hearing).
June 1, 2012	Second publication of public hearing notice in Marin IJ.
June 11, 2012	<u>Regular Board Meeting</u> . Initial presentation of 2012-13 Preliminary Budget. <b>Public hearing</b> on rate increase under Proposition 218. Set public hearing on sewer service charge report for July 9 <sup>th</sup> .
June 22, 2012	First publication of July 9 <sup>th</sup> public hearing in Marin IJ.
June 25, 2012	<u>Regular Board Meeting</u> : Board considers adoption of proposed rate increase and adoption of sewer service charge ordinance. Board considers adoption of Preliminary Budget for 2012-2013.
June 26, 2012	Publication of sewer service charge ordinance.
June 29, 2012	Second publication of July 9 <sup>th</sup> public hearing in Marin IJ.
July 9, 2012	<u>Regular Board Meeting</u> . <b>Public hearing</b> on sewer service charge report. Adoption of resolution confirming sewer service charge report and collection on County tax rolls.
July 31, 2012	State Department of Finance provides growth factors for calculation of the District's 2012-13 appropriations limit.
August 10, 2012	Deadline for providing sewer service charge information to County of Marin.
August 27, 2012	<u>Regular Board Meeting</u> : Board establishes 2012-13 appropriations limit, approves Final Budget, and adopts resolution fixing tax allocation for 2012-13.

**PRESENTED TO:  
MARIN COUNTY  
REALTORS ASSOCIATION**

**WASTEWATER RATES**

Tom Gaffney  
April 13, 2012



 **BARTLE WELLS ASSOCIATES**  
Independent Public Finance Advisors

**RATES AND PROPORTIONALITY**

**“The question of proportionality is not measured on an individual basis. Rather it is measured collectively, considering all ratepayers. Thus, permissible fees must be related to the overall cost of the governmental regulation. They need not be finely calibrated to the precise benefit each individual fee payor might derive.”**

*California Farm Bureau v. State Water Resources Control Board (2011) 51 Cal.4th 421*



**WASTEWATER EXPENSES**

<b>Fixed Costs</b>	<b>Costs that don't vary with flow</b>
<b>Variable Costs</b>	<b>Costs that vary with flow</b>



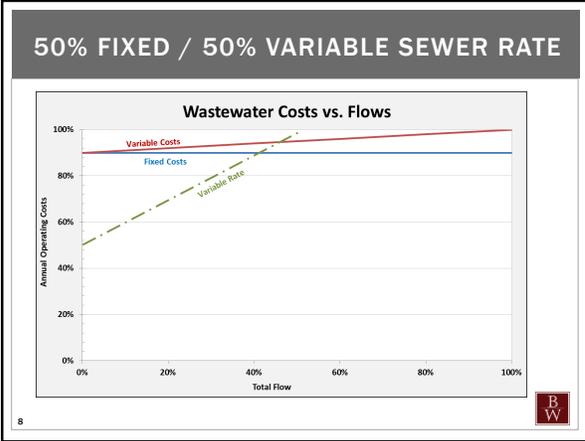
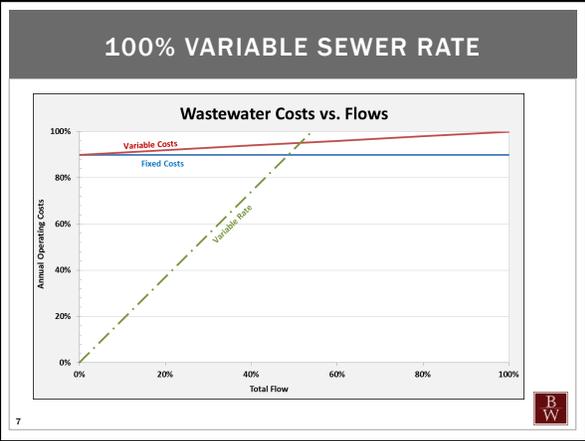
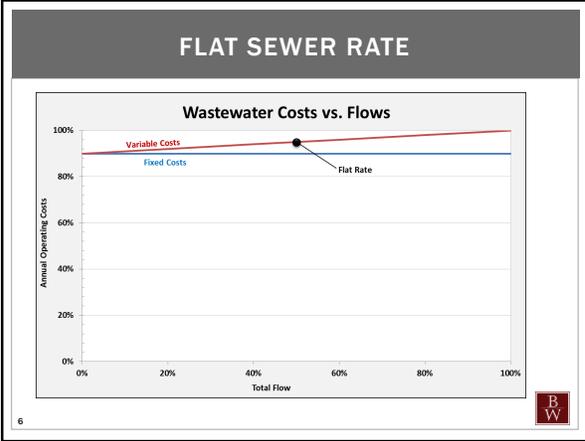
**FIXED VS. VARIABLE COSTS**

Fixed Costs	Variable Costs
Salaries	Some power
Benefits	Chemicals
Legal	
Rent	
Office Costs	
Computers	
Repairs	
Consultants	
Permits & Fees	
Vehicles	
Insurance	
Debt Payments	
Laboratory	
Public Information	



### SAMPLE ALLOCATION OF EXPENSES

	Total	Fixed	Variable
Treatment Plant			
Power, chemicals	6.7%	1.3%	5.4%
Salaries, other	<u>24.7%</u>	<u>24.7%</u>	<u>0.0%</u>
Treatment Plant Total	31.4%	26.0%	5.4%
Pump stations			
Power, chemicals	1.4%	0.0%	1.4%
Salaries, other	<u>7.6%</u>	<u>7.6%</u>	<u>0.0%</u>
Pump stations totals	9.0%	7.6%	1.4%
Reclamation and disposal			
Power, chemicals	1.4%	0.0%	1.4%
Salaries, other	<u>4.4%</u>	<u>4.4%</u>	<u>0.0%</u>
Reclamation totals	5.8%	4.4%	1.4%
Laboratory and monitoring	8.2%	8.2%	0.0%
Collection system	13.7%	13.7%	0.0%
<b>Admin. and engineering</b>	<b>31.8%</b>	<b>31.8%</b>	<b>0.0%</b>
<b>Totals</b>	<b>100.0%</b>	<b>91.8%</b>	<b>8.2%</b>



QUESTIONS/COMMENTS



9



May 29, 2012

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Tuesday, May 29, 2012, at the District Office, 500 Davidson Street, Novato.

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

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

ALSO PRESENT: John Bailey, Project Manager, Veolia Water  
Dee Johnson, Household Hazardous Waste Manager  
Bob Guinan, Novato resident  
Jamie Erze, 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 May 14, 2012 meeting.

*On motion of Member Di Giorgio, seconded by Member Peters, and carried unanimously, the minutes of the May 14, 2012 Board meeting were approved.*

CONSENT CALENDAR:

Member Welsh requested item *b: Consider approval of a temporary discharge permit for Firemen's Fund*, be removed from the Consent Calendar for further discussion.

Member Welsh discussed the proposed temporary discharge permit and expressed his concern over the volume of water to be discharged. He stated that the 1.2 million gallons of water being discharged at a rate of 100 gallons per minute may overwhelm the treatment facility's operations. He also expressed his concern regarding the 9.7 pH level of the discharge and felt it may adversely affect the collection system sewer pipes.

The Deputy Manager-Engineer stated that the applicant had requested a pH upper limit relief. He noted that the District has previously allowed relief to other non-domestic dischargers, that it was consistent with the District's Sewer Use Ordinance, Federal pretreatment regulations, and that higher pH values are of less concern to sewer pipes than low pH values. The Deputy Manager-Engineer also stated that the volume of water

should not impact the treatment facility. He noted that the District's average flow is about 4 million gallons per day (mgd), that the nighttime low or minimum flow is about 2 mgd or about 1,400 gallons per minute (gpm), and that a flow of 100 gpm into 1,400 gpm is not a cause for concern.

*On motion of Member Welsh, seconded by Member Mariani and carried unanimously, the Board approved issuance of a one-time, temporary, Class I non-domestic discharge permit on the site of Firemen's Fund property with the following conditions:*

- 1. The total discharge shall not exceed 1.2 million gallons;*
- 2. The discharger shall not exceed a maximum discharge rate of 100 gpm;*
- 3. Setting an upper limit of 10.5 s.u. on the discharge;*
- 4. The discharger is required to have a 45 micron sediment filter on its discharge.*

The Board discussed the remaining items on the Consent Calendar.

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

- a. Approval of Agreement for Temporary Sanitary Sewer Connection for Novato Fire Protection District.
- c. Approval of regular disbursements in the amount of \$42,259.42, project account disbursements in the amount of \$84,610.27, and approval of May payroll and payroll related expenses in the amount of \$231,685.88.

#### COMMITTEE REPORTS:

- Wastewater Operations Committee Report: The Deputy Manager-Engineer discussed the Wastewater Operations Committee meeting which was held on May 15, 2012 at the District office. He gave an overview of the April 2012 Operations Report as prepared by Veolia Water. He discussed the key events for the period and summarized the treatment facility's flow and operational graphs. He provided an overview of the Collection System Operations and the Reclamation Facilities.

Resident Bob Guinan requested the District investigate installing covers on the aeration basins to help contain the malodors which are being experienced in the Lea Drive neighborhood. He suggested the District consider the Tiburon Sanitary District as a model because they effectively use covers on their aeration basins to control odors. Mr. Guinan expressed his concern that the proposed vegetation will take three to five years to mature enough to determine effectiveness for odor control. He stated the neighbors are concerned that the odor issue may not be addressed effectively and in a timely manner.

Resident James Erze stated that the District has demonstrated dedication to relieve the neighborhood of the treatment plant odors. He discussed periods that were odor free and stated he was encouraged. However, he noted that he had detected odors on a recent occasion.

John Bailey, Veolia Water, discussed the recent odor incident referred to by Mr. Erze and noted that the odors may have been a result of prevailing air patterns at the time. He noted that in accordance with the original design of the odor control system, one fan was operating at the time of the odor complaint. He stated the facility began to operate both fans in response to Mr. Erze's concern, and to address any issues with the odor control system arising from the air patterns on that occasion.

Member Welsh requested the Lea Drive neighbors be consulted prior to the placement of any additional landscaping and stated the neighbors should have full input on the proposed vegetation. President Long stated that at every step, the neighbors should have the opportunity to review and provide input on the odor screening planting.

- Solid Waste Committee report: The Deputy Manager-Engineer noted that Board Members Mariani and Peters are Solid Waste Committee members and that they attended the May 21<sup>st</sup> meeting which was held at the District.

Member Mariani reported on her attendance at the Solid Waste Committee meeting, stating that she was pleased to learn that smaller waste receptacles were increasing in use. She noted that she was pleased with Novato Disposal's outreach efforts.

Member Peters reported on his attendance at the meeting and stated he was pleased with the effectiveness of the recent E-Waste event.

Dee Johnson, Household Hazardous Waste Manager, discussed the proposed 2012/13 AB939, Zero Waste and Hazardous Waste Programs Budget. She stated that overall expenditures were flat and noted that the permanent HHW Facility and E-Waste event costs were reduced. She discussed the AB939 and Zero Waste Programs. Ms. Johnson reviewed the Zero Waste Program calendar/timetable and discussed the completion of various objectives.

#### BOARD OF DIRECTORS:

- Consider approval of a letter of support for Governor Brown's pension reform proposals: The Deputy Manager-Engineer gave an overview of the draft letter prepared for Assembly Member Jared Huffman in support of Governor Brown's Twelve Point Pension Reform Plan.

*On motion of Member Di Giorgio, seconded by Member Peters and carried unanimously, the Board approved the letter of support for Governor Brown's pension reform proposal and authorized the Manager to prepare the letter for signature and mailing.*

- Presidential appointment of Ad Hoc Labor Negotiations Committee: The Deputy Manager-Engineer requested that President Long appoint an Ad Hoc Labor Negotiations Committee to participate in upcoming discussions with the District's represented employees group. President Long appointed Member Di Giorgio and Member Peters to the Ad Hoc Labor Negotiations Committee. Both members accepted.

PUMP STATION REHABILITATION PROJECT 72403:

- Consider making CEQA findings, approving plans and specifications and authorizing advertising for bids for Pump Station Rehabilitation Project Unit 4. The Deputy Manager-Engineer gave an overview of the pump station rehabilitation project noting that this is the fourth project unit in which the District is replacing existing small dry pit/wet pit underground pump stations with submersible pump stations. He noted that staff has completed California Environmental Quality Act (CEQA) documentation and determined that the project is categorically exempt. He requested the Board authorize making CEQA findings, approve the plans and specifications, and authorize the advertising for bids.

*On motion of Member Peters, seconded by Member Di Giorgio and carried unanimously, the Board authorized making CEQA findings, approved the plans and specifications, and authorized advertising for bids for the Pump Station Rehabilitation Project, Unit 4.*

BOARD MEMBER REPORTS:

- North Bay Water Reuse Authority (NBWRA). President Long reported on his attendance at the NBWRA meeting which was held on Monday, May 21<sup>st</sup> at the District office.

- Marin Conservation League Committee meeting. President Long and Deputy Manager-Engineer Sandeep Karkal discussed their attendance at the Marin Conservation League Committee meeting on May 24<sup>th</sup>. They reported that the topic of discussion was "Pipes, Pollutants, and the Peril of Ignoring Our Sewage Systems".

ADJOURNMENT: There being no further business to come before the Board, President Long adjourned the meeting at 7:55 p.m.

Respectfully submitted,

Sandeep Karkal  
Deputy Manager-Engineer

Julie Swoboda, Recording

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Consent Calendar: Household Hazardous Waste and AB 939 Programs Administration</b>	<b>MEETING DATE: June 11, 2012</b>  <b>AGENDA ITEM NO.: 6a</b>										
<b>RECOMMENDED ACTION:</b> Approve proposal from DLJ to provide consulting services for the administration of the Household Hazardous Waste Programs on a time and materials basis.											
<b>SUMMARY AND DISCUSSION:</b> <p>Dee Johnson has been serving as the District's coordinator for the Household Hazardous Waste, Used Oil, and AB 939 programs for a number of years.</p> <p>She is proposing to perform the following services on a time and materials basis with the following not-to-exceed limits:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Administer the HHW Facility and Operations</td> <td style="text-align: right; padding: 2px;">\$70,500</td> </tr> <tr> <td style="padding: 2px;">Administer the Used Oil Block Grant</td> <td style="text-align: right; padding: 2px;">\$5,000</td> </tr> <tr> <td style="padding: 2px;">Administer the AB 939 and Zero Waste Program</td> <td style="text-align: right; padding: 2px;">\$28,300</td> </tr> <tr> <td style="padding: 2px;">DOC Beverage Container Recycling</td> <td style="text-align: right; padding: 2px;"><u>\$2,964</u></td> </tr> <tr> <td style="padding: 2px;">Total</td> <td style="text-align: right; padding: 2px;">\$106,761</td> </tr> </table> <p>This is a 1.6% increase over last year's contract due to increases in the workload for the AB 939 and Zero Waste Programs. The hourly rate remains the same.</p> <p>The funding for this proposal is included in the budget for the AB 939 Solid Waste programs which was approved by the Joint Solid Waste Committee and is included in the Draft Preliminary Budget.</p> <p>The Used Oil Block Grant services are funded by a grant from California Integrated Waste Management Board. The HHW Facility, AB 939 and Zero Waste services are funded by AB 939 collector fees and Marin County JPA reimbursement.</p>		Administer the HHW Facility and Operations	\$70,500	Administer the Used Oil Block Grant	\$5,000	Administer the AB 939 and Zero Waste Program	\$28,300	DOC Beverage Container Recycling	<u>\$2,964</u>	Total	\$106,761
Administer the HHW Facility and Operations	\$70,500										
Administer the Used Oil Block Grant	\$5,000										
Administer the AB 939 and Zero Waste Program	\$28,300										
DOC Beverage Container Recycling	<u>\$2,964</u>										
Total	\$106,761										
<b>ALTERNATIVES:</b> Do not accept the proposal.											
<b>BUDGET INFORMATION:</b> This work will be funded from the 2012-13 budget of \$109,967.											
<b>DEPT.MGR.:</b>	<b>MANAGER:</b>										

# Novato Sanitary District Operating Check Register

June 11, 2012

Date	Num	Name	Credit
<b>Jun 11, 12</b>			
6/11/2012	54538	Veolia Water North America, ...	157,501.45
6/11/2012	54531	R.P. Adams Corp	37,694.50
6/11/2012	54502	Aqua Science	8,212.00
6/11/2012	54532	Rauch Communication Cons...	7,919.30
6/11/2012	54519	Johnson, Dee	7,185.11
6/11/2012	54508	Caltest Analytical Lab Inc.	5,956.05
6/11/2012	54524	Meyers, Nave, Riback, Silver ...	5,795.50
6/11/2012	54533	Real Estate Strategies & Solu...	5,437.50
6/11/2012	54534	Shape Incorporated	4,265.14
6/11/2012	54529	Preferred Benefit	3,299.08
6/11/2012	54506	Cagwin & Dorward Inc.	2,000.00
6/11/2012	54537	U.S. Bank Card (2)(June)	1,883.36
6/11/2012	54511	Central Marin Sanitation District	1,790.25
6/11/2012	54513	Comet Building Maintenance,...	1,242.50
6/11/2012	54514	Control Systems West, Inc.	1,161.40
6/11/2012	54518	IEDA, INC	1,020.00
6/11/2012	54512	Cintas Corporation	950.21
6/11/2012	54539	Verizon	600.47
6/11/2012	54521	Levy, Larry	600.00
6/11/2012	54540	Vision Service Plan	545.24
6/11/2012	54517	Fire King Fire Protection, Inc.	540.00
6/11/2012	54510	CDW Government, Inc.	443.07
6/11/2012	54522	MarinScope Inc.	343.00
6/11/2012	54526	North Marin Water District	332.19
6/11/2012	54507	California Truck Equip. Co. LLC	325.76
6/11/2012	54528	Pini Hardware	325.24
6/11/2012	54535	Siemens Industry Inc. - Lab	314.25
6/11/2012	54509	Cantarutti Electric, Inc	209.37
6/11/2012	54516	CWEAmembers	161.00
6/11/2012	54520	Kentfield Occupational Med C...	138.00
6/11/2012	ach	Karkal, Sandeep	100.00
6/11/2012	54505	BoundTree Medical, LLC	94.06
6/11/2012	54504	Barnett Medical LLC	90.00
6/11/2012	54503	B.W.S. Distributors, Inc.	73.34
6/11/2012	54515	Cook Paging	66.30
6/11/2012	54525	North Marin Auto Parts	52.40
6/11/2012	54527	Novato Car Wash	36.97
6/11/2012	54523	Maselli & Sons Inc.	29.16
6/11/2012	54530	R & B Company	18.82
6/11/2012	54536	U.S. Bank Card (1)(Bev)	18.49
<b>Jun 11, 12</b>			<b>258,770.48</b>

## Novato Sanitary District Check Register Detail All Transactions

	Date	Account	Debit
<b>Aqua Science</b>			
	06/01/2012	64160 · Research & Monitoring	8,212.00
Total Aqua Science			<u>8,212.00</u>
<b>B.W.S. Distributors, Inc.</b>			
	05/23/2012	60100 · Operating Supplies	73.34
Total B.W.S. Distributors, Inc.			<u>73.34</u>
<b>Barnett Medical LLC</b>			
	05/16/2012	64170 · Pollution Prevention/Public Ed	90.00
Total Barnett Medical LLC			<u>90.00</u>
<b>BoundTree Medical, LLC</b>			
	05/17/2012	64170 · Pollution Prevention/Public Ed	94.06
Total BoundTree Medical, LLC			<u>94.06</u>
<b>Cagwin &amp; Dorward Inc.</b>			
	05/30/2012	66150 · Repairs & Maintenance	260.00
	05/31/2012	63150 · Repairs & Maintenance	1,740.00
Total Cagwin & Dorward Inc.			<u>2,000.00</u>
<b>California Truck Equip. Co. LLC</b>			
	05/24/2012	65150 · Repairs & Maintenance	325.76
Total California Truck Equip. Co. LLC			<u>325.76</u>
<b>Caltest Analytical Lab Inc.</b>			
	05/22/2012	64160 · Research & Monitoring	5,956.05
Total Caltest Analytical Lab Inc.			<u>5,956.05</u>
<b>Cantarutti Electric, Inc</b>			
	05/17/2012	66150 · Repairs & Maintenance	209.37
Total Cantarutti Electric, Inc			<u>209.37</u>
<b>CDW Government, Inc.</b>			
	05/25/2012	66124 · IT/Misc Electrical	443.07
Total CDW Government, Inc.			<u>443.07</u>
<b>Central Marin Sanitation District</b>			
	05/18/2012	64170 · Pollution Prevention/Public Ed	1,790.25
Total Central Marin Sanitation District			<u>1,790.25</u>
<b>Cintas Corporation</b>			
	06/11/2012	64100 · Operating Supplies	224.70
	06/11/2012	66100 · Engineering Supplies	296.64
	06/11/2012	60100 · Operating Supplies	428.87
Total Cintas Corporation			<u>950.21</u>
<b>Comet Building Maintenance, Inc.</b>			
	05/21/2012	66150 · Repairs & Maintenance	1,242.50
Total Comet Building Maintenance, Inc.			<u>1,242.50</u>
<b>Control Systems West, Inc.</b>			
	05/18/2012	21020 · Accounts Payable	
	05/18/2012	65150 · Repairs & Maintenance	1,161.40
Total Control Systems West, Inc.			<u>1,161.40</u>
<b>Cook Paging</b>			
	06/01/2012	61000-4 · Water/Permits/Telephone	24.00
	06/01/2012	65193 · Telephone	30.83
	06/01/2012	60193 · Telephone	11.47
Total Cook Paging			<u>66.30</u>
<b>CWEAmembers</b>			
	06/01/2012	66080 · Memberships	161.00
Total CWEAmembers			<u>161.00</u>
<b>Fire King Fire Protection, Inc.</b>			
	05/21/2012	60200 · Other(Garbage Coll)	540.00
Total Fire King Fire Protection, Inc.			<u>540.00</u>

**Novato Sanitary District**  
**Check Register Detail**  
**All Transactions**

	Date	Account	Debit
<b>IEDA, INC</b>			
	06/01/2012	66123 · O/S Contractual	1,020.00
Total IEDA, INC			<u>1,020.00</u>
<b>Johnson, Dee</b>			
	06/01/2012	67530 · Used Oil Program	155.42
	06/01/2012	67400 · Consulting Services	3,768.94
	06/01/2012	67400 · Consulting Services	3,260.75
Total Johnson, Dee			<u>7,185.11</u>
<b>Karkal, Sandeep</b>			
	04/24/2012	66170 · Travel, Meetings & Training	100.00
Total Karkal, Sandeep			<u>100.00</u>
<b>Kentfield Occupational Med Center</b>			
	05/29/2012	66090 · Office Expense	138.00
Total Kentfield Occupational Med Center			<u>138.00</u>
<b>Levy, Larry</b>			
	06/04/2012	66123 · O/S Contractual	600.00
Total Levy, Larry			<u>600.00</u>
<b>MarinScope Inc.</b>			
	05/29/2012	67530 · Used Oil Program	343.00
Total MarinScope Inc.			<u>343.00</u>
<b>Maselli &amp; Sons Inc.</b>			
	05/14/2012	65100 · Operating Supplies	29.16
Total Maselli & Sons Inc.			<u>29.16</u>
<b>Meyers, Nave, Riback, Silver &amp; Wilson</b>			
	06/01/2012	66122 · Attorney Fees	5,795.50
Total Meyers, Nave, Riback, Silver & Wilson			<u>5,795.50</u>
<b>North Marin Auto Parts</b>			
	05/15/2012	60100 · Operating Supplies	5.29
	05/29/2012	60150 · Repairs & Maintenance	47.11
Total North Marin Auto Parts			<u>52.40</u>
<b>North Marin Water District</b>			
	05/24/2012	65192 · Water	283.70
	05/24/2012	61000-4 · Water/Permits/Telephone	48.49
Total North Marin Water District			<u>332.19</u>
<b>Novato Car Wash</b>			
	05/24/2012	66150 · Repairs & Maintenance	36.97
Total Novato Car Wash			<u>36.97</u>
<b>Pini Hardware</b>			
	05/31/2012	60150 · Repairs & Maintenance	41.80
	05/31/2012	63100 · Operating Supplies	104.64
	05/31/2012	65100 · Operating Supplies	80.14
	05/31/2012	65150 · Repairs & Maintenance	60.70
	05/31/2012	66150 · Repairs & Maintenance	37.96
Total Pini Hardware			<u>325.24</u>
<b>Preferred Benefit</b>			
	06/01/2012	66020 · Employee Benefits	3,197.72
	06/01/2012	21074 · Health Insurance Payable	101.36
Total Preferred Benefit			<u>3,299.08</u>
<b>R &amp; B Company</b>			
	05/24/2012	63150 · Repairs & Maintenance	18.82
Total R & B Company			<u>18.82</u>
<b>R.P. Adams Corp</b>			
	05/25/2012	63151 · Unusual Equipment Maintenance	37,694.50
Total R.P. Adams Corp			<u>37,694.50</u>

**Novato Sanitary District**  
**Check Register Detail**  
**All Transactions**

	Date	Account	Debit
<b>Rauch Communication Consultants. Inc.</b>			
	05/21/2012	66250 · Service Charge Sys Exp	7,409.67
	05/21/2012	64170 · Pollution Prevention/Public Ed	509.63
Total Rauch Communication Consultants. Inc.			<u>7,919.30</u>
<b>Real Estate Strategies &amp; Solutions Inc.</b>			
	05/21/2012	66123 · O/S Contractual	5,437.50
Total Real Estate Strategies & Solutions Inc.			<u>5,437.50</u>
<b>Shape Incorporated</b>			
	05/15/2012	65150 · Repairs & Maintenance	4,265.14
Total Shape Incorporated			<u>4,265.14</u>
<b>Siemens Industry Inc. - Lab</b>			
	05/11/2012	64150 · Repairs & Maintenance	314.25
Total Siemens Industry Inc. - Lab			<u>314.25</u>
<b>U.S. Bank Card (1)(Bev)</b>			
	06/01/2012	66170 · Travel, Meetings & Training	18.49
Total U.S. Bank Card (1)(Bev)			<u>18.49</u>
<b>U.S. Bank Card (2)(June)</b>			
	06/01/2012	61000-4 · Water/Permits/Telephone	189.66
	06/01/2012	65193 · Telephone	857.78
	06/01/2012	66124 · IT/Misc Electrical	119.45
	06/01/2012	66090 · Office Expense	83.35
	06/01/2012	66193 · Telephone	633.12
Total U.S. Bank Card (2)(June)			<u>1,883.36</u>
<b>Veolia Water North America, Inc.</b>			
	05/03/2012	61000-1 · Fixed Fee	153,063.95
	05/22/2012	61000-2 · Insurance & Bonds	4,437.50
Total Veolia Water North America, Inc.			<u>157,501.45</u>
<b>Verizon</b>			
	05/28/2012	65193 · Telephone	600.47
Total Verizon			<u>600.47</u>
<b>Vision Service Plan</b>			
	05/21/2012	66020 · Employee Benefits	545.24
Total Vision Service Plan			<u>545.24</u>
<b>TOTAL</b>			<u><u><b>258,770.48</b></u></u>

**Novato Sanitary District  
Capital Projects Check Register**

For June 11, 2012

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
<b>Jun 11, 12</b>			
6/11/2012	2327	W.R. Forde	230,337.43
6/11/2012	2324	R.P. Adams Corp	37,694.50
6/11/2012	2323	Nute Engineering Inc.	13,527.50
6/11/2012	2326	V&A Consulting Engineers	12,674.04
6/11/2012	2322	North Marin Water District Jo...	603.00
6/11/2012	2325	Roy's Sewer Service, Inc.	350.00
6/11/2012	2328	Water Components & Buildin...	261.49
6/11/2012	2321	Comet Building Maintenance,...	152.50
<b>Jun 11, 12</b>			<b><u>295,600.46</u></b>

## Novato Sanitary District Capital Projects Check Detail

	Date	Account	Open Balance
<b>Comet Building Maintenance, Inc.</b>			
	05/21/2012	73002 · WWTP Up - Cont D - Rec- ARRA Fu	152.50
Total Comet Building Maintenance, Inc.			<u>152.50</u>
<b>North Marin Water District Jobsite</b>			
	05/18/2012	72403 · Pump Station Rehabilitation	603.00
Total North Marin Water District Jobsite			<u>603.00</u>
<b>Nute Engineering Inc.</b>			
	05/21/2012	72403 · Pump Station Rehabilitation	3,716.25
	05/21/2012	72804 · Annual Reclamation Fac Imp	307.00
	05/21/2012	72706 · 2008 Collection System Improv	1,593.50
	05/23/2012	72706 · 2008 Collection System Improv	3,371.00
	05/23/2012	72805 · Annual Trtmt Plnt/Pump St Impr	4,539.75
Total Nute Engineering Inc.			<u>13,527.50</u>
<b>R.P. Adams Corp</b>			
	05/25/2012	72804 · Annual Reclamation Fac Imp	37,694.50
Total R.P. Adams Corp			<u>37,694.50</u>
<b>Roy's Sewer Service, Inc.</b>			
	05/30/2012	72803 · Annual Collection Sys Repairs	350.00
Total Roy's Sewer Service, Inc.			<u>350.00</u>
<b>V&amp;A Consulting Engineers</b>			
	05/25/2012	72609 · WWTP Upgrade - Contract B	12,674.04
Total V&A Consulting Engineers			<u>12,674.04</u>
<b>W.R. Forde</b>			
	06/01/2012	72706 · 2008 Collection System Improv	230,337.43
Total W.R. Forde			<u>230,337.43</u>
<b>Water Components &amp; Building, Inc.</b>			
	05/24/2012	72804 · Annual Reclamation Fac Imp	261.49
Total Water Components & Building, Inc.			<u>261.49</u>
<b>TOTAL</b>			<u><u>295,600.46</u></u>

**Novato Sanitary District  
Board Fees Check Register**

For May 2012

Date	Num	Name	Credit
<b>Jun 8, 12</b>			
6/8/2012	3144	Di Giorgio, Michael	922.09
6/8/2012	2091	Long, William C	754.46
6/8/2012	2092	Mariani, Jean M	629.59
6/8/2012	2093	Peters, A. Gerald	586.87
6/8/2012	3145	Welsh, Dennis J	486.86
<b>Jun 8, 12</b>			<b>3,379.87</b>

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Accounts Receivable Aging Summary</b>	<b>MEETING DATE: June 11, 2012</b>
	<b>AGENDA ITEM NO.: 6c</b>
<b>RECOMMENDED ACTION: Information Only</b>	
<b>SUMMARY AND DISCUSSION:</b>  The attached Accounts Receivable Summary shows the following receivables:  <b><u>1 – 45 days - \$665,294.33:</u></b> Not delinquent.  <b><u>46 - 90 days - \$1,523.72:</u></b> This is for septic tank hauling fees. If not paid by next month, it will be considered delinquent.  <b><u>90+ days - \$36,694.23:</u></b> \$30,071.40 is for Used Oil and Beverage Grant fees owed by the City of Novato to the District. Although the District administers the program through Dee Johnson, AB 939 consultant, the State only reimburses fees for this program to cities. The city is billed by Dee Johnson and the City of Novato, in turn, reimburses the District.  \$6,584.33 is for septic tank hauling fees for one hauler who is no longer permitted to use District dumping facilities until the debt is clear. This hauler reduced the original debt by \$2,000. However, no payments have been received recently and the District is again pursuing payment.  <b><u>Summary:</u></b> Receivables over 90 days old amount to \$36,694.23. This represents 0.41% of the District's total budgeted operating revenue of \$8,954,956.00 for fiscal year 2011/12.	
<b>ALTERNATIVES: N/A – Information only.</b>	
<b>BUDGET INFORMATION: N/A</b>	
<b>DEPT.MGR.:</b>	<b>MANAGER:</b>

**Novato Sanitary District**  
**A/R Aging Summary**  
As of June 8, 2012

<b>Name</b>	<b>Description</b>	<b>Current</b>	<b>46 - 90</b>	<b>&gt; 90</b>	<b>TOTAL</b>
Bay Area Clean Water Agencies	Prop. 84 grant funds for Recycled Water Project	625,000.00	0.00	0.00	625,000.00
City of Novato - Used Oil	Used Oil/Beverage Grants	0.00	0.00	30,071.40	30,071.40
Joe's Farmers Septic	Septic Tank Hauling	0.00	0.00	6,584.33	6,584.33
North Marin Water District	Reimbursable Charges	1,137.00	0.00	0.00	1,137.00
Quality Septic Systems	Septic Tank Hauling - 2 months	2,164.25	1,523.72	0.00	3,687.97
United Site Services	Septic Tank Hauling	2,413.40	0.00	0.00	2,413.40
USCG	Sewer Service Charges - 2 months	23,908.50	0.00	38.50	23,947.00
Veolia Water	Reimbursable Charges	10,671.18	0.00	0.00	10,671.18
		<b>665,294.33</b>	<b>1,523.72</b>	<b>36,694.23</b>	<b>703,512.28</b>

June 8, 2012

To: Board of Directors  
From: Beverly B. James, Manager-Engineer  
Re: 2012-13 Draft Preliminary Budget

Dear Board Members:

The draft Preliminary Budget for fiscal year 2012-13 and 2013-14 is attached for your consideration and approval. This letter provides an analysis of the differences between the Final 2011-12 budget and the proposed 2012-13 draft Preliminary Budget.

#### **PRELIMINARY OVERVIEW OF FISCAL YEAR 2011-12 DISTRICT ACTIVITIES**

The issues that affected the Operating Budget include:

- CalPERS Employer Side Fund paid off in the amount of \$1,205,537.00;
- No increase in sewer service charges in 2011-12;

The issues that significantly affected the Capital Budget include:

- Certificates of Participation issued in the amount of \$22,000,000;
- Federal and State grant funds totaling \$1,609,000 for the design and construction of the Recycled Water Treatment Facility;
- Connection fees of \$850,000, primarily from the construction of Senior Housing on Diablo.
- On-going major capital projects, including Pump Station Rehabilitation, Collection System Improvements, and Recycled Water Project.

#### **BUDGET STRUCTURE**

The District Budget is divided into separate Capital and Operating Budgets each with their own reserve funds. The Budgets are prepared on a cash-basis rather than accrual-basis, so each year's budget reflects the cash revenue and expenditures during the budget year. This means that if an anticipated expenditure does not occur within the fiscal year, the unspent funds are added to the reserves.

#### **OPERATING BUDGET**

##### ***Operating Revenues***

The annual service charge is divided between operating and capital. The proposed 2012-13 Service Charge, of \$495 has \$285 allocated for Operating Expenses and \$210 for Capital Expenses. This represents a 3.3% increase over

the 2010-11 operating charge after two years with no increase. The total increase is 6.7%. Total Operating Revenues for 2012-13 are forecast to be \$9,302,226.

### ***Operating Expenditures***

Total Operating Expenditures are forecast to be \$9,308,247, a \$952,000 decrease from the 2010-11 budget. The decrease is primarily due to the one time payment to retire the CalPERS side fund. If that one-time payment is excluded, the 2012-13 budget is 3% higher than the 2010-11 budget. The Draft Preliminary Budget includes a detailed summary of all proposed 2012-13 expenses showing the amount and percentage over or under last year's budget. The most significant differences in expected expenditures between the Draft Preliminary Budget and the 2011-12 Final Budget are summarized by cost center below:

- (1) **Collection Systems Increase (\$290,000).** This increase is due to the anticipated payment of the \$290,000 fine for collection system overflows between 2007 and 2011. The District has been budgeting for these for the past two years (\$160,000 in 2010-11 and \$100,000 in 2011-12) but there was a delay in finalizing the settlement agreement so these amounts have been reverting to the Working Capital Reserve Fund. The balance of the increase is for additional staff and root abatement treatment.
- (2) **Lab – Monitoring Facilities Decrease (\$46,000).** Despite increased requirements the District has been able to realize savings of 5% in laboratory expenses through sharing resources with other agencies including laboratory services with North Marin Water District and pollution prevention and public education with other Marin sanitary agencies.
- (3) **Pump Station Increase (\$37,000).** This increase is due partly to the payment of fines for an overflow in 2010 as well as additional personnel.
- (4) **Administrative and Engineering Decrease (\$1,389,000).** This decrease is primarily because of the one-time, \$1,205,537 payoff of the District's CalPERS Employer Contribution Side Fund. In addition it reflects anticipated lower insurance, legal, retiree health, and election expenses

## **CAPITAL BUDGET**

### ***Capital Revenues***

The proposed capital service charge rate is \$210 per year per service unit. The main sources of capital revenue are the Sewer Service Charges, Property Taxes, and Connection fees. Property taxes are projected to decrease by 4% due to property reassessments. Connection fees are projected based on an assumed 50 new connections. Total Capital Revenues are projected to decrease by \$1.14 million primarily because the ARRA grant was a one-time revenue. The capital revenues will be used to fund ongoing capital projects, and debt service on the State Revolving Fund loan and the Certificates of Participation.



# NOVATO SANITARY DISTRICT

---

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

BOARD OF DIRECTORS

WILLIAM C. LONG, President  
MICHAEL DI GIORGIO, President Pro-Tem  
JEAN MARIANI  
JERRY PETERS  
DENNIS WELSH

BEVERLY B. JAMES  
Manager-Engineer-Secretary

KENTON L. ALM  
Legal Counsel

## ***PRELIMINARY BUDGET***

***FOR***

***FISCAL YEARS 2012-14***

***Presented June 2012***

TABLE OF CONTENTS

SECTION I	Revenue Summary - Operating Fund .....	1
	Summary of Expenditures - Operating Fund .....	2-3
	Flow of Funds – Operating & Working Capital Reserve Funds.....	4
	Operating Budget Detail by Account Category.....	5
SECTION II	<b>OPERATING FUND BUDGET</b>	
	Collections .....	6
	Treatment Facilities Contract Operations.....	7
	Reclamation/Disposal Facilities.....	8
	Laboratory and Monitoring.....	9
	Pump Stations .....	10
	Administration and Engineering .....	11
	Personnel Detail .....	12
	AB 939 Solid Waste Programs .....	13
	Recycled Water Facility.....	14
SECTION III	<b>VEHICLE REPLACEMENT FUND</b>	
	Vehicle Replacement Budget .....	15
SECTION IV	<b>SELF INSURANCE FUND</b>	
	Self Insurance Budget.....	16
SECTION V	<b>RATE STABILIZATION, EMERGENCY REPAIR AND SOUTHGATE RESERVE FUNDS</b>	
	Rate Stabilization & Emergency Repair Reserve Budget.....	17
	Southgate Reserve Fund Budget.....	18
SECTION VI	<b>CAPITAL IMPROVEMENT BUDGET</b>	
	Revenue Summary – Capital Improvement Fund.....	19
	Capital Improvement Budget .....	20
	Flow of Funds - Capital Improvement & Capital Reserve Funds.....	21
SECTION VII	<b>DEBT SERVICE FUNDS</b>	
	State Revolving Fund Loan & COP Bond Fund.....	22

**SECTION I**

**OPERATING FUND SUMMARY SCHEDULES**

**Novato Sanitary District  
2012-14 Preliminary Operating Budget  
Revenue Summary**

	Budget 11/12	Revenues thru April 2012	Est Rev 2011-12	Preliminary Budget 2012-13	Preliminary Budget 2013/14
41010 · Sewer Service Charges (1)	8,210,842	7,819,059	8,210,842	8,501,550	8,792,070
41030 · Plan Check & Inspection Fee	500	0	500	500	500
41040 · Permit & Inspection Fee	7,500	5,820	6,000	7,500	7,500
41060 · Interest Income	15,000	9,983	12,500	12,500	15,000
41080 · Engineering & Admin Charges	200,000	0	200,000	175,000	175,000
41090 · Non-domestic Permit Fees (2)	4,000	14,751	15,000	15,000	4,000
41100 · Garbage Franchise Fees	46,575	0	46,575	46,575	46,575
41105 · AB 939 Collector Fees	297,586	297,586	297,586	297,586	297,586
41107 · Oil/Bev/Tire Grants (3)	54,953	47,237	54,953	63,015	63,015
41130 · Ranch Income	60,000	16,592	16,592	60,000	60,000
41135 · Recycled Water Revenue	0	0	0	73,000	132,000
41140 · Other Revenue (4)	40,000	(24,442)	(15,000)	40,000	48,000
41142 · Loss on disposal of assets	10,000	988	10,000	10,000	10,000
<b>Totals</b>	<b>8,946,956</b>	<b>8,187,574</b>	<b>8,855,548</b>	<b>9,302,226</b>	<b>9,651,246</b>

**Comments:**

(1) Service charge revenue is based on proposed rate increase based on projections.

Note: Total charge is \$495 split between operations(\$285) and capital (\$210) for 2012/13  
Total charge is \$533 split between operations(\$294) and capital (\$239) for 2013/14.

(2) Includes application fees, permits and monitoring charges.

(3) Oil/Bev/Tire Grants \$22,490/ JPA Reimb Fees \$40,355.

(4) Other revenue includes septic tank hauling fees, and other miscellaneous revenue.

In addition, in prior year we recognized generator deposits as income inadvertently, in the current year this error was reversed. Thus, the significant difference between estimated and actual revenues of apprx \$55k.

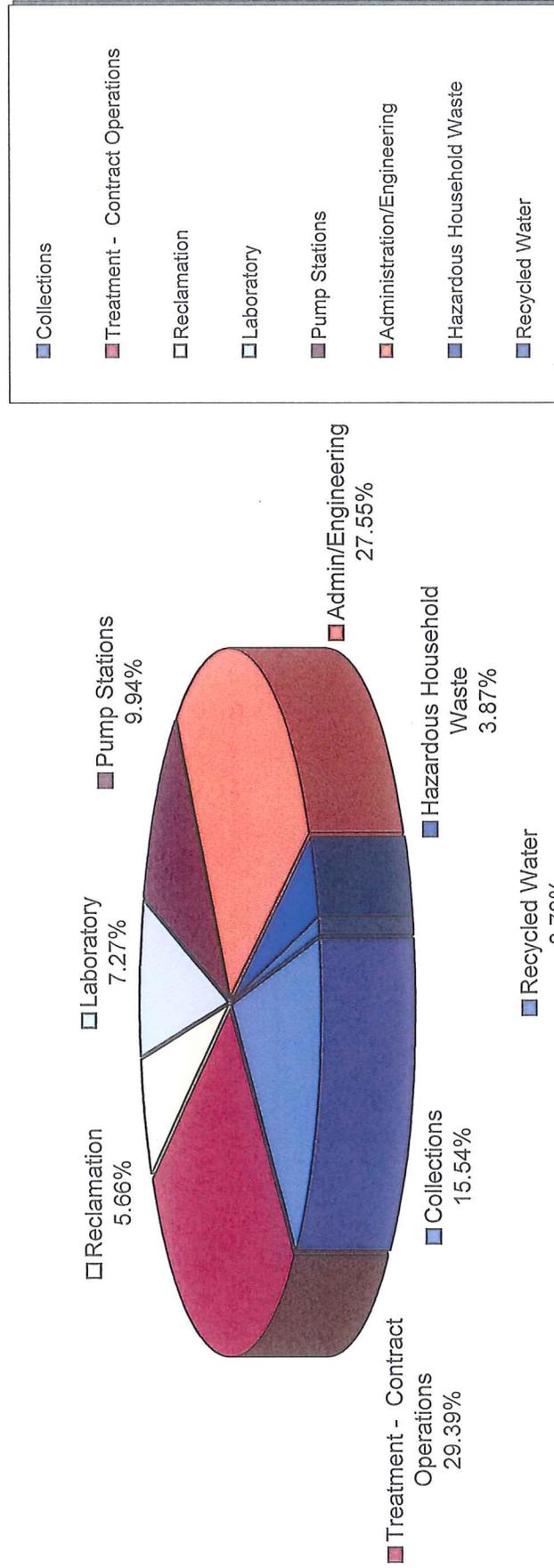
**APPROPRIATIONS LIMITATION**

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

**Novato Sanitary District  
2012-14 Preliminary Budget  
Operating Budget - Summary of Expenditures**

	Budget 11/12	Expenditures thru April 2012	Est Exp 2011-12	Preliminary Budget 2012-13	Preliminary Budget 2013/14
<b>Collections</b>	1,156,257	763,930	1,029,477	1,446,289	1,264,739
<b>Treatment - Contract Operations</b>	2,678,750	2,121,981	2,659,750	2,736,000	2,775,000
<b>Reclamation</b>	531,787	417,506	507,822	526,413	465,713
<b>Laboratory</b>	693,008	468,598	605,890	676,740	751,881
<b>Pump Stations</b>	887,148	628,518	750,770	924,862	870,985
<b>Administration/Engineering</b>	3,953,497	3,369,024	3,842,934	2,564,643	2,777,016
<b>Hazardous Household Waste</b>	360,601	242,123	360,601	360,300	370,810
<b>Recycled Water</b>	0	0	0	73,000	132,000
	10,261,048	8,011,681	9,757,244	9,308,247	9,408,144

## Preliminary Budget 2012-13 Expenditures by Department



**Novato Sanitary District  
2012-14 Preliminary Operating Budget  
Operating Fund and Working Capital Reserve Fund**

		2012-13 Budget	
		Prelim	Final
<b><u>OPERATING FUND</u></b>			
	<b>Fund Balance 6/30/11</b>	0	0
	Estimated Revenues 2011-12	8,855,548	-
	Estimated Expenditures 2011-12	(9,757,244)	-
	Transfer from Self-Insurance Fund for Claims	67,000	-
	Transfer to Self-Insurance Reserve Fund	(67,000)	-
	Transfer from Working Capital Reserve Fund	901,696	-
	<b>Fund Balance 6/30/12</b>	0	0
	Anticipated Revenues 2012-13	9,302,226	-
	Anticipated Expenditures 2012-13	(9,308,247)	-
	Anticipated Transfer from Self-Insurance Fund for Claims	(45,000)	-
	Anticipated Transfer to Self-Insurance Reserve Fund	45,000	-
	Anticipated Transfer from Southgate Reserve Fund	0	-
	Anticipated Transfer to/from Working Capital Reserve Fund	6,021	-
	<b>Anticipated Fund Balance 6/30/13</b>	0	0
<b><u>WORKING CAPITAL RESERVE FUND</u></b>			
	<b>Fund Balance 6/30/11</b>	7,618,784	7,618,784
	Transfer from Operating Fund 2011-12	(901,696)	-
	Transfer to Rate Stabilization Reserve	0	-
	Transfer to Emergency Repair Reserve	0	-
	<b>Fund Balance 6/30/12</b>	6,717,088	7,618,784
	Anticipated Transfer to/from Operating Fund 2012-13	(6,021)	-
	<b>Anticipated Fund Balance 6/30/13</b>	6,711,067	7,618,784

Novato Sanitary District 2012-13 Preliminary Operating Budget Operating Budget Detail by Account Category												
	Treatment Facilities	Recl	L-M	Pump Stations	Collection System	A-E	Recycled Water	Total	Percent	Over/ Under PY Budget	% Over/ Under PY Budget	
Salaries and Wages		30,758	201,512	331,138	583,833	994,388		2,141,630	23.01%	43,993	2.10%	
O & M Services							48,000	48,000	0.52%	48,000	100.00%	
Employee Benefits		12,655	79,327	164,724	281,456	399,308		937,470	10.07%	(4,448)	-0.47%	
CalPERS Side Fund Payoff							0	-	0.0%	(1,215,597)	-100.00%	
Retiree Health Benefits						195,847		195,847	2.10%	(34,638)	-15.03%	
Directors' Fees						45,000		45,000	0.48%	5,000	12.50%	
Election Expense						0		-	0.00%	(60,000)	-100.00%	
Gasoline, Oil & Fuel		4,000	2,500	4,000	25,000	8,000		43,500	0.47%	(1,000)	-2.25%	
Insurance	55,000					145,000		200,000	2.15%	4,400	2.25%	
Ins Claims Expense						45,000		45,000	0.48%	(10,600)	-19.06%	
Agency Dues						42,000		42,000	0.45%	2,000	5.00%	
Memberships						7,500		7,500	0.08%	300	4.17%	
Office Expense						30,000		30,000	0.32%	2,000	7.14%	
Safety		1,000	1,000	2,000	5,000	1,000		10,000	0.11%	10,000	100%	
Software Maint		2,000	23,000	10,000	25,000	9,000		60,000	0.64%	9,500	18.81%	
Operating Supplies		2,000	25,000	9,000	3,000	9,000	1,000	49,000	0.53%	(40,000)	-44.94%	
Operating Chemicals				50,000			15,000	65,000	0.70%	(32,000)	-32.99%	
Sludge Disposal-Contractual		215,000						215,000	2.31%	29,000	15.59%	
Accounting & Auditing						21,000		21,000	0.23%	(1,000)	-4.55%	
Attorney						160,000		160,000	1.72%	(30,000)	-15.79%	
Outside Consulting						220,000		220,000	2.36%	(8,760)	-3.83%	
IT/Misc. Electrical						50,000		50,000	0.54%	10,000	25.00%	
Printing & Publication						15,000		15,000	0.16%	(2,000)	-11.76%	
Repairs & Maintenance		80,000	10,000	115,000	82,000	40,000	5,000	332,000	3.57%	21,000	6.75%	
Unusual Equipment Maint	104,000	0						104,000	1.12%	54,000	108.00%	
Small Tools		1,000		2,000	1,000			4,000	0.04%	(500)	-11.11%	
Outside Services				70,000	100,000			170,000	1.83%	95,000	126.67%	
Ditch/Dike Maintenance		20,000						20,000	0.21%	2,000	11.11%	
Research & Monitoring			290,000					290,000	3.12%	14,600	5.30%	
Travel, Mtgs & Train.						50,000		50,000	0.54%	5,000	11.11%	
Pollution Prevention/Pub. Ed.			40,000					40,000	0.43%	8,000	25.00%	
Gas & Electricity	562,000	120,000		90,000			3,000	775,000	8.33%	580,000	297.44%	
Water		10,000		5,000	6,000			21,000	0.23%	3,000	16.67%	
Telephone				20,000	2,000	15,000		37,000	0.40%	-	0.00%	
Other/Operational Assistance					1,000			1,000	0.01%	(1,000)	-50.00%	
Permits & Fees		70,000	3,000	42,000	291,000	61,000	1,000	428,000	4.60%	279,000	187.25%	
Co. Collection Fees						5,000		61,000	0.66%	1,000	1.67%	
Ser. Chg. System Exp						5,000		5,000	0.05%	(4,000)	-44.44%	
Vehicle Replacement		7,000	1,400	10,000	40,000	5,600		64,000	0.69%	-	0.00%	
Capital Outlay								-	0.00%	-	0.00%	
AB 939 Solid Waste Programs						360,301		360,301	3.87%	(300)	-0.08%	
Contract Operations	1,945,000							1,945,000	20.90%	(733,750)	-27.39%	
<b>Total</b>	<b>2,736,000</b>	<b>526,413</b>	<b>676,739</b>	<b>924,862</b>	<b>1,446,289</b>	<b>2,924,944</b>	<b>73,000</b>	<b>9,308,247</b>	<b>100.00%</b>	<b>(952,801)</b>	<b>-9.29%</b>	
	29.39%	5.66%	7.27%	9.94%	15.54%	31.42%	1%	100.00%				

## **SECTION II**

### **OPERATING FUND BUDGET**

**Novato Sanitary District  
2012-14 Preliminary Budget  
Operating Budget - Collections**

	Budget 11/12	Expenditures thru April 2012	Est Exp 2011-12	Preliminary Budget 2012-13	Preliminary Budget 2013/14
60010 · Salaries & Wages	562,400	437,906	525,487	583,833	601,299
60020 · Employee Benefits	251,857	196,416	235,699	281,456	299,440
60060 · Gas, Oil & Fuel	25,000	14,289	25,000	25,000	30,000
60085 · Safety(1)	0	0	0	5,000	5,000
60091 · Software Maint	25,000	16,484	25,000	25,000	25,000
60100 · Operating Supplies	27,000	20,054	27,000	3,000	32,000
60150 · Repairs & Maint	40,000	55,681	55,681	82,000	60,000
60152 · Small Tools	1,000	58	500	1,000	2,000
60153 · Outside Services	75,000	5,898	75,000	100,000	100,000
60192 · Water	5,000	5,346	6,000	6,000	7,000
60193 · Telephone	2,000	1,487	2,000	2,000	2,000
60200 · Other(Garbage Coll)	2,000	202	2,000	1,000	1,000
60201 · Permits & Fees	100,000	10,111	10,111	291,000	60,000
60290 · Vehicle Replacemnt	40,000	0	40,000	40,000	40,000
	<b>1,156,257</b>	<b>763,930</b>	<b>1,029,477</b>	<b>1,446,289</b>	<b>1,264,739</b>

**Comments:**

- (1) New account for safety related expenses allocated to Collection, Reclamation, Lab, Pump Stations and Administration.

**Novato Sanitary District  
2012-14 Preliminary Budget  
Operating Budget - Treatment Facilities Contract Operations**

	Budget 11/12	Expenditures thru April 2012	Est Exp 2011-12	Preliminary Budget 2012-13	Preliminary Budget 2013/14
61000-1 · Fixed Fee(1)	1,880,000	1,537,794	1,880,000	1,945,000	1,945,000
61000-2 · Insurance & Bonds	51,750	42,447	51,750	55,000	55,000
61000-3 · Major Repr/Replacemnt	104,000	43,701	104,000	104,000	110,000
61000-4 · Water/Permits/Ph(2)	62,000	56,354	62,000	70,000	65,000
61000-5 · Gas & Electricity	581,000	441,686	562,000	562,000	600,000
	<b>2,678,750</b>	<b>2,121,981</b>	<b>2,659,750</b>	<b>2,736,000</b>	<b>2,775,000</b>

**Comments:**

(1) Fixed fee - Veolia working on calculation for upcoming year, one piece of information missing to calculate fee for 12/13 therefore, used previously estimated budget.

(2) Water/Permits/Phone account should include funds for State Water Resources Control Board not previously included in prior year. Amount of permits this year was approximately \$45k.

**Novato Sanitary District  
2012-2014 Preliminary Budget  
Operating Budget -Reclamation**

	Budget 11/12	Expenditures thru April 2012	Est Exp 2011-12	Preliminary Budget 2012-13	Preliminary Budget 2013/14
63010 · Salaries & Wages	29,945	26,025	32,460	30,758	31,435
63020 · Employee Benefits	13,342	11,457	13,748	12,655	13,278
63060 · Gasoline & Oil	8,000	4,890	5,868	4,000	4,000
63085 · Safety(1)	0	0	0	1,000	1,000
63091 · Software Maint	2,500	0	2,500	2,000	3,000
63100 · Operating Supplies	3,000	1,466	3,000	2,000	3,000
63115 · Sludge Disposal	186,000	185,165	185,165	215,000	150,000
63150 · Repairs & Maint	85,000	74,975	85,000	80,000	90,000
63151 · Unusual Equipment Maint	50,000	26,466	50,000	0	0
63152 · Small Tools	1,000	0	1,000	1,000	1,000
63157 · Ditch/Dike Maint	18,000	0	18,000	20,000	20,000
63191 · Gas & Electricity	95,000	78,627	94,352	120,000	130,000
63192 · Water	8,000	6,440	7,728	10,000	10,000
63201 · Permits & Fees	25,000	1,995	2,000	21,000	2,000
63290 · Vehicle Replacemnt	7,000	0	7,000	7,000	7,000
	<b>531,787</b>	<b>417,506</b>	<b>507,822</b>	<b>526,413</b>	<b>465,713</b>

**Comments:**

(1) New account for safety related expenses allocated to Collection, Reclamation, Lab, Pump Stations and Administration.

**Novato Sanitary District  
2012-14 Preliminary Budget  
Operating Budget - Laboratory**

	Budget 11/12	Expenditures thru April 2012	Est Exp 2011-12	Preliminary Budget 2012-13	Preliminary Budget 2013/14
64010 · Salaries & Wages	214,893	155,009	186,011	201,512	210,009
64020 · Employee Benefits	98,315	61,057	73,268	79,328	83,472
64060 · Gasoline & Oil	4,000	2,256	3,000	2,500	3,000
64085 · Safety(1)	0	0	0	1,000	1,000
64091 · Software Maintenance	13,000	0	13,000	23,000	13,000
64100 · Operating Supplies	40,000	20,150	30,000	25,000	30,000
64150 · Repairs & Maintenance	11,000	8,101	11,000	10,000	10,000
64160 · Research & Monitoring	275,400	184,050	245,400	290,000	355,000
64170 · Pollution Prev/Public Ed	32,000	35,164	40,000	40,000	42,000
64201 · Permits & Fees	3,000	2,811	2,811	3,000	3,000
64290 · Vehicle Replacement	1,400	0	1,400	1,400	1,400
	<b>693,008</b>	<b>468,598</b>	<b>605,890</b>	<b>676,740</b>	<b>751,881</b>

**Comments:**

(1) New account for safety related expenses allocated to Collection, Reclamation, Lab, Pump Stations and Administration.

**Novato Sanitary District  
2012-2014 Preliminary Budget  
Operating Budget - Pump Stations**

	Budget 11/12	Expenditures thru April 2012	Est Exp 2011-12	Preliminary Budget 2012-13	Preliminary Budget 2013/14
65010 · Salaries & Wages	328,917	215,242	258,290	331,138	354,996
65020 · Employee Benefits	145,231	95,790	114,948	164,724	174,989
65060 · Gasoline & Oil	2,500	2,474	2,969	4,000	4,000
65085 · Safety(1)	0	0	0	2,000	3,000
65091 · Software Maintenance	10,000	0	8,500	10,000	12,000
65100 · Operating Supplies	9,000	6,226	7,471	9,000	10,000
65101 · Operating Chemicals	97,000	83,626	97,000	50,000	45,000
65150 · Repairs & Maintnnce	135,000	128,481	135,000	115,000	115,000
65152 · Small Tools	2,500	1,897	2,500	2,000	2,000
65153 · Outside Services(2)	0	0	0	70,000	20,000
65191 · Gas & Electricity	100,000	68,423	82,108	90,000	90,000
65192 · Water	5,000	4,801	5,761	5,000	5,000
65193 · Telephone	21,000	17,867	21,440	20,000	20,000
65201 · Permits & Fees	21,000	3,691	4,782	42,000	5,000
65290 · Vehicle Replacement	10,000	0	10,000	10,000	10,000
	<b>887,148</b>	<b>628,518</b>	<b>750,770</b>	<b>924,862</b>	<b>870,985</b>

**Comments:**

- (1) New account for safety related expenses allocated to Collection, Reclamation, Lab, Pump Stations and Administration.
- (2) Previously included in Admin budget in O/S Contractual Services, specifically for Pump Stations therefore reclassified to this department.

**Novato Sanitary District  
2012-2014 Preliminary Budget  
Operating Budget - Administration**

	Budget 11/12	Expenditures thru April 2012	Est Exp 2011-12	Preliminary Budget 2012-13	Preliminary Budget 2013/14
66010 · Salaries & Wages	961,482	815,816	971,384	994,388	1,087,327
66020 · Employee Benefits	443,233	348,259	417,911	399,308	440,575
66020 · Employee Benefits - Side Fund	1,205,537	1,205,537	1,205,537	0	0
66021 · Retiree Health Benefits(1)	230,485	197,176	236,611	195,847	211,514
66030 · Director's Fees	40,000	37,125	42,000	45,000	45,000
66040 · Election Expense	60,000	39,456	40,000	0	45,000
66060 · Gasoline & Oil	5,000	6,609	7,931	8,000	9,000
66070 · Insurance	195,600	133,294	140,000	145,000	150,000
66071 · Insurance Claim Expense	55,600	30,021	67,000	45,000	45,000
66075 · Agency Dues	40,000	38,849	40,000	42,000	45,000
66080 · Memberships	7,200	6,166	7,200	7,500	8,000
66085 · Safety(2)	0	0	0	1,000	1,000
66090 · Office Expense	28,000	26,273	25,000	30,000	31,000
66100 · Engineering Supplies	10,000	7,266	10,000	9,000	10,000
66121 · Accounting & Auditing	22,000	19,685	20,000	21,000	22,000
66122 · Attorney Fees	190,000	112,129	153,000	160,000	165,000
66123 · O/S Contractual	228,760	198,644	228,760	220,000	220,000
66124 · IT/Misc Electrical	40,000	14,186	40,000	50,000	40,000
66130 · Printing & Publications	17,000	11,962	17,000	15,000	18,000
66150 · Repairs & Maintenance	40,000	34,548	40,000	40,000	40,000
66170 · Travel, Meetings & Training	45,000	40,345	45,000	50,000	53,000
66193 · Telephone	14,000	10,051	14,000	15,000	15,000
66202 · County Fees-Property Taxes	31,000	11,898	31,000	31,000	33,000
66203 · County Fees-Sewer Ser Chg	29,000	21,560	29,000	30,000	32,000
66250 · Service Charge Sys Exp	9,000	2,170	9,000	5,000	5,000
66290 · Vehicle Replacement	5,600	0	5,600	5,600	5,600
	<b>3,953,497</b>	<b>3,369,024</b>	<b>3,842,934</b>	<b>2,564,643</b>	<b>2,777,016</b>

Comments:

- (1) Based on increase of 5% a year from actual expenditures in 2011/12
- (2) New account for safety related expenses allocated to Collection, Reclamation, Lab, Pump Stations and Administration.

Novato Sanitary District							
Preliminary Operating Budget 2012-14							
PERSONNEL DETAIL							
						Total	
						2011-12	
Number	Position	Dept.	Pay Range	Salaries			
				2012/13	2013/14		
1.00	Manager-Engineer.....	A/E		178,728	182,660		
1.00	Deputy - Manager Engineer.....	A/E	MC122.5	157,476	160,940		
1.50	Senior Engineer.....	.75AE/.25PS	MC116.5	168,270	228,918		
1.00	Field Services Superintendent.....	.5AE/.25PS/.25Rec	MC117	120,384	123,032		
0.46	Administrative Services Specialist .....	A/E	MC117.5	58,666	59,956		
0.50	Administrative Assistant .....	A/E	MC103.5	25,638	53,832		
1.00	Administrative Secretary.....	A/E	MC106	70,380	71,928		
1.00	Finance Officer.....	A/E	MC112.5	96,684	98,811		
1.00	Staff Engineer.....	.5AE/.5CS	47	89,832	91,808		
1.00	Construction Inspector.....	A/E	44.5	79,536	81,286		
1.00	Information System Specialist II.....	.5AE/.5CS	43.5	75,744	77,410		
1.00	Environmental Services Supervisor.....	L/M	MC115.5	92,076	98,724		
1.00	ECA II.....	L/M	45.5	75,744	77,410		
0.00	Instrument Technician/Electrician.....	.75AE/.25PS	46.5	-	-		
1.00	Collection System Superintendent.....	.67CS/.33PS	MC115	109,188	111,590		
1.00	Collection System Leadworker.....	.67CS/.33PS	47	89,832	91,808		
1.00	Collection System Worker III.....	.67CS/.33PS	43.5	68,712	70,224		
4.00	Collection System Worker II(1).....	.67CS/.33PS	40.5	255,504	374,346		
2.50	Collection System Worker I(1).....	.67CS/.33PS	38.5	127,557	54,968		
0.00	Engineering Intern.....	A/E	N/A	-	-		
1.00	Collection System Temp.....	C/S	N/A	30,000	-		
0.00	Lab. Intern (NMWD)	L/M	N/A	28,000	28,000		
0.40	Hourly Electrician	.75AE/.25PS	N/A	40,000	40,000		
	Allowance for Overtime.....	C/S		30,000	30,000		
	Allowance for Overtime.....	A/E		7,500	7,500		
	Allowance for Overtime.....	L/M		2,000	2,000		
	Allowance for Standby Duty Pay.....	C/S		20,000	20,000		
				-	-		
	CCSR.....	PS		1,500	1,500		
	Subtotal			2,098,951	2,238,654		
	Allowance for Possible COLA - across the board .....	2.20%		42,679	46,412		
				<b>2,141,630</b>	<b>2,285,066</b>		
23.36	Administration and Engineering (A/E)	=	994,388	1,087,327			
	Laboratory and Monitoring (L/M)	=	201,512	210,009			
	Collection System	67% =	583,833	601,299			
	Pump Stations	33% =	331,138	354,996			
	Reclamation Facilities	=	30,758	31,435			
	Total/Check		2,141,630	2,285,066			

(1) In 2013/14, Coll Wrkr 1 will be 1 employee and Coll Wrkr II will be 6 employees.

**Novato Sanitary District  
2012-2014 Preliminary Budget  
Hazardous Household Waste**

				Preliminary	Preliminary
		Expenditures	Est Exp	Budget	Budget
	Budget 11/12	thru April 2012	2011-12	2012-13	2013/14
67400 · Management Services	105,064	66,063	105,064	106,764	109,967
67500 · Household Hazardous Wst	218,000	157,982	218,000	202,500	208,575
67520 · Permanent HHW Facility	9,000	0	9,000	5,000	5,150
67530 · Used Oil /Beverage Program	13,537	2,108	13,537	22,537	23,213
67540 · Education/Publicity Outreach(1)	0	0	0	8,500	8,755
67600 · Other	5,000	5,970	5,000	5,000	5,150
67610 · City AB 939 Admin Service	10,000	10,000	10,000	10,000	10,000
	<b>360,601</b>	<b>242,123</b>	<b>360,601</b>	<b>360,301</b>	<b>370,810</b>

Comments:

(1) New account for education/Publicity/Ads/Outreach - 67540, previously included with Acct 67520

**Novato Sanitary District  
2012-2014 Preliminary Budget  
Operating Budget - Recycled Water**

				Preliminary	Preliminary
		Expenditures	Est Exp	Budget	Budget
	Budget 11/12	thru April 2012	2011-12	2012-13	2013/14
(1)					
68010 · O & M Services	0	0	0	48,000	74,000
68100 · Operating Supplies	0	0	0	1,000	2,000
68101 · Operating Chemicals	0	0	0	15,000	20,000
68150 · Repairs & Maintnnce	0	0	0	5,000	25,000
68191 · Gas & Electricity	0	0	0	3,000	10,000
68201 · Permits & Fees	0	0	0	1,000	1,000
68290 · Vehicle Replacement	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,000</b>	<b>132,000</b>

Comments:

(1) New account series to track new operation of our Recycled Water Facility.

## **SECTION III**

### **VEHICLE REPLACEMENT BUDGET**



## **SECTION IV**

### **SELF INSURANCE FUND BUDGET**

**Novato Sanitary District  
2012-14 Preliminary Budget  
Self Insurance Fund**

		2012-13 Budget	
		Prelim	Final
<b>FUND BALANCE 6/30/11 . . . . .</b>		<b>164,016</b>	<b>164,016</b>
	Interest Earned on Fund		
	Balance	750	-
	Transfer to Operating Fund to		
	Reimburse Fund for Claims	(67,000)	0
	Transfer from Operating Fund to		
	Self-Insurance Reserve Fund	67,000	0
<b>FUND BALANCE 6/30/12 . . . . .</b>		<b>164,766</b>	<b>164,016</b>
	Anticipated Interest Earned on Fund		
	Balance	750	-
	Anticipated Transfer to Operating Fund		
	from Insurance Fund for Claims	(45,000)	0
	Transfer from Operating Fund to		
	Self-Insurance Reserve Fund	45,000	
<b>ANTICIPATED FUND BALANCE 6/30/13 . . . . .</b>		<b>165,516</b>	<b>164,016</b>
Comments:			
	1) The District has general and automobile liability coverage in the amount of \$10,000,000 with a \$25,000 deductible through the California Sanitation Risk Management Authority (CSRMA). Coverage for Errors and Omissions is included in the CSRMA pooled liability insurance program.		
	2) The District also has a property insurance policy through CSRMA to cover buildings, structures and equipment. This policy provides \$40,000,000 coverage with a \$25,000 deductible.		
	3) The self-insurance reserve fund has been set up to cover possible District claims falling within the deductible amounts on these policies.		
	4) Beginning FY 2011-12 this account includes payment of Unemployment Insurance claims.		

## **SECTION V**

# **RATE STABILIZATION, EMERGENCY REPAIR AND SOUTHGATE RESERVE FUNDS**

**Novato Sanitary District  
2012-14 Preliminary Budget  
Rate Stabilization and Emergency Repair Reserve Funds**

		2012-13 Budget	
		Prelim	Final
<b><u>RATE STABILIZATION FUND**</u></b>			
<b>FUND BALANCE 6/30/11 . . . . .</b>		600,000	600,000
	Contribution to/from Operating Fund to Rate Stabilization Fund 2011-12	0	0
<b>FUND BALANCE 6/30/12 . . . . .</b>		600,000	600,000
	Anticipated Contribution to/from Operating Fund to Rate Stabilization Account 2011-12	0	0
<b>ANTICIPATED FUND BALANCE 6/30/13 . . . . .</b>		600,000	600,000
<b><u>EMERGENCY REPAIR RESERVE FUND**</u></b>			
<b>FUND BALANCE 6/30/11 . . . . .</b>		600000	600000
	Contribution to/from Operating Fund to Emergency Repair Reserve Fund 2011-12	0	0
<b>FUND BALANCE 6/30/12 . . . . .</b>		600,000	600,000
	Anticipated Contribution from Operating Fund to Rate Stabilization Account 2012-13	0	0
<b>ANTICIPATED FUND BALANCE 6/30/13 . . . . .</b>		600,000	600,000
**	In October 2001, the District Board adopted an Operating Reserve Fund Policy that included establishing a Service Charge Rate Stabilization Fund in the amount of \$600,000 and an Emergency Repair Reserve Fund in the amount of \$600,000.		

**Novato Sanitary District  
2012-14 Preliminary Budget  
Southgate Reserve Fund**

		2012-13 Budget	
		Prelim	Final
<b><u>SOUTHGATE RESERVE FUND**</u></b>			
<b>FUND BALANCE 6/30/11 . . . . .</b>		679,989	679,989
	Contribution to/from Operating Fund to Southgate Reserve Fund 2011-12	0	0
<b>FUND BALANCE 6/30/12 . . . . .</b>		679,989	679,989
	Anticipated Contribution to/from Operating Fund to Southgate Reserve Fund 2011-12	0	0
<b>ANTICIPATED FUND BALANCE 6/30/13 . . . . .</b>		679,989	679,989
**	In March 2003, as part of the Settlement Agreement for acceptance of the Southgate Subdivision sewers, Southgate Partners deposited the sum of \$890,989 with the District for improvement and continued maintenance and operation of the sewer improvements.		

## **SECTION VI**

### **CAPITAL IMPROVEMENT BUDGET**

**Novato Sanitary District  
2012-14 Preliminary Budget  
Capital Improvement Budget - Revenue Summary**

				Preliminary	Preliminary
		Revenues	Est Rev	Budget	Budget
	Budget 11/12	thru April 2012	2011-12	2012-13	2013/14
<b>Capital Improvement Income</b>					
51010 · Sewer Service Charges(1)	5,472,815	5,145,241	5,472,815	6,264,300	7,147,295
51015 · Property Taxes	1,775,000	1,715,859	1,715,859	1,700,000	1,775,000
51020 · Connection Charges(2)	681,600	840,486	850,000	447,500	469,500
51030 · Collector Sewer Charges	4,000	0	2,000	2,000	2,000
51040 · Special Equalization Chrg	6,000	27	200	4,000	4,000
51060 · Interest	25,000	6,537	9,500	15,000	15,000
51062 · ARRA/IRWM Grant Revenue	1,609,000	426,803	628,814		250,000
51070 · Other Revenue	20,000	227,307	230,000	20,000	20,000
<b>Total Capital Improvement Income</b>	<b>9,593,415</b>	<b>8,362,260</b>	<b>8,909,188</b>	<b>8,452,800</b>	<b>9,682,795</b>
<b>Comments:</b>					
<b>(1) Service charge revenue is based on proposed rate increase based on projections.</b>					
<b>Note: Total charge is \$495 split between operations(\$285) and capital (\$210) for 2012/13</b>					
<b>Total charge is \$533 split between operations(\$294) and capital (\$239) for 2013/14.</b>					
<b>(2) Connection Charges projected to be 50 new connections at \$8,940 each and</b>					
<b>50 new connections the following year at \$9,390 each.</b>					

**Novato Sanitary District  
Capital Improvement Budget  
2012-2014 Preliminary Budget**

				Preliminary	Preliminary
		Expenditures	Est Exp	Budget	Budget
	Budget 11/12	thru April 2012	2011-12	2012-13	2013/14
72110 · Drainage PS 3&7 Outfall Rehab	0	0	0	50,000	150,000
72111 · SCADA Phase II	20,000	16,721	17,000	10,000	10,000
72403 · Pump Station Rehabilitation	1,500,000	1,074,852	1,200,000	1,350,000	1,350,000
72508 · N. Bay Water Recycling Auth	50,000	49,902	50,000	100,000	100,000
72509 · NTP Soil & Groundwater Inv	5,000	0	0	0	0
72604 · Laboratory Improvements	60,000	2,033	2,500	10,000	10,000
72607 · WWTP Upgrade-Contract A1	15,000	12,982	13,000	10,000	0
72608 · WWTP Upgrade - Contract A2	10,000	0	0	0	0
72609 · WWTP Upgrade - Contract B	700,000	522,626	575,000	50,000	10,000
72611 · Bayside Sewer	10,000	0	0	3,000	3,000
72612 · Southgate Sewer-	3,000	0	0	1,000	1,000
72706 · Collection System Improv	2,000,000	382,974	955,000	1,400,000	2,300,000
72706-1 · Lateral Replacemnt Program(1)	0	0	0	30,000	0
72707 · Hamilton Wetlands/Outfall Monit	5,000	0	0	0	2,000
72708 · Cogeneration	50,000	0	0	50,000	700,000
72801 · Annual Minor Projects	25,000	0	0	0	10,000
72802 · Annual Sewer Adj. for City Proj	25,000	6,339	8,000	25,000	20,000
72803 · Annual Collection Sys Repairs	200,000	131,828	160,000	200,000	200,000
72804 · Annual Reclamation Fac Imp	400,000	245,229	300,000	350,000	300,000
72805 · Annual Trtmt Plnt/Pump St Impr	150,000	149,865	150,000	270,000	150,000
72808 · Strategic Plan Update	50,000	14,490	40,000	10,000	0
73001 · WWTP Upgrade - Contract C (Solids handling)	800,000	161,850	250,000	2,500,000	700,000
73002 · WWTP Up-Cont D-Rec(ARRA-25%)	6,500,000	4,829,658	5,336,285	1,250,000	20,000
73003 · Admin Building Upgrade	50,000	17,567	14,000	250,000	1,500,000
78500 · Interest - SRF/COP Bond	6,064,321	1,276,340	5,506,500	2,785,972	2,681,858
78500 · Principal		0	0	4,138,057	4,248,170
<b>Totals</b>	<b>18,692,321</b>	<b>8,895,257</b>	<b>14,577,285</b>	<b>14,843,029</b>	<b>14,466,028</b>

Comments:

(1) Lateral Replacement Program included in 76706-Collection System Improvements in prior budget.

**Novato Sanitary District  
Budget 2012-14  
Capital Improvement and Working Capital Reserve Funds**

		2012-13 Budget	
		Prelim	Final
<b><u>CAPITAL IMPROVEMENT FUND</u></b>			
<b>Fund Balance 6/30/11</b>		0	0
	Estimated Revenues 2011-12	8,909,188	-
	Estimated Expenditures 2011-12	(9,070,785)	-
	Debt Service Payments -SRF Loan and COP Bond	(5,506,500)	-
			-
	Transfer from Capital Improvement Reserve Fund 2011-12	5,668,097	-
<b>Fund Balance 6/30/12</b>		0	0
	Anticipated Revenues 2012-13	8,452,800	-
	Anticipated Expenditures 2012-13	(7,919,000)	-
	Debt Service Payments		-
	SRF Loan and COP Bond	(6,924,029)	-
	Anticipated Transfer to/from Capital Improvement Reserve Fund	6,390,229	-
<b>Anticipated Fund Balance 6/30/13</b>		0	0
<b><u>WORKING CAPITAL RESERVE FUND</u></b>			
<b>Fund Balance 6/30/11</b>		1,913,656	0
	Transfer from Capital Improvement Fund Fund 2011-12	(5,668,097)	-
	Transfers from COP Bond Proceeds	21,899,891	
	Transfer to Rate Stabilization Reserve	0	-
	Transfer to Emergency Repair Reserve	0	-
<b>Fund Balance 6/30/12</b>		18,145,450	0
	Anticipated Transfer to Capital Improvement Fund 2012-13	(6,390,229)	0
<b>Anticipated Fund Balance 6/30/13</b>		11,755,221	0

## **SECTION VII**

### **DEBT SERVICE FUNDS**

**Novato Sanitary District  
2012-14 Preliminary Budget  
State Revolving Fund Loan  
and  
COP Bond Fund**

	2012-13	Budget
	Prelim	Final
<b><u>State Revolving Fund Loan</u></b>		
<b>FUND BALANCE 6/30/11 . . . . .</b>	79,199,108	
SRF Deposits 2011-12	2,039,975	
Principal Payment 2011-12	(3,274,949)	
Interest payments 2011-12	(1,963,382)	
Transfer from Capital Improvement Fund 2011-12	1,963,382	
<b>FUND BALANCE 6/30/12 . . . . .</b>	77,964,134	
Principal Payment 2012-13	(3,338,056)	
Interest payments 2012-13	(1,900,274)	
Transfer from Capital Improvement Fund 2012-13	1,900,274	
<b>ANTICIPATED FUND BALANCE 6/30/13 . . . . .</b>	74,626,078	
<b><u>COP Bond Financing Issued October 2011</u></b>		
<b>FUND BALANCE 6/30/11 . . . . .</b>	0	
COP Proceeds from Bond Issuance	21,899,891	
Interest payments 2011-12	(268,170)	
Transfer from Capital Improvement Fund 2011-12	268,170	
<b>FUND BALANCE 6/30/12 . . . . .</b>	21,899,891	
Principal Payment 2012-13	(800,000)	
Interest payments 2012-13	(885,698)	
Transfer from Capital Improvement Fund 2012-13	885,698	
<b>ANTICIPATED FUND BALANCE 6/30/13 . . . . .</b>	21,099,892	

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Budget: Schedule</b>	<b>MEETING DATE: June 11, 2012</b>
	<b>AGENDA ITEMS NO.: 7b</b>
<b>RECOMMENDED ACTION:</b> Approve revised schedule for approval of 2012-13 Preliminary and Final Budget, Appropriation Limit, and Sewer Service Charges.	
<b>SUMMARY AND DISCUSSION:</b>  The proposed Schedule for the 2012-13 Preliminary and Final Budget, Appropriation Limit, and Sewer Service Charges is attached to the report for Agenda Item 4.a.	
<b>ALTERNATIVES:</b> NA	
<b>BUDGET INFORMATION:</b> No impact	
	<b>MANAGER:</b>

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Sewer Service Charge: Set Public Hearing</b>	<b>MEETING DATE: June 11, 2012</b>  <b>AGENDA ITEMS NO.: 8a</b>
<b>RECOMMENDED ACTION:</b> Set public hearing for July 9, 2012 for public hearing on individual sewer service charges and adoption of resolution confirming report on sewer service charges.	
<b>SUMMARY AND DISCUSSION:</b>  Each year the District must hold a public hearing in order to collect the sewer service charges on the tax rolls. This is separate from the Proposition 218 hearing that is held prior to making changes to the rates. It is necessary to determine the rates prior to this hearing so that District staff have time to calculate the individual rates for each customer. District staff will have a database on the computer at the meeting on July 9 <sup>th</sup> so that anyone may request to know what their individual rate will be in the coming year and have an opportunity to protest.  The public hearing will be noticed twice in the Marin IJ. Following the public hearing the board will consider adoption of a resolution to collect the sewer service charges on the tax rolls.	
<b>ALTERNATIVES:</b> NA	
<b>BUDGET INFORMATION:</b> No impact	
	<b>MANAGER:</b>

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE:</b> Annual Collection System Repairs – 2012 Sewer Repairs, Group 2; Project 72803-11-06	<b>MEETING DATE:</b> June 11, 2012  <b>AGENDA ITEM NO.:</b> 9a								
<b>RECOMMENDED ACTION:</b> Review bids received, accept the lowest responsive bid and authorize the Manager-Engineer to execute a Contract with WR Forde & Associates in the amount of \$83,910.									
<b>SUMMARY AND DISCUSSION:</b>  Using the informal bid provisions of the Uniform Public Construction Cost Accounting Act (UPCCAA), as adopted by the Board of Directors in 2006, District staff requested bids for the repair of sewer mains at eight locations around Novato. This work is at locations where the District has experienced overflows due to severe sags or root intrusion into the sewer main or areas in need of repair due to broken pipe or offset joints.  On May 24, 2012, 4 bids were received as follows: <table style="margin-left: 40px; border: none;"> <tr> <td style="padding-right: 20px;">1. WR Forde:</td> <td>\$83,910.00</td> </tr> <tr> <td>2. Maggiora &amp; Ghilotti:</td> <td>\$87,654.00</td> </tr> <tr> <td>3. Linscott Engineering:</td> <td>\$100,750.00</td> </tr> <tr> <td>4. Team Ghilotti:</td> <td>\$106,900.00</td> </tr> </table> <p>WR Forde of Richmond submitted the lowest responsive bid of \$83,910.00. The Engineer's Estimate of Probable Cost was \$95,000. WR Forde's bid has been reviewed and is in order. Staff contacted WR Forde to discuss their bid and they are comfortable and confident with their bid.</p> <p>The FY11-12 budget includes \$200,000 for the Annual Collection System Repairs. To date, \$132,000 has been expended. The Draft Preliminary Budget for 2012-13 includes \$200,000 and most of the work will take place in 2012-13. Accordingly, it is recommended that the Board award the 2012 Sewer Repairs, Group 2 of the Annual Collection System Repairs to WR Forde for the bid amount of \$83,910.00, and authorize the Manager-Engineer to execute a contract with WR Forde for this amount.</p>		1. WR Forde:	\$83,910.00	2. Maggiora & Ghilotti:	\$87,654.00	3. Linscott Engineering:	\$100,750.00	4. Team Ghilotti:	\$106,900.00
1. WR Forde:	\$83,910.00								
2. Maggiora & Ghilotti:	\$87,654.00								
3. Linscott Engineering:	\$100,750.00								
4. Team Ghilotti:	\$106,900.00								
<b>ALTERNATIVES:</b> N/A.									
<b>BUDGET INFORMATION:</b> The FY 11-12 Budget for Account No. 72803 includes a budget amount of \$2,000,000. The current budget balance is \$1,513,985.									
<b>DEPT.MGR.:</b>	<b>MANAGER:</b>								

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Collection System Improvements; Center Road Sewer Project – Diablo Avenue to Kristy Court; Project No. 72706; Phase H</b>	<b>MEETING DATE: June 11, 2012</b>  <b>AGENDA ITEM NO.: 10a</b>
---	---

**RECOMMENDED ACTION:** Consider approval of Proposal for Engineering Services for Design from Nute Engineering in the amount of \$52,500 and authorize the Manager-Engineer to execute a contract in that amount.

**SUMMARY AND DISCUSSION:**

In its continuing effort to reduce the risk of potential sewer system overflows into creeks and waterways, the District has identified a project that would eliminate: (1) about 500 feet of mid-1950s vintage leaking clay pipe on Kristy Court, (b) the Kristy Court sewer creek crossing of Novato Creek to the Cypress Street Pump Station, and (3) after the upcoming sewer work on the City’s Novato Boulevard Project between Diablo Avenue and Grant Avenue is carried out, eliminate the need for the Cypress Pump Station which is located next to Novato Creek.

The project includes extending the trunk sewer in Center Road from Diablo Avenue to Kristy Court, installing a new sewer in Kristy Court to connect to this Center Road sewer extension, and eliminating the existing Kristy Court sewer crossing of Novato Creek to the Cypress Street Pump Station. The preliminary estimate to construct the proposed sewer improvements is \$650,000. Staff recommends that the District proceed with this project because it has the following advantages:

1. Eliminating the Kristy Court sewer creek crossing of Novato Creek will eliminate the potential for sewer overflow(s) into Novato creek from this crossing,
2. Future elimination of the Cypress Pump Station will eliminate:
  - a. Operating costs for that pump station, which over the lifetime of the pump station would be considerably more that the operating cost for the new sewer main, and
  - b. The potential for pump station failure(s) leading to significant overflows into Novato Creek.

The District has received a proposal from Nute Engineering to provide engineering services to prepare plans and specifications for the proposed sewer project for a total amount of \$52,500. District staff believes Nute Engineering’s Proposal is reasonable and recommends the Board approve the Proposal.

**Alternatives:** Do not approve the proposal.

**BUDGET INFORMATION:** This design work will be funded from the budget for Collection System Improvements, Project 72706. The FY12-13 preliminary amount of for this budget is \$1,400,000.

**DEPT.MGR.:**

**MANAGER:**

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: WWTP Upgrade Project 73002: Recycled Water O&amp;M</b>	<b>MEETING DATE: June 11, 2012</b>  <b>AGENDA ITEMS NO.: 11.a</b>
<p><b>RECOMMENDED ACTION:</b> Approve proposal to prepare an Operations and Maintenance Manual and Operations Plan for the Recycled Water Treatment Facility on a time and materials basis for an amount not to exceed \$48,030 as “Additional Services” under Section 8 of the Contract Service Agreement.</p>	
<p><b>SUMMARY AND DISCUSSION:</b></p> <p>The District is completing construction on a Recycled Water Treatment Facility. The State Health Department requires that we have an approved Operations Plan before we are permitted to deliver recycled water from the facility. Staff requested a proposal from Veolia Water to prepare an Operations and Maintenance Manual and Start Up and Operations Plan for the new facility that would seamlessly integrate into the District’s electronic O&amp;M Manual for the Wastewater Treatment Facility.</p> <p>Veolia has demonstrated capability to produce the necessary manuals within the time limits required. They also have ready access to the experienced operators who will be operating the facility.</p> <p>The O&amp;M Manual and Start up and Operations Plan would cover the Filter Feed Pump Station, the Tertiary Filter, the Chlorine Contact Chamber, the Clearwell, Distribution Pump Station, and Chemical storage and feed systems. Veolia proposes to do the work on a time and materials basis in accordance with the attached labor and cost estimate for a total not-to-exceed \$48,030.</p> <p>Section 8.1.3 and 8.2 of the Contract Service Agreement provides for the request for additional services on a negotiated basis.</p>	
<p><b>ALTERNATIVES:</b> Do not approve proposal and issue a RFP.</p>	
<p><b>BUDGET INFORMATION:</b> This work would be funded under account 73002 Contract D- Recycled Water (ARRA 25%) which has a 2011-12 budget account balance of \$1,670,342. There is also an allocation of \$1,250,000 if the work continues into the 2012-13 fiscal year.</p>	
	<p><b>MANAGER:</b></p>

ATTACHMENT B

LABOR AND COST ESTIMATE									
Novato Sanitary District									
Scope of Services- Recycled Water Project Operations and Maintenance Manual/Startup and Operations Plan									
Task	Task Description	POSITIONS						Total Hours	Labor Cost
		AM \$157	PM \$130	PM \$130	APM \$115	ADM \$66	WP \$55		
1.0	Kickoff Meeting	2	5	2	2	2	0	13	\$ 1,586
	<b>TOTAL</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>13</b>	<b>\$ 1,586</b>
2.0	Introduction	0	16	0	0	2	0	18	\$ 2,212
	2.1 Draft Process Chapter Presentation	0	4	2	2	0	1	9	\$ 1,065
	2.3 Final Process Chapter Preparation	0	20	2	2	2	1	27	\$ 3,277
	<b>TOTAL</b>	<b>0</b>	<b>20</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>27</b>	<b>\$ 3,277</b>
3.0	Filter Feed Pump Station	0	5	5	5	2	0	17	\$ 2,007
	3.1 Chapter Discussion Meeting/Site Visit	0	16	0	0	0	0	16	\$ 2,080
	3.2 Draft Process Chapter Preparation	0	8	0	0	0	1	9	\$ 1,095
	3.3 Subsequent Site Visits	0	10	0	0	0	0	10	\$ 1,300
	3.5 Final Process Chapter Preparation	0	39	5	5	2	1	52	\$ 6,482
	<b>TOTAL</b>	<b>0</b>	<b>39</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>52</b>	<b>\$ 6,482</b>
4.0	Tertiary Filter	0	5	5	5	2	0	17	\$ 2,007
	4.1 Chapter Discussion Meeting/Site Visit	0	16	0	0	0	0	16	\$ 2,080
	4.2 Draft Process Chapter Preparation	0	8	0	0	0	1	9	\$ 1,095
	4.3 Subsequent Site Visits	0	10	0	0	0	0	10	\$ 1,300
	4.4 Final Process Chapter Preparation	0	39	5	5	2	1	52	\$ 6,482
	<b>TOTAL</b>	<b>0</b>	<b>39</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>52</b>	<b>\$ 6,482</b>
5.0	Chlorine Contact Tank/Clearwell	0	5	5	5	2	0	17	\$ 2,007
	5.1 Chapter Discussion Meeting/Site Visit	0	16	0	0	0	0	16	\$ 2,080
	5.2 Draft Process Chapter Preparation	0	8	0	0	0	1	9	\$ 1,095
	5.3 Subsequent Site Visits	0	10	0	0	0	0	10	\$ 1,300
	5.4 Final Process Chapter Preparation	0	39	5	5	2	1	52	\$ 6,482
	<b>TOTAL</b>	<b>0</b>	<b>39</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>52</b>	<b>\$ 6,482</b>
6.0	Distribution Pump Station	0	5	5	5	2	0	17	\$ 2,007
	6.1 Chapter Discussion Meeting/Site Visit	0	16	0	0	0	0	16	\$ 2,080
	6.2 Draft Process Chapter Preparation	0	8	0	0	0	1	9	\$ 1,095
	6.3 Subsequent Site Visits	0	10	0	0	0	0	10	\$ 1,300
	6.4 Final Process Chapter Preparation	0	39	5	5	2	1	52	\$ 6,482
	<b>TOTAL</b>	<b>0</b>	<b>39</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>52</b>	<b>\$ 6,482</b>
7.0	Chemical (Coagulant, Polymer, Chlorine) Feed System	0	5	5	5	2	0	17	\$ 2,007
	7.1 Chapter Discussion Meeting/Site Visit	0	16	0	0	0	0	16	\$ 2,080
	7.2 Draft Process Chapter Preparation	0	8	0	0	0	1	9	\$ 1,095
	7.3 Subsequent Site Visits	0	10	0	0	0	0	10	\$ 1,300
	7.4 Final Process Chapter Preparation	0	39	5	5	2	1	52	\$ 6,482
	<b>TOTAL</b>	<b>0</b>	<b>39</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>52</b>	<b>\$ 6,482</b>
8.0	Electronic O&M Manual Implementation	0	5	5	5	2	0	17	\$ 2,007
	8.1 Implementation Discussion Meeting/Site Visit	0	16	0	0	0	0	16	\$ 2,080
	8.2 Draft Processes Design	0	18	0	0	0	1	19	\$ 2,395
	8.3 Electronic O&M Manual Implementation	0	18	0	0	0	1	19	\$ 2,395
	<b>TOTAL</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>19</b>	<b>\$ 2,395</b>
9.0	Review of DRAFT O&M	0	8	8	8	0	0	24	\$ 3,000
	9.1 Review of DRAFT O&M	0	2	2	2	2	4	12	\$ 1,102
	9.2 Delivery of FINAL O&M document	0	10	10	10	2	4	36	\$ 4,102
	<b>TOTAL</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>2</b>	<b>4</b>	<b>36</b>	<b>\$ 4,102</b>
10.0	Startup and Operation Plans	0	0	2	8	0	0	10	\$ 1,180
	10.1 Review of Startup Plan	0	0	2	2	0	0	4	\$ 490
	10.2 Delivery of FINAL Startup Plan	0	0	2	16	0	0	18	\$ 2,100
	10.3 Review of Operation Plan	0	0	2	2	0	0	4	\$ 490
	10.4 Delivery of FINAL Operation Plan	0	0	8	28	0	0	36	\$ 4,260
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>\$ 4,260</b>
<b>Task Order Total</b>		<b>2</b>	<b>248</b>	<b>47</b>	<b>67</b>	<b>16</b>	<b>11</b>	<b>391</b>	<b>\$ 48,030</b>

Legend:  
 AM Area Manager  
 PM Project Manager  
 APM Assistant Project Manager  
 ADM Administrative Assistant  
 WP Word Processor

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Labor Compliance Program for Proposition 84 Projects</b>	<b>MEETING DATE: June 11. 2012</b>  <b>AGENDA ITEM NO.: 11b</b>
<b>RECOMMENDED ACTION:</b> Adopt resolution approving the District Labor Compliance Program for the Proposition 84 project, Recycled Water.	
<b>SUMMARY AND DISCUSSION:</b>  The District has been awarded Prop 84 grant funds through the Bay Area Integrated Regional Water Management Program (BAIRWMP). The District in cooperation with the North Marin Water District has submitted an invoice to be reimbursed by the BAIRWMP for our costs for the Recycled Water Project. Total anticipated grant funds are estimated to be \$308,000 for the Recycled Water Project.  To fully comply with the Prop 84 grant agreement, each recipient of these grant funds is required to adopt a Labor Compliance Program pursuant to Labor Code Section 1771.5. The attached resolution authorizes the District to adopt and move forward with the implementation of the labor compliance program for the Recycled Water Project currently underway. The first step is to transmit notification to the State Department of Industrial Relations (DIR) as it relates to formal approval of the Labor Compliance Program. The attached Labor Compliance Program was prepared by RGM and Associates, Covello Group's Labor compliance consultants.	
<b>ALTERNATIVES: DO NOT ADOPT ATTACHED RESOLUTION.</b>	
<b>BUDGET INFORMATION:</b> Included in Revenue Summary for Capital Improvements under account 51062-ARRA/IRWM Grant Revenue.	
<b>DEPT.MGR.:</b>	<b>MANAGER:</b>

**Suggested format of  
Application to Director for Approval of Awarding Body's Labor Compliance Program  
(8 CCR §16425)**

NOTE: If necessary, you may attach additional sheets.

The Director may ask for additional documentation as to any information provided or any other information that may have a bearing on your ability to do labor compliance enforcement.

Awarding Body Seeking Approval:

**NOVATO SANITARY DISTRICT**

Name

**500 DAVIDSON ST., NOVATO, CA 94945**

Address

Awarding Body's Contact Person:

**LAURA CREAMER**

Name

**SAME AS ABOVE**

Address

**415-892-1694**

**415-892-8043**

**LauraC@novatosan.com**

Phone

Fax

E-Mail

A. Identify the individuals who will be enforcing the Labor Compliance Program (LCP).

(Note: If using outside consultants or an approved third party contract provider, identify the awarding body personnel who will monitor or supervise the outside work as well as the individuals and affiliations of the individuals who will perform the enforcement work.)

**Laura Creamer will supervise monitoring and enforcement activities performed by consultants**

Name

**Finance Officer**

Title

Experience/training on public works/labor compliance issues (Please provide specific dates, details and examples of public works prevailing wage rate enforcement activities, including whether such experience involve federal, state, or local law. In addition, please include private sector experience on behalf of unions or contractors or on a joint labor management committee pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. section 175a). Furthermore, please include participation in any public works enforcement training provided by the Division of Labor Standards Enforcement (DLSE)):

1. **For the past 6 years, in her role as Finance Officer of the Novato Sanitary District (NSD), Ms. Creamer has been responsible for compliance to various grant and loan programs, which have included the standards associated with public work and prevailing wage. She has participated in numerous training programs including Federal ARRA compliance workshops. As a Certified Public Accountant, Ms. Creamer is well versed in wage standards, including requirements for straight time, overtime, and holiday pay.**

LCP duties and responsibilities to be performed including percentage of time to be devoted to LCP work:

Ms. Creamer will be the primary point of contact for all consultants who provide compliance monitoring on projects funded by Proposition 84. In this capacity, she will ensure pre-job conferences are conducted, labor laws are reviewed, and appropriate samples of required forms are provided. She will physically inspect and review all labor compliance documents and notifications, and will coordinate with persons who conduct on-site visits and worker interviews. In addition, she will manage the oversight of persons reviewing CPRs, including monitoring suspected wage underpayments and possible violations, and will be responsible for determining whether the contractor's actions were a "good faith mistake" or fraudulent activities. She will review audit records and issue notices of temporary withholding or forfeiture, based upon the varying circumstances, and will ensure the enforcement actions of the Novato Sanitary District's LCP are consistent with the enforcement policies of the Division of Labor Standards Enforcement (DLSE). Ms. Creamer estimates that not less than 25% of her time will be devoted to the activities associated with the Labor Compliance Program.

2. Susan Matsumoto, Consultant – RGM and Associates

Name

Labor Compliance Manager/Coordinator, RGM and Associates

Title

Experience/training on public works/labor compliance issues (Please provide specific dates, details and examples of public works prevailing wage rate enforcement activities, including whether such experience involve federal, state, or local law. In addition, please include private sector experience on behalf of unions or contractors or on a joint labor management committee pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. section 175a). Furthermore, please include participation in any public works enforcement training provided by the Division of Labor Standards Enforcement (DLSE)):

Ms. Matsumoto has nearly 5 years experience monitoring labor compliance requirements on state and federally funded public works projects. Every year from 2008 through 2011, in her role with RGM and Associates, she has successfully enforced forfeitures approved by the Labor Commissioner and participated in actions that involved 1742 Hearing procedures and Settlement activities. (See attached sheet for detailed information regarding enforcement activities.) Additionally, she has attended various training opportunities including several workshops hosted by Foundation for Fair Contracting, numerous US Department of Labor Prevailing Wage Conferences and workshops that highlight Davis Bacon Acts requirements, Fresno City College's LCP Training for California Public Works Projects endorsed by the Department of Industrial Relations, and the meeting conducted by the DIR in Oakland following the 2009 regulatory changes to LCP.

LCP duties and responsibilities to be performed including percentage of time to be devoted to LCP work:

Ms. Matsumoto will be responsible for the management of RGM's team who will be supporting and consulting with NSD in regard to LCP requirements of Proposition 84 funded projects. Services will include conducting the prevailing wage and labor compliance portion of the pre-job meeting and the review of labor law standards, on-site

visits and worker interviews, review of CPRs and corroboration of prevailing wages, including employer payments, written notification of deficiencies and confirmation of correction. When necessary, RGM will recommend withholding actions to NSD and will provide audit worksheets which will identify and justify specific amounts recommended for withholding. As needed and when requested by NSD, RGM will participate in forfeiture, hearing, and/or settlement activities. 80% of Ms. Matsumoto's time is dedicated to LCP.

---

3. David Adams, Consultant – RGM and Associates

Name

Labor Compliance Site Monitor

Title

Experience/training on public works/labor compliance issues (Please provide specific dates, details and examples of public works prevailing wage rate enforcement activities, including whether such experience involve federal, state, or local law. In addition, please include private sector experience on behalf of unions or contractors or on a joint labor management committee pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. section 175a). Furthermore, please include participation in any public works enforcement training provided by the Division of Labor Standards Enforcement (DLSE)):

Mr. Adams has 7 years experience working as a Site Monitor on federal and state funded projects. The on-site observation of workers and interviews he has conducted over the years have frequently identified misclassifications of trade workers, tier subcontractors and workers who were not reported on CPRs, workers who were not receiving fringe benefits or prevailing wage rates, or workers who were not receiving proper travel and/or subsistence payments. (See attached sheet for detailed information regarding enforcement activities.) Additionally, Mr. Adams has attended various training opportunities including several workshops hosted by Foundation for Fair Contracting, Fresno City College's LCP Training for California Public Works Projects endorsed by the Department of Industrial Relations, and the meeting conducted by the DIR in Oakland following the 2009 regulatory changes to LCP.

---

LCP duties and responsibilities to be performed including percentage of time to be devoted to LCP work:

Mr. Adams will conduct weekly site visits to NSD's Proposition 84 funded projects. On site, he will confirm required signage including the District's LCP approval and contact information plus the appropriate wage determinations for each project are posted. In addition, he will observe and interview a variety of workers and report his findings to the person or persons responsible for reviewing CPRs. Mr. Adams spends 90% of his time performing LCP related work.

---

4. Todd Marshall, Consultant – RGM and Associates

Name

Certified Payroll Analyst

Title

Experience/training on public works/labor compliance issues (Please provide specific dates, details and examples of public works prevailing wage rate enforcement activities, including whether such experience involve federal, state, or local law. In addition, please include private sector experience on behalf of unions or contractors

or on a joint labor management committee pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. section 175a). Furthermore, please include participation in any public works enforcement training provided by the Division of Labor Standards Enforcement (DLSE):

Mr. Marshall has 7 years experience reviewing CPRs and other documentation required for LCP projects. He is experienced with state and federal projects and wage requirements, and has been responsible for the recovery of thousands of dollars of underpaid wages and travel/subsistence payments over the years for both. Additionally, Mr. Marshall has attended various training programs, including several conducted by the Foundation for Fair Contracting and others lead by the Wage & Hour Division of the Department of Labor.

LCP duties and responsibilities to be performed including percentage of time to be devoted to LCP work:

Mr. Marshall's duties will include reviewing CPRs for thoroughness and accuracy, verifying employer contributions, tracking Journeyman to Apprentice ratios, confirming Apprentices are properly registered in approved training programs, confirming training contributions are appropriately completed, and performing comprehensive audits and investigations, including monitoring suspected wage underpayments and possible violations. Mr. Marshall will communicate discrepancies and/or deficiencies in writing to affected contractors/subcontractors and will provide information to NSD sufficient to allow the District to determine whether the contractor's actions were a "good faith mistake" or fraudulent activities. He will prepare audit worksheets using best available information and will make recommendations to NSD to issue notices of temporary withholding or request forfeiture, based upon the varying circumstances. Mr. Marshall will keep a separate written summary of labor compliance activities and relevant facts pertaining to each Proposition 84 funded project he monitors. Mr. Marshall will spend 100% of his time performing labor compliance monitoring activities.

B. State the average number of public work projects the awarding body annually administers:

The NSD awards approximately four (4) public works projects annually.

C. State whether the proposed LCP is a joint or cooperative venture among awarding bodies; and, if so, how the resources and expanded responsibilities of the LCP compare to the awarding bodies involved:

The LCP is not a joint or cooperative venture among awarding bodies.

D. Describe the awarding body's record of taking cognizance of Labor Code violations in the preceding five years, including any withholding of funds from public works contractors pursuant to LC 1726.

NSD has consistently informed contractors bidding and being awarded projects within their district that public works and prevailing wage laws are enforced. To that end, they have required their contractors to collect CPRs, ensure prevailing wages are consistently paid, and that worker classifications are correct. Underpayments or other apparent violations have been communicated to the affected contractor and corrections have been

**made and verified. As an example, nearly \$9,000 has been recovered from a variety of contractors on the Recycled Water Project undertaken in the past year.**

- E. Identify the attorney or law firm available to provide legal support for the LCP, including handling of the LCP's responsibilities during the administrative review process set forth in Labor Code Section 1771.6.

**Meyers, Nave, Riback, Silver & Wilson**

Attorney/Law Firm Name

**555 12<sup>th</sup> Street, #1500, Oakland, CA 94607**

Address

**Michael Hughes, 510-808-2000**

Contact Person & Phone Number

- F. Identify the method by which the LCP will notify the Labor Commissioner of willful violations as defined in Labor Code Section 1777.1(d):

**The LCP will use several methods for communicating violations as defined in Labor Code Section 1777.1(d) to the Labor Commissioner. First, for violations requiring approval of the Labor Commissioner, the LCP will submit a "Request for Approval of Forfeiture" that will describe the violations of the contractor and/or subcontractor and recommend penalty amounts to be assessed. Secondly, the LCP will submit the Annual Report as required pursuant to Title 8 California Code of Regulations Section 16431, which will detail monies recovered and forfeitures requested by the Labor Commissioner. Lastly, the LCP will provide written notification to the Labor Commissioner to request an investigation when it encounters contractors or subcontractors who appear to have willfully violated or acted with the intent to defraud the provisions of the Labor Code.**

- G. Indicate whether the Awarding Body has established its own Labor Compliance Program in accordance with the requirements of Labor Code Section 1771.5(b) and subchapter 4 of chapter 8 of Title 8 of California Code of Regulations or has contracted with a third party that has been approved by the Director to operate a Labor Compliance Program in accordance with the requirements of Labor Code Section 1771.5(b) and subchapter 4 of chapter 8 of Title 8 of California Code of Regulations. If the Awarding Body has contracted with one or more persons or entities to operate all or any part of the Awarding Body's Labor Compliance Program, please identify (name, address, telephone, and principal contact) all of those persons or entities.

**Pursuant to Public Resources Code §75075 (Proposition 84), the NSD is seeking approval of its own Labor Compliance Program and has assigned to specific employees of the District the responsibility to oversee activities conducted by consultants with previous LCP experience. The consultant to be used for LCP activities associated with Proposition 84 funded projects is RGM and Associates (approved as a third-party LCP since 2003).**

- H. Indicate whether the Awarding Body intends to enforce labor compliance on all of its public works projects (*i.e.*, not limited to projects that are funded by bonds or other statutes that require the Awarding Body to have an LCP as a condition of funding). If not, please indicate the kinds of projects on which you intend to enforce labor compliance and whether you are required to

have a labor compliance program as a condition for obtaining funding for the project or projects.

**NSD intends to enforce labor compliance on projects funded with Prop 84 funds only.**

- I. Attach a copy of the Awarding Body's resolution adopting the LCP and, if applicable, any other resolution approving any contracts with persons or entities identified in G above.

**Attached**

- J. Attach the proposed manual outlining the responsibilities and procedures of the LCP.

**Attached**

---

Awarding Body's Representative  
Name and Signature

---

Date Signed

**Mail two copies of this form and attachments to:**

**OFFICE OF THE DIRECTOR  
DEPARTMENT OF INDUSTRIAL RELATIONS  
455 GOLDEN GATE AVENUE, 10<sup>th</sup> FLOOR  
SAN FRANCISCO, CA 94102  
ATTENTION: EXECUTIVE ASSISTANT TO THE DIRECTOR**

Additional information regarding experience on public works/labor compliance issues (Please provide specific dates, details and examples of public works prevailing wage rate enforcement activities, including whether such experience involve federal, state, or local law.)

**Each of the following prevailing wage rate enforcement activities involved state labor law and was monitored by the RGM and Associates staff included on this application:**

AWARDING BODY: **Dublin USD**  
PROJECT: **Fredericksen ES Roof Replacement**  
CONTRACTOR: **Sausal Corp.**  
SUBCONTRACTOR: **AJ Fetko, Inc.**  
VIOLATION: **Misclassification/Wage Underpayment**  
DATE OF DISPOSITION: **December 8, 2008**  
WAGES ASSESSED: **\$20,003.60**  
PENALTIES ASSESSED: **\$3,930.00**

AWARDING BODY: **Pittsburg USD**  
PROJECT: **Marina Vista Elementary School**  
CONTRACTOR: **Arntz Builders**  
SUBCONTRACTOR: **GT Acoustics**  
VIOLATION: **Failure to submit CPRs**  
DATE OF DISPOSITION: **September 23, 2009**  
WAGES ASSESSED: **\$61,646.84**  
PENALTIES ASSESSED: **\$4,255.00**

AWARDING BODY: **Tracy USD**  
PROJECT: **Tracy HS New West Building**  
CONTRACTOR: **Roebbelen Construction, Inc.**  
SUBCONTRACTOR: **Aspen-Timco**  
VIOLATION: **Failure to pay employer benefits**  
DATE OF DISPOSITION: **November 15, 2009**  
WAGES ASSESSED: **\$2,438.27**  
PENALTIES ASSESSED: **\$15,990.00**

AWARDING BODY: **Pittsburg USD**  
PROJECT: **Range Road Site (Increment 2)**  
CONTRACTOR: **West Coast Contractors, Inc.**  
SUBCONTRACTOR: **Sports International, Inc.**  
VIOLATION: **Failure to pay prevailing wages**  
DATE OF DISPOSITION: **December 13, 2009**  
WAGES ASSESSED: **\$12,375.88**  
PENALTIES ASSESSED: **\$2,120.00**

AWARDING BODY: **Pittsburg USD**  
PROJECT: **Marina Vista Elementary School**  
CONTRACTOR: **Arntz Builders**  
SUBCONTRACTOR: **Balfour Caulking**  
VIOLATION: **Failure to pay predetermined increase and training contributions**  
DATE OF DISPOSITION: **April 29, 2010**  
WAGES ASSESSED: **\$722.50**  
PENALTIES ASSESSED: **\$0.00**

AWARDING BODY: **Dublin USD**  
PROJECT: **Dublin HS Phase 2A - Humanities Bldg**  
CONTRACTOR: **Bobo Construction, Inc.**  
SUBCONTRACTOR: **Rainbow Bay Area Enterprises**  
VIOLATION: **Underreporting workers' hours**  
DATE OF DISPOSITION: **March 1, 2011**  
WAGES ASSESSED: **\$17,557.24**  
PENALTIES ASSESSED: **\$3,680.00**

**In addition, a project that did not receive LCP funding but was monitored by RGM and Associates at the request of the District was turned over to the DLSE when violations were identified by LCP staff included on this application. The resulting investigation assessed \$73,374.81 in wages and \$18,120.00 in penalties.**





**NOVATO SANITARY DISTRICT**

**LABOR COMPLIANCE PROGRAM**

MAY 2012

## INTRODUCTION

The Novato Sanitary District (“District”) issues this Labor Compliance Program (LCP) manual for the purpose of identifying its policy relative to the responsibilities and procedures applicable to the labor compliance provisions of the state and federally funded public works contracts. This LCP Manual contains the labor compliance standards required by state and federal laws, regulations, directives, as well as District policies and contract provisions.

The California Labor Code, Section 1770 *et seq.*, requires that all contractors on public works pay their workers based on the prevailing wage rates, which are established and issued by the Department of Industrial Relations, Division of Labor Statistics and Research.

In establishing this LCP, the District adheres to the statutory requirements as enumerated in Section 1771.5(b) of the Labor Code, which include:

1. All bid invitations, call for bids, Design-Build requests, and public works contracts shall contain appropriate language concerning the requirements of this chapter.
2. A pre-job conference shall be conducted with the contractor and subcontractors to discuss federal and state labor law requirements applicable to the contract.
3. Project contractors and subcontractors shall maintain and furnish, at a designated time, a certified copy of each weekly payroll containing a statement of compliance signed under penalty of perjury.
4. The District’s LCP shall review, and, if appropriate, audit payroll records to verify compliance with this chapter.
5. The District’s LCP shall withhold contract payments when payroll records are delinquent or inadequate.
6. The District’s LCP shall withhold contract payments equal to the amount of underpayment and applicable penalties when, after investigation, it is established that underpayment has occurred.
7. The District’s LCP shall comply with any other prevailing wage monitoring and enforcement activities that are required to be conducted by labor compliance programs by the Department of Industrial Relations.

It is the intent of the District to actively enforce this LCP on all District public works projects as required by statute; specifically, pursuant to Public Resources Code §75075, projects funded in whole or in part by Proposition 84. It is also the intent of the District to utilize qualified consultants in support of the District’s LCP. All consultants will be monitored by a District representative who will be responsible for enforcing the LCP.

Should applicable sections of the Labor Code or Title 8 of the California Code of Regulations undergo alteration, amendment, or deletion, the District will modify the affected portions of this program accordingly.

**Questions regarding the District’s LCP should be directed to Laura Creamer, Novato Sanitary District.** Questions regarding the California Labor Code, including issues relating to this LCP, should be directed to P. Addison Covert, Kroniek, Moskovitz, Tiedemann & Girard, 916-321-4500.

## **I. PUBLIC WORKS SUBJECT TO PREVAILING WAGE LAWS**

State prevailing wage rates apply to all public works contracts as set forth in Labor Code Sections 1720, *et seq.*, and include, but are not limited to, such types of work performed under contract as construction, modernization, alteration, demolition, installation or repair. The Division of Labor Statistics and Research (DLSR) predetermine the appropriate prevailing wage rates for particular construction trades and crafts by county.

The applicable dates for enforcement of awarding body LCP is established by Section 16422 of the California Code of Regulations. Contracts are not subject to the jurisdiction of the LCP until after the Program has received initial or final approval.

## **II. COMPETITIVE BIDDING ON DISTRICT PUBLIC WORKS CONTRACTS**

Pursuant to Public Contract Code, the District publicly advertises upcoming public works projects to be awarded according to a competitive bidding process.

All District bid advertisements (or bid invitations), Design-Build requests, and construction contracts shall contain appropriate language concerning the requirements of the Public Works chapter of the Labor Code.

## **III. JOB CONFERENCE MEETING**

After the District awards the public works contract and prior to the commencement of the work, a Pre-Job Conference shall be held by the District with the contractor(s) and subcontractor(s) present. At that meeting, the District will discuss the federal and state labor law requirements applicable to the contract and will provide the contractor(s) and each subcontractor with a Checklist of Labor Law Requirements (presented in Attachment A) and will discuss in detail the following checklist items:

1. The contractor's duty to pay prevailing wages (Labor Code Section 1770, *et seq.*);
2. The contractor's and subcontractor's duty to employ registered apprentices on public works projects (Labor Code Section 1777.5);
3. The penalties for failure to pay prevailing wages, failing to employ apprentices, and failing to submit complete Certified Payroll Reports. Such penalties as may include forfeitures and debarment (Labor Code Sections 1775, 1776, 1777.7, and 1813);
4. The requirement to maintain and submit copies of certified payroll reports on a weekly basis to the District, at times designated in the contract or within 10 days of request by the District, and penalties for failure to do so under Labor Code Section 1776 (h). This requirement includes and applies to all subcontractors performing work on District projects even if their portion of the work is less than one half of one percent (0.5%) of the total amount of the contract;

5. The prohibition against employment discrimination (Labor Code Sections 1735 and 1777.6; the Government Code; and Title VII of the Civil Rights Act of 1964, as amended);
6. The prohibition against accepting or extracting kickbacks from employee wages (Labor Code Section 1778);
7. The prohibition against accepting fees for registering any person for public works (Labor Code Section 1779) or for filing work orders on public works (Labor Code Section 1780);
8. The requirement to list all subcontractors (Public Contract Code Section 4100, *et seq.*);
9. The requirement to be properly licensed and to require all subcontractors to be properly licensed, and the penalty for employing workers while unlicensed (Labor Code Section 1021 and 1021.5, and Business and Professions Code Section 7000, *et seq.*, under California Contractors License Law);
10. The prohibition against unfair competition (Business and Professions Code Sections 17200-17208);
11. The requirement that the contractor(s) and subcontractor(s) be properly insured for Workers' Compensation (Labor Code Section 1861);
12. The requirement that the contractor(s) abide by the Occupational Safety and Health laws and regulations that apply to the particular public works project;
13. The federal prohibition against hiring undocumented workers, and the requirement to secure proof of eligibility/citizenship from all workers; and
14. The requirement to provide itemized wage statement to employees under Labor Code Section 226.
15. The requirement for on-site visits, which may include worker interviews, to be conducted each week workers are on the site of the public works project.

The contractor(s) and subcontractor(s) present at the meeting will be given the opportunity to ask questions of the District's LCP representative relative to any of the Labor Law Requirements. The Checklist of Labor Law Requirements will be signed by the prime contractor's representative, subcontractor's representative, and the District's LCP representative.

At the Pre-Job Conference, the District will provide the contractor(s) with copies of the District's LCP package which will include: the Checklist of Labor Law Requirements, links to the applicable Prevailing Wage Rate Determinations, blank certified payroll report forms, fringe benefit statements, State apprenticeship forms and requirements, and reference to the

Labor Code relating to Public Works and Public Agencies (Part 7, Chapter 1, Sections 1720-1861).

It will be the contractor's responsibility to provide copies of the LCP package to all subcontractors and to any substituted subcontractor performing work on the District's public works project(s).

#### **IV. RESPONSIBILITIES OF CONTRACTOR(S) AND EACH SUBCONTRACTOR**

##### **A. Certified Payroll Records Required**

The contractor(s) shall maintain payrolls and "basic payroll records" during the course of the work and shall preserve them for a period of three (3) years thereafter for all tradesworkers working at the District's project sites. Such records shall include the name, address, and social security number of each worker, his or her classification, a general description of the work each employee performed each day in the form of a trade classification, the rate of pay (including rates of contributions for, or costs assumed to provide fringe benefits), daily and weekly number of hours worked, deductions made, and actual wages paid.

##### **1. Submission of Certified Payroll Reports**

The contractor(s) shall maintain and submit all weekly certified payroll reports, including those of all subcontractors, to the District or the District's consultant as required by contract, however not less often than monthly. Each weekly certified payroll report shall be accompanied by a statement of compliance signed by the contractor(s) under penalty of perjury pursuant to Labor Code Section 1771.5(b)(3) and applicable regulations.

The certified payroll records required by Labor Code Section 1776 may be maintained and submitted electronically subject to all of the following conditions:

(a) The reports must contain all of the information required by the Labor Code Section 1776, with the information organized in a manner that is similar or identical to how the information is reported on the Department of Industrial Relations' suggested "Public Works Payroll Reporting Form" (Form A-1-131);

(b) The reports shall be in a format and use software that is readily accessible and available to contractors, awarding bodies, Labor Compliance Programs, and the Department of Industrial Relations;

(c) Reports submitted to an awarding body, a Labor Compliance Program, the Division of Labor Standards Enforcement, or other entity within the Department of Industrial Relations must be either (1) in the form of a non-modifiable image or record that bears an electronic signature or includes a copy of any original certification made on paper, or alternatively (2) printed

out and submitted on paper with an original signature;

(d) The requirements for redacting certain information shall be followed when certified payroll records are disclosed to the public pursuant to Labor Code Section 1776(e), whether the records are provided electronically or as hard copies; and

(e) No contractor or subcontractor shall be mandated to submit or receive electronic reports when it otherwise lacks the resources or capacity to do so, nor shall any contractor or subcontractor be required to purchase or use proprietary software that is not generally available to the public.

Basic payroll records may be requested by the District's LCP at any time and shall be provided within 10 days following the receipt of the request.

2. Review of Certified Payroll Reports

Certified payroll reports shall be routinely reviewed by the Contractor for the payment of prevailing wage rates.

3. Full Accountability

The name, address and social security number of every individual, laborer or craftsman working at the project site must appear on the payroll. The basic concept is that the employer who pays the tradesworker must report that individual on its payroll. This includes individuals working as apprentices in an apprenticeship craft. Owner-operators are to be reported by the contractor employing them, rental equipment operators are to be reported by the rental company paying the workers' wages.

Sole owners and partners who work on a contract must also submit a certified payroll report listing the days and hours worked, the trade classification descriptive of the work actually done, and the wages paid to the owner or partner. The contractor(s) shall provide the records required under this section to the District's LCP, any authorized representative of the District, and the Department of Industrial Relations, and shall permit such representatives to interview tradesworkers during working hours on the project site.

4. Responsibility for Subcontractor(s)

The contractor and subcontractor shall be jointly and severally liable; therefore, the contractor(s) shall be responsible for ensuring adherence to labor standards provisions by its subcontractor(s). Moreover, the prime contractor is responsible for Labor Code violations by its subcontractors in accordance with Labor Code Section 1775 and applicable sections of the Labor Code and California Code of Regulations.

5. Payment to Employees

Employees must be paid unconditionally, and not less often than once each week, the full amounts which are due and payable for the period covered by the particular payday. Thus, an employer must, therefore, establish a fixed workweek (i.e., Sunday through Saturday) and an established payday (such as every Friday or the preceding day should such payday fall on a holiday). On each and every payday, each worker must be paid all sums due as of the end of the preceding workweek and must be provided with an itemized wage statement.

If an individual is called a subcontractor, when, in fact, he/she is merely a journey level mechanic supplying only his/her labor, such an individual would not be deemed a bona fide subcontractor and must be reported on the payroll of the prime contractor who contracted for his or her services as a tradesworker. Moreover, any person who does not hold a valid contractor's license cannot be a subcontractor, and anyone hired by that person is the worker or employee of the general contractor who contracted for his or her services for purposes of prevailing wage requirements, certified payroll reporting and workers' compensation laws.

A worker's hourly wage rate for straight time hours must equal or exceed the rate specified in the contract by reference to the Prevailing Wage Rate Determinations for the class of work actually performed. Any work performed on Saturday, Sunday, and/or a holiday, or a portion thereof, must be paid the prevailing rate established for those days regardless of the fixed workweek. The hourly rate for hours worked in excess of 8 hours in a day or 40 hours in a workweek shall be premium pay. All work performed in excess of eight hours per day, 40 hours per week, on Saturday, on Sunday, and on holidays shall be paid in accordance with the applicable Prevailing Wage Determination.

B. Apprentices

Apprentices shall be permitted to work as such only when they are registered, individually, under a bona fide apprenticeship program registered with a State apprenticeship agency which is recognized by the State Division of Apprenticeship Standards. The allowable ratio of apprentices to journey persons in any craft/classification shall not be greater than the ratio permitted to the contractor as to its entire workforce under the registered program. Any worker listed on a payroll at an apprentice wage rate who is not registered shall be paid the journey level wage rate determined by the Department of Industrial Relations for the classification of the work he/she actually performed.

The contractor shall furnish written evidence of the registration (i.e., Apprenticeship Agreement or Statement of Registration) of its training program and apprentices, as

well as the ratios allowed and the wage rates required to be paid thereunder for the area of construction, prior to using any apprentices in the contract work.

Pre-apprentice trainees, trainees in nonapprenticeable crafts, and others who are not duly registered will not be permitted on public works projects unless they are paid full prevailing wage rates as journeypersons.

Compliance with California Labor Code Section 1777.5 requires all public works contractors and subcontractors to:

1. Submit Public Works Contract Award Information to applicable Apprenticeship Committees.
2. Request dispatch of apprentices and employ apprentices as available on public works projects in a ratio to journey persons as stipulated in the Apprenticeship Standards under which each Joint Apprenticeship Committee operates, but in no case shall the ratio be less than one (1) apprentice to each five (5) journey person hours, unless a Certificate of Exemption is obtained and provided to the LCP;
3. Contribute to the training fund in the amount identified in the prevailing wage rate publication for journey persons and apprentices. Where the trust fund administrators cannot accept the contributions, then payment shall be made to the California Apprenticeship Council, Post Office Box 420603, San Francisco, CA 94142; and
4. If the contractor is registered to train apprentices it should be noted that a prior approval for a separate project does not confirm approval to train on any project. The contractor/subcontractor must check with the applicable Joint Apprenticeship Committee to verify status.

## **V. ENFORCEMENT ACTION**

### **A. Duties of the Novato Sanitary District as LCP**

The District, as the awarding body having an approved LCP, has a duty to the Director of the Department of Industrial Relations to enforce the requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code in a manner consistent with the practice of the Labor Commissioner and as set forth in regulations found at 8 CCR section 16000 et seq. It is the practice of the Labor Commissioner to refer to the Director's ongoing advisory service of web-posted public works coverage determinations as a source of information and guidance in making enforcement decisions. It is also the practice of the Labor Commissioner to be represented by an attorney in prevailing wage hearings conducted pursuant to Labor Code Section 1742(b) and section 17201 – 17270 of Title 8 of the California Code of Regulations. The District shall take reasonable, vigorous, and prompt action to (1) determine whether violations exist, and (2) enforce compliance, including through imposition of

appropriate penalties and formal enforcement action, when violations are found. The District shall, at a minimum, undertake enforcement action in furtherance of its responsibilities as follows:

1. Review Certified Payroll Records. Certified payroll records furnished by contractors and subcontractors shall be regularly and timely reviewed by the District, as promptly as practicable after receipt thereof, but in no event more than 30 days after such receipt. "Review" for this purpose shall be defined as inspection of the records furnished to determine if (1) all appropriate data elements identified in Labor Code Section 1776(a) have been reported; (2) certification forms have been completed and signed in compliance with Labor Code Section 1776(b); and (3) the correct prevailing wage rates have been reported as paid for each classification of laborer listed, with confirmation of payment in the manner and to the extent described below.

2. Confirmation. "Confirmation" of payroll records shall be defined as an independent corroboration of reported prevailing wage payments. Confirmation may be accomplished through worker interviews, examination of paychecks or paycheck stubs, direct confirmation of payments from third party recipients of "Employer Payments" (as defined at section 16000 of Title 8 of the California Code of Regulations), or any other reasonable method of corroboration. For each month in which a contractor or subcontractor reports having workers employed on the public work, confirmation of furnished payroll records shall be undertaken randomly for at least one worker for at least one weekly period within that month. Confirmation shall also be undertaken whenever complaints from workers or other interested persons or other circumstances or information reasonably suggest to the District that payroll records furnished by a contractor or subcontractor are inaccurate.

3. On-Site Visits. Representatives of the District shall conduct in-person inspections at the site or sites at which the contract for public work is being performed. On-Site Visits may be undertaken randomly or as deemed necessary by the District, but shall be undertaken during each week that workers are present at sites at which the contract for public work is being performed. All On-Site Visits shall include visual inspection of (1) the copy of the determination(s) of the Director of Industrial Relations of the prevailing wage rate of per diem wages required to be posted at each job site in compliance with Labor Code Section 1773.2, and (2) the Notice of Labor Compliance Program Approval required to be posted at the job site in accordance with section 16429 of Title 8 of the California Code of Regulations, listing a telephone number to call for inquiries, questions, or assistance with regard to the Labor Compliance Program. On-Site Visits may include other activities deemed necessary by the District to independently corroborate prevailing wage payments reported on payroll records furnished by contractors and subcontractors.

4. Audits/Investigations. Investigations shall be conducted and audits prepared whenever the District has determined that there may have been a violation of the Public Works Chapter of the Labor Code resulting in the underpayment of wages, or at the request of the Labor Commissioner.

a. An audit consists of a comparison of payroll records to the best available information as to the actual hours worked and classifications of workers employed on the contract. Records should be made available to show that the audits conducted are sufficiently detailed to verify compliance with the prevailing wage requirements of the Labor Code.

b. An audit shall be defined as a written summary reflection prevailing wage deficiencies for each underpaid worker, and including any penalties to be assessed under Labor Code Section 1775 and 1813. An audit is sufficiently detailed when it enables the Labor Commissioner to draw reasonable conclusions as to compliance and to enable an accurate computation of underpayments of wages and of applicable penalties and forfeitures.

c. An audit record in the form set out in Attachment B, when accompanied by a brief narrative, and as provided in Title 8 CCR section 16432, complies with the Labor Code requirements.

5. Notification of Contractor. After the District has determined that violations of the prevailing laws have resulted in the underpayment of wages and an audit has been prepared, notification shall be provided to the contractor and any affected subcontractor of an opportunity to resolve the wage deficiency prior to a determination of the amount of forfeiture by the Labor Commissioner. The contractor and affected subcontractor shall be provided at least 10 days following such notification to submit exculpatory information consistent with the “good faith mistake” factors set forth in Labor Code Section 1775(a)(2)(A)(i) and (ii). If, based upon the contractor’s submission, the District reasonably concludes that the failure to pay the correct wages was a good faith mistake, and has no knowledge that the contractor and affected subcontractor have a prior record of failing to meet their prevailing wage obligations, the District shall not be required to request the Labor Commissioner for a determination of the amount of penalties to be assessed under Labor Code Section 1775 if the underpayment of wages to workers is promptly corrected and proof of such payment is submitted to the District.

a. For each instance in which a wage deficiency is resolved, the District shall maintain a written record of the failure of the contractor or subcontractor to meet its prevailing wage obligation. The record shall identify the public works project, the contractor or affected subcontractor involved, and the gross amount of wages paid to workers to resolve the prevailing wage deficiency; and the record shall also include a copy of the Audit prepared pursuant to (4) above along with any exculpatory information submitted to the District by the affected contractor or subcontractor.

6. Complaints. Upon receipt of a written complaint alleging that a contractor or subcontractor has failed to pay prevailing wages as required by the Labor Code, the District shall do all of the following:

a. Within 15 days after receipt of the complaint, send a written acknowledgment to the complaining party that the complaint has been received and identifying the name, address, and telephone number of the investigator assigned to the complaint;

b. Within 15 days after receipt of the complaint, provide the

affected contractor with the notice required under Labor Code section 1775(c) if the complaint is against a subcontractor;

c. Notify the complaining party in writing of the resolution of the complaint within ten days after the complaint has been resolved by the District; and

d. Notify the complaining party in writing at least once every 90 days of the status of a complaint that has been resolved by the District but remains under review or litigation before another entity.

7. Apprentices. The duties of the District's Labor Compliance Program with respect to apprenticeship standards are as follows:

a. The District's LCP shall (1) inform contractors and subcontractors bidding public works about apprenticeship requirements, (2) send copies of awards and notices of discrepancies to the Division of Apprenticeship Standards as required under Section 1773.3 of the Labor Code, and (3) refer complaints and promptly report suspected violations of apprenticeship requirements to the Division of Apprenticeship Standards.

b. The District shall be responsible for enforcing prevailing wage pay requirements for apprentices consistent with the practice of the Labor Commissioner, including (1) that any contributions required pursuant to Labor Code Section 1777.5(m) are paid to the appropriate entity, (2) that apprentices are paid no less than the prevailing apprentice rate, (3) that workers listed and paid as apprentices on the certified payroll records are duly registered as apprentices with the Division of Apprenticeship Standards, and (4) requiring that the regular prevailing wage rate be paid (i) to any worker who is not a duly registered apprentice and (ii) for all hours in excess of the maximum ratio permitted under Labor Code Section 1777.5(g), as determined at the conclusion of the employing contractor or subcontractor's work on the public works contract.

8. Written Summary. For each public work project subject to a the District's LCP enforcement of prevailing wage requirements, a separate, written summary of labor compliance activities and relevant facts pertaining to that particular project shall be maintained. That summary shall demonstrate that reasonable and sufficient efforts have been made to enforce prevailing wage requirements consistent with the practice of the Labor Commissioner. Compliance records for a project shall be retained until the later of (1) at least one year after the acceptance of the public work or five years after the cessation of all labor on a public work that has not been accepted, or (2) one year after a final decision or judgment in any litigation under Labor Code Section 1742.

For purposes of this section, a written summary or report includes information maintained electronically, provided that the summary or report can be printed out in hard copy form or is in an electronic format that (1) can be transmitted by e-mail or compact disk and (2) would be acceptable for the filing of documents in a federal or state court of record within this state. **A copy of the LCP Review and Enforcement Form to be utilized by the Novato Sanitary District is found as Attachment C to this document.**

9. Withholding Contract Payments When Payroll Records are Delinquent

or Inadequate. The withholding of contract payments when payroll records are delinquent or inadequate is required by Labor Code Section 1771.5(b)(5), and it does not require the prior approval of the Labor Commissioner. The District shall only withhold those payments due or estimated to be due to the contractor or subcontractor whose payroll records are delinquent or inadequate, plus any additional amount that the District has reasonable cause to believe may be needed to cover a back wage and penalty assessment against the contractor or subcontractor whose payroll records are delinquent or inadequate; provided that a contractor shall be required in turn to cease all payments to a subcontractor whose payroll records are delinquent or inadequate until the District provides notice that the subcontractor has cured the delinquency or deficiency.

a. When contract payments are withheld under this section, the District shall provide the contractor and subcontractor, if applicable, with immediate written notice that includes all of the following: (1) a statement that payments are being withheld due to delinquent or inadequate payroll records, and that identifies what records are missing or states why records that have been submitted are deemed inadequate; (2) specifies the amount being withheld; and (3) informs the contractor or subcontractor of the right to request an expedited hearing to review the withholding of contract payments under Labor Code Section 1742, limited to the issue of whether the records are delinquent or inadequate or the District has exceeded its authority under this section.

No contract payments shall be withheld solely on the basis of delinquent or inadequate payroll records after the required records have been produced. **A copy of the Notice of Temporary Withholding of Contract Payments Due to Incomplete or Inadequate Payroll Records Form to be utilized by the Novato Sanitary District is found as Attachment D to this document.**

In addition to withholding contract payments based on delinquent or inadequate payroll records, penalties shall be assessed under Labor Code Section 1776(g) for failure to timely comply with a written request for certified payroll records. The assessment of penalties under Labor Code Section 1776(g) does require the prior approval of the Labor Commissioner under section 16436 of Title 8 of the California Code of Regulations.

10. Forfeitures Requiring Approval by the Labor Commissioner. Pursuant to Title 8, California Code of Regulations Section 16437, “forfeitures” means the amount of wages, penalties, and forfeitures assessed by the Labor Compliance Program and proposed to be withheld pursuant to Labor Code Section 1771.6(a), and includes the following:

- a. The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate by the contractor or subcontractor; and
- b. Penalties assessed under Labor Code Sections 1775, 1776, and 1813.

If the aggregate amount of forfeitures assessed as to a contractor or subcontractor is

less than \$1000.00, the forfeiture shall be deemed approved by the Labor Commissioner upon service and the Labor Commissioner's receipt of copies of the following: the Notice of Withholding of Contract Payments authorized by Labor Code Section 1771.6(a), an Audit as defined in Title 8, California Code of Regulations Section 16432(e), and a brief narrative identifying the Bid Advertisement Date of the contract for public work and summarizing the nature of the violation, the basis of the underpayment, and the factors considered in determining the assessment of penalties, if any, under Labor Code Section 1775.

11. Withholding Contract Payments for Violations of the Requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code. The District shall withhold contract payments when payroll records are delinquent or inadequate or when, after an investigation, it is established that underpayment of the prevailing wage has occurred. The authority of an approved LCP to withhold contract payments is found in Labor Code section 1771.5 and is also subject to provisions contained in section 16435 et seq. of Title 8 of the California Code of Regulations. As explained more fully below, except when the aggregate amount of forfeitures assessed as to a contractor or subcontractor is less than \$1000, the District will first obtain approval from the Labor Commissioner of the amounts of unpaid penalty and wage money assessed by the District (“forfeitures”) for violations of the prevailing wage laws; thereafter, the District will provide notice of withholding of contract payments to the contractor and other affected parties (a subcontractor and bonding company, if applicable) as required by law. The procedures to be followed by the District in obtaining approval of a forfeiture from the Labor Commissioner and providing notice of withholding to the contractor and other affected parties will be consistent with the code sections and regulations cited above, and definitions included therein (see Appendix A – “Definitions” – attached hereto), and are summarized as follows:

**Step No. 1 Approval of Amount of Forfeiture by the Labor Commissioner**

a. The District shall request approval of the amount of a proposed forfeiture by filing a report with the Labor Commissioner which contains at least the following information:

1. The date that the public work was accepted, the date that a Notice of Completion was (or will be) recorded, and the amount of funds being held in retention or escrow;
2. Any other deadline which if missed would impede collection;
3. Evidence of violation, in narrative form;
4. Evidence of violation obtained under section 16432 of Title 8 of the California Code of Regulations and a copy of the Audit prepared in accordance with section 16432(e) setting forth the amounts of unpaid wages and applicable penalties;
5. Evidence that before the forfeiture was sent to the Labor Commissioner (A) the contractor and subcontractor were given the opportunity to explain why there was no violation, or that the violation was caused by a good

faith mistake and was promptly corrected upon being brought to the attention of the contractor and subcontractor; and (B) the contractor and subcontractor either did not do so or failed to convince the District of its "good faith" position;

6. Where the District seeks not only wages but also a penalty as part of the forfeiture, and the contractor or subcontractor has unsuccessfully contended that the cause of the violation was a good faith mistake that was promptly corrected, a short statement will accompany the proposal for a forfeiture with a recommended penalty amount (computed at not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates), and reasons therefore, pursuant to Labor Code section 1775(a); if the amount of wages sought involves overtime, penalties under Labor Code Section 1813 should be calculated as follows: twenty-five dollars (\$25) per worker for each calendar day during which the worker was required or permitted to work more than eight hours in any one calendar day and/or 40 hours in any one calendar week;

7. Where the District seeks only wages, or a penalty under Labor Code section 1775 of less than fifty dollars (\$50) per calendar day as part of the forfeiture, because the contractor has successfully contended that the cause of the violation was a good faith mistake that was promptly corrected, the file should include the evidence as to the contractor and subcontractors knowledge of his/her obligation including the District's communication to them of the obligation in the bid invitations, at the pre-job conference, and any other notices given and should also include a recommended penalty amount, and reasons therefore, pursuant to Labor Code section 1775; if the amount of wages sought involves overtime, penalties under Labor Code section 1813 should be calculated as follows: twenty-five dollars (\$25) for each calendar day during which each worker was required or permitted to work more than eight hours in any one calendar day and 40 hours in any one calendar week;

8. Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations

9. Whether the LCP for the District has been granted approval on only an interim or temporary basis under sections 16425 or 16426, or whether it has been granted extended approval under section 16427 of Title 8 of the California Code of Regulations.

b. The report should be served on the Labor Commissioner as soon as practicable after the violation has been discovered, and not less than thirty days before final payment, but in no event not less than 30 days before the expiration of the limitations period set forth in Labor Code 1741.

c. A copy of the proposed forfeiture and a file or report shall be served on the contractor and subcontractor, if applicable, at the same time as it is sent to the Labor Commissioner. The District may exclude from the documents served on the contractor and subcontractor copies of documents secured from the contractor or subcontractor during an audit, investigation, or meeting, if those are clearly referenced in the report.

d. The Labor Commissioner shall affirm, reject, or modify the forfeiture in whole or in part as to penalty and/or wages due.

e. The Labor Commissioner's determination of forfeiture is

effective on one of the two following dates:

1. For all programs other than those having extended authority under section 16427 of Title 8 of the California Code of Regulations, on the date the Labor Commissioner serves by first class mail, on the Labor Compliance Program, on the Awarding Body if different, and on the contractor and subcontractor, if any, an endorsed copy of the proposed forfeiture, or a newly drafted forfeiture statement which sets out the amount of forfeiture approved. Service on the contractor and subcontractor is effective if made on the last address supplied by the contractor in the record. The Labor Commissioner's approval, modification or disapproval of the proposed forfeiture shall be served within 30 days of receipt of the proposed forfeiture.

2. For programs with extended authority under section 16427 of Title 8 of the California Code of Regulations, approval is effective 20 days after the requested forfeitures are served upon the Labor Commissioner, unless the Labor Commissioner serves a notice upon the parties, within that time period, that this forfeiture request is subject to further review. For such programs, a notice that approval will follow such a procedure will be included in the transmittal of the forfeiture request to the contractor. If the Labor Commissioner notifies the parties of a decision to undertake further review, the Labor Commissioner's final approval, modification or disapproval of the proposed forfeiture shall be served within 30 days of the date of notice of further review. **A copy of the Request for Approval of Forfeiture to be utilized by the Novato Sanitary District is found as Attachment E to this document.**

## **Step No. 2 Notice of Withholding and Review Thereof**

### a. Notice of Withholding of Contract Payments

For forfeitures of less than \$1000.00 or after determination of the amount of forfeiture by the Labor Commissioner, the District shall provide Notice of Withholding of Contract Payments to the contractor and subcontractor, if applicable.

The notice shall be in writing and shall describe the nature of the violation and the amount of wages, penalties, and forfeitures withheld. Service of the notice shall be completed pursuant to Section 1013 of the Code of Civil Procedure by first-class and certified mail to the contractor and subcontractor, if applicable. The notice shall advise the contractor and subcontractor, if applicable, of the procedure for obtaining review of the withholding of contract payments. The awarding body shall also serve a copy of the notice by certified mail to any bonding company issuing a bond that secures the payment of prevailing wages covered by the notice and to any surety on a bond, if their identities are known to the awarding body. **A copy of the Notice of Withholding of Contract Payments (NWCP) to be utilized by the Novato Sanitary District is found as Attachment F to this document.**

### b. Review of NWCP

1. An affected contractor or subcontractor may obtain review of a NWCP under this chapter by transmitting a written request for a review hearing to the office of the LCP that appears on the NWCP within 60 days after service of the NWCP. If no hearing is requested within 60 days after the service of the NWCP, the NWCP shall become final.

2. Within ten days following the receipt of the request for a

review hearing, the LCP shall transmit to the Office of the Director-Legal Unit the request for review and copies of the Notice of Withholding of Contract Payments, any audit summary that accompanied the notice, and a proof of service or other documents showing the name and address of any bonding company or surety that secures the payment of the wages covered by the notice. **A copy of the required Notice of Transmittal to be utilized by the Novato Sanitary District is found as Attachment G to this document.**

3. Upon receipt of a timely request, a hearing shall be commenced within 90 days before the director, who shall appoint an impartial hearing officer possessing the qualifications of an administrative law judge pursuant to subdivision (b) of Section 11502 of the Government Code. The appointed hearing officer shall be an employee of the department, but shall not be an employee of the Division of Labor Standards Enforcement. The contractor or subcontractor shall be provided an opportunity to review evidence to be utilized by the LCP at the hearing within 20 days of the receipt by the LCP of the written request for a hearing. Any evidence obtained by the LCP subsequent to the 20-day cutoff shall be promptly disclosed to the contractor or subcontractor. **A copy of the Notice of Opportunity to Review Evidence Pursuant to Labor Code Section 1742 (b) form is found as Attachment H to this document.**

The contractor or subcontractor shall have the burden of proving that the basis for the NWCP is incorrect. The NWCP shall be sufficiently detailed to provide fair notice to the contractor or subcontractor of the issues at the hearing.

Within 45 days of the conclusion of the hearing, the director shall issue a written decision affirming, modifying, or dismissing the assessment. The decision of the director shall consist of a notice of findings, findings, and an order. This decision shall be served on all parties pursuant to Section 1013 of the Code of Civil Procedure by first-class mail at the last known address of the party on file with the LCP. Within 15 days of the issuance of the decision, the director may reconsider or modify the decision to correct an error, except that a clerical error may be corrected at any time.

The director has adopted regulations setting forth procedures for hearings under this subdivision. **The regulations are found as Attachment I to this document.**

4. An affected contractor or subcontractor may obtain review of the decision of the director by filing a petition for a writ of mandate to the appropriate superior court pursuant to Section 1094.5 of the Code of Civil Procedure within 45 days after service of the decision. If no petition for a writ of mandate is filed within 45 days after service of the decision, the order shall become final. If it is claimed in a petition for writ of mandate that the findings are not supported by the evidence, abuse of discretion is established if the court determines that the findings are not supported by substantial evidence in the light of the whole record.

5. A certified copy of a final order may be filed by the Labor Commissioner in the office of the clerk of the superior court in any county in which the affected contractor or subcontractor has property or has or had a place of business. The clerk, immediately upon the filing, shall enter judgment for the state against the person assessed in the amount shown on the certified order.

6. A judgment entered pursuant to this procedure shall bear the

same rate of interest and shall have the same effect as other judgments and shall be given the same preference allowed by law on other judgments rendered for claims for taxes. The clerk shall not charge for the service performed by him or her pursuant to this section.

7. This procedure shall provide the exclusive method for review of a decision by the District to withhold contract payments pursuant to Section 1771.5.

B. Request for Review of a Labor Compliance Program Enforcement Action; Settlement Authority

1. A contractor or subcontractor may request a settlement meeting pursuant to Labor Code Section 1742.1(b) and may request review of the District's LCP enforcement action in accordance with Labor Code Sections 1771.6(b) and 1742 and the regulations found at sections 17201 – 17270 of Title 8 of the California Code of Regulations. The District's LCP shall have the rights and responsibilities of the Enforcing Agency (as defined in Section 17202(f) of Title 8 of the California Code of Regulations), in responding to such a request for review, including but not limited to the obligations to serve notices, transmit the Request for Review to the hearing office, and provide an opportunity to review evidence in a timely manner, to participate through counsel in all hearing proceedings, and to meet the burden of establishing prima facie support for the Notice of Withholding of Contract Payments.

2. If a contractor or subcontractor seeks review of a Labor Compliance Program enforcement action, the Labor Commissioner may intervene to represent the District, or to enforce relevant provisions of the Labor Code consistent with the practice of the Labor Commissioner, or both.

C. Except in cases where the Labor Commissioner has intervened pursuant to subpart (2) above, the District's LCP shall have the authority to prosecute, settle, or seek the dismissal of any Notice of Withholding of Contract Payments issued pursuant to Labor Code Section 1771.6 and any review proceeding under Labor Code Section 1742, without any further need for approval by the Labor Commissioner. Whenever a Labor Compliance Program settles in whole or in part or seeks and obtains the dismissal of a Notice of Withholding of Contract Payments or a review proceeding under Labor Code Section 1742, the Labor Compliance Program shall document the reasons for the settlement or request for dismissal and shall make that document available for the Labor Commissioner upon request.

D. Deposits of Penalties and Forfeitures Withheld

1. Where the involvement of the Labor Commissioner has been limited to a determination of the actual amount of penalty, forfeiture or underpayment of wages, and the matter has been resolved without litigation by or against the Labor Commissioner, the District shall deposit penalties and forfeitures into a fund of its choice.
2. Where collection of fines, penalties, or forfeitures results from administrative

proceedings or court action to which the Labor Commissioner and the District are both parties, the fines, penalties, or forfeitures shall be divided between the General Funds of the State and the fund of the District's choice, as the Hearing Officer or court may decide.

3. All penalties recovered in administrative proceedings or court action brought by or against the Labor Commissioner, and to which the District is not a party, shall be deposited in the General Fund of the State of California.
4. All wages and benefits which belong to a worker and are withheld or collected from a contractor or subcontractor, either by withholding or as a result of administrative proceedings or a court action pursuant to Labor Code Section 1775, and which have not been paid to the worker or irrevocably committed on the worker's behalf to a benefits fund, shall be deposited with the Labor Commissioner, who shall handle such wages and benefits in accordance with Labor Code Section 96.7.

#### E. Liquidated Damages

1. After 60 days following the service of a civil wage and penalty assessment under Section 1741 or a notice of withholding under subdivision (a) of Section 1771.6, the affected contractor, subcontractor, and surety on a bond or bonds issued to secure the payment of wages covered by the assessment or notice shall be liable for liquidated damages in an amount equal to the wages, or portion thereof, that still remain unpaid. If the assessment or notice subsequently is overturned or modified after administrative or judicial review, liquidated damages shall be payable only on the wages found to be due and unpaid.
2. Additionally, if the contractor or subcontractor demonstrates to the satisfaction of the director that he or she had substantial grounds for appealing the assessment or notice with respect to a portion of the unpaid wages covered by the assessment or notice, the director may exercise his or her discretion to waive payment of the liquidated damages with respect to that portion of the unpaid wages. Any liquidated damages shall be distributed to the employee along with the unpaid wages. Section 23.5 shall not apply to claims for prevailing wages under this chapter.
3. Notwithstanding subdivision (1), there shall be no liquidated damages if the full amount of the assessment or notice, including penalties, has been deposited with the Department of Industrial Relations, within 60 days following service of the assessment or notice, for the department to hold in escrow pending administrative and judicial review. The department shall release such funds, plus any interest earned, at the conclusion of all administrative and judicial review to the persons and entities who are found to be entitled to such funds.

## VI. **REPORTING OF WILLFUL VIOLATIONS TO THE LABOR COMMISSIONER**

### Debarment Policy

It is the policy of the District that the public works prevailing wage requirements set forth in the California Labor Code, Sections 1720-1861, be strictly enforced. In furtherance thereof, contractors and subcontractors found to be willful violators under Section 1777.1 of the California Labor Code shall be referred to the Labor Commissioner for debarment from bidding on or otherwise being awarded any public work contract, within the state of California, for the performance of construction and/or maintenance services for the period not to exceed three (3) years in duration. The duration of the debarment period shall depend upon the nature and severity of the Labor Code violations and any mitigating and/or aggravating factors, which may be presented at the hearing conducted by the Labor Commissioner for such purpose.

If an investigation reveals that a willful violation of the Labor Code Section 1777.1 has occurred, the District's LCP will make a written report to the Labor Commissioner which shall include: (1) an audit consisting of a comparison of payroll records to the best available information as to the actual hours worked and (2) the classification of workers employed on the public works contract. Six types of willful violations are reported as follows:

A. For Failure to Comply with Prevailing Wage Rate Requirements

Except for "good faith mistakes", failure to comply with prevailing wage rate requirements (as set forth in the Labor Code and District contracts) is determined a willful violation whenever less than the stipulated basic hourly rate is paid to trades workers, or if overtime, holiday rates, fringe benefits, and/or employer payments are paid at a rate less than stipulated. The facts related to such willful violations may result in a determination that the contractor intended to defraud its employees of their wages.

B. For Falsification of Payroll Records, Misclassification of Work, and/or Failure to Accurately Report Hours of Work

Falsification of payroll records and failure to accurately report hours of work is characterized by deliberate underreporting of hours of work; underreporting the headcount; stating that the proper prevailing wage rate was paid when, in fact, it was not; clearly misclassifying the work performed by the worker; and any other deliberate and/or willful act which results in the falsification or inaccurate reporting of payroll records. Such violations are deemed to be willful violations committed with the intent to defraud.

C. For Failure to Submit Certified Payroll Reports

Refusing to comply with a request by the LCP for certified payroll reports or substantiating information and records as contained in Section IV.A.1. will be determined to be a willful violation of the Labor Code. Additionally, refusing to correct inaccuracies or omissions that have been discovered will also be determined to be willful violation of the Labor Code.

D. For Failure to Pay Fringe Benefits

Fringe benefits are defined as the amounts stipulated for employer payments or trust fund contributions and are determined to be part of the required prevailing wage rate.

Failure to pay or provide fringe benefits and/or make trust fund contributions in a timely manner is equivalent to payment of less than the stipulated wage rate and shall be reported to the District and Labor Commissioner as a willful violation, upon completion of an investigation and audit.

E. For Failure to Pay the Correct Apprentice Rates and/or Misclassification of Workers as Apprentices

Failure to pay the correct apprentice rate or classifying a worker as an apprentice when not properly registered is equivalent to payment of less than the stipulated wage rate and shall be reported to the District and Labor Commissioner as a willful violation, upon completion of an investigation and audit.

F. For the Taking of Kickbacks

Accepting or extracting kickbacks from employee wages under Labor Code Section 1778 constitutes a felony and may be prosecuted by the appropriate enforcement agency.

## VII. PRIORITY DISTRIBUTION OF FORFEITED SUMS

A. Withholding of Forfeited Sums

Pursuant to Labor Code Sections 1726 and 1771.6, it shall be the policy of the District that prior to making payment to the prime contractor of monies due under any contract for public works, the District shall withhold and retain from the prime contractor's account all amounts which have been forfeited pursuant to any stipulation under said contract for public works.

B. Disposition of Forfeited Sums

1. Out of any funds withheld, recovered, or both, there shall first be paid the amount due each worker notwithstanding the filing of any Stop Notice by any person pursuant to Civil Code Section 3179, *et seq.* Thus, all workers employed on the public works project who are paid less than the prevailing wage rate shall have **PRIORITY** over all Stop Notices filed against the prime contractor.
2. In the event that there are "insufficient funds" available in the prime contractor's account to pay the total amount of prevailing wage violations and penalty amounts due, the unpaid prevailing wages shall have **PRIORITY STATUS** and must be paid first.

Furthermore, if insufficient funds are withheld, recovered, or both, to pay each underpaid worker in full, the money shall be prorated among all workers affected. From the amount recovered by the District, the wage claim shall be satisfied prior to the amount being applied to penalties. If insufficient money is recovered to pay each worker in full, the money shall be prorated among all workers. Wages for workers who cannot be located shall be placed in the Industrial Relations Unpaid Wage Fund and held in trust for the workers pursuant to Section 96.7. Penalties shall be paid into a fund of the District's choosing.

## VIII. ANNUAL REPORTS

### A. Annual Report on the District Labor Compliance Program to the Director of the Department of Industrial Relations

The District shall submit to the Director of the Department of Industrial Relations an Annual Report on the operation of its LCP by no later than August 31 of each year. The annual report shall cover the twelve month period commencing on July 1 of the preceding calendar year and ending on June 30 of the year in which the report is due, unless the Director authorizes the LCP to use a different reporting period. In such cases the annual report will be due no later than 60 days following the close of that reporting period. Pursuant to section 16431 of Title 8 of the California Code of Regulations, the Annual Report shall contain sufficient detail to afford a basis for evaluating the scope and level of enforcement activity of the Labor Compliance Program, and shall include, at the minimum, the following information:

1. Number of construction contracts using Proposition 84 funds subject to the District's LCP which were awarded, and their total value;
2. A summary of wages due to workers resulting from failure by contractors to pay prevailing wage rates, the total amount withheld from money due to the contractors, and the total amount recovered by action in any court of competent jurisdiction;
3. A summary of penalties and forfeitures imposed and withheld, or recovered in a court of competent jurisdiction;

### B. Filing of Statements of Economic Interest (FPPC Form 700) by Designated Employees and Consultants of Labor Compliance Program

The District shall determine and designate those employees and consultants who participate in making governmental decisions for the District within the meaning of Title 2, California Code of Regulations, sections 18700 – 18702.4. Those designated employees and consultants shall be required to file Statements of Economic Interest (FPPC Form 700) and to comply with other applicable requirements of the Political Reform Act (commencing with Section 87100 of the Government Code) in connection with work performed on behalf of the District.

**APPENDIX A**  
**DEFINITIONS**

1. “Amount equal to the underpayment” is the total of the following determined by payroll review, investigation, audit, or admission of the contractor or subcontractor:
  - a. The difference between the amounts paid to workers and the correct General Prevailing Wage Rate of Per Diem Wages as defined in Title 8, CCR Section 16000, *et seq.*;
  - b. The difference between the amounts paid to workers and the correct amounts of employer payments, as defined in Title 8, CCR Section 16000, *et seq.* and determined to be part of the prevailing rate costs of contractors due for employment of workers in such craft, classification or trade in which they were employed and the amounts paid.
  - c. Estimated amounts of “illegal taking of wages,” and
  - d. Amounts of apprenticeship training contributions paid to neither the program sponsor’s training trust nor the California Apprenticeship Council.
2. “Basic Payroll Records” means time cards, front and back copies of cancelled checks, cash receipts, trust fund forms, daily logs, employee sign-in sheets, accounting ledgers, tax forms and/or any other record maintained for the purposes of reporting payroll.
3. “Contracts,” except as otherwise provided by agreement, means only contracts under a single master contract, or contracts entered into as stages of a single project which may be the subject of withholding pursuant to Labor Code Sections 1720, 1720.2, 1720.3, 1720.4, 1771, and 1771.5;
4. “Delinquent payroll records” means those not submitted on the basis set forth in the District contract and/or in response to a request by the LCP;
5. “Failing to pay the correct rate of prevailing wages” means those public works violations which the Labor Commissioner has exclusive authority to approve before they are recoverable by the LCP, and which are appealable by the contractor in court or before the Director of the Department of Industrial Relations under Labor Code Sections 1742 and 1742.1 pursuant to the California Code of Regulations Title 8, Chapter 8, Subchapter 8 (Sections 17201 through 17270). Regardless of what is defined as prevailing “wages” in contract terms, noncompliance with the following are considered failures to pay prevailing wages:
  - a. Nonpayment of items defined as “Employer Payments” and “General Prevailing Rate of Per Diem Wages” in Title 8, CCR Section 16000 and Labor Code Section 1771.
  - b. Payroll records required by Labor Code Section 1776;

- c. Labor Code Section 1777.5 but only insofar as the failure consists of paying apprentice wages lower than the journey level rate to a worker who is not an apprentice as defined in Labor Code Section 3077, working under an apprentice agreement in a recognized program;
  - d. Labor Code Section 1778, Kickbacks;
  - e. Labor Code Section 1779, Fee for Registration;
  - f. Labor Code Sections 1813, 1815, and Title 8, CCR Section 16200(a)(3)(F) overtime for work over eight (8) hours in any one (1) day or forty (40) hours in any one (1) week (Monday through Friday). All work performed on Saturday, Sunday, and/or a holiday shall be paid pursuant to the prevailing wage determination.
6. “Forfeitures” are the amounts of unpaid penalties and wages assessed by the District for violations of the prevailing wage laws.
7. “Inadequate payroll records” are any one of the following:
- a. A record lacking any of the information required by Labor Code Section 1776;
  - b. A record which contains all of the required information but which is not certified, or is certified by someone who is not an agent of the contractor or subcontractor;
  - c. A record remaining uncorrected for one (1) payroll period, after the District has given the contractor notice of inaccuracies detected by audit or record review; provided, however, that prompt correction will stop any duty to withhold if such inaccuracies do not amount to one percent (1%) of the entire certified weekly payroll in dollar value and do not affect more than half the persons listed as workers employed on that certified weekly payroll, as defined in Labor Code Section 1776 and Section 16401 of Title 8 of the California Code of Regulations. Prompt correction will stop any duty to withhold if such inaccuracies are de minimus.
8. “Withhold” means to cease payments by the awarding body, or others who pay on its behalf, or agents, to the general contractor. Where the violation is by a subcontractor, the general contractor shall be notified of the nature of the violation and reference made to its rights under Labor Code section 1729.

**ATTACHMENT A**

**CHECKLIST OF LABOR LAW REQUIREMENTS TO REVIEW AT  
JOB CONFERENCE MEETINGS**

(Pursuant to Title 8, Section 16430 of the California Code of Regulations)

NAME (print) \_\_\_\_\_ Date \_\_\_\_\_

COMPANY \_\_\_\_\_ Phone \_\_\_\_\_

ADDRESS \_\_\_\_\_ Fax # \_\_\_\_\_

\_\_\_\_\_

The federal and state labor law requirements applicable to the contract are composed of, but not limited to, the following:

**1. Payment of Prevailing Wage Rates**

The contractor to whom the contract is awarded and its subcontractors hired for the public works project are required to pay not less than the specified general prevailing wage rates to all workers employed in the execution of the contract.

The contractor is responsible for ascertaining and complying with all current general prevailing wage rates for crafts and any rate changes that occur during the life of the contract. Information on all prevailing wage rates and all rate changes are to be posted at the job site for all workers to view.

**2. Apprentices**

It is the duty of the contractor and subcontractors to employ registered apprentices on the public works project under Labor Code Section 1777.5;

**3. Penalties**

There are penalties required for contractor's/subcontractor's failure to pay prevailing wages and for failure to employ apprentices, including forfeitures and debarment under Labor Code Sections 1775; 1776; 1777.1; 1777.7 and 1813;

**4. Certified Payroll Reports**

Under Labor Code Section 1776, contractors and subcontractors are required to keep accurate payroll records showing the name, address, social security number and work classification of each employee and owner performing work; also the straight time and overtime hours worked each day and each week, the fringe benefits, and, the actual per diem wage paid to each owner, journey person, apprentice worker or other employee hired in connection with the public works project.

Employee payroll records shall be certified and shall be made available for

inspection at all reasonable hours at the principal office of the contractor/subcontractor, or shall be furnished to any employee, or his/her authorized representative on request, pursuant to Labor Code Section 1776;

Each contractor and subcontractor shall submit its weekly certified payroll reports to the District on a monthly basis. In the event that there has been no work performed during a given week, the Certified Payroll Report shall be annotated: "No work" for that week.

Under Labor Code Section 1776(g) there are penalties required for contractor's/subcontractor's failure to maintain and submit copies of certified payroll records on request.

- 5. Nondiscrimination in Employment**  
There exist prohibitions against employment discrimination under Labor Code Sections 1735 and 1777.6, the Government Code, the Public Contracts Code, and Title VII of the Civil Rights Act of 1964;
- 6. Kickbacks Prohibited**  
Contractors and subcontractors are prohibited from recapturing wages illegally or extracting "kickbacks" from employee wages under Labor Code Section 1778;
- 7. Acceptance of Fees Prohibited**  
There exists a prohibition against contractor/subcontractor acceptance of fees for registering any person for public work under Labor Code Section 1779; or for filling work orders on public works contracts pursuant to Labor Code Section 1780;
- 8. Listing of Subcontractors**  
All prime contractors are required to list properly all subcontractors hired to perform work on the public works projects covering more than one-half of one percent, pursuant to Government Code Section 4100 et seq.;
- 9. Proper Licensing**  
Contractors are required to be licensed properly and to require that all subcontractors be properly licensed. Penalties are required for employing workers while unlicensed under Labor Code Section 1021 and under the California Contractor License Law found at Business and Professions Code Section 7000 et seq.
- 10. Unfair Competition Prohibited**  
Contractors/Subcontractors are prohibited from engaging in unfair competition as specified under Business and Professions Code Sections 17200 to 17208;
- 11. Workers Compensation Insurance**  
Labor Code Section 1861 requires that contractors and subcontractors be insured properly for Workers Compensation.

**12. OSHA**

Contractors and subcontractors are required to abide by the Occupational, Safety and Health laws and regulations that apply to the particular construction project.

**13. Undocumented Workers**

Contractors and subcontractors are required to comply with the federal prohibition against hiring undocumented workers, and the requirement to secure proof of eligibility/citizenship from all workers.

**14. Itemized Wage Statement**

Pursuant to Labor Code Section 226, every employer shall, semimonthly or at the time of each payment of wages, furnish each of his or her employees an accurate itemized statement in writing showing gross wages earned, total hours worked, all deductions, net wages earned, the inclusive dates of the period for which the employee is paid, the name of the employee and the last four digits of his or her social security number or an employee identification, the name and address of the employer, and all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.

**15. On-Site Visits and Employee Interviews**

District's Labor Compliance Representative will conduct weekly on-site visits and will conduct weekly or periodic employee interviews.

In accordance with federal and state laws and with District contract documents, the undersigned prime contractor wishes to assure the District that it intends to comply with the above-referenced labor law requirements, fully understanding that failure to comply with the above requirements may subject it to penalties as provided above.

For the Contractor:

For the Novato Sanitary District:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Contractor

\_\_\_\_\_  
Project Name

## ATTACHMENT B AUDIT RECORD FORM

(For Use With Title 8, CCR Section 16432 Audits)

An Audit, as defined herein, shall be prepared by the District whenever it has determined that there has been a violation of the Public Works Chapter of the Labor Code resulting in the underpayment of wages. An "Audit" for this purpose shall be defined as a written summary reflecting prevailing wage deficiencies for each underpaid worker, and including any penalties to be assessed under Labor Code Section 1775 and 1813.

An Audit which uses the forms in Attachment B, accompanied by a brief narrative identifying the Bid Advertisement Date of the contract for public work and summarizing the nature of the violation and the basis upon which the determination of underpayment was made, presumptively demonstrates sufficiency. Records supporting an Audit shall be maintained by the Labor Compliance Program to satisfy its burden of coming forward with evidence in administrative review proceeding under Labor Code Section 1742 and the Prevailing Wage Hearing Regulations found at section 17201 – 17270 of Title 8 of the California Code of Regulations.

The additional steps will be taken to "verify compliance with the requirements of Chapter 1, Public Works, Part 7 of Division 2":

1. Audits of the obligation to secure workers' compensation means demanding written evidence of a binder issued by the carrier, or telephone or written inquiry to the Workers' Compensation Insurance Rating Bureau;
2. Audits of the obligations to employ and train apprentices means inquiry to the program sponsor for the apprenticeable craft or trade in the area of the public works as to: whether contract award information was received, including an estimate of journey person hours to be performed and the number of apprentices to be employed; whether apprentices have been requested, and whether the request has been met; whether the program sponsor knows of any amounts sent by the contractor or subcontractor to it for the training trust, or the California Apprenticeship Council; and whether persons listed on the certified payroll in that craft or trade as being paid less than the journey person rate are apprentices registered with that program and working under apprentice agreements approved by the Division of Apprenticeship Standards;
3. Audits of the obligation to pass through amounts for apprenticeship training contributions, to either the training trust or the California Apprenticeship Council, means asking for copies of checks sent, or when the audit occurs more than 30 days after the month in which payroll has been paid, copies of cancelled checks;
4. Audits of "illegal taking of wages" means inspection of written authorizations for deductions (listed in Labor Code Section 224) in the contractor's or subcontractor's files and comparison to wage deduction statements furnished to employees (Labor Code Section 226), together with an interview of employees when warranted as to any payments not shown on the wage deduction statements;
5. Audits of the obligation to keep records of working hours and pay not less than

required by Title 8, CCR Section 16200(a)(3)(F) for hours worked in excess of 8 hours per day or forty hours per week are the steps for review and audit of Certified Weekly Payrolls under Title 8, CCR Section 16432;

6. Audits of the obligations to pay the prevailing per diem wage, means such steps for review and audit of Certified Weekly Payrolls which will produce a report covering compliance in the areas of:
  - A. All elements defined as the "General Prevailing Rate of Per Diem Wages" in Title 8, CCR Section 16000, which were determined to be prevailing in the Director's determination which was in effect on the date of the call for bids, available in its principal LCP office and posted at the public works job site;
  - B. All elements defined as "Employer Payments" set forth in Section 16000 of these regulations, which were determined to be prevailing in the Director's Determination which was in effect on the date of the call for bids, and pursuant to Labor Code Section 1773.2 was to be specified in the call for bids, made available in its principal LCP office and posted at the public works job site.

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: WWTP Upgrade Project 73002: Recycled Water Act of 2012 Letter of Support</b>	<b>MEETING DATE: June 11, 2012</b>  <b>AGENDA ITEMS NO.: 11.c</b>
<b>RECOMMENDED ACTION:</b> Approve a letter of support for AB2398: Recycled Water Act of 2012	
<b>SUMMARY AND DISCUSSION:</b>  Use of recycled water in California is currently regulated under a variety of California Codes some of which are the under the jurisdiction of the State and Regional Water Quality Control Boards and some under the California Department of Public Health. AB 2398 was introduced by Assemblymember Hueso and co-sponsored by Assemblymember Huffman to revise and consolidate the various codes governing the use of recycled water in order to facilitate the permitting and use of recycled water.  The District is a strong proponent for the appropriate use of recycled water. As initially introduced AB 2398 inadvertently failed to account for the appropriate recycled uses for secondary effluent which currently include some irrigation uses, construction dust control, and in-plant washdown and process uses. Water Reuse has proposed amendments that have been included in the latest modification of the bill. Staff therefore recommends sending letters of support to Assemblymember Huffman and State Senator Leno. A copy of a draft of the proposed letter is attached.	
<b>ALTERNATIVES:</b> Do not send letter	
<b>BUDGET INFORMATION:</b> NA	
	<b>MANAGER:</b>

DRAFT Letter

**AB 2398 (As amended May 21, 2012) – Support, If Amended**

Dear Assemblymember Huffman:

Dear Assemblymember Huffman:

On behalf of Novato Sanitary District I am writing to express our position of support, if amended, for AB 2398 – The Water Recycling Act of 2012.

As you may be aware, Novato Sanitary District is actively working with the North Bay Water Reuse Authority to expand water recycling.

We join many water recycled water supporters throughout the state in registering our belief that AB 2398 will create the framework necessary to expand the use of recycled water throughout California.

Recycled water is a key component of California's sustainable water future. The Legislature, the State Water Board, the Department of Water Resources, the environmental community and water suppliers all agree that increasing our use of recycled water, by millions of acre-feet per year, is critical. At the same time, the primary regulatory and permitting scheme for recycled water has not been updated in over 20 years. This disconnect between current science and our regulatory scheme results in delays and added costs for projects, inconsistent regulation along jurisdictional lines, and confusion and mistrust from the public.

While we strongly support the overall purpose of this important measure and understand that Watereuse continues to work hard to address various issues as raised by many stakeholders, we do wish to formally register our request for amendments to address two issues – which we have been discussing with Watereuse representatives. Based on our positive conversations with Watereuse, we believe these issues are on track to be addressed in future versions of the measure:

**1) Ensuring that permitting processes remain intact for secondary treated recycled water.**

As discussed with Watereuse, AB 2398 language omitted key permitting language related to secondary effluent recycling. Maintaining appropriate permitting process for secondary effluent recycling is critical to support the continued use of such water for pasture irrigation, construction dust control and washdown water. Based our discussions with Watereuse, we believe that this matter will be resolved in future versions of the measure.

**2) Adding clarifying language to ensure that the ability of secondary projects to compete for and use recycled water grant and loan funding is preserved.**

With the substantial focus of the measure on tertiary treated wastewater (and the proposed new statutory section focusing on such recycled water), we would request clarifying language to ensure that secondary projects will still be considered as recycled water for purposes of competing for future state grants and loans, as appropriate. We do not believe the intent is to exclude such projects, but would request such language to avoid any future confusion.

Overall, the effort represented by AB 2398 is integral to meeting the State's water supply needs. It will streamline project permitting and construction and will deliver to California the economic value that inures from a safe, sustainable supply. Again, we support its passage, but request resolution of the above issues prior to final enactment.

Sincerely,

William C. Long  
President

# NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

<b>TITLE: Staff Report: Comprehensive Annual Financial Report</b>	<b>MEETING DATE: June 11, 2012</b>
	<b>AGENDA ITEM NO.: 12a</b>
<b>RECOMMENDED ACTION: NA</b>	
<b>SUMMARY AND DISCUSSION:</b>  The District submitted their Comprehensive Annual Financial Report for Fiscal Years Ended June 30, 2011 and 2010 to the Government Finance Officers Association for review. As noted in the attached letter, the report qualifies for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate is the highest form of recognition in the area of government accounting and financial reporting.  Laura Creamer and June Brown were recognized individually for being primarily responsible for preparing the award-winning report.	
<b>ALTERNATIVES: NA</b>	
<b>BUDGET INFORMATION: NA</b>	
<b>DEPT.MGR.:</b>	<b>MANAGER:</b>



Government Finance Officers Association  
203 N. LaSalle Street - Suite 2700  
Chicago, IL 60601

Phone (312) 977-9700 Fax (312) 977-4806

May 24, 2012

Beverly James  
Manager-Engineer  
Novato Sanitary District  
500 Davidson Street  
Novato CA 94945

Dear Ms. James:

We are pleased to notify you that your comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011, qualifies for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

Each entity submitting a report to the Certificate of Achievement review process is provided with a "Summary of Grading" form and a confidential list of comments and suggestions for possible improvements in its financial reporting techniques. Your list has been enclosed. You are strongly encouraged to implement the recommended improvements into the next report and submit it to the program. If it is unclear what must be done to implement a comment or if there appears to be a discrepancy between the comment and the information in the CAFR, please contact the Technical Services Center (312) 977-9700 and ask to speak with a Certificate of Achievement Program in-house reviewer.

Certificate of Achievement program policy requires that written responses to the comments and suggestions for improvement accompany the next fiscal year's submission. Your written responses should provide detail about how you choose to address each item that is contained within this report. These responses will be provided to those Special Review Committee members participating in the review.

When a Certificate of Achievement is awarded to a government, an Award of Financial Reporting Achievement (AFRA) is also presented to the individual(s) or department designated by the government as primarily responsible for its having earned the Certificate. Enclosed is an AFRA for:

**Laura Creamer, Finance Officer**  
**June Brown, Administrative Services Manager**

Your Certificate of Achievement plaque will be shipped to you under separate cover in about eight weeks. We hope that you will arrange for a formal presentation of the Certificate and Award of Financial Reporting Achievement, and that appropriate publicity will be given to this notable achievement. A sample news release has been enclosed. We suggest that you provide copies of it to local newspapers, radio stations and television stations. In addition, details of recent recipients of the Certificate of Achievement and other information about Certificate Program results are available in the "Awards Program" area of our website, [www.gfoa.org](http://www.gfoa.org).

RECEIVED  
MAY 29 2012

NOVATO SANITARY DISTRICT

A current holder of a Certificate of Achievement may include a reproduction of the award in its immediately subsequent CAFR. A camera ready copy of your Certificate is enclosed for that purpose. If you reproduce your Certificate in your next report, please refer to the enclosed instructions. A Certificate of Achievement is valid for a period of one year. To continue to participate in the Certificate of Achievement Program it will be necessary for you to submit your next CAFR to our review process.

In order to expedite your submission we have enclosed a Certificate of Achievement Program application form to facilitate a timely submission of your next report. This form should be completed and sent (postmarked) with three copies of your report, three copies of your application, three copies of your written responses to the program's comments and suggestions for improvement from the prior year, and any other pertinent material with the appropriate fee by December 31, 2012.

Your continued interest in and support of the Certificate of Achievement Program is most appreciated. If we may be of any further assistance, please contact Delores Smith ([dsmith@gfoa.org](mailto:dsmith@gfoa.org) or (312) 578-5454).

Sincerely,  
Government Finance Officers Association

A handwritten signature in cursive script that reads "Stephen J. Gauthier".

Stephen J. Gauthier, Director  
Technical Services Center

SJG/ds