

NOVATO SANITARY DISTRICT

Meeting Date: July 14, 2014

The Board of Directors of Novato Sanitary District will hold a *closed session at 5:00 PM*, followed by a regular meeting at 6:00 p.m., Monday, July 14, 2014, at the District Offices, 500 Davidson Street, Novato.

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

5:00 PM CLOSED SESSION: CONFERENCE WITH LABOR NEGOTIATORS:

District designated representatives: Austris Rungis, Sandeep Karkal
Employee organization: International Brotherhood of Teamsters Local 315.

AGENDA

1. **PLEDGE OF ALLEGIANCE:**
2. **AGENDA APPROVAL:**
3. **REPORT FROM CLOSED SESSION:**
4. **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.

5. **REVIEW OF MINUTES:**
 - a. Consider approval of minutes of the June 23, 2014 meeting.

6. **CONSENT CALENDAR:**

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

- a. Approve regular disbursements.
7. **PUBLIC HEARING – 2014-15 SEWER SERVICE CHARGE REPORT:**
 - a. Sewer Service Charge Report.
 - b. Open hearing.
 - c. Consider protests regarding sewer service charge report.

- d. Close hearing.
- 8. **RESOLUTION CONFIRMING REPORT ON SEWER SERVICE CHARGES:**
 - a. Consider adoption of resolution no. 3077 confirming sewer service charge report and electing to collect on tax rolls.
- 9. **CAPITAL PROJECTS:**
 - a. Approve contract with RMC Water Environment for design services in an amount not-to-exceed \$60,000, and authorize Manager-Engineer to execute it; Account No. 73003: Maintenance Building (Phase 1 – Demolition).
- 10. **BOARD OF DIRECTORS: 2013-14 GRAND JURY REPORT**
 - a. Review the 2013-14 Marin County Civil Grand Jury Report titled “The Scoop on Marin County Sewer Systems: Part I”, and “The Scoop on Marin County Sewer Systems: Part II”, and provide any further input and direction.
- 11. **INFORMATIONAL ITEM – NORTH BAY WATER REUSE AUTHORITY:**
 - a. Informational Item - payment to Sonoma County Water Agency (SCWA) of an amount up to \$343,005 as the District’s FY14-15 portion of the cost of the NBWRA Phase 2 Feasibility Study.
- 12. **STAFF REPORTS:**
 - a. Receive report on Uniform Public Construction Cost Accounting Act (UPCCAA) implementation for FY2013-14.
 - b. Receive report on July 4th parade participation.
- 13. **BOARD MEMBER REPORTS:**
 - a. North Bay Watershed Association meeting.
- 14. **MANAGER’S ANNOUNCEMENTS:**
- 15. **ADJOURN:**

Next resolution no. 3078

Next regular meeting date: Monday, August 11, 2014, 6:00 PM at the Novato Sanitary District office, 500 Davidson Street, Novato, CA

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

June 23, 2014

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:00 p.m., Monday, June 23, 2014, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Jean Mariani, Directors Gary Butler, William C. Long, and Brant Miller. Member Jerry Peters arrived at 6:04 p.m.

STAFF PRESENT: Manager-Engineer-Secretary Sandeep Karkal and Administrative Secretary Julie Swoboda. Finance Officer Laura Creamer arrived at 6:22 p.m.

ALSO PRESENT: John Bailey, Project Manager, Veolia

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as written.

PUBLIC COMMENT: None.

REVIEW OF MINUTES:

- Consider approval of minutes of the meeting of June 9, 2014.

President Mariani noted a typographical error to the minutes on page 2, last paragraph: ***He also discussed how the ~~FY2-14-16~~ FY 14-16 Preliminary Budget...***

On motion of Director Long, seconded by Director Butler and carried with the following vote, the Board approved the June 9th, 2014 meeting minutes as amended. Ayes: Mariani, Long, Butler. Abstain: Miller. Absent: Peters. (Director Miller abstained as he was not present at the meeting. Director Peters was not present at the time of the vote.)

CONSENT CALENDAR:

On motion of Director Long, seconded by Director Miller and carried unanimously, the following Consent Calendar item was approved:

- a. Approval of regular disbursements in the amount of \$119,229.40, capital project disbursements in the amount of \$3,595.66, and payroll and payroll related disbursements in the amount of \$215,000.08.

COMMITTEE REPORTS:

- Strategic Planning and New Facilities. The Manager-Engineer stated that Committee Members Long and Butler were present at the Strategic Planning and New Facilities meeting on June 11th. The Manager-Engineer provided a summary of the committee's actions and stated that the FY 14-15 Capital Budget was reviewed. He stated that the

Committee unanimously agreed to recommend the preliminary Capital Budget for adoption by the full Board of Directors.

- Wastewater Operations. The Manager-Engineer stated that Committee Member Long and Committee Alternate Mariani were present at the Wastewater Operations Committee meeting on June 16th. John Bailey, Plant Manager, Veolia, gave an overview of the Novato treatment facility performance for the month of May and discussed odor complaints and routine maintenance at the facility.

The Manager-Engineer provided a summary of the committee's actions and stated that the FY 14-15 Operating Budget was reviewed. He stated that the Committee unanimously agreed to recommend the preliminary Operating Budget for adoption by the full Board of Directors.

CAPITAL PROJECTS:

- Make CEQA findings, approve plans and specifications, and authorize the Manager-Engineer to advertise for bids – Olive Parallel Force Main Project; Account No. 72706: Collection System Improvements. The Manager-Engineer gave an overview of the project, noting that staff has completed CEQA findings and determined that the project is categorically exempt. He noted that bids are expected to be received on July 31, 2014 and will be presented to the Board at a subsequent meeting.

On motion of Director Long, seconded by Director Peters and carried unanimously, the Board approved the CEQA findings, approved the plans and specifications and authorized the Manager-Engineer to advertise for bids for the Olive Parallel Force Main Project.

- Make CEQA findings, approve plans and specifications, and authorize the Manager-Engineer to advertise for bids – Account No. 72110: Drainage Pump Station 3 & 7 Improvements. The Manager-Engineer gave an overview of the project, noting that staff has completed CEQA findings and determined that the project is categorically exempt. He noted that bids are expected to be received on August 5, 2014 and will be presented to the Board at a subsequent meeting.

On motion of Director Peters, seconded by Director Miller and carried unanimously, the Board approved the CEQA findings, approved the plans and specifications and authorized the Manager-Engineer to advertise for bids for the Drainage Pump Station 3 & 7 Outfall Rehabilitation.

ADMINISTRATION:

- Review cost-of-living increase, represented employee group, effective July 1, 2014 – informational item. The Manager-Engineer stated that the Memorandum of

Understanding (MOU), for the represented employee group has a provision for a cost-of-living increase effective July 1, 2014 as determined by the April 2013 to April 2014 Consumer Price Index movement plus one percent. He stated that the CPI increase was 2.6% so therefore the corresponding increase to the represented group would be 3.6%.

- Approve cost-of-living increase, management and confidential employee group, effective July 1, 2014. The Manager-Engineer stated that the management and confidential employee group had agreed to the same terms as the represented employee group in terms of a cost-of-living increase. He recommended the Board approve a 3.6% increase which matches the represented group's provision.

On motion of Director Long, seconded by Director Peters and carried unanimously, the Board approved a cost-of-living increase for the Management and Confidential employee group of 3.6%, effective July 1, 2014.

- Approve cost-of-living increase, Manager-Engineer, effective July 1, 2014. President Mariani read the item and asked for comments. Hearing none, she said she would entertain a motion.

On motion of Director Miller, seconded by Director Long and carried unanimously, the Board approved a cost-of-living increase for the Manager-Engineer of 3.6%, effective July 1, 2014.

- Adopt Resolution No. 3075 authorizing execution of the Application-Agreement for Medicare Coverage for Eligible Employees. President Mariani read the item and asked for comments. Hearing none, she said she would entertain a motion.

On motion of Director Long, seconded by Director Peters and carried unanimously, the Board adopted Resolution No. 3075 authorizing execution of Medicare Agreement for employees hired prior to March 31, 1986.

- Adopt Resolution No. 3076 to CalPERS for paying and reporting the value of Employer Paid Member Contributions and for Normal Member Contributions. The Manager-Engineer stated that one of the provisions of the Memorandum of Understanding is a change in the formula for payment and reporting of Employer Paid Member Contributions. He stated that each modification requires adoption of a resolution by the District Board for submission to CalPERS.

On motion of Director Peters, seconded by Director Long, the Board adopted Resolution No. 3076: Resolution for Paying and Reporting the Value of Employer Paid Member Contributions.

At 7:10 p.m., President Mariani declared the Board would take a 10 minute break.

At 7:18 p.m., President Mariani reconvened the meeting.

FINANCIAL:

- Approve and adopt the Preliminary Budget for Fiscal Years 2014-16. The Manager-Engineer stated that the preliminary budget had been reviewed by the following committees: Strategic Planning and New Facilities, Wastewater Operations, and Solid Waste. He stated that all three committees were recommending approval and adoption of the Preliminary Budget by the full Board.

On motion of Member Peters, seconded by Member Long and carried unanimously, the Board adopted the Preliminary Budget for Fiscal Years 2014-16.

Finance Officer Laura Creamer left the meeting at 7:20 p.m.

BOARD OF DIRECTORS: 2013-14 GRAND JURY REPORT:

- Receive and review the 2013-14 Marin County Civil Grand Jury Report titled "The Scoop on Marin County Sewer Systems: Part I", and "The Scoop on Marin County Sewer Systems: Part II". The Manager-Engineer discussed the Marin County Civil Grand Jury reports that were received, and were being presented in their entirety in the Board packet. He requested that the Board provide any comments to staff by the July 14th, 2014 Board meeting. An extensive discussion of the contents of the report followed by the Board members. The Board then directed the Manager-Engineer to prepare a draft response to the Grand Jury for Board review. The Manager-Engineer stated that he would prepare the draft response and present it for Board review, tentatively at the first meeting in August, with a final response going to the Grand Jury in late August or early September, before the required September 14, 2014 deadline.

STAFF REPORTS:

- CSDA 2014 Board elections. The Board discussed the candidates and requested that staff return the CSDA Board of Directors 2014 Election ballot with the selection of incumbent Stanley Caldwell.

On motion of Director Long, seconded by Director Peters and carried unanimously, the Board directed staff to return the CSDA Board of Directors 2014 Election ballot with the selection of incumbent Stanley Caldwell.

BOARD MEMBER REPORTS:

- North Bay Watershed Association (NBWA): Director Miller discussed his attendance at the June 6th meeting and gave an overview of the presentations. He stated that the main presentation was given by Bruce Wolfe, Executive Officer of the Oakland Regional Water Quality Control Board.

MANAGER'S ANNOUNCEMENTS:

- The 59th Annual California Association of Sanitation Agencies (CASA) will be held on August 20 – 22nd in Monterey.
- An Adhoc Labor Committee meeting will be held on Wednesday, June 25th at 10:30 a.m. at the District office.
- The next regular Board meeting will be held on July 14th at 6:00 p.m. at the District office. A Public Hearing for the collection of sewer service charges on the County tax rolls will take place.
- The Manager-Engineer reported back on a question asked by Director Long at the prior Board meeting regarding AB939 revenues: are there spending restrictions for the revenues received from solid waste fees? The Manager-Engineer stated that he had checked with the District's Household Hazardous Waste (HHW) Coordinator Dee Johnson who clarified that the revenue may be spent on any solid or hazardous waste budgeted program area.
- The Manager-Engineer reported on a question asked by Director Butler at the prior Board meeting, regarding AB341 requirements. The Manager-Engineer stated that the requirement is directed toward commercial businesses generating 4 cubic yards of trash per week and multi-family units of five or more. In the District's budget, the funds are to provide outreach to both the commercial and multi-family accounts but recognizing that multi-family accounts may be more difficult for various reasons. He reported that Dee Johnson will continue to work with staff from Novato Disposal to conduct more targeted outreach services.
- A Compliance Evaluation Inspection (CEI) was conducted by State Water Resources Control Board (SWRCB) staff on June 18th. The Manager-Engineer reported that the inspection went well, that the SWRCB inspection staff made many positive comments about the District and its treatment facilities, and that a written report would be forthcoming from the SWRCB.

ADJOURNMENT: There being no further business to come before the Board, President Mariani adjourned the meeting at 8:18 p.m.

Respectfully submitted,

Sandeep S. Karkal
Secretary

Julie Swoboda, Recording

Novato Sanitary District Operating Check Register

July 14, 2014

Date	Num	Name	Credit
Jul 14, 14			
07/14/2014	57171	Veolia Water North America, ...	161,508.14
07/14/2014	57137	CSRMA-	97,052.78
07/14/2014	57141	Duke's Root Control, Inc	74,163.31
07/14/2014	57165	Shape Incorporated	42,024.91
07/14/2014	57149	J.W.C. Environmental Int'l	21,855.60
07/14/2014	57147	Industrial Electrical Co.	13,499.71
07/14/2014	57161	PSC	12,659.70
07/14/2014	57132	Caltest Analytical Lab Inc.	10,611.50
07/14/2014	57153	Marin County Tax Collector	9,834.04
07/14/2014	57173	Veolia Water Recycled Water...	9,242.94
07/14/2014	57164	Royal Petroleum Company	7,715.83
07/14/2014	57151	Johnson, Dee	7,065.00
07/14/2014	57157	North Marin Water District	6,642.93
07/14/2014	57172	Veolia Water North America, ...	5,751.12
07/14/2014	57142	E2 Consulting Engineers, Inc	4,280.00
07/14/2014	57122	3T Equipment Company Inc.	4,120.27
07/14/2014	57125	Alliant Insurance Services, Inc	3,904.00
07/14/2014	57133	Cantarutti Electric, Inc	3,737.50
07/14/2014	57150	Johnson Controls, Inc.	2,749.00
07/14/2014	57127	Aqua Science	2,610.00
07/14/2014	57140	Dearborn National	2,259.71
07/14/2014	57169	U.S. Bank Card (2)(June)	2,062.43
07/14/2014	57145	IDEXX Distributing Corp.	1,863.82
07/14/2014	57162	Rauch Communication Cons...	1,734.75
07/14/2014	57148	Interstate Batteries	1,726.36
07/14/2014	57136	Comet Building Maintenance,...	1,390.00
07/14/2014	57134	Cintas Corporation	1,212.74
07/14/2014	57146	IEDA, INC	1,072.00
07/14/2014	57163	Rotary Club of Novato	960.00
07/14/2014	57154	Monterey Mechanical, Inc.	900.00
07/14/2014	57124	Allen Heating & Sheet Metal	785.00
07/14/2014	57175	Vision Service Plan	483.95
07/14/2014	57152	Leonardi Automotive & Electri...	415.38
07/14/2014	57129	B.W.S. Distributors, Inc.	414.20
07/14/2014	57160	Pini Hardware	308.81
07/14/2014	57135	Claremont EAP, Inc.	295.00
07/14/2014	57128	AT&T Mobility	255.20
07/14/2014	57166	Staples Business Adv Inc.	213.56
07/14/2014	57139	Datco Billing Inc.	191.10
07/14/2014	57130	Barnett Medical LLC	180.00
07/14/2014	57174	Verizon Wireless-	179.95
07/14/2014	57131	Batteries Plus Inc	174.71
07/14/2014	57143	Fire King Fire Protection, Inc.	158.41
07/14/2014	57138	CWEAmembers	148.00
07/14/2014	57158	Orkin Pest Control, Inc.	131.42
07/14/2014	57155	North Bay Portables, Inc.	92.20
07/14/2014	57168	U.S. Bank (Sandeep)	81.91
07/14/2014	57126	American Messaging	68.00
07/14/2014	57167	Swoboda, Julie	49.81
07/14/2014	57156	North Marin Auto Parts	33.90
07/14/2014	57123	Able Tire & Brake Inc.	26.85
07/14/2014	57144	Grainger	15.45
07/14/2014	57159	Pacific, Gas & Electric	14.78
07/14/2014	57170	United Parcel Service	1.51
Jul 14, 14			520,929.19

Novato Sanitary District
Capital Project Check Register

For July 14, 2014

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
Jul 14, 14			
07/14/2014	2715	Bank of New York Mellon	418,390.16
07/14/2014	2723	Valentine Corporation	274,031.16
07/14/2014	2721	R E Smith Contractor, Inc.	165,131.36
07/14/2014	2716	Covello Group, The	39,534.75
07/14/2014	2720	Nute Engineering Inc.	27,183.90
07/14/2014	2722	RMC Water & Environment, Inc.	19,309.67
07/14/2014	2717	Linscott Engineering Contractors Inc	16,721.79
07/14/2014	2718	Maggiora & Ghilotti Inc.	4,583.77
07/14/2014	2719	Monterey Mechanical, Inc.	900.00
Jul 14, 14			<u>965,786.56</u>

**Novato Sanitary District
Board Fees - June 2014**

	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Credit</u>
Jul 1 - 11, 14				
	07/11/2014	3585	Long, William C	974.25
	07/11/2014	3586	Mariani, Jean M	600.60
	07/11/2014	3587	Peters, A. Gerald	574.36
	07/11/2014	3193	Miller, Brant	558.67
	07/11/2014	3584	Butler, Gary	0.00
Jul 1 - 11, 14				<u>2,707.88</u>

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Public Hearing: 2014-15 Sewer Service Charge Report, and Resolution Confirming Report on Sewer Service Charges	MEETING DATE: July 14, 2014 AGENDA ITEMS NO.: 7.a.b., 8.a
RECOMMENDED ACTION: Public Hearing followed by adoption of resolution confirming sewer service charge report and electing to collect on tax rolls.	
SUMMARY AND DISCUSSION: <p>After completing the appropriate Proposition 218 requirements, the District Board, at its meeting of June 25, 2012, held a public hearing on, and thereafter adopted, Ordinance No. 116 titled “An Ordinance of the Novato Sanitary District Establishing Sewer Service Charges for Fiscal Years 2012-13, 2013-14, 2014-15, 2015-16”.</p> <p>A copy of Ordinance No. 116 is provided for informational purposes, including its Attachment A – “Sewer Service Charge Schedule for Fiscal Years 2012-13, 2013-14, 2014-15, 2015-16”.</p> <p>This public hearing of July 14, 2014 is to conduct the Hearing on the FY14-15 Sewer Service Charge report, and receive protests on individual sewer service charges on the sewer service charge report.</p> <p>Following the Hearing, the Board will consider adopting Resolution No. 3077 to collect the FY2014-15 Sewer Service Charges on the Marin County tax rolls. District staff will have the computerized database and the Sewer Service Charge report at the meeting so that anyone may request what their individual sewer service rate will be in the coming year and have an opportunity to protest.</p> <p>This public hearing of July 14, 2014 was “noticed” twice in the Marin Independent Journal (Marin IJ). A copy of the Proof of Publication is attached. Following the public hearing, the Board will consider adoption of Resolution No. 3077, “A Resolution Prescribing and Providing for the Collection of Sewer Service Charges for Novato Sanitary District on the Tax Rolls of the County of Marin for the Fiscal Year 2014-15”.</p>	
ALTERNATIVES: NA	
BUDGET INFORMATION: The Preliminary Budget for Fiscal Years 2014-16 estimates that the FY14-15 Sewer Services Charges will result in Operating Revenue of about \$8.78 million and Capital Revenue of about \$7.18 million for FY14-15, versus corresponding figures of \$8.51 million and \$6.73 million respectively for FY13-14.	
	MANAGER:

ORDINANCE NO. 116

**AN ORDINANCE OF THE NOVATO SANITARY DISTRICT
ESTABLISHING SEWER SERVICE CHARGES
FOR FISCAL YEARS 2012-13, 2013-14, 2014-15, 2015-16**

WHEREAS, the Novato Sanitary District has previously developed and instituted a Sewer Service Charge Program to finance the services and facilities furnished by the District, and

WHEREAS, Ordinance No. 111, adopted by the Board of Directors on August 6, 2007, set the sewer service charges through fiscal year 2009-2010 and the methodology for calculating the charges; and

WHEREAS, in adopting Ordinance No. 111, the Board relied on various studies and documents, which are available for inspection at the District offices; and

WHEREAS, Section 23 of Ordinance No. 111 provides that from time to time, when rates and charges are updated but there is no modification of methodology, the Board may modify rates and charges by adopting new tables; and

WHEREAS the sewer service charges have not been increased since Ordinance No. 111 was adopted; Ordinance No. 113, adopted by the Board in July 2010 and Ordinance. No. 114, adopted by the Board in July 2011, maintained the sewer service charges adopted by Ordinance No. 111 for fiscal years 2010-2011 and 2011-2012; and

WHEREAS, on Monday, the 11th day of June, 2012, at the hour of 6:30 p.m. at the regular meeting place of the District, 500 Davidson Street, Novato, California, the Board of Directors of the District heard and considered proposed sewer service charge increases for fiscal years 2012-2013 through 2015-2016, and the Secretary published a notice of said hearing once a week for two successive weeks with at least five days intervening between the respective publication dates, with the first publication being at least fourteen days prior to the date set for said hearing, in the Independent Journal, a newspaper of general circulation printed and published in the County; and

WHEREAS, the Board of Directors of the District has reviewed the present sewer service charge schedule and has determined that the residential Service Unit rate should be increased by an amount of \$31.00 for fiscal year 2012-13; \$19.00 for fiscal year 2013-14; \$19.00 for fiscal year 2014-

15; and \$19.00 for fiscal year 2015-16. Non-residential rates will be increased proportionately based on square footage and variable water use charges; and

WHEREAS, in determining that the sewer service charges should be increased, the Board of directors also considered the “Financing Plan Update” study completed by Bartle Wells Associates and dated April 19, 2012; and

WHEREAS, the District will consider, at its regular meeting on July 9th, whether to elect, pursuant to Section 5473 of the Health and Safety Code of the State of California, to have the sewer service charges, established pursuant to this Ordinance No. 116, collected on the tax roll of the County of Marin; and

WHEREAS, in adopting this Ordinance, the Board of Directors finds that:

- a. Written notices of the proposed increases in sewer service charges were sent by first class U.S. mail to every owner of property connected in the District at least 45 days prior to the Public Hearing on the proposed increases conducted on June 11, 2012.
- b. All written protests against the proposed increases in the sewer service charges, including those provided in person, by facsimile, email and U.S. mail, were considered and tallied at the public hearing conducted on June 11, 2012, and the District was not presented with protests by a majority of the owners of the identified parcels affected by this change.
- c. Based on the draft budget, the amount of the charges imposed does not exceed the proportional cost of the service attributable to the properties receiving service and the charges are imposed only on those properties actually receiving service or for those which service is immediately available.
- d. This action is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15273 (a) (1-4) of the District CEQA Guidelines.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Novato Sanitary District as follows:

Section 1. Table 1A, Table 1, and Table 2 of Section 4 of that certain ordinance entitled “Ordinance No. 111, An Ordinance of the Novato Sanitary District Repealing District Ordinance No. 42, and Prescribing Rates and Charges for Sewage Disposal Service and Providing Procedures and

Penalties for its Enforcement”, passed by the Board of Directors of the Novato Sanitary District on August 6, 2007, are hereby amended as set forth in Attachment A to this Ordinance.

Section 2. The rates for residential customers in Table 1A of Attachment A reflects the inclusion of an annual collection fee of two and 00/100 Dollars (\$2.00) per County Assessor’s parcel billed. For each non-residential parcel whose service charges are collected on the Marin County tax roll, an additional two and 00/100 Dollars (\$2.00) fee also will be collected.

Section 3. Charges for users of the District’s sewer system set out in this Ordinance will be initiated for the fiscal year beginning July 1, 2012, and shall continue thereafter in effect until further action of the Board of Directors. To the extent this Ordinance No. 116, or the sewer service charges adopted herein, is challenged and set aside for any reason, Ordinance No. 114 and the preexisting sewer service charges adopted therein shall be immediately restored and will be effective until further action of the Board of Directors.

Section 4. Except as provided above, all of the balance of said Ordinance No. 111 shall remain in full force and effect.

Section 5. Upon adoption, this ordinance shall be entered in the minutes of the Novato Sanitary District Board, shall be published once in the Marin Independent Journal, a newspaper of general circulation published in the District, shall be posted in three (3) public places in the District, and shall take effect on July 1, 2012.

PASSED AND ADOPTED this 25th day of June, 2012, by the Board of Directors of the Novato Sanitary District by the following vote:

AYES: Members: Di Giorgio, Long, Peters, Welsh

NOES: Members: Mariani

ABSENT: Members: None

SIGNED:

/s/ William C. Long

President of the Board of Directors
Novato Sanitary District

COUNTERSIGNED:

/s/ Beverly B. James

Secretary of the
Novato Sanitary District
County of Marin, State of California

Approved as to Form:

/s/ Kenton L. Alm

Kenton L. Alm
Counsel for the District

ATTACHMENT A
SEWER SERVICE CHARGE SCHEDULE FOR FISCAL YEARS 2012-13, 2013-14, 2014-15, 2015-16
AND THEREAFTER UNTIL MODIFIED BY THE BOARD

Table 1A – Residential Rates, annual*	Current Charge	2012-13	2013-14	2014-15	2015-16
1 SU (Average Water Use)	\$464	\$495	\$514	\$533	\$552
Low Water Use	\$279	\$297	\$308	\$320	\$331
High Water use	\$834	\$891	\$925	\$960	\$994

* Includes \$2 County of Marin charge for collection on tax rolls

Table 1 – Non-Residential Rates

Fixed Charge Per Square Foot
Including flow factors

User Type	Floor Area Flow Factor	Current Charge	2012-13	2013-14	2014-15	2015-16
Base Charge/square foot	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	\$0.27	\$0.28	\$0.29	\$0.30
Veterinary offices	1.3	\$0.25	\$0.27	\$0.28	\$0.29	\$0.30
Dental offices	1.3	\$0.25	\$0.27	\$0.28	\$0.29	\$0.30
Hospitals	1.3	\$0.25	\$0.27	\$0.28	\$0.29	\$0.30
Cafeteria/dining area	2.0	\$0.38	\$0.41	\$0.42	\$0.44	\$0.45
Restaurants/cafes	2.0	\$0.38	\$0.41	\$0.42	\$0.44	\$0.45
Bakeries	2.0	\$0.38	\$0.41	\$0.42	\$0.44	\$0.45
Ice cream/yogurt shops	2.0	\$0.38	\$0.41	\$0.42	\$0.44	\$0.45
Delicatessens	2.0	\$0.38	\$0.41	\$0.42	\$0.44	\$0.45
Laundry and Laundromats	3.0	\$0.57	\$0.61	\$0.63	\$0.65	\$0.68

Note for Table 1: Ministorage buildings and other storage buildings not connected to the sewers are not charged for sewer use.

Table 2 – Non-Residential Rates

Variable Charge
(water use and strength factors)

User Type	Strength Factor	Current Charge	2012-13	2013-14	2014-15	2015-16
Base Charge/square foot	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

Note for Table 2: The annual volume of water use in hundred cubic feet/year is calculated based on the average winter water use. (Winter bimonthly water use x 6 = annual volume of water use.)

Marin Independent Journal

150 Alameda del Prado
PO Box 6150
Novato, California 94948-1535
(415) 382-7335
legals@marinij.com

NOVATO SANITARY DISTRICT
500 DAVIDSON ST
NOVATO CA 94945-3328

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

STATE OF CALIFORNIA
County of Marin

FILE NO. 0005212759

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

6/23/2014, 6/30/2014

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

Dated this 30th day of June, 2014.

Donna Lazarus

Signature

PROOF OF PUBLICATION

Legal No. 0005212759

Item: 7.a.

NOVATO SANITARY DISTRICT
NOTICE OF PUBLIC HEARING
SEWER SERVICE CHARGES 2014-15

NOTICE IS HEREBY GIVEN that pursuant to Section 5474 et seq. of the Health and Safety Code of the State of California, the Board of Directors of the NOVATO SANITARY DISTRICT has, by ordinance, adopted its sewer services charges through fiscal year 2015-16 and stated its intent to collect its charges on the tax roll in the same manner as its general taxes. The NOVATO SANITARY DISTRICT has caused to be filed with its Secretary a written report containing a description of each parcel of real property receiving sanitary sewerage service from said District and the anticipated amount of charges for each such parcel.

NOTICE IS FURTHER GIVEN that on Monday, the 14th day of July, 2014, at the hour of 6:00 p.m. at the regular meeting place of the District, Novato Sanitary District, 500 Davidson Street, Novato, California, said Board will hear and consider all protests and objections to said report.

By order of the Board of Directors of the Novato Sanitary District.

Dated: June 11, 2014

/s/ Sandeep S. Karkal

Sandeep S. Karkal
Secretary, Novato Sanitary District

NO. 756 June 23 and June 30, 2014

RESOLUTION NO. 3077

**A RESOLUTION PRESCRIBING AND PROVIDING FOR THE COLLECTION OF SEWER
SERVICE CHARGES FOR NOVATO SANITARY DISTRICT
ON THE TAX ROLLS OF THE COUNTY OF MARIN
FOR THE FISCAL YEAR 2014-2015**

NOVATO SANITARY DISTRICT

RESOLVED, by the Board of Directors of the Novato Sanitary District, Marin County, California, that:

WHEREAS, The District does hereby elect, pursuant to Section 5473 of the Health and Safety Code of the State of California, to have the sewer service charges for the fiscal year 2014-15, established by said District, collected on the tax roll of the County of Marin, State of California, in the manner provided pursuant to Sections 5471 through 5473.11 of the Health and Safety Code of the State of California.

WHEREAS, Monday, the 14th day of July, 2014, at the hour of 6:00 p.m. at the regular meeting place of said District, Novato Treatment Plant, 500 Davidson Street, Novato, California, was fixed as the time and place for hearing on the sewer service charge report filed with the Secretary of this District, pursuant to law, and the Secretary published a notice of said hearing and of the filing of said report, once a week for two successive weeks with at least five days intervening between the respective publication dates, with the first publication being at least fourteen days prior to the date set for said hearing, in the Marin Independent Journal, a newspaper of general circulation printed and published in the County.

WHEREAS, notice was given of the time therein stated in the manner provided by law as appears by the affidavits of publication on file in the office of the Secretary of said District;

WHEREAS, said matter came on regularly for hearing at the time fixed; and

WHEREAS, there were no written or oral protests in placing the sewer service charges on the tax roll;

NOW, THEREFORE, IT IS ORDERED, as follows:

1. That objections to and protests against said report were not made by the owners of a majority of the separate parcels of property described in the report against which charges for the services and facilities provided by the District were fixed.

2. No objections to, or protests against, said report were made at the hearing.

3. That said report be, and it is hereby, adopted in full as revised, changed, reduced or modified by the Board, and that said charges shall be collected on the tax roll of the County of Marin, in the manner provided by law.

4. That the Secretary of this District be, and he is hereby, directed to file a copy of said report with the Director of Finance of Marin County on or before the 15th day of July, 2014, upon which shall be endorsed, over his signature, a statement that the report has been finally adopted by the Board of Directors of the Novato Sanitary District.

5. The Director of Finance of Marin County shall, upon receipt of said report, enter the amounts of the charges against the respective lots or parcels as they appear on the assessment roll for the fiscal year 2014-15.

6. For all premises connected to the sewer system of the District, the sewer service rate per Service Unit for fiscal year 2014-15 shall be **FIVE HUNDRED AND THIRTY-THREE AND 00/100 DOLLARS (\$533.00)** as established by Novato Sanitary District Ordinance No. 116, adopted June 25, 2012. Said rate shall be subject to modification and change, from time to time, as may be required to permit the District to meet State and Federal revenue program guidelines and as the total number of Service Units and the budgetary requirements of the District change. Service Units shall be calculated for various types of sewer users as described in Novato Sanitary District Ordinance No. 116 adopted June 25, 2012.

Said charges are established pursuant to Article 13B of the Constitution, as amended and statutory provisions relating thereto.

For all users whose service charges are collected on the Marin County tax roll, the fiscal

year 2014-15 sewer service rate of Five Hundred and Thirty-three and 00/100 Dollars (\$533.00) includes a collection fee amounting to **TWO AND 00/100 DOLLARS (\$2.00)** per County Assessor's parcel billed.

* * * * *

I hereby certify that the foregoing resolution was duly and regularly passed and adopted by the Board of Directors of the Novato Sanitary District, Marin County, California, at a meeting thereof duly held on the 14th day of July 2014, by the following vote:

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

NOES, Directors:

ABSENT, Directors:

President, Novato Sanitary District

COUNTERSIGNED:

Secretary

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Capital Projects: Maintenance Building (Phase 1 – Demolition), Account no. 73003.	MEETING DATE: July 14, 2014 AGENDA ITEMS NO.: 9.a.
RECOMMENDED ACTION: Approve contract with RMC Water Environment for design services in an amount not-to-exceed \$60,000, and authorize Manager-Engineer to execute it; Account No. 73003: Maintenance Building (Phase 1 – Demolition).	
SUMMARY AND DISCUSSION: <p>With the construction of the Wastewater Treatment Facilities Upgrade, Contract C (Solids Handling), Account no. 73001, nearing completion, it is time to consider the next phase of projects and project work on the Novato Treatment Plant (NTP) site. This next phase is the construction of a new Maintenance Building on the site of the abandoned aeration basins from the old portion of the NTP site, just to the east of the Administration Building.</p> <p>However, before any new construction occurs, the old aeration basins and some ancillary structures will need to be demolished. Although seemingly straightforward, there are several engineering issues that need to be addressed, including: (a) Remove the old aeration basins in their entirety and backfill with native material, or demolish to a partial depth and backfill with controlled density fill, (b) Determine if the abandoned tower trickling filter is acting as a retaining wall for the hill behind it, and (c) Understand the impact to the existing Administration Building during demolition activities and minimize it.</p> <p>To address these issues and produce a biddable set of design documents, staff requested and received a scope of work and fee estimate from RMC Water Environment (RMC) who had already preliminarily studied some of these issues as part of their prior work for the District. Staff has reviewed the scope and fee estimate and deems it satisfactory.</p> <p>Therefore, it is recommended that the Board approve a contract with RMC for design services on a time-and-materials basis in a not-to-exceed amount of \$60,000, and authorize the Manager-Engineer to execute it.</p>	
ALTERNATIVES: NA	
BUDGET INFORMATION: The FY14-15 Preliminary Budget includes a budget amount of \$1,000,000 for this work.	
DEPT. MGR.: ssk	MANAGER:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Board of Directors: 2013-14 Grand Jury Report	MEETING DATE: July 14, 2014 AGENDA ITEM NO.: 10.a.
RECOMMENDED ACTION: Review the 2013-14 Marin County Civil Grand Jury Report titled “The Scoop on Marin County Sewer Systems: Part I”, and “The Scoop on Marin County Sewer Systems: Part II”, and provide any further input and direction.	
SUMMARY AND DISCUSSION: At the June 23, 2014 Board meeting, staff had informed the Board that the District had received the referenced Report from the Marin County Civil Grand Jury. The Report (as received from the Grand Jury) had been provided in its entirety to the Board as part of the Board agenda packet for that meeting. Staff had requested that the Board provide any comments back to staff, preferably by the July 14, 2014 meeting. As discussed at the June 23, 2104 meeting, staff will prepare a draft response incorporating any Board member comments. This draft response will be brought forward to a future Board meeting (in August) for further review and discussion. A final response from the District will be prepared and transmitted by late August or early September to meet the September 14, 2014 submittal deadline.	
ALTERNATIVES: NA.	
BUDGET INFORMATION: NA.	
DEPT.MGR.: ssk	MANAGER:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Informational Item - North Bay Water Reuse Authority (NBWRA), Account No. 72508:	MEETING DATE: July 14, 2014 AGENDA ITEM NO.: 11.a.
RECOMMENDED ACTION: Informational Item - payment to Sonoma County Water Agency (SCWA) of an amount up to \$343,005 as the District's FY14-15 portion of the cost of the NBWRA Phase 2 Feasibility Study.	
SUMMARY AND DISCUSSION: <p>Previously, the NBWRA Phase 2 Scoping Study identified about \$136 million in overall project costs for all of the NBWRA Member Agencies Phase 2 projects, including about \$36 million in specific projects for the District as follows:</p> <ol style="list-style-type: none"> 1. Construct a ~250 acre wetlands/pond for secondary effluent - \$15.1 million 2. Treatment Plant Upgrade to increase tertiary capacity to ~5MGD - \$15.8 million 3. Tidal Prism and habitat restoration (in cooperation with Marin County) - \$4.64 million. <p>The next step is the Phase 2 Feasibility Study. NBWRA has identified the total cost for this study to its Member Agencies at \$4,985,479 over the three year period of Fiscal Year FY14-15, FY15-16, and FY16-17. The NBWRA Board approved its FY14-15, FY15-16, and FY16-17 budgets and the Member Agency Cost Allocations at its May 19, 2014 meeting. The resulting cost allocation for the District over the three year period is \$1,134,778, spread out as \$343,005 in FY14-15, \$377,090 in FY15-16, and \$414,684 in FY16-17.</p> <p>The District's three identified projects, associated costs, and potential benefits to the District from participating in the NBWRA Phase 2 Feasibility Study were discussed during the District's FY14-15 Budget Workshop at the Board's May 27, 2014 meeting. The discussion addressed both implementation issues and longer term strategic considerations. Based on this discussion, staff prepared and presented the District's "Preliminary Budget for Fiscal Years 2014-16" at the June 9, 2014 Board meeting. This Preliminary Budget included \$370,000 under Account No. 72508 of the Capital Improvements Program (CIP) budget as the District's FY14-15 cost for the Phase 2 Feasibility Study. At its June 11, 2014 meeting, the Board's Strategic Planning/New Facilities Committee discussed the District's projects and the CIP Budget, and recommended approval and adoption of the CIP budget by the full Board. Subsequently, the Board approved and adopted the entire "Preliminary Budget for Fiscal Years 14-16" at its June 23, 2014 meeting.</p> <p>Sonoma County Water Agency (SCWA) is the administrative agency for the NBWRA Member Agencies, and will be billing the District appropriately. Therefore, District staff will work with SCWA staff to process a payment to SCWA in an amount of up to \$343,005, as the District's FY14-15 portion of the cost of the NBWRA Phase 2 Feasibility Study.</p>	
ALTERNATIVES: N/A	
BUDGET INFORMATION: The adopted Preliminary Budget for Fiscal Years 2014-16 includes an amount of \$370,000 for FY14-15 as the District's share of the cost of the Phase 2 Feasibility Study for FY14-15.	
DEPT. MGR. :	MANAGER'S APPROVAL:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Administration: Report on Uniform Public Construction Cost Accounting Act (UPCCAA) Implementation for FY13-14	MEETING DATE: July 14, 2014 AGENDA ITEM NO.: 12.a.
RECOMMENDED ACTION: Receive report on Uniform Public Construction Cost Accounting Act (UPCCAA) implementation for FY2013-14.	
SUMMARY AND DISCUSSION: <p>The District utilizes the Uniform Public Construction Cost Accounting Act (UPCCAA, or the “Act”) to perform certain projects each year. The Act allows a local agency to perform these projects if the agency elects to follow the cost accounting procedures set forth in the Cost Accounting Policies and Procedures Manual of the California Uniform Construction Cost Accounting Commission. The Act is enacted under Public Contracts Code Sections 22000 through 22045. The District utilizes this Act under its Resolution No. 2947 adopting Ordinance No. 109 dated August 28, 2006, and updated by Ordinance No. 118 adopted on August 12, 2013.</p> <p>The Act currently provides for alternative bidding procedures as follows: (a) projects of \$45,000 or less may be performed by negotiated contract or by purchase order, (b) projects of \$175,000 or less may be let to contract by the informal procedures set forth in the Act, and (c) projects of more than \$175,000 are to be let to contract by formal bidding procedures. In short, the Act allows the District to complete projects with less administrative effort while maintaining work quality.</p> <p>For FY2013-14, the District utilized the Act provisions under item (a) and (b) above to complete work across the following projects/accounts:</p> <ol style="list-style-type: none"> 1. Account No. 60153 (Collections: Outside Services) - total amount \$65,863.38, two contractors. 2. Account No. 63150 (Reclamation: Repairs & Maintenance) - total amount \$12,564.57, four contractors. 3. Account No. 63115 (Reclamation: Sludge Disposal) - total amount \$3,800.00, one contractor. 4. Account No. 65150 (Pump Stations: Repairs & Maintenance) – total amount \$9,285.27, two contractors 5. Account No. 66150 (Admin/Engineering: Repairs & Maintenance) – total amount \$21,480.00, three contractors. 6. Account No. 72706 (Collection System Improvements) – total amount \$16,120.43, one contractor. 7. Account No. 72803 (Annual Collection System Repairs) - total amount \$133,832.04, six contractors. 8. Account No. 72804 (Annual Reclamation Facilities Improvements) - total amount \$51,716.09, five contractors. 9. Account No. 72805 (Annual Treatment Plant & Pump Stations Improvements) - total amount \$163,931.04, six contractors. <p>The total amount of work performed under the Act in FY2013-14 was \$478,592.82. Of this, one project was over \$45,000 but less than \$175,000, under Account No. 72805 - Pump Station Drainage & Bypass Connections (\$132,250).</p>	
ALTERNATIVES: NA.	
BUDGET INFORMATION: NA.	
DEPT.MGR.: srk, ssk	MANAGER:

Editorial: Grand jury shines light on Marin's leaky sewers

Marin Independent Journal

Posted: 06/30/2014 01:51:24 AM PDT

marinij.com

Sewer pipes — you can't see them, but you are glad they are there. You expect they will work the way they are supposed to.

But because we can't see them and our toilets and sink drains are working we may be lulled into a false confidence that they are working the way they should.

In fact, in too many cases, they aren't.

Marin's buried secret is that we aren't sure that our sewer laterals, those pipes that run from our homes and businesses to sewer lines, still exist or that they have disintegrated and been replaced by well-worn underground tunnels — not exactly models of a pollution-proof sewer system we expect.

Marin officials have long been convinced that local sewer systems are plagued by leaking laterals. The ready infiltration of groundwater into voids in the sewers is a sign that the system is porous rather than secure.

The cost of checking and repairing laterals is no small matter.

Some agencies concluded that it was cheaper to expand the capacity of sewer plants to handle the extra volumes than it was to fix the leaking laterals.

The state environmental agencies are right to frown on that strategy.

"Historically, sewer pipes in the county have been largely neglected, and now substantial expenditures must be made to catch up," the 2013-14 Marin County Civil Grand Jury said in its June 10 report. It said that local sewer district managers told jurors that Marin is "20 to 30 years behind other counties in Bay Area with regard to upgrading sewer pipes and other infrastructure."

That's nothing to brag about.

Given Marin residents' focus about protecting the environment, that its sewers are leaking raw sewage or subject to spills should also be a matter of concern.

While sewer agencies' primary concern has been on replacing antiquated — and sometimes broken — sewer lines and mains, the jury's report concludes that it is also about time Marin sewer agencies get serious about testing and fixing laterals.

Fixing sewer mains without repairing laterals doesn't make sense from the standpoint of environmental protection and public health.

The grand jury is recommending that local sewer agencies adopt tough rules that require laterals to be tested and repaired when homes and business properties are sold.

Marin real estate leaders have not been thrilled by that approach, contending that it will take too long to fix all of the laterals that need to be repaired. In addition, of course, real estate leaders aren't thrilled about having sales held up or quashed by costly repairs.

The Ross Valley Sanitary District, which is under a state order to fix its leaking sewers, has already adopted pre-sale rules.

The Sewerage Agency of Southern Marin is urging its member sewer agencies to do the same.

Real estate leaders have not mounted the same kind of political opposition they did in 2005 to convince North San Rafael's Las Gallinas Valley Sanitary District to drop its adoption of pre-sale requirements.

This is an important issue and a sizable investment. Local sewer agencies need to do a better job of explaining the problem and solutions to the public. Reducing both the risk of pollution and the public cost of treating groundwater that is pouring into the system during wet-weather months are two good reasons to take action.

It also makes sense that there be uniform rules across the county, rather than a hodge-podge of local rules. Agencies also need to consider financing tools and public services that make this task less financially and procedurally onerous as possible.

The grand jury is right. It is time that Marin's local sewer agencies step up to the responsibility that sewer lines be in good repair and as leak- and spill-free as possible.

Taxing Toilet Paper —Wastewater Finance Savior or Regressive Burden?

By Glenn
Barnes

Many government-owned wastewater systems in the United States are enterprise funds. That is, they are business-like units within the overall government that should be self-sustaining, taking their revenue from the rates and fees charged to wastewater customers rather than from taxes. Ideally, wastewater utilities base their rates and fees on the full cost of providing wastewater service, not just on operating expenses and routine maintenance costs. Full cost rates and fees would also include taxes and accounting costs, contingencies for emergencies, and, perhaps most importantly, costs related to capital infrastructure—principal and interest on long-term debt and reserves for capital improvement.

In general, wastewater systems (and drinking water systems as well) are expected to come up with the money for capital improvements from revenue generated from their ratepayers.

There are some subsidized loan programs such as the [Clean Water State Revolving Fund](#), and, for small systems, [loans from the USDA Rural Development program](#). And while there is a chance for some “principal forgiveness” on these loans depending on system characteristics, note that most of the money available to wastewater systems is in the form of debt, not grants.

This was not always the case. In the 1970s, after the passage of the [Clean Water Act](#) and [Safe Drinking Water Act](#), the federal government created a [construction grants program](#) that moved billions of federal dollars to wastewater systems across the country. Everybody loved their “free money,” but of course the money wasn’t free—it came from federal taxes and other federal government revenue. Over time, the burden for paying for infrastructure improvements shifted from the federal government to the systems themselves. For a variety of reasons—both financial and political—wastewater systems have [not kept up with the pace of needed infrastructure improvements](#), and there have been renewed calls to have the federal government once again help pay for wastewater and water system capital improvements for [fears of the infrastructure falling into great dis-repair](#).

The big question, though, is how would the federal government fund such a program? Where can the federal government come up with the new revenue necessary to fund infrastructure improvements?

One of the hallmarks of enterprise funds is that the bill you pay reflects the level of service you receive—in this case, the amount of your wastewater that the system treats. This stands in contrast to taxation, where the amount you pay is based not on level of service but on the value of your home, the amount of goods you buy, or the amount of income you earn. It would be an unrealistic effort for wastewater systems to communicate to the federal government each customer’s usage levels, and for some systems with flat monthly charges, they do not even track this usage. If the federal government cannot raise money based on actual wastewater created, it would need a proxy for that wastewater volume total as the basis for its fee.



What did one Representative come up with? Toilet paper. Certainly, not everyone's toilet paper habits are the same, and toilet paper does have some [alternative uses](#), but it is a creative target for a special sales tax that would be dedicated to water and wastewater improvements. Rep. Earl Blumenauer (D-OR) proposed [H.R. 3202 \(111th\): The Water Protection and Reinvestment Act of 2009](#), which would have levied a small tax on water and wastewater related items such as toilet paper and bottled water to capitalize a trust fund for needed infrastructure improvements. The bill gained [twelve co-sponsors, including four Republicans](#), but it was referred to committee and never passed.

In 2012, Omaha, NE mayor Jim Suttle renewed interest in the bill by calling on Washington to tax toilet paper at 10 cents per roll to help the city pay for over a billion dollars of needed upgrades. In Suttle's mind, bringing the city's wastewater system up to meet new EPA regulations constituted an "[unfunded federal mandate](#)." While he also admitted that the suggestion of the toilet paper tax specifically was for "[shock value](#)" and that the [suggestion was not meant to be an endorsement](#), it once again brought to the forefront the question of the federal government's role in funding wastewater and water infrastructure.

For many, the idea of taxing toilet paper makes sense. As journalist Katy Bell [wrote](#), it doesn't "discriminate against one segment of taxpayers since everyone (we hope!) uses the bathroom tissue." John S. McCollister, executive director of the conservative think tank The Platte Institute, says of having to pick a tax "poison" that "user fees seem the fairest type of tax. The person receiving the benefit should be the person paying for that benefit."

But for others, a tax on a needed good like toilet paper is regressive. Michael Mayo, a columnist for the Sun Sentinel newspaper in Florida, has been arguing that the [state should eliminate taxes on toilet paper all together](#). Mayo launched his campaign (and a [Change.org petition](#)) based on the fact that most every-day items in Florida are subject to sales tax, but [certain other items](#) including marshmallows, ice cream, flags, Bibles, and donuts are exempt.

While Mayo again may be looking for shock value and is ultimately arguing about fairness in taxation, certainly any attempt to raise taxes on an item with the universal use of toilet paper will raise questions about how that tax will impact people at all income levels of society. The future of taxing toilet paper—and of financing wastewater infrastructure in general—may come down as much to who has the ability to pay along with who should pay.

 efc.web.unc.edu

http://efc.web.unc.edu/2014/07/10/news-d-c-water-considers-first-ever-century-bond-public-utility/?utm_source=wysija&utm_medium=email&utm_campaign=DWWWBlognotification

In the News: D.C. Water Considers First-Ever Century Bond by a Public Utility

By Lexi Kay

This post originally appeared on June 20, 2014 in [GOVERNING Magazine Online](#).

Written by Liz Farmer

If Washington, D.C. is undertaking a project that will benefit – at minimum – the next three generations, then why make just one generation pay for it?

That question is the impetus for what would be a highly unusual move as D.C. Water and Sewer Authority contemplates offering a century bond this summer to help finance a major infrastructure project already underway. Century bonds, which are paid off over 100 years, are rare in the private sector and are mostly issued by colleges and universities. But it's unheard of for a public utility to issue such a bond.



The tunnel project that [DC Water](#) is selling the bonds to help finance is a key reason why the utility is considering such a long-term bond in the first place. Thanks to innovative engineering and the fact that the tunnel will technically be empty of water most of the time, DC Water General Manager George Hawkins said it's designed not to need significant maintenance for at least 100 years.

"This is by far the largest project we will undertake," he said. "We want to match up the degree to which we are funding this project to its expected life. And we're not saddling any one group of rate payers with this enormous cost. That's sort of unfair because it's ... designed to last much longer."

The [\\$2.6 billion underground tunnel system](#) will be 13 miles long and most of it will sit 10 stories underneath the District's surface. Its diameter is equivalent to the size of a subway tunnel and its main purpose is to prevent flooding and runoff into the Anacostia and Potomac rivers during rainstorms. (Many of the city's water pipes are more than 100 years old and some neighborhoods, particularly in the northeast section of the city, suffer from chronic flooding during flash rainstorms.) About one mile of the tunnel is finished at a cost of \$250 million.

Hawkins said the utility is still weighing its options as it looks to sell a total of \$400 million in bonds in late July. If it decides against a century bond (which would be taxable debt), DC Water will offer a 35-year tax-free bond, three-quarters of it at a fixed interest rate. If officials decide that the municipal market conditions, like the 100-year interest rate offered to DC Water, aren't favorable then the utility will offer a traditional bond.

Although it's unprecedented for a public utility to issue a century bond, analysts say there is likely still a strong market for such an offering. Higher education institutions have typically done well offering them – in

2012, the University of California system [sold \\$860 million](#) in taxable bonds, the largest century bond ever, after expanding its offering by more than \$300 million because demand was so high.

“Investors are anxious to get exposure to municipal risk,” said Matt Fabian, an analyst for Municipal Market Advisors. “So a long maturity bond with limited call features [early repayment] ensures stability to an investor’s portfolio. They won’t have to worry about it maturing or being called away.”

Pension fund managers would especially be interested in such a long-life bond, said Sherman Swanson, managing director at Siebert Brandford Shank & Company. Because pension funds pay out retirement benefits and new employees are entering into the fund every year, a pension fund’s liabilities extend decades into the future.

“They’re trying to manage the assets they own to their liabilities,” Swanson said. “They need to get that longer in most cases.”

Liz Farmer is a Staff Writer at GOVERNING. As GOVERNING’s finance reporter, Liz covers state and local budgets, pensions and other public-sector fiscal issues. Before joining GOVERNING, Liz wrote for the Washington Examiner, where she covered D.C. city hall politics and local government. She also covered the regional economy and development and has written extensively on the region’s rapidly changing socio-economic structure.