

NOVATO SANITARY DISTRICT

Meeting Date: June 25, 2012

The Board of Directors of Novato Sanitary District will hold a regular meeting at 6:30 p.m., Monday, June 25, 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.

AGENDA

1. **PLEDGE OF ALLEGIANCE:**
2. **AGENDA APPROVAL:**
3. **PUBLIC COMMENT (Please observe a three-minute time limit):**

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

4. **REVIEW OF MINUTES:**
 - a. Consider approval of minutes of the June 11, 2012 meeting.

5. **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. Approve regular, payroll and payroll-related disbursements.
6. **SEWER SERVICE CHARGES:**
 - a. Consider adoption of Ordinance No. 116 setting the sewer service charges for fiscal years 2012-13 through 2015-16.
 7. **SOLID WASTE:**
 - a. Report on route reorganization.

8. WASTEWATER OPERATIONS:

- a. Wastewater Operations Committee report.
- b. Progress report on implementation of an Environmental Management System at the Novato Wastewater Treatment Facility.
- c. Consider transferring electricity accounts from PG&E to Marin Clean Energy.

9. BUDGET:

- a. Consider adoption of Preliminary Budget for fiscal year 2012-13.
- b. Staff report on property taxes.

10. BOARD OF DIRECTORS:

- a. Election of officers for 2012-13.
- b. Appointment of Secretary/Treasurer and Secretary/Treasurer Pro Tem for 2012-13.

11. DESIGNATE AND AUTHORIZE BOARD AND STAFF MEMBERS TO SIGN DISTRICT CHECKS:

12. RECYCLED WATER PROJECT:

- a. New Facilities Committee report on joint Recycled Water Subcommittee meeting.
- b. Consider approval of a proposal from Veolia Water to provide systemization and operation and maintenance services for 2012.

13. PUMP STATION REHABILITATION PROJECT 72403:

- a. Consider authorizing agreement for water main relocation.

14. BOARD MEMBER REPORTS:

15. MANAGER'S ANNOUNCEMENTS:

16. 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.

June 11, 2012

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 6:30 p.m., Monday, June 11, 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: Manager-Engineer-Secretary Beverly B. James, Deputy Manager-Engineer Sandeep Karkal, District Counsel Kent Alm, Finance Officer Laura Creamer and Administrative Secretary Julie Swoboda.

ALSO PRESENT: John O'Hare, Veolia Water
John Bailey, Project Manager, Veolia Water
Dasse de longh, NSD employee, Novato resident
Tom Gaffney, Bartle Wells Associates
Austin Gooder, Novato resident
Brant Miller, Novato resident
Mike Gozaskte, Novato resident
Ortensia Gozaskte, Novato resident
Manuel Gomez, Novato resident
Peter Auphney, Novato resident
June Penn Brown, NSD employee

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as written.

PUBLIC COMMENT: None.

PUBLIC HEARING PURSUANT TO ARTICLE 13(D) OF THE CALIFORNIA
CONSTITUTION-INCREASED SEWER SERVICE CHARGES:

Staff report. The Manager gave a PowerPoint presentation which reviewed and summarized the financial analysis as prepared by Bartle Wells Associates. She reviewed information on borrowing costs, capital costs, replacement costs, and operating expenses. The presentation included tables which summarized the plan for ongoing District financing and showed the potential impacts to future sewer service charges. The Manager stated that the operating expenses are projected to increase by 3% annually.

The Manager noted that the charge for average water use residential customers is proposed to increase to \$495 in 2012-13, \$514 in 2013-14, \$533 in 2014-15, and \$552 in 2015-16.

The Manager introduced Tom Gaffney, Principal, Bartle Wells Associates. Mr. Gaffney discussed fixed and variable wastewater expenses stating that 92% of the District's costs are fixed and 8% are variable. Using the water usage of an average household, he outlined sewer charges for the 100% Variable Sewer Rate method, the 50% Fixed / 50% Variable Sewer Rate method and the Flat Sewer Rate method. Currently, the District uses a modified Flat Sewer Rate method with three tiers.

Open Public Hearing. President Long opened the Public Hearing at 6:45 p.m.

Receive public comments. None.

Receive and tally written protests. The Manager stated that the District had received and tallied a total of 25 protests in opposition to the proposed sewer service charge increase.

The Manager reported that Proposition 218 Notices were mailed to all individuals on the most recent Novato Sanitary District property tax roll which was updated in November 2011. A total of 20,188 notices were mailed on April 24, 2012: 18,559 residential properties received the Residential Notice and 1,629 commercial properties received the Non-Residential Notice. The Manager reported that the legal Notice of Public Hearing was published in the Marin Independent Journal on May 25, 2012 and on June 1, 2012.

President Long closed the Public Hearing at 6:47 p.m.

REVIEW OF MINUTES:

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

On motion of Member Di Giorgio, seconded by Member Peters, and carried unanimously, the minutes of the May 29, 2012 Board meeting was approved.

CONSENT CALENDAR:

Member Welsh requested item b: *Consider approval of regular disbursements*, be removed from the Consent Calendar for further discussion.

Member Welsh questioned the disbursements to R.P. Adams Corp from the operating check register in the amount of \$37,694.50 and also from the capital project check register in the amount of \$37,694.50. He questioned what the payments were for.

The Manager explained that the payments were for repairs of an irrigation strainer. She stated that she would review the charges and provide further information as to why the charges were allocated to both operating and capital project expenses.

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

- a. Approval of proposal from DLJ Associates to provide consulting services for the administration of the Household Hazardous Waste Programs for the 2012-13 fiscal year for an amount of \$106,761.
- b. Approval of regular disbursements in the amount of \$258,770.48, project account disbursements in the amount of \$295,600.46, and approval of Board Member disbursements in the amount of \$3,379.87.
- c. Review of Accounts Receivable Report.

BUDGET:

- Presentation of Preliminary Budget for fiscal year 2012-13. The Manager reviewed the draft Preliminary Budget for fiscal years 2012-13 and 2013-14. She gave an overview of the operating revenues and expenditures and of the capital revenues.

Member Mariani requested that future budget presentations combine expenses and revenues of both the operating and capital accounts.

- Approval of revised schedule for approval of 2012-13 Preliminary and Final Budget, Appropriation Limit, and Sewer Service Charges. The Manager requested the Board approve the revised schedule and noted that the Public Hearing for adoption of a resolution confirming the sewer service charge report and collection on County tax rolls will be held on July 9, 2012 at the regular Board meeting.

On motion of Member Mariani, seconded by Member Peters, and passed unanimously, the Board approved the revised schedule for approval of the 2012-13 Preliminary and Final Budget, Appropriation Limit and Sewer Service Charges.

SEWER SERVICE CHARGES:

- 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. The Manager stated that the July 9th Hearing will provide an opportunity for customers to review and question their individual sewer service charge.

On motion of Member Di Giorgio, seconded by Member Mariani and passed unanimously, the Board set the public hearing for July 9, 2012: Public Hearing on Individual Sewer Service Charges and Adoption of Resolution Confirming Report on Sewer Service Charges.

ANNUAL COLLECTION SYSTEM REPAIRS PROJECT 72803:

- 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. The Deputy Manager-Engineer discussed the Sewer Repairs Group 2 Project. He stated that the project was at locations where the District had experienced overflows due to severe sags or root intrusion into the sewer main or areas in need of repair due to broken pipes or offset joints.

He stated that on May 24th, four bids were received for the project with WR Forde of Richmond submitting the lowest responsive bid of \$83,910. He requested the Board authorize staff to award the contract to WR Forde & Associates and authorize the Manager-Engineer to execute the contract.

On motion of Member Di Giorgio, seconded by Member Peters and carried unanimously, the Board awarded the Annual Collection System Repairs - 2012 Sewer Repairs, Group 2; Project 72803-11-06 to WR Forde and Associates in the amount of \$83,910 and authorized the Manager-Engineer to execute the contract.

COLLECTION SYSTEM IMPROVEMENTS PROJECT 72706:

- Consider approval of proposal for engineering design services from Nute Engineering and authorize the Manager-Engineer to execute a contract. The Deputy Manager-Engineer stated that the District has identified sewer improvements which would reduce the risk of potential sewer system overflows into the Novato Creek and other waterways. He stated that the preliminary estimate to construct the proposed sewer improvements is \$650,000 and that the District has received a proposal from Nute Engineering for design/engineering services in the amount of \$52,500. He recommends the Board approve the proposal from Nute Engineering.

Member Welsh questioned why the engineering contracts were not being let out for bid. The Manager explained that Nute Engineering had consistently provided value for their services and possessed the best knowledge of the District's collection systems.

Member Mariani suggested that the District prepare all upcoming fiscal year projects as a batch and allow two separate firms to bid on the projects instead of sending out projects for bid individually.

District Counsel Kent Alm stated that the interpretation of the law in regards to public agency bidding requirements for engineering services states that projects can be awarded not based on price but based on expertise and knowledge.

The Manager stated that she will review the possibility of soliciting multiple proposals for future design projects.

On motion of Member Mariani, seconded by Member Peters and carried unanimously, the Board approved the proposal for engineering design services from Nute Engineering for the Center Road Sewer Project - No. 72706, Phase H in the amount of \$52,500 and authorized the Manager Engineer to execute the contract.

WASTEWATER TREATMENT PLANT UPGRADE PROJECT 73002:

- Consider approval of a proposal to prepare an Operations and Maintenance Manual and Operations Plan for the Recycled Water Treatment Facility. The Manager stated that the State Health Department requires the District to have an approved Operations Plan prior to the delivery of recycled water from the facility. She noted that staff requested a proposal from Veolia Water to prepare an *Operations and Maintenance Manual*, and *Start Up and Operations Plan* for the new facility. She stated that Veolia proposes to do the work on a time and materials basis for a total not-to-exceed amount of \$48,030.

On motion of Member Di Giorgio, seconded by Member Peters and carried with the following vote, the Board approved the proposal from Veolia Water N.A. to prepare an Operations and Maintenance Manual and Operations Plan for the Recycled Water Treatment Facility in a not-to-exceed amount of \$48,030. Ayes: Long, Di Giorgio, Mariani and Peters. Noes: Welsh.

- Consider adopting Resolution No. 3045, A Resolution Adopting Novato Sanitary District's Labor Compliance Program for a Project Funded by Proposition 84 Funds, Recycled Water Project. The Manager explained that to fully comply with the Proposition 84 grant agreement, each recipient of grant funds is required to adopt a Labor Compliance Program pursuant to Labor Code Section 1771.5. She stated that Resolution No. 3045 authorizes the District to adopt and move forward with the implementation of the labor compliance program for the Recycled Water Project and designates District Finance Officer Laura Creamer as the contact person.

On motion of Member Peters, seconded by Member Mariani and passed unanimously, the Board approved Resolution No. 3045, A Resolution Adopting Novato Sanitary District's Labor Compliance Program for a Project Funded by Proposition 84 Funds, Recycled Water Project.

- Consider approval of a letter of support for AB 2398: Recycled Water Act of 2012. The Manager stated that the District is a strong proponent for the appropriate use of recycled water as addressed in Assembly Bill 2398 (AB 2398), introduced by Assemblymember Hueso and co-sponsored by Assemblymember Huffman. She noted that AB 2398 created the necessary framework to expand the use of recycled water throughout California and the Manager requested the Board send a letter of support for AB 2398 to Assemblymember Huffman and State Senator Leno.

On motion of Member Peters, seconded by Member Di Giorgio and carried unanimously, the Board approved the draft letter of support for Assembly Bill 2398 - The Water Recycling Act of 2012.

STAFF REPORTS:

- Comprehensive Annual Financial Report Award. The Manager stated that the District had submitted their Comprehensive Annual Financial Report for fiscal years ended June 30, 2010 and 2011 to the Government Finance Officers Association for review. She was pleased to announce that the submitted report qualified for a Certificate of Achievement for Excellence in Financial Reporting.

President Long congratulated District employees Laura Creamer and June Brown for their efforts in preparing the report and presented each with an Award of Financial Reporting Achievement (AFRA).

The Manager stated that she would prepare a press release announcing the award and will make a formal presentation when the Certificate of Achievement plaque is received at the District.

BOARD MEMBER REPORTS:

President Long discussed the summer 2012 Ross Valley District newsletter, *The Pipeline*.

MANAGER'S ANNOUNCEMENTS:

- The Wastewater Operations Committee meeting will be held on June 18th at 2:00 p.m. at the District office.
- A meeting of the North Marin Water District, Las Gallinas Valley Sanitary District and the Novato Sanitary District Recycled Water Committee will be held on June 19th at 10:00 a.m. at the District office.

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

Respectfully submitted,

Beverly B. James
Secretary

Julie Swoboda, Recording

Novato Sanitary District Operating Check Register for June 25, 2012

Date	Num	Name	Credit
Jun 25, 12			
6/25/2012	54565	Pacific, Gas & Electric	100,017.10
6/25/2012	54549	Coalinga Motors, Inc	18,786.77
6/25/2012	54568	RMC Water & Environment, I...	7,865.29
6/25/2012	54562	Occumetric Inc.	3,910.00
6/25/2012	54559	North Marin Water District	3,314.51
6/25/2012	54542	American Express-22062	2,777.16
6/25/2012	54561	North Marin Water District Pa...	2,091.28
6/25/2012	54555	Irvine Consulting Services Inc.	1,890.00
6/25/2012	54560	North Marin Water District - Lab	1,837.00
6/25/2012	54556	Monterey Mechanical, Inc.	1,800.00
6/25/2012	54545	Cantarutti Electric, Inc	1,300.00
6/25/2012	54546	CDW Government, Inc.	1,265.68
6/25/2012	54541	3T Equipment Company Inc.	1,240.66
6/25/2012	54564	Pacific Sun, Inc.	1,064.10
6/25/2012	54551	Empire Mini Storage - Novato	755.00
6/25/2012	54547	CED Santa Rosa, Inc	663.57
6/25/2012	54567	Reliable Crane & Rigging, Inc.	657.20
6/25/2012	54570	Water Components & Buildin...	463.73
6/25/2012	54543	BoundTree Medical, LLC	391.70
6/25/2012	54550	CT Promotions	374.56
6/25/2012	54544	Cagwin & Dorward Inc.	329.00
6/25/2012	54552	Grainger	323.19
6/25/2012	54548	Claremont EAP, Inc.	295.00
6/25/2012	54554	HACH/American Sigma Inc	207.65
6/25/2012	54569	Unicorn Group	197.45
6/25/2012	54553	Graybar	117.28
6/25/2012	54563	Orkin Pest Control, Inc.	116.00
6/25/2012	54557	North Bay Portables, Inc.	92.47
6/25/2012	54566	Petty Cash	86.59
6/25/2012	54558	North Marin Auto Parts	47.48
Jun 25, 12			154,277.42

Novato Sanitary District Check Register Detail

	<u>Account</u>	<u>Debit</u>
3T Equipment Company Inc.		
	60150 · Repairs & Maintenance	595.65
	65100 · Operating Supplies	645.01
Total 3T Equipment Company Inc.		<u>1,240.66</u>
American Express-22062		
	60100 · Operating Supplies	254.32
	60193 · Telephone	404.44
	61000-4 · Water/Permits/Telephone	92.94
	65193 · Telephone	437.29
	66100 · Engineering Supplies	116.55
	66080 · Memberships	132.00
	66090 · Office Expense	659.19
	66170 · Travel, Meetings & Training	70.00
	66193 · Telephone	610.43
Total American Express-22062		<u>2,777.16</u>
BoundTree Medical, LLC		
	64170 · Pollution Prevention/Public Ed	391.70
Total BoundTree Medical, LLC		<u>391.70</u>
Cagwin & Dorward Inc.		
	66150 · Repairs & Maintenance	329.00
Total Cagwin & Dorward Inc.		<u>329.00</u>
Cantarutti Electric, Inc		
	63150 · Repairs & Maintenance	1,300.00
Total Cantarutti Electric, Inc		<u>1,300.00</u>
CDW Government, Inc.		
	66124 · IT/Misc Electrical	1,265.68
Total CDW Government, Inc.		<u>1,265.68</u>
CED Santa Rosa, Inc		
	66124 · IT/Misc Electrical	663.57
Total CED Santa Rosa, Inc		<u>663.57</u>
Claremont EAP, Inc.		
	66123 · O/S Contractual	295.00
Total Claremont EAP, Inc.		<u>295.00</u>
Coalinga Motors, Inc		
	60290 · Vehicle Replacement	18,786.77
Total Coalinga Motors, Inc	New Chevy Truck for Collections	<u>18,786.77</u>
CT Promotions		
	67500 · Household Hazardous Waste	374.56
Total CT Promotions		<u>374.56</u>
Empire Mini Storage - Novato		
	66123 · O/S Contractual	755.00
Total Empire Mini Storage - Novato		<u>755.00</u>
Grainger		
	63100 · Operating Supplies	105.47
	66090 · Office Expense	217.72
Total Grainger		<u>323.19</u>
Graybar		
	63100 · Operating Supplies	117.28
Total Graybar		<u>117.28</u>
HACH/American Sigma Inc		
	64100 · Operating Supplies	207.65
Total HACH/American Sigma Inc		<u>207.65</u>
Irvine Consulting Services Inc.		
	66124 · IT/Misc Electrical	1,890.00
Total Irvine Consulting Services Inc.		<u>1,890.00</u>
Monterey Mechanical, Inc.		

Novato Sanitary District Check Register Detail

	Account	Debit
Total Monterey Mechanical, Inc. North Bay Portables, Inc.	60153 · Outside Services	1,800.00 <u>1,800.00</u>
Total North Bay Portables, Inc. North Marin Auto Parts	63100 · Operating Supplies	92.47 <u>92.47</u>
Total North Marin Auto Parts North Marin Water District	65150 · Repairs & Maintenance	47.48 <u>47.48</u>
	60192 · Water	1,337.47
	63192 · Water - Reclamation	1,770.23
	65192 · Water	206.81 <u>206.81</u>
Total North Marin Water District North Marin Water District - Lab		3,314.51
	64160 · Research & Monitoring	1,837.00 <u>1,837.00</u>
Total North Marin Water District - Lab North Marin Water District Payroll		1,837.00
	64010 · Salaries & Wages	2,091.28 <u>2,091.28</u>
Total North Marin Water District Payroll Occumetric Inc.		2,091.28
	66070 · Insurance	3,910.00 <u>3,910.00</u>
Total Occumetric Inc. Orkin Pest Control, Inc.		3,910.00
	66150 · Repairs & Maintenance	116.00 <u>116.00</u>
Total Orkin Pest Control, Inc. Pacific Sun, Inc.		116.00
	64170 · Pollution Prevention/Public Ed	1,064.10 <u>1,064.10</u>
Total Pacific Sun, Inc. Pacific, Gas & Electric		1,064.10
	61000-5 · Gas & Electricity	34,628.01
	61000-5 · Gas & Electricity	40,611.92
	61000-5 · Gas & Electricity	6,269.08
	63191 · Gas & Electricity	3,194.83
	65191 · Gas & Electricity	13,944.67
	65191 · Gas & Electricity	1,368.59 <u>1,368.59</u>
Total Pacific, Gas & Electric Petty Cash		100,017.10
	66090 · Office Expense	3.80
	66170 · Travel, Meetings & Training	75.00
	60100 · Operating Supplies	7.79 <u>7.79</u>
Total Petty Cash Reliable Crane & Rigging, Inc.		86.59
	63150 · Repairs & Maintenance	657.20 <u>657.20</u>
Total Reliable Crane & Rigging, Inc. RMC Water & Environment, Inc.		657.20
	64160 · Research & Monitoring	7,865.29 <u>7,865.29</u>
Total RMC Water & Environment, Inc. Unicorn Group		7,865.29
	66090 · Office Expense	197.45 <u>197.45</u>
Total Unicorn Group Water Components & Building, Inc.		197.45
	63150 · Repairs & Maintenance	463.73 <u>463.73</u>
Total Water Components & Building, Inc.		463.73 <u>463.73</u> <u>154,277.42</u>

Novato Sanitary District Capital Project Check Register

June 25, 2012

Date	Num	Name	Credit
Jun 25, 12			
6/25/2012	2332	Gateway Pacific Contractors, ...	497,323.42
6/25/2012	2330	Covello Group, The	55,565.51
6/25/2012	2331	Gateway Pacific Contractors -...	55,258.16
6/25/2012	2337	RMC Water & Environment, I...	50,763.53
6/25/2012	2334	Maggiora & Ghilotti Inc.	44,164.52
6/25/2012	2338	Stiles Construction Company	9,664.98
6/25/2012	2333	Linscott Engineering Contract...	6,929.67
6/25/2012	2335	Marin Mechanical II, Inc.	6,414.02
6/25/2012	2329	County of Marin-public works	2,625.00
6/25/2012	2336	Monterey Mechanical, Inc.	1,800.00
6/25/2012	2340	Wetlands & Water Resources...	660.00
6/25/2012	2339	Verizon Dallas TX	163.30
Jun 25, 12			731,332.11

Novato Sanitary District

Capital Projects

June 25, 2012

	Account	Open Balance
County of Marin-public works		
	72403 · Pump Station Rehabilitation	2,625.00
Total County of Marin-public works	Encorachment Permt	2,625.00
Covello Group, The		
	72609 · WWTP Upgrade - Contract B	1,390.00
	72403 · Pump Station Rehabilitation	1,522.50
	72706 · 2008 Collection System Improv	450.00
	72706 · 2008 Collection System Improv	15,218.25
	73002 · WWTP Up - Cont D - Rec- ARRA Fu	36,984.76
Total Covello Group, The		55,565.51
Gateway Pacific Contractors - Escrow		
	73002 · WWTP Up - Cont D - Rec- ARRA Fu	55,258.16
Total Gateway Pacific Contractors - Escrow		55,258.16
Gateway Pacific Contractors, Inc.		
	73002 · WWTP Up - Cont D - Rec- ARRA Fu	497,323.42
Total Gateway Pacific Contractors, Inc.		497,323.42
Linscott Engineering Contractors Inc		
	72803 · Annual Collection Sys Repairs	5,905.37
	72805 · Annual Trtmt Plnt/Pump St Impr	1,024.30
Total Linscott Engineering Contractors Inc		6,929.67
Maggiore & Ghilotti Inc.		
	72706 · 2008 Collection System Improv	44,164.52
Total Maggiore & Ghilotti Inc.		44,164.52
Marin Mechanical II, Inc.		
	72805 · Annual Trtmt Plnt/Pump St Impr	1,543.87
	72804 · Annual Reclamation Fac Imp	2,860.18
	72804 · Annual Reclamation Fac Imp	2,009.97
Total Marin Mechanical II, Inc.		6,414.02
Monterey Mechanical, Inc.		
	73002 · WWTP Up - Cont D - Rec- ARRA Fu	900.00
	73002 · WWTP Up - Cont D - Rec- ARRA Fu	900.00
Total Monterey Mechanical, Inc.		1,800.00
RMC Water & Environment, Inc.		
	73001 · WWTP Upgrade - Contract C	31,363.27
	73002 · WWTP Up - Cont D - Rec- ARRA Fu	19,400.26
Total RMC Water & Environment, Inc.		50,763.53
Stiles Construction Company		
	72804 · Annual Reclamation Fac Imp	1,305.00
	72804 · Annual Reclamation Fac Imp	8,359.98
Total Stiles Construction Company		9,664.98
Verizon Dallas TX		
	73002 · WWTP Up - Cont D - Rec- ARRA Fu	163.30
Total Verizon Dallas TX		163.30
Wetlands & Water Resources, Inc		
	72804 · Annual Reclamation Fac Imp	660.00
Total Wetlands & Water Resources, Inc		660.00
Total for Captal Project Detail		731,332.11

Novato Sanitary District
Payroll and Payroll Related Check Register

June 26, 2012

Date	Name	Credit
Jun 26, 12		
06/26/2012	June Payroll	115,660.49
06/26/2012	June Retiree Health Benefits	15,111.64
06/26/2012	United States Treasury	22,877.45
06/26/2012	EDD	6,443.93
06/26/2012	CALPERS Retirement	23,570.24
06/26/2012	Lincoln Financial Group-401a Plan	4,146.15
06/26/2012	CALPERS Health	30,299.68
06/26/2012	Lincoln Financial Group-401a Plan	3,877.23
06/26/2012	Lincoln Financial Group	3,423.18
06/26/2012	State Street Bank & Trust	3,016.66
06/26/2012	CALPERS Retirement	2,394.85
06/26/2012	Local Union 315	700.00
06/26/2012	Marin Employ Federal Credit Union	517.00
Jun 26, 12		<u>232,038.50</u>

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

**TITLE: Sewer Service Charges –
Adoption of Ordinance No. 116**

**MEETING DATE: June 25, 2012
AGENDA ITEM NO.: 6.a**

RECOMMENDED ACTION: Adoption of proposed sewer service charge increase and adoption of Ordinance 116

SUMMARY AND DISCUSSION:

Novato Sanitary District did not have a rate increase in either the 2010-11 or 2011-12 fiscal year.

At the public hearing of June 11th, the Board considered proposed rate increases for fiscal year 2012-13 through 2015-16 as recommended in the updated financing plan prepared by Bartle Wells Associates, dated April 19, 2012, and supported by the proposed 2012-13 Preliminary Budget. Maximum rate increases proposed are 6.7% in 2012-13, 3.8% in 2013-14, 3.7% in 2014-15, and 3.6% in 2015-16.

Prop. 218 notices were mailed to all property owners of record in the District at least 45 days prior to the scheduled sewer service charge public hearing of June 11, 2012. In addition, legal notice of the hearing was published twice in the Marin Independent Journal.

25 letters protesting the rate increase were reported to the Board at the June 11th hearing and no further written or oral protests were received.

June 25th was the date set for approval of the proposed increases and adoption of District Ordinance No. 116. The proposed Ordinance has been reviewed by District legal counsel and is included with the agenda packet.

ALTERNATIVES: Do not adopt Ordinance No. 116

BUDGET INFORMATION: The District's estimated sewer service charge revenue for fiscal year 2012-13 would be reduced by approximately \$919,000 if increases are not adopted.

DEPT.MGR.:

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, 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:

NOES: Members:

ABSENT: Members:

SIGNED:

President of the Board of Directors
Novato Sanitary District

COUNTERSIGNED:

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

Approved as to Form:

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.)

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Wastewater Operations Report for May 2012	MEETING DATE: June 25, 2012 AGENDA ITEM NO.: 8a
RECOMMENDED ACTION: Information. Receive report.	
SUMMARY AND DISCUSSION: <p>The May 2012 operations reports for the wastewater treatment, collection, and reclamation facilities are attached.</p> <p>Wastewater Treatment Facility</p> <p>Water quality performance for May was excellent with all parameters well within effluent standards. There were no significant maintenance issues. The District received a Compliance Evaluation Inspection (CEI) report from the annual NPDES inspection which was carried out by an EPA/Regional Water Board sub-contractor and the District's Regional Board case handler on March 14, 2012. The report and the District's draft response to the report were discussed, and a copy of each is attached herein. Safety performance was excellent with an accident-free month for a total of 729 accident-free days. The District continued to add Bioxide® at the outlying pump stations to preclude/control odor issues. The District received some more odor complaints which are presented in the attached operations report. The Manager-Engineer provided a verbal update on further landscaping improvements.</p> <p>Collection System</p> <p>The Collection System report summarizes the monthly and year-to-date performance, and a comparison of these performances against the prior year. For May 2012, the crews cleaned and televised a total of 95,057 feet of sewer line. The District had three small, Category 2 type (non-surface water impact type), Sewer System Overflows (SSOs) in May 2012: a 40 gallon event at 0 Wilson Ave. with grease as a potential cause); a 5 gallon event at 0 Hamilton Parkway (from a possible surcharge from pump testing at the East Hamilton Pump Station); and a 23 gallon event at 18 Pierce Drive as a result of roots in the sewer line). Safety performance was excellent with no lost time accidents for a total of 443 accident-free days at the end of May.</p> <p>Reclamation Facility</p> <p>There was no significant reportable activity in May for the Irrigation systems and sludge handling and disposal. The irrigation strainers were received from the factory after undergoing repair/rehabilitation, and were successfully installed, tested and started. The rancher began cutting hay and is expected to be done by June. Staff began testing control systems for the irrigation field parcels, and will continue to do so as the hay is being cut. The control systems for two parcels in Site 3 and three parcels in Site 3 were tested and functioned normally, and a faulty valve on the fresh water system for Site 7 was replaced as warranty item. The Dedicated Land Disposal (DLD) site surface is dry but additional drying is needed prior to any equipment access. Also, the DLD will be re-contoured later this year preparatory to receiving sludge.</p>	
DEPT.MGR.:	MANAGER-ENGINEER:



June 15, 2012

Ms. Beverly James
Manager - Engineer
Novato Sanitary District
500 Davidson Street
Novato, CA 94545

Subject: Veolia Water Operations Report – May 2012

Dear Ms. James:

We are pleased to provide this updated activity report for May 2012.

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

Regards,

A handwritten signature in black ink, appearing to read "John Bailey".

John Bailey
Project Manager

**MONTHLY OPERATIONS REPORT
May 2012**

Prepared for

**NOVATO SANITARY DISTRICT (NSD)
WASTEWATER TREATMENT PLANT
500 Davidson Street
Novato, CA 94545**

Prepared by

Veolia Water West Operating Services, Inc. (VWWOS)

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TREATMENT PLANT PERFORMANCE SUMMARY 2
OPERATIONS AND MAINTENANCE STATUS / REVIEW 2
CONSTRUCTION UPDATE 3
ADMINISTRATION 3
SAFETY AND TRAINING 3
ODORS 3
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TREATMENT PLANT PERFORMANCE SUMMARY: May 2012:

BAY DISCHARGE

Parameter	Monthly Performance			
	Value		Limit	
	Ave	Max	#1	#2
Flow, MGD (monthly ave/max)	4.29	4.72	N/A	N/A
Influent BOD ₅ , lb/day (month ave/max)	8,160	9,783	N/A	N/A
Influent TSS, lb/day (monthly ave/max)	11.130	20,876	N/A	N/A
Effluent BOD ₅ , mg/L (monthly ave/weekly max)	<6	<8	30	45
Effluent TSS, mg/L (monthly ave/weekly max)	<5	<5	30	45
Effluent BOD ₅ - % Removal, Minimum	97	N/A	85	N/A
Effluent TSS - % Removal, Minimum	98	N/A	85	N/A
Ammonia mg/L (monthly average / daily max)	0.27	0.32	6	21
pH, su (min / max)	7.2	7.3	6.5	8.5
Enterococcus, mpn (30 day geo mean)	4.2	N/A	35	N/A
Fecal Coliform, mpn (30 day median)	8	N/A	140	N/A
Fecal Coliform, mpn (90 th percentile)	80	N/A	430	N/A
Total Permit Exceedances (NPDES)	0			

NA – Not Applicable

Discussion of Violations / Excursions: NONE

OPERATIONS & MAINTENANCE STATUS / REVIEW:

Key events for the period:

Novato

- Odor Beds checked by Jim Joyce and Mark Takemoto (RMC)
- Odor Fan repair @ Primary Clarifier #1
- Annual Forklift Service
- UV Generator – battery charger troubleshoot by Cal Diesel
- UV Building – HVAC Compressor – Monterey Mechanical to replace – Warranty issue (Completed in June)

Ignacio Transfer Pump Station

- Routine rounds, readings, and maintenance
- Repaired high pressure wash down pump

CONSTRUCTION UPDATE:

- Attended weekly construction meetings.

ADMINISTRATION:

- Electronic Self Monitoring Report for April 2012, submitted on 5/30/12

SAFETY AND TRAINING:

- Monthly plant safety inspections for Novato WWTF completed on 5/21/12
- Five Minute Tailgate training is held daily with the O&M staff.
- No safety incidents for the month of May 2012.
- Accident Free: 6/1/10 – 5/31/12: 729 days / 33,424 hours.
- Table top review of SOP - Flushing Polymer System
- Monthly Safety Training: Good Housekeeping and Preventing Heat Stress 5/16/12, Fire Extinguisher Use 5/21/12, Bearing and Belts Training 5/23/12, Hand Protection 5/30/12

ODORS:

- Jerome Meter (H2S) readings performed in neighborhood and within treatment plant.

MISCELLANEOUS

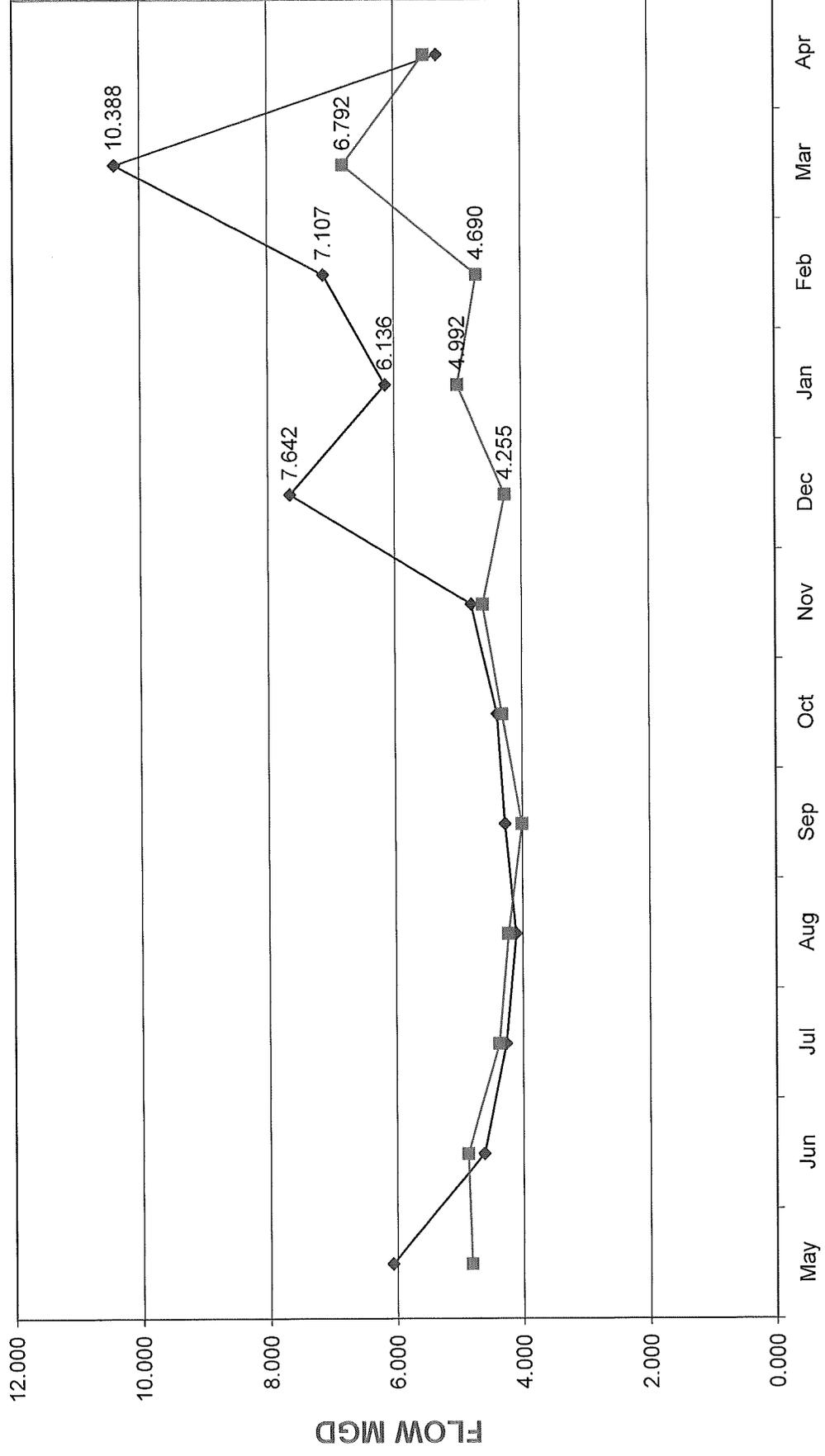
- Process Control Management Plan (PCMP) meetings held weekly.

Veolia Support Staff On/Off Site (Various Times)

John O'Hare	Technical Support
Chris McAuliffe	District Manager
John Herron	Northern California Area Manager
Mike Green	Technical Support
Bryce Behnke	Technical Support via conference call & web exchange

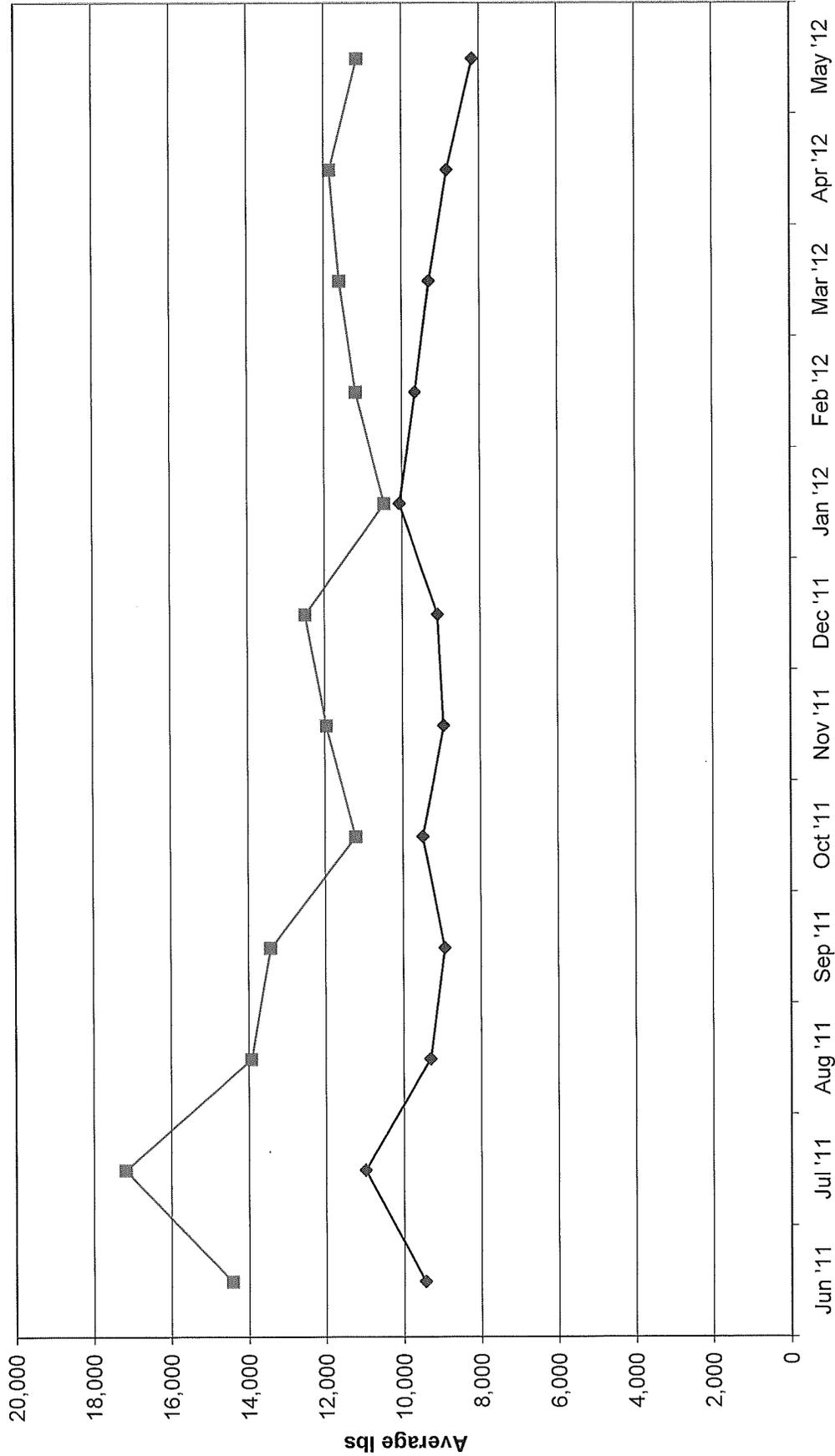
FLOW COMPARISON

—◆— 2011 —■— 2012



Influent Load BOD / TSS lbs

◆ BOD lbs ■ TSS lbs



Effluent BOD / TSS Concentration

NPDES LIMITS WET SEASON

BOD & TSS - 30 mg/L Monthly Ave, 45 mg/L Weekly Ave

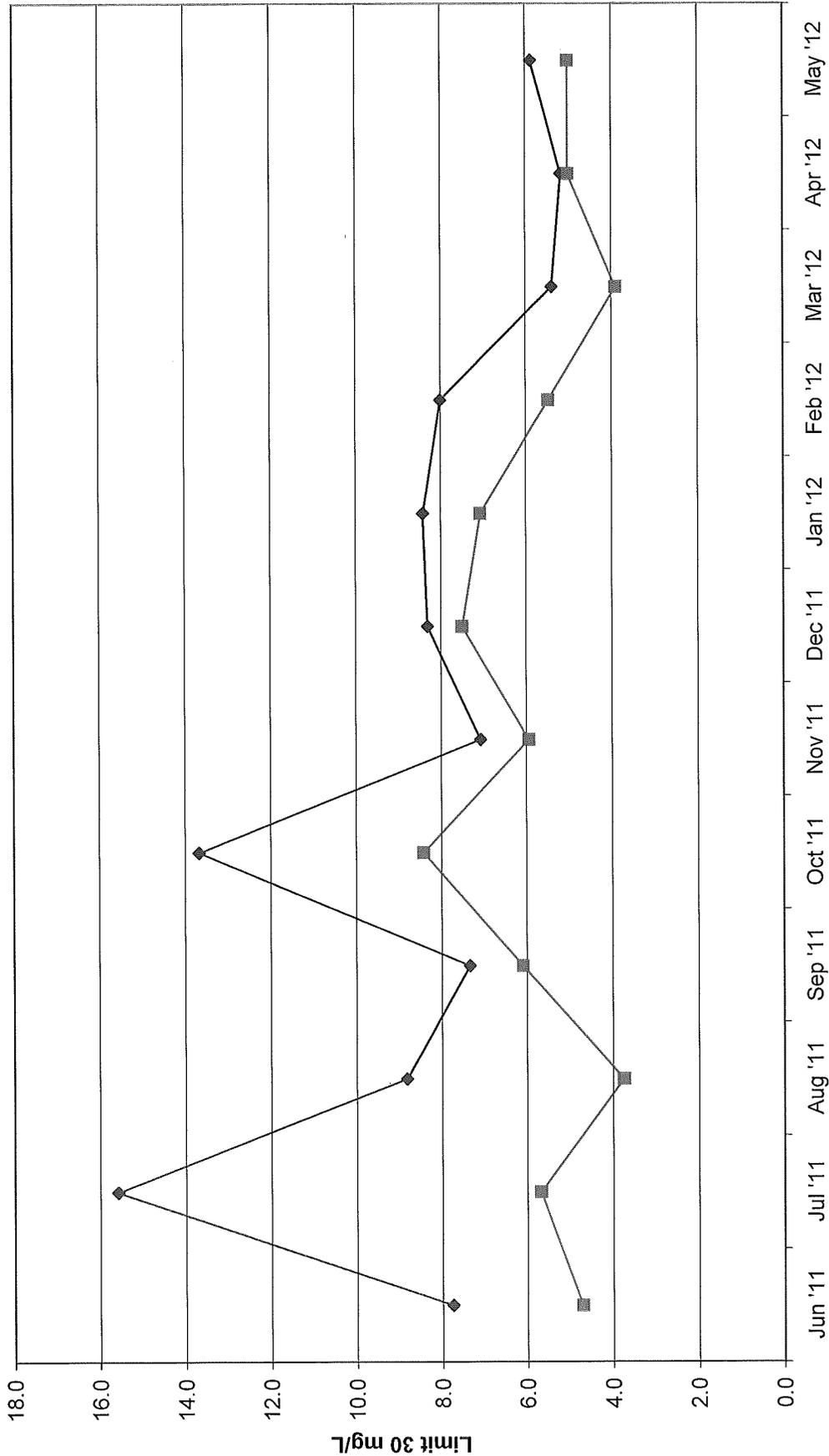
NPDES LIMITS DRY SEASON

BOD - 15 mg/L Monthly Ave, 30 mg/L Weekly Ave

TSS - 10 mg/L Monthly Ave, 20 mg/L Weekly Ave

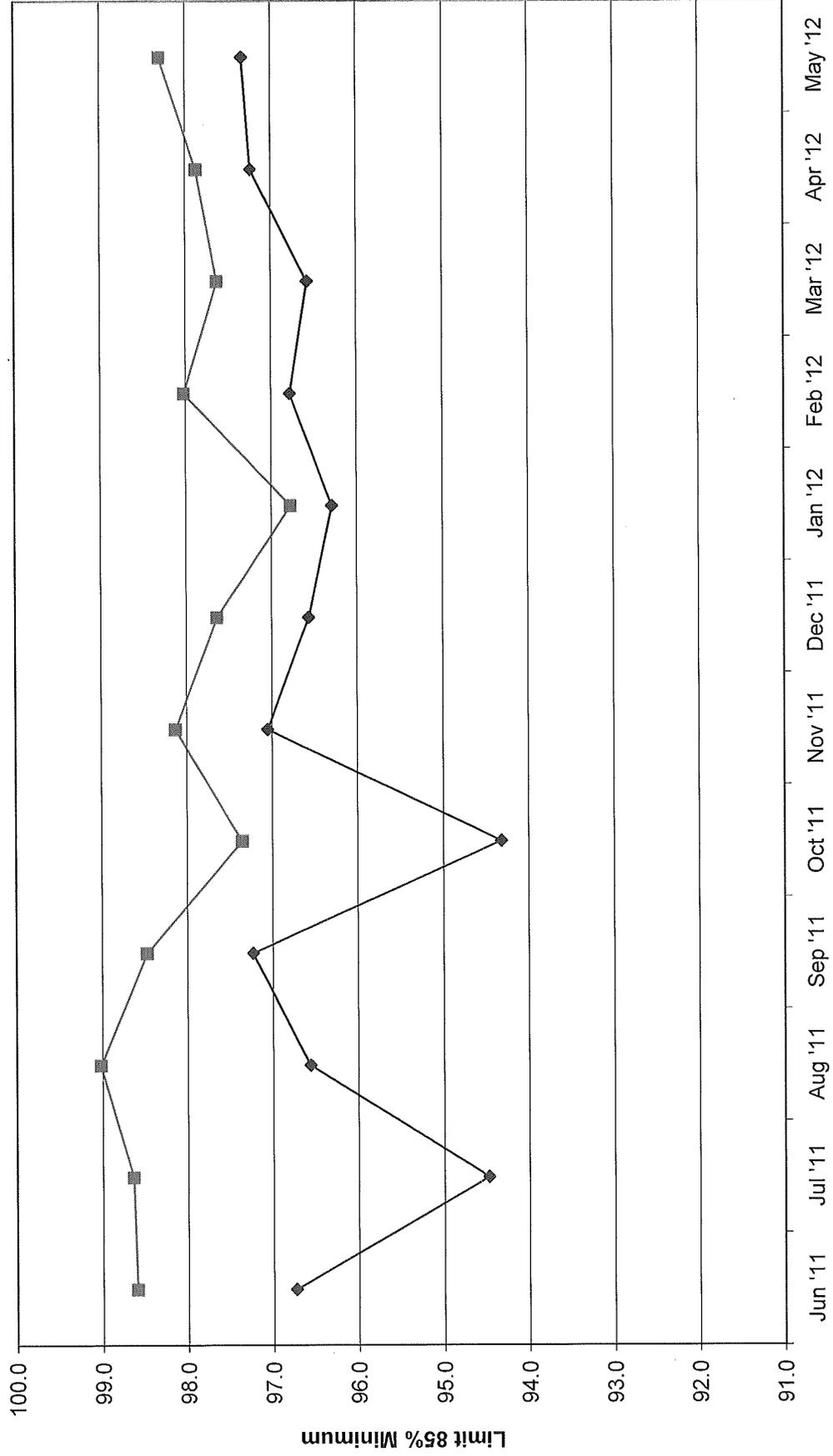
WDR (Waste Discharge Requirements) RECLAMATION

BOD - 40 mg/L

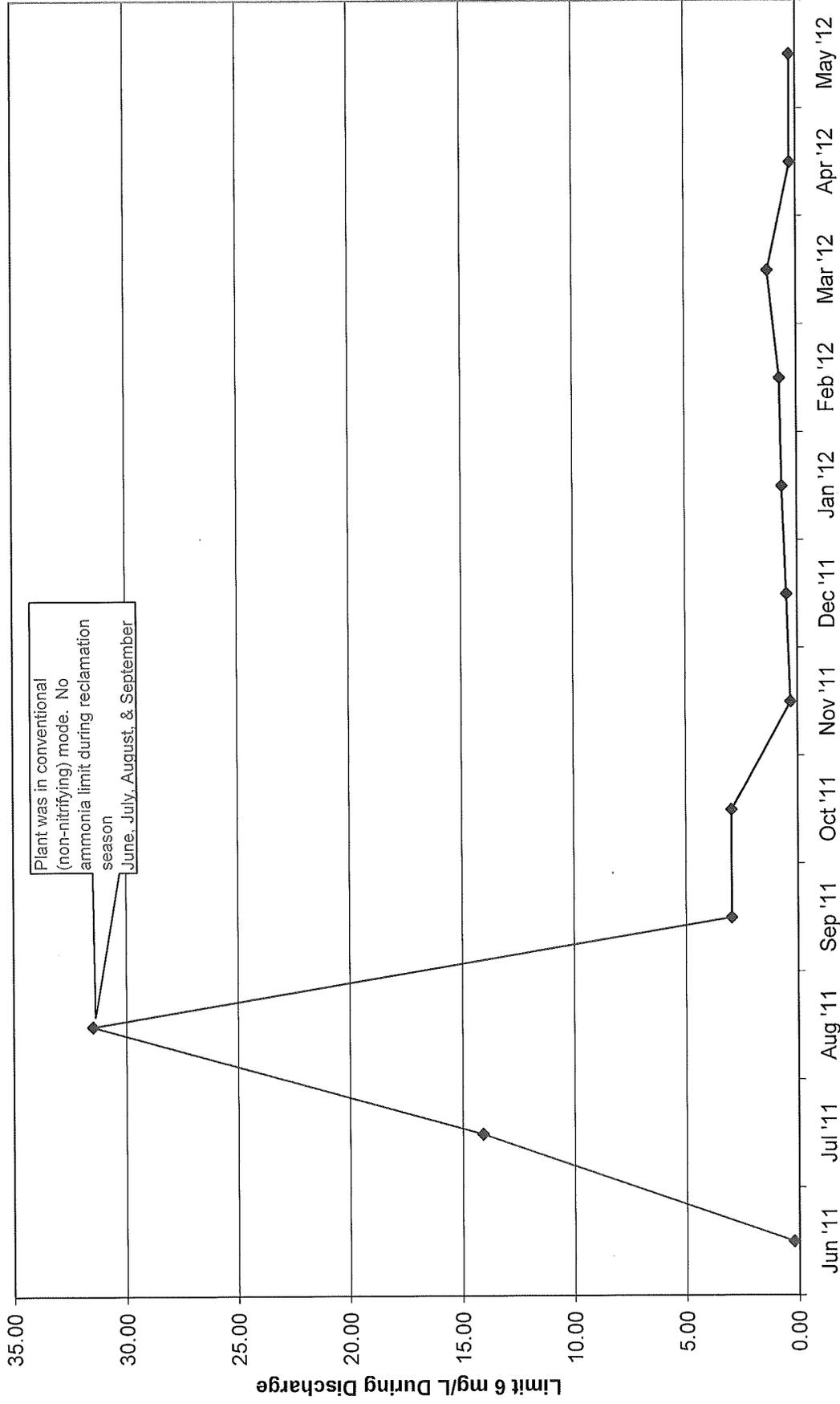


BOD / TSS Percent Removal

◆ BOD ■ TSS



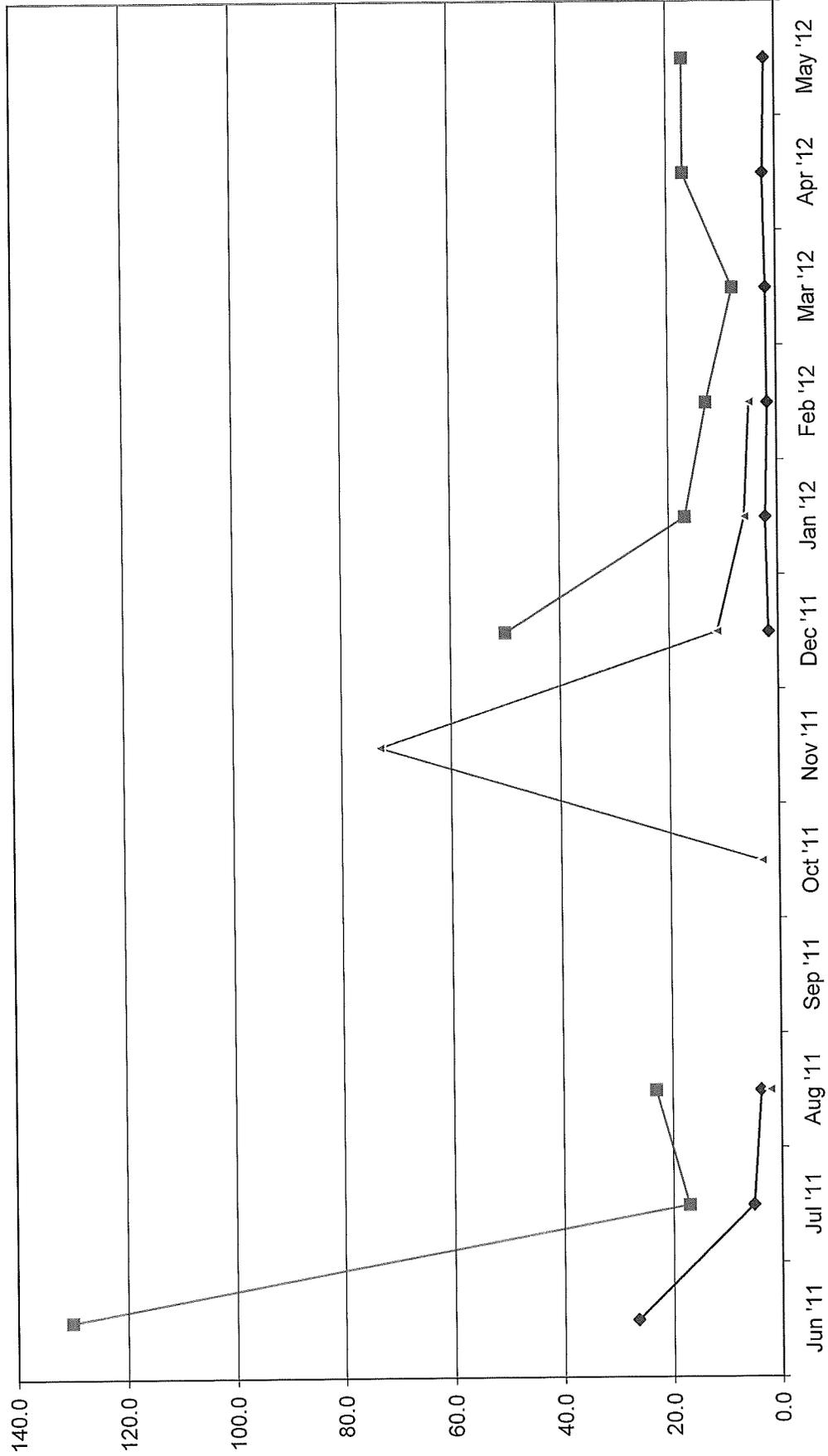
Effluent Ammonia

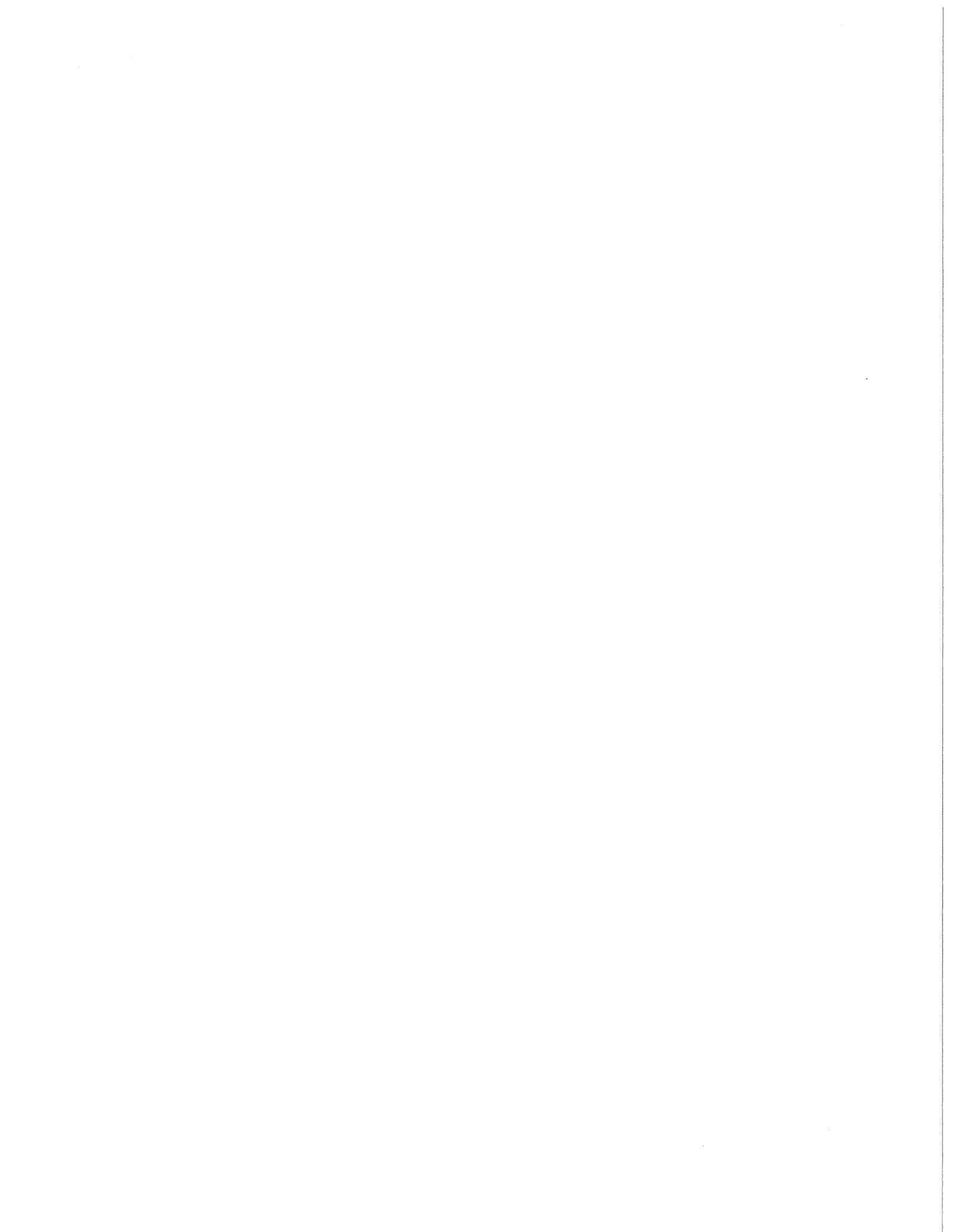


Disinfection

LIMITS - NPDES
 Entero 30 day geo mean 35 mpn /100ml
 Fecal 140 mpn monthly median
 Fecal 430 mpn 90th percentile 30 day
 LIMITS - RECLAMATION
 Total Coliform 240 mpn 5 sample median
 Total Coliform maximum 10,000 mpn/100 ml

◆ Entero ■ Fecal ▲ Total





WORK ORDER STATISTICS

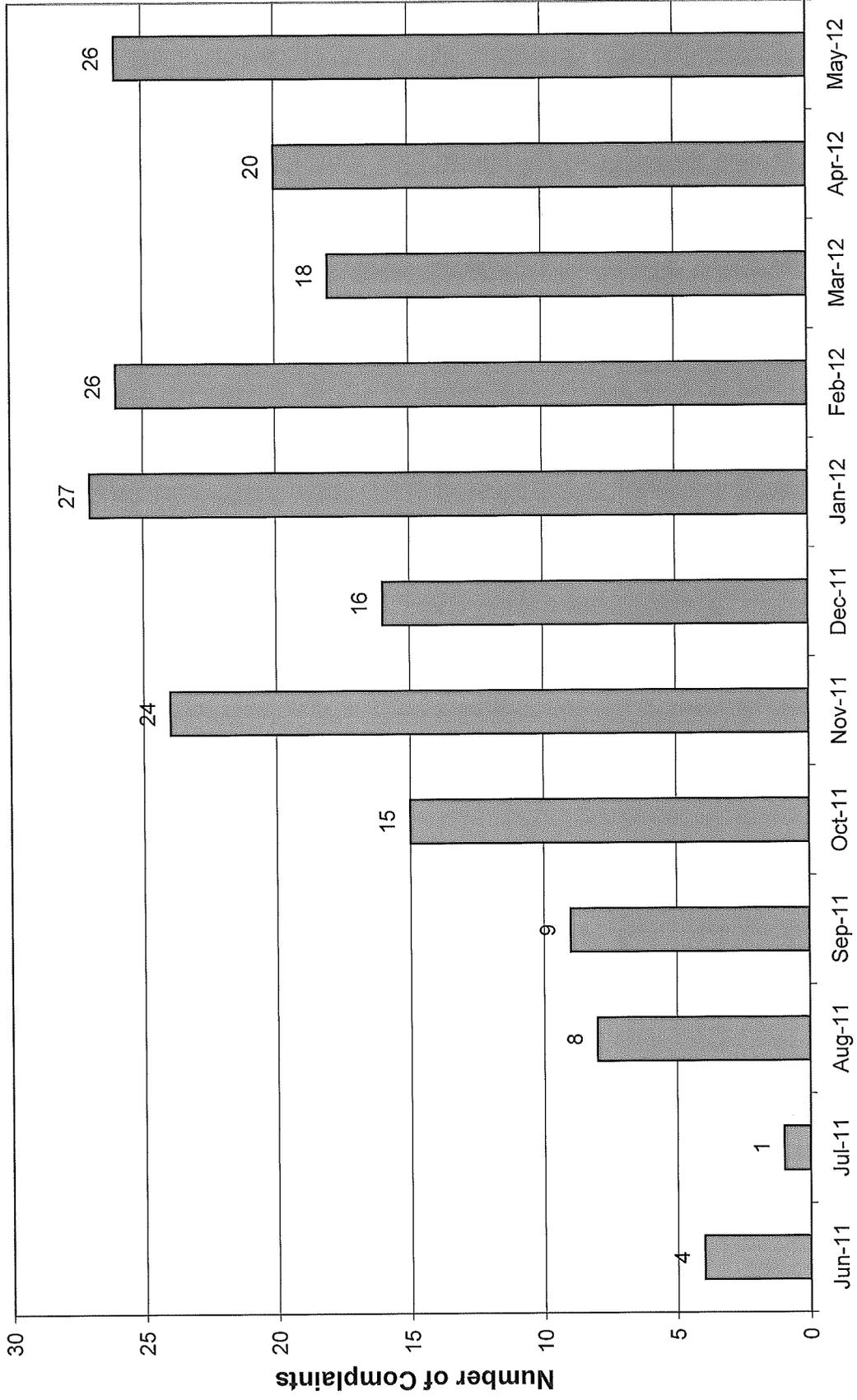
May 1, 2012 - May 31, 2012

	Open Work Orders Due Prior to 5/1/12	Open Work Orders 5/1/12 - 5/31/12	Total Open Work Orders
Preventative	32	277	309
Corrective	8	18	26
Total	40	295	335

	Closed Work Orders 5/1/12 - 5/31/12
Preventative	260
Corrective	26
Total	286

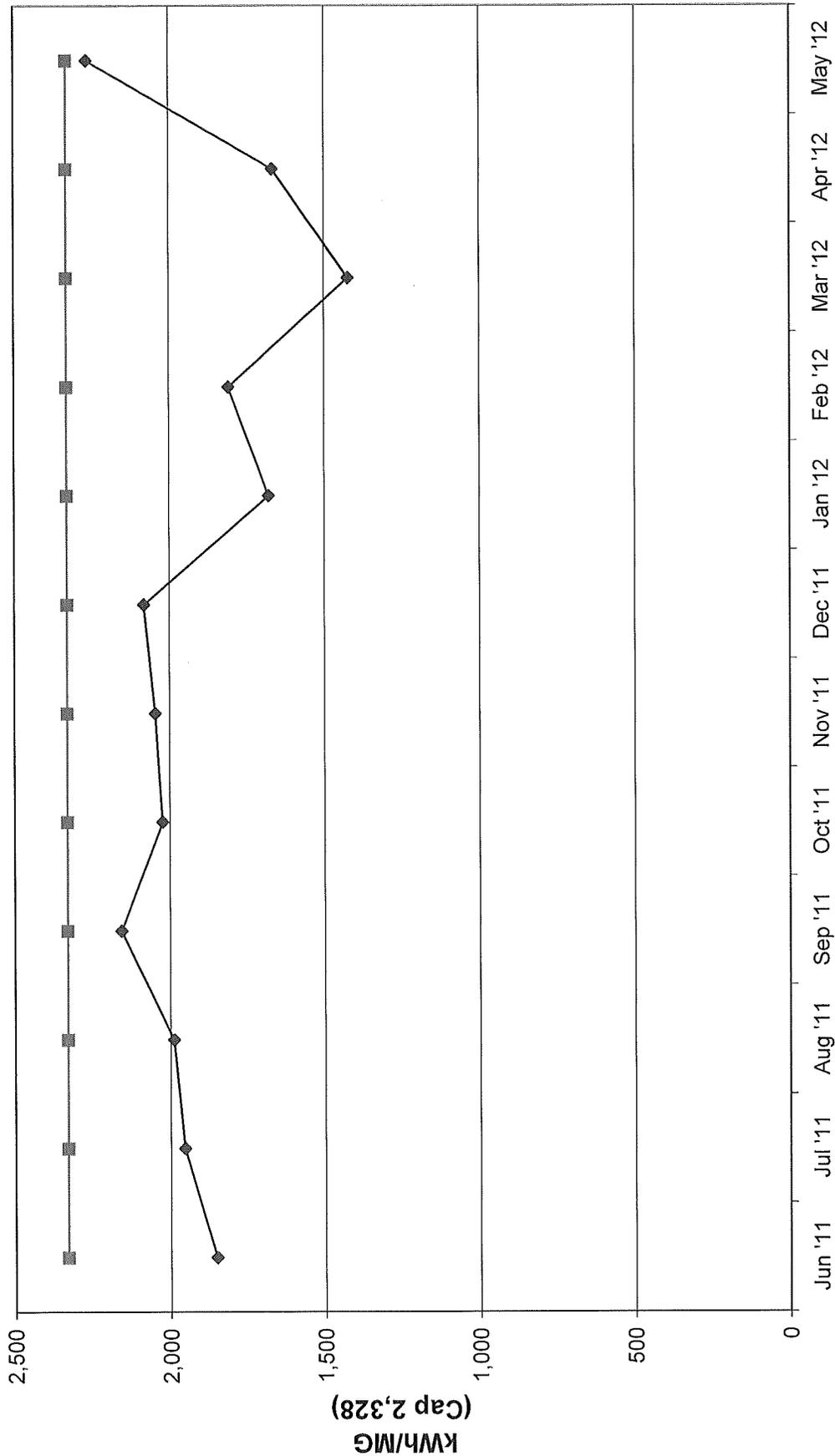
Total Outstanding Work Orders as of June 1, 2012	49
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Complaints Received



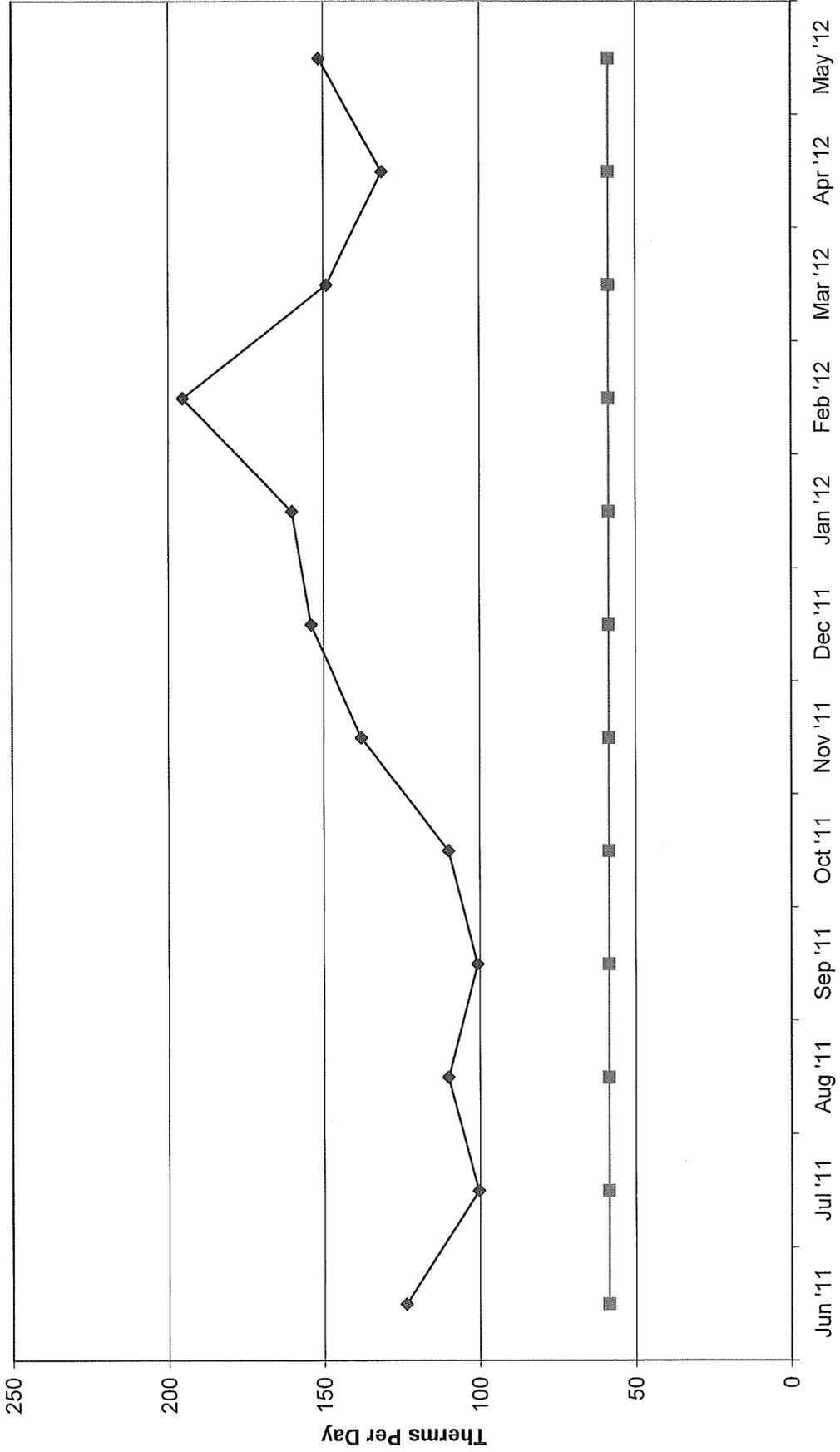
Energy kWh/MG

—◆— kW/MG —■— Cap



Natural Gas Use

◆ Natural Gas ■ Cap



NOVATO SANITARY DISTRICT
 RESPONSE TO ANNUAL NPDES INSPECTION
 MARGINAL AND UNSATISFACTORY RATINGS

March 14, 2012 – Inspection Date

May 29, 2012 – Inspection Report Date

FACILITY SITE REVIEW:

Response to Item 1 (Page 7)

We disagree with the “marginal” rating assigned to this item. Minor electrical repairs and repair of a support bracket to Primary Clarifier #1 was occurring during the time of the inspection. Also, although the drive unit for Secondary Clarifier #1 had been removed for repairs, a shelf unit was available and could be installed in short order if needed.

Needless to say, although both of these units were undergoing minor servicing at the time, either or both units could have been put back in operation in short order, if needed. Note also, that our typical operational scheme only calls for one primary clarifier in service at any given time.

Response to Item 2a. (Page 7)

We disagree with the “marginal” rating assigned to this item. The “small, overflow slots” referred to in the inspection report are typical scum outlet ports in the flocculating center well of the activated sludge process secondary clarifier. The flocculating center well on each NSD secondary clarifier has eight (8) such ports. The presence of a “plume” at one or two of these eight ports is not indicative of any impacts to treated water quality or plant performance, as demonstrated by the effluent data of Table 1 for the period in question (BOD and TSS values for this period were each 6 mg/L). Note these ports are designed to allow scum from the energy-dissipating inlet (or EDI) center well to flow outward out of the feedwell into the main surface area of the clarifier where it can be collected and removed by the scum skimmer.

TABLE 1

SAMPLE RESULTS - MARCH 14, 2012							
	Flow MGD	BOD		TSS		Ammonia	pH
		Value	Removal	Value	Removal	Value	Value
		mg/L	%	mg/L	%	mg/L	SU
Influent	11.37	135	N/A	127	N/A	22	7.2
Effluent	N/A	6	95.6	6	95.3	5.7	6.8
Limit #1	N/A	30	<85	30	<85	6	6.5
Limit #2	N/A	45	N/A	45	N/A	21	8.5

Limit #1 = BOD, TSS, & Ammonia - Monthly Average
 pH – Minimum

Limit #2 = BOD & TSS - Weekly Average
 Ammonia - Monthly Average
 pH – Maximum

Also included with this response is laboratory compliance data for the month of March 2012. The data indicates very good performance throughout the month for all regulated parameters.

Response to Item 7g. (Page 8)

The batteries were being temporarily stored by an on-site construction contractor as of the morning of the inspection. The issue was immediately brought to the contractor's attention by the District's construction manager and removed shortly. **As noted in the finding all onsite runoff receives full treatment and there is very little potential of off site impact.**

Also included with this response is laboratory compliance data for the month of March 2012. The data indicates very good performance throughout the month for all regulated parameters.

EFFLUENT AND RECEIVING WATERS:

Response to Item 1.d. (Page 9)

We disagree with the "marginal" rating assigned to this item. As noted to the inspectors during the site visit the reproductive effects exhibited in the District's chronic toxicity tests have been documented to be a result of biological interference(s) and are unrelated to toxicity in the effluent.

SELF MONITORING PROGRAM

Response to Item 4. (Page 12)

The laboratory was not sampling the day of the inspection therefore the findings were based on the interview comments with the laboratory technician and not actual observed practice. The standard procedure stated during the inspection for the contract laboratory representative to arrive and draw their samples has been discontinued. The laboratory technician has implemented a corrective action procedure to pouring off the required samples from the composite container based on the required volumes for all of the analytes at the time when the 5 gallon container arrives at the laboratory. These samples are then stored in the sampling receiving refrigerator. These samples are relinquished to the contract laboratory representative.

OPERATIONS AND MAINTENANCE (Page 15)

Response to Item 3.

See Response to FACILITY SITE REVIEW, Item 2a. (Page 7)



EDMUND G. BROWN JR.
GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

San Francisco Bay Regional Water Quality Control Board

(Sent via Email: bevj@novatosan.com)

May 29, 2012
Facility ID: 244705 (PG Environmental - DG)

Novato Sanitary District – Novato Wastewater Treatment Plant
ATTN: Beverly James, District Manager
500 Davidson Street
Novato, CA 94945

RE: Novato Sanitary District – Novato Wastewater Treatment Plant
(NPDES No. CA0037958) Compliance Evaluation Inspection Report

Dear Ms. James:

On March 14, 2012 PG Environmental, LLC, a USEPA contractor, conducted a compliance and evaluation inspection at your facility.

Please review items listed as “U” provided in the checklist and respond to these areas of concern in writing within 45 days from the date of this letter.

If you have any questions concerning this report, please call Dylan Garner at 510-622-2116, or email dgarner@waterboards.ca.gov.

Sincerely,

A handwritten signature in cursive script that reads "Robert Schlipf".

Robert Schlipf
Water Resource Control Engineer

Enclosure: Inspection Report

CIWQS Inspection No.: 8433956
Entered by: RS

EPA Region IX and California Water Resources Control Board

NPDES Compliance Evaluation Inspection (CEI) Report

Name and Location of Facility Inspected Novato Sanitary District Wastewater Treatment Plant 500 Davidson Street Novato, CA 94945		Entry Date 3/14/2012 Entry Time 8:00 AM	Permit Effective Date 7/1/2010
NPDES Permit Number CA0037958	Order Number R2-2010-0074	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor	Permit Expiration Date 6/30/2015
Name(s) & Title(s) of On-Site Representative(s) John Bailey (Veolia Project Manager) Sandeep Karkal (Deputy Manager - Engineer)	Contact Information Phone: (415) 892-1694 Fax: (415) 892-1209 E-mail: john.bailey@veoliawaterna.com	Notified of Inspection? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Name, Title & Address of Responsible Official Beverly James (District Manager) 500 Davidson Street Novato, CA 94945	Contact Information Phone: (415) 892-1694 Fax: (415) 898-2279 E-mail: bevj@novatosan.com	Official Contacted? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Inspector(s) Primary: Craig Blett (PG Environmental, LLC) Other(s): Dylan Garner (San Francisco Bay Water Board)		Presented Credentials? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Weather Conditions at the Time of the Inspection: Cloudy; light precipitation	Facility Receiving Water Name: San Pablo Bay		
Overview of Areas Evaluated During Inspection <i>S = Satisfactory, M = Marginal, U = Unsatisfactory, N = Not Evaluated</i>			
Permit: S	Flow Measurement: S	Biosolids/Solid Waste Handling & Disposal: S	
Records/Reports: S	Self-Monitoring Program: M	Compliance Schedules: N	
Facility Site Review: M	Laboratory: S	Pretreatment (POTWs Only): N	
Effluent and Receiving Waters: M	Operations & Maintenance: S	Storm Water: N	
Prepared By: Craig Blett (PG Environmental, LLC) on 3/27/2012 Reviewed By: Max Kuker (PG Environmental, LLC) on 5/4/2012			

Facility Narrative

On March 14, 2012 a USEPA contractor inspected the Novato Sanitary District Wastewater Treatment Plant in Novato, CA. Discharges from the Facility are regulated by San Francisco Bay Water Board Order No. R2-2010-0074 (NPDES Permit No. CA0037958). The primary purpose of the inspection was to determine the accuracy and reliability of the Discharger's self-monitoring and reporting program. The primary on-site Facility representative was John Bailey (Veolia Project Manager).

The Novato Sanitary District (Discharger) owns the Novato Sanitary District Wastewater Treatment Plant (Novato Treatment Plant or Facility). The Facility serves a population of about 60,000 residents in the City of Novato and adjacent areas. Veolia Water West Operating Services, Inc. operates the Facility. Significant modifications and upgrades to the Facility were completed in September 2010 with the decommissioning of the Discharger's Ignacio Wastewater Treatment Plant (Ignacio Plant). At the time of the inspection all of the Novato Treatment Plant modified and upgraded units, including new headworks, two new primary clarifiers, two new aeration basins, two new secondary clarifiers, new UV light disinfection and new solids processing units, had been operating since the Ignacio Plant was decommissioned. A portion of influent flow to the Novato Treatment Plant comes directly from the collection system while the remainder of the influent flow is pumped to the Facility from the decommissioned Ignacio Plant.

The Facility provides secondary level treatment of wastewater. Treatment consists of influent screening, grit removal, primary clarification, activated sludge aeration/biological treatment, secondary clarification, and ultraviolet (UV) light disinfection. Treated effluent is discharged to San Pablo Bay at Discharge Point 001 through a multi-port diffuser approximately 950 feet offshore. During the period of June 1 through August 31, discharges to San Pablo Bay from the Facility are prohibited and final effluent is directed to on-site storage ponds for use by the Discharger for process water or conveyed to a recycled water facility for additional treatment. Solids processing at the Facility consists of anaerobic digestion, gravity belt sludge thickeners and storage in off-site sludge lagoons.

The inspectors visually evaluated the treatment train (in order from headworks to discharge) and site conditions in the presence of the primary on-site Facility representative and determined that some mechanical treatment units were not operating due to maintenance activities. Refer to the 'Facility Site Review' section of this report for details.

The Facility's design capacity (design dry weather flow) is 7.05 million gallons per day (mgd). When all treatment units are operating, the Facility can treat up to 47.0 mgd. The Facility averages approximately 5.3 mgd on an annual basis. The instantaneous influent flow was 16.5 mgd at 10:00 AM. The measurement of effluent flow is not required by San Francisco Bay Water Board Order No. R2-2010-0074 nor does the Discharger have a flow meter in place to measure effluent flows from the Facility. According to the primary on-site Facility representative, there are no plans to install such a meter.

The Facility's laboratory personnel conduct self-monitoring activities. Influent samples are collected immediately after influent flow measurement and preliminary treatment and effluent samples for Discharge Point 001 are collected from the effluent pump station (EPS) immediately after the flows combine downstream of the UV light disinfection channels with the exception of enterococcus bacteria and fecal coliform which are collected at the end of each of the UV light disinfection channels and then combined. This bacteria sample collection method has been modified since it was a Major Finding discovered during the previous inspection. The method of combining samples

now appears to provide representative samples. All samples are analyzed at an on-site laboratory and at a contract laboratory.

Electronic self monitoring reports (eSMRs) and the California Integrated Water Quality System (CIWQS) Violation Report for the period of November 2011 through January 2012 were reviewed as a component of this inspection. No permit limit exceedances were identified. The evaluation also included a comparison of data points reported in the eSMRs submitted to the San Francisco Bay Water Board against the laboratory bench sheets and contract laboratory reports documenting the actual analytical results. No discrepancies were identified.

During the previous inspection conducted on October 12, 2010 several Major Findings were reported. The corrective actions taken by the Discharger for each Major Finding were found by the inspector to adequately address the previously identified deficiencies.

Major Findings

NONE

Attachments:

CEI Photo Log
CIWQS Violation Report

PERMIT:

OVERALL RATING: S

INSPECTED ITEM	EVAL
1. Current copy of Facility's NPDES permit available on site.	S
2. Correct name and mailing address of permittee identified on NPDES permit.	S
3. Facility is as described in permit.	S
4. a. Notification given to Regional Water Board of process/production modifications, collection system expansions, etc. that impacted quality/quantity of discharge or changes to the Facility or increased discharge. b. Permit modification received, if required, prior to changes. <i>The Discharger has recently completed modifications/upgrades to the Facility. The changes to the Facility are discussed in the 'Facility Narrative' section of this report. The changes to the Facility are also discussed in Attachment F - Fact Sheet section of the permit.</i>	S S
5. Recent permit modifications, amendments or compliance orders on file.	N
6. Number of discharge outfalls the same as listed in the permit.	S
7. Name of receiving waters listed correctly in the permit.	S
8. Permit status (i.e., Current, Expired, or Extended)	Current
9. Permit renewal application submitted to the Regional Water Board at least 180 days prior to the expiration date.	N
10. Other:	N
Notes: <i>This section was rated "satisfactory" because all checklist items reviewed were rated satisfactory.</i>	

RECORDS/REPORTS:

OVERALL RATING: S

INSPECTED ITEM	EVAL
<p>1. NPDES records maintained for the time period required (5 years):</p> <p>The following records and reports were requested and observed:</p> <ul style="list-style-type: none"> - Current permit, monitoring and reporting program, and standard provisions - Latest three months of eSMRs (November 2011 through January 2012) - 2011 Annual Report (dated January 31, 2012) - 2011 Annual Biosolids Report (dated February 15, 2012) - Flow meter calibration records - Flow measurement records - Maintenance records - Operation and maintenance (O&M) manuals - Spill and bypass records - Operation log books - Auxiliary power check log records - On-site laboratory certification and latest DMR QA report (dated July 22, 2011) - Contract laboratory records and chain-of-custodies (COCs) 	<p>Yes</p>
<p>2. a. Did the Facility document any spills or bypasses during the period reviewed?</p> <p>b. Spills and bypasses reported and documented as required by the permit (i.e., as soon as possible, but no later than 24 hours from the time the permittee first became aware of the circumstances).</p> <p>c. Follow-up written documentation given as required by the permit (within 5 days in most cases).</p>	<p>No</p> <p>N</p> <p>N</p>
<p>3. Discharge monitoring report (DMR) and/or self monitoring report (SMR) evaluation:</p> <ul style="list-style-type: none"> a. The responsible person or designee signs and certifies the DMRs and/or SMRs. b. The Facility monitors more frequently than required by the permit. c. All data collected are summarized on the DMRs and/or SMRs. d. Data reported on DMRs and/or SMRs is consistent w/ analytical results. e. Coliform concentrations calculated as required by the permit (e.g., median, geometric mean). f. Numerical values for minimum detection limits are reported on DMRs and/or SMRs when laboratory reports "Not Detected" or "0" (for example, MDL= 3, Report: "<3" on DMR). g. "Less than values" properly carried through loading calculations. h. Flow measurement period used for loading calculations brackets the sampling period. i. Influent and/or effluent loading rates properly calculated; if required. j. Number Exceeding (N.E.) properly reported on all DMRs and annual reports. <p>eSMRs, not DMRs, were reviewed as a component of this inspection.</p>	<p>S</p> <p>No</p> <p>S</p> <p>S</p> <p>S</p> <p>S</p> <p>S</p> <p>S</p> <p>S</p> <p>N</p>

RECORDS/REPORTS:

OVERALL RATING: S

INSPECTED ITEM	EVAL
4. Reports completed in the time frame and frequency as required by the permit (not all reports required for all facilities): <ul style="list-style-type: none"> a. DMRs and/or SMRs b. Biosolids Monitoring Reports c. Biosolids Management Reports d. CSO/ I&I Reports e. Compliance Schedule Reports f. Pretreatment Reports g. Other: 4d. The collection system and associated records were not reviewed during the inspection.	S S N N N N N N
5. Sampling and analytical records (for water and biosolids) include: <ul style="list-style-type: none"> a. Dates, times, and location of sampling b. Names of individuals performing sampling c. Analytical methods d. Results of analyses e. Dates of analyses f. Time of analyses, as necessary to verify holding times g. Analysts' names or initials h. Instantaneous flow at grab sample stations, if required 5c. and 5g. The laboratory staff has received training on these requirements. These were Major Findings during the previous inspection.	S S S S S S S S
6. Plant records include: <ul style="list-style-type: none"> a. Daily plant operational records or log book b. Equipment maintenance records and schedules c. CSO/lift station check records or log book d. Records of auxiliary power checks e. Spill Prevention Control and Countermeasure (SPCC) plan f. Pollution Prevention Plan (P3) g. Storm Water Pollution Prevention Plan (SWPPP) h. Influent and/or effluent flow measurement records maintained for the past three years i. Other: 	S S N S N N N S N
7. All records and reports required by the permit appear to be organized and available for inspection.	S
8. Other:	N
Notes: <i>This section was rated "satisfactory" because all checklist items reviewed were rated satisfactory.</i>	

FACILITY SITE REVIEW:

OVERALL RATING: M

INSPECTED ITEM	EVAL
<p>1. All treatment units and supporting equipment are in service and mechanically functioning properly.</p> <p>The Facility's treatment train consists of the following:</p> <ul style="list-style-type: none"> - Two influent pump station wet wells with variable frequency pumps - Two mechanically cleaned bar screens (one in use, one in standby) - Two grit vortex systems (one in use, one in standby) - Two primary clarifiers (one in use, one down for maintenance) - Four aeration basins (all in use) - Two secondary clarifiers (one in use, one waiting on a replacement part) - Three UV light disinfection channels (two in use, one in standby) - One effluent pump station (EPS) - One foul air treatment system - Two storage ponds with a combined capacity of 100 million gallons (MG) primarily used for reclamation activities (not reviewed during inspection). It should be noted that the permit allows discharge to San Pablo Bay from the ponds under certain conditions. <p>Solids processing consists of the following:</p> <ul style="list-style-type: none"> - Two anaerobic digesters (one in use) - Two gravity belt thickeners (one is use, one in standby) - Six sludge lagoons <p>One primary clairfier and one secondary clarifier were not operable during the inspection which occurred during a precipitation event. Refer to checklist item 2a. below for details.</p>	<p>M</p>
<p>2. Hydraulic and organic loadings are consistent with the fact sheet and plant design criteria.</p> <p>a. Are there signs of overloading to the Facility and collection system, including I&I and septage loading?</p> <p>2a. The inspection occurred during a precipitation event. The influent flow at 10:00 AM was 16.5 mgd. One primary clarifier was receiving maintenance and one secondary clarifier was not operating due to a non-functioning rotating arm motor. As per the primary on-site Facility representative, with one non-functioning secondary clarifier the Facility is rated at 23.5 mgd. A plume of rising turbid influent to the one operating secondary clarifier was observed (refer to Photos 2 and 3). The plume was escaping the center distribution well through small overflow slots. The plume was spreading during the period of observation. The primary on-site Facility representative stated that operation of the secondary clarifier appeared to be normal. He also stated that additional effluent samples would be collected and analyzed but did not specify which pollutants would be included in the accelerated monitoring.</p>	<p>S M</p>
<p>3. Peak flows remain within the established plant capacity.</p> <p>a. If flows have exceeded capacity, has the Regional Water Board been notified?</p>	<p>S N</p>
<p>4. Lift stations are properly monitored, maintained, have a back-up power source and are not subject to chronic spills and/or overflows.</p> <p>Lift stations in the collection system were not reviewed as a component of this inspection.</p>	<p>N</p>

FACILITY SITE REVIEW:

OVERALL RATING: M

INSPECTED ITEM	EVAL
5. Odors are adequately controlled, resulting in limited complaints. The Facility has foul air handling equipment including three foul air absorption beds. The media in the three beds was recently changed from sand to redwood chips (refer to Photo 4). The Discharger tracks odor complaints which have reduced since the media was changed in November and December 2011.	S
6. Residual chlorine monitoring is well documented and sampling/monitoring is representative of the discharge. a. If a UV system is used, the dosage intensity, tubes, and alarms are adequate, maintained and documented.	N S
7. Housekeeping procedures are adequate to prevent release of pollutants to the environment: a. Adequate dikes and secondary containment b. Spill containment and clean-up c. Signs of spillage to soil, groundwater, or surface water d. Storm water and leachate management from storage piles e. Leaking pipes, pumps, etc. f. Drum and chemical storage areas g. Minimization of pollutants entering storm water outfalls h. Other open dumps or debris piles i. Other: 7g. Five car batteries were stored on unprotected ground without containment or BMPs, in the southeast area of the Facility, adjacent to one of the secondary clarifiers (refer to Photo 5). The batteries were in contact with the ongoing rainfall. Stormwater runoff from the area where the batteries were stored is collected in the Facility's storm drain system and routed to the headworks for full treatment. According to the primary on-site Facility representative, the batteries were owned and being stored by an outside contractor who would be notified immediately to remove them for proper storage.	 S S S S S S U S N
8. Signs of tank deterioration and/or settlement.	S
9. Safety concerns are present that may interfere with proper operation, maintenance, and/or monitoring.	S
10. Material Safety Data Sheets (MSDS) are available for stored chemicals.	S
11. Equipment available for spill clean-up and containment.	S
12. Other:	N
Notes: This section was rated "marginal" due to checklist items 1. and 2a. and because the inspector did not believe that checklist item 7g. was significant enough to down grade the overall rating to unsatisfactory.	

EFFLUENT AND RECEIVING WATERS:

OVERALL RATING: M

INSPECTED ITEM	EVAL
<p>1. Recent DMR and/or SMR history (last 3 months) (outfall number(s) 001):</p> <ul style="list-style-type: none"> a. Violations of discharge limits b. Spills/bypasses c. Fish kills or other receiving water impacts d. WET testing results are in accordance with the permit e. If effluent limit violations have been identified, what actions has the Facility taken to eliminate or reduce their recurrence? <p>1a. Determination of effluent limit exceedances was made based upon a review of data contained within CIWQS for November 2011 through January 2012. No effluent limit exceedances were identified for the period of review.</p> <p>1d. The Discharger initiated a TIE for chronic toxicity in February 2011 when it found high levels of toxicity in its effluent. Since then, the Discharger has conducted additional TIEs. This issue is being addressed outside the scope of this inspection report.</p>	<p>S S S M N</p>
<p>2. DMR and/or SMR spot check November 2011 through January 2012 conducted for the Months of:</p> <ul style="list-style-type: none"> a. Internal lab sheets and contract lab results properly transferred to DMRs b. Monthly average, weekly, maximum, etc., values correctly calculated per the permit c. Influent and effluent loadings reported d. DMR and/or SMR is accurate and complete for each outfall 	<p>S S S S</p>
<p>3. Appearance of effluent during inspection:</p> <ul style="list-style-type: none"> a. The effluent(s) was viewed during the inspection b. Excessive foam, scum, or sheens present c. Cloudy and/or color d. Excessive solids e. Other: <p>The secondary effluent was viewed in the effluent wet well (refer to Photo 6).</p>	<p>Yes S S S N</p>
<p>4. Appearance of receiving water(s) during inspection:</p> <ul style="list-style-type: none"> a. The receiving water(s) was viewed during the inspection b. Distinctly visible foam or sheens on receiving water c. Biosolids accumulation or deposits of solids below discharge point(s) d. Distinctly visible plume from discharge(s) to receiving water e. Discharge creates objectionable odor at or near receiving water(s) f. Other: <p>The Facility discharges 950 feet offshore in San Pablo Bay; therefore, the receiving water in the vicinity of the discharge point was not viewed.</p>	<p>No N N N N N</p>
<p>5. Other:</p>	<p>N</p>
<p>Notes: This section was rated "marginal" due to checklist item 1d.</p>	

FLOW MEASUREMENT:

OVERALL RATING: S

INSPECTED ITEM	EVAL
5. Weirs: a. Approach channel straight for at least 10 times the maximum head height b. Flow in the approach channel is evenly distributed and free of turbulence, boils, or other disturbances c. No solids accumulation in the bottom of the approach channel d. Weir crest is located at least two times the maximum head height off the floor of the flow channel e. The weir plate is level, plumb and without distortions f. Weir is beveled on downstream side if plate is >1/8 inch thick g. No leakage around the weir plate h. Measuring point located at least 3 times the maximum head height behind (upstream of) the weir i. There is free-fall and access for air below the nappe of the weir (i.e., water doesn't cling to the weir plate) j. Weir sized properly to measure the existing range of flows k. Proper flow tables being used for weir type and size	N N N N N N N N N N N
6. Secondary flow device properly installed and maintained, and operating without interference from foam, turbulence, webs, etc.	N
7. Date of last flow meter calibrations: Influent: 12/22/2011 Performed by: <u>Telstar Instruments, Inc.</u> Effluent: Performed by: <u>N/A</u>	S N
8. Calibration checks by plant personnel routinely performed.	S
9. Calibration records (external and internal checks) maintained.	S
10. Other:	N
Notes: <i>This section was rated "satisfactory" because all checklist items reviewed were rated satisfactory.</i>	

SELF-MONITORING PROGRAM:

OVERALL RATING: M

INSPECTED ITEM	EVAL
1. Sampling locations, type, methods, and frequencies conform to the NPDES permit for all required samples (including influent, effluent, biosolids, receiving stream, etc.). Details concerning the Discharger's self-monitoring activities can be found in the 'Facility Narrative' section of this report.	S
2. Sampling locations and methods provide representative samples. a. Grab samples are collected during peak flow conditions rather than low-stress conditions b. Composite sampling procedures comply with the permit (time vs. flow weighted) c. Other: 2a. The Discharger uses diurnal flow patterns to determine periods of peak flow. This was a Major Finding during the previous inspection.	S S N
3. Automatic samplers and other sampling equipment are properly cleaned.	S
4. Samples are preserved using methods listed in 40 CFR, Part 136 (e.g., chilled, acidified). One five gallon container which was used to collect a composite sample was stored on a counter outside the refrigerator in the sample receiving area of the on-site laboratory. According to the on-site laboratory representative, it is standard procedure for the contract laboratory representative to arrive and draw their sample from the five gallon container on the counter before returning to the contract laboratory. The on-site laboratory representative stated that the contract laboratory representative typically arrives shortly after the sample is collected and brings the container to the sample receiving area. To ensure samples remain chilled, the Discharger indicated that it would obtain an additional refrigerator.	U
5. Sample containers are as listed in 40 CFR, Part 136.	S
6. Chain-of-custody is maintained and documented.	S
7. Samples are collected using approved protocols: a. Coliform samples are collected directly into sterilized containers b. BOD samples are collected prior to disinfection or reseeded c. Oil and grease samples are collected directly into glass containers d. Other:	S S S N
8. Other:	N
Notes: This section was rated "marginal" because the inspector did not feel that due to checklist item 4. This section was rated "marginal" because the inspector did not believe that checklist item 4. was significant enough to down grade the overall rating to unsatisfactory.	

LABORATORY:

OVERALL RATING: S

INSPECTED ITEM	EVAL
1. On-site laboratory is ELAP-certified? a. List parameters analyzed at the on-site laboratory that are used for DMR reporting: <u>Temperature, pH, DO, residual chlorine (added at headworks to control odors), ammonia, and fecal coliform</u> b. List additional parameters analyzed for internal monitoring and process control: <u>Solids and hardness</u> ELAP Certification No. 1092, certification expires on January 31, 2014	Yes
2. EPA-approved analytical methods are used by the on-site laboratory?	S
3. Adequate equipment and procedures used for on-site analyses: a. BOD and CBOD b. TSS c. pH d. Dissolved Oxygen e. Residual Chlorine f. Temperature g. Other:	N N S S S S N
4. On-site laboratory records include: a. Laboratory SOPs b. Calibration and maintenance of equipment c. Equipment operating instructions and manuals	S S S
5. Adequate spare parts and supplies for on-site analyses.	S
6. Results of latest external DMR QA study are available and are acceptable. Date of last report: 7/22/2011 The results of the most recent DMR QA report were reviewed and a rating of "acceptable" was noted for each parameter.	S
7. Satisfactory refrigeration in use.	S
8. Certified contract laboratory(s) being used:	S

LABORATORY:

OVERALL RATING: S

INSPECTED ITEM		EVAL
Laboratory Name: <i>Caltest</i> Visited? <i>No</i> Address: <i>1885 N Kelly Road</i> <i>Napa, CA 94558</i> Phone: <i>(707) 266-1001</i> Parameters: <i>BOD, TSS, metals, organics, priority pollutants, and oil & grease</i>	Laboratory Name: <i>AQUA-Science</i> Visited? <i>No</i> Address: <i>17 Arboretum Dr.</i> <i>Davis, CA 95516</i> Phone: <i>(530) 753-5456</i> Parameters: <i>Toxicity</i>	
9. EPA-approved analytical procedures are identified on contract lab report.		S
10. Holding times being met by on-site and/or contract laboratory.		
a. pH measured in situ or within 15 minutes of sample collection.		S
b. Residual chlorine measured in situ or within 15 minutes of sample collection.		S
11. Other:		N
Notes: <i>This section was rated "satisfactory" because all checklist items reviewed were rated satisfactory.</i>		

OPERATIONS AND MAINTENANCE:

OVERALL RATING: S

INSPECTED ITEM	EVAL
1. Preliminary treatment units (bar screens, comminuters, grit channels, etc.) properly maintained with wastes properly disposed.	S
2. Adequate oxygen maintained in aerated treatment systems.	S
3. No operational problems caused by hydraulic "short-circuiting" in treatment units. <i>A plume of turbid flow was observed in the secondary clarifier. This checklist item was accounted for in checklist item 2a. of the 'Facility Site Review' section of this report.</i>	M
4. Biosolids wasting/return rates adequate to maintain system equilibrium.	S
5. Operation and Maintenance (O&M) Manuals and supporting information organized and maintained for use: a. Plant O&M Manual b. Equipment manuals c. Plant engineering drawings d. Collection system drawings available or in development e. Maintenance records/costs	S S N N S
6. Routine and preventative maintenance items are scheduled and performed on time.	S
7. The amount of maintenance activities and parts in back-log is acceptable. <i>The backlog of preventative and routine maintenance activities appeared reasonable.</i>	S
8. Operational problems contributing to plant upset, excessive odors, effluent violations, etc.	S
9. Level of operator certification as required by the permit and staffing level as specified in O&M Manual. <i>The Facility is rated as a Class IV facility. The Facility is typically staffed 8.5 hours per day, seven days per week. Facility operations are controlled and monitored via a supervisory control and data acquisition (SCADA) system. Operators have access to the SCADA system at the control center area and at various in-plant operations areas as well as remote access during unmanned hours.</i> <i>The operations team consists of the following:</i> - Two Grade V - Four Grade III - One Grade II	S
10. Auxiliary power available as required by the permit and operates the necessary treatment units. <i>Power for the Facility is typically supplied by the local utility. In the event that power cannot be supplied by the local utility, four emergency generators (three 750 kW, one 100 kW) are available and have the capability to run all essential processes.</i>	S
11. Alarm systems for power and equipment failure.	S

OPERATIONS AND MAINTENANCE:

OVERALL RATING: S

INSPECTED ITEM	EVAL
12. Treatment control procedures are established for emergencies.	S
13. Hydraulic surges are handled without excessive solids wash-out or bypasses.	S
14. Spare pumps and parts readily available.	S
15. Facility appears to be well operated and maintained.	S
16. Other:	N
Notes: <i>This section was rated "satisfactory" because checklist item 3. was accounted for in the 'Facility Site Review' section of this report.</i>	

BIOSOLIDS/SOLID WASTE HANDLING AND DISPOSAL:

OVERALL RATING: S

INSPECTED ITEM	EVAL
1. Biosolids/solid waste disposal/reuse method(s) (e.g., land application, landfill, etc.): <i>Grit and screenings are hauled to a local landfill and biosolids are processed on site and then pumped to land owned by the Discharger for land disposal.</i>	S
2. Biosolids/solid waste disposal/reuse location(s): <i>Novato Sanitary District owned land in Marin County.</i>	S
3. The above processes are in accordance with the permit.	S
4. Storage at Facility: a. Adequately sized for periods of inclement weather b. Controls leachate, runoff, and public access	N N
5. Recent analytical results for metals (biosolids) are within permit limits.	N
6. Biosolids land application records include: a. Farm maps and land owner agreements b. Soil nutrient analyses done within the last year for active sites c. Records showing loading rate to each site d. Pathogen/Vector reduction records (pH or temperature logs, etc.)	N N N N
7. Other:	N
Notes: <i>This section was rated "satisfactory" because all checklist items reviewed were rated satisfactory.</i>	

**Novato Sanitary District
Wastewater Operations Committee meeting
Collection System Operations Report
May, 2012**

General:

For the month of May 2012, the Collection System Department spent about 64% of its time on sewer maintenance, and 36% of its time on pump station maintenance. At full strength, the department has eight (8) workers plus the Superintendent for Collections System and Pump Station O&M.

After accounting for vacations, holidays, sick leave, and industrial injury leave, for the month of May, the Collection System had the equivalent of: (a) 4.1 full time field workers plus the Collection System Superintendent for on Sewer Maintenance, and (b) 2.3 full time field workers plus the Collection System Superintendent on Pump Station Maintenance.

Sewer Maintenance:

A total of 85,057 feet of sewer pipelines was cleaned for the month. Staff completed 520 maintenance work orders generated by the ICOMMM3 CMMS system, with 27 outstanding work orders. The footage cleaned per hour, line cleaned/month, and outstanding work orders are within established parameters for the department. Graphs showing the length of line cleaned/month, footage cleaned/hour worked, along with the overflows/month is attached.

Pump Station Maintenance:

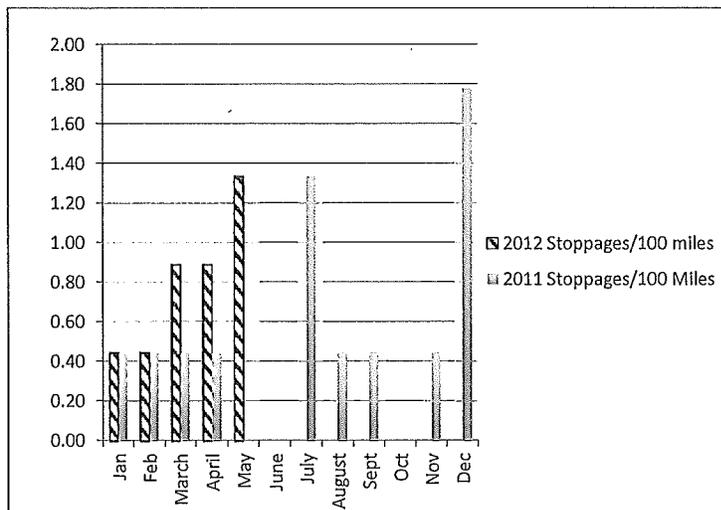
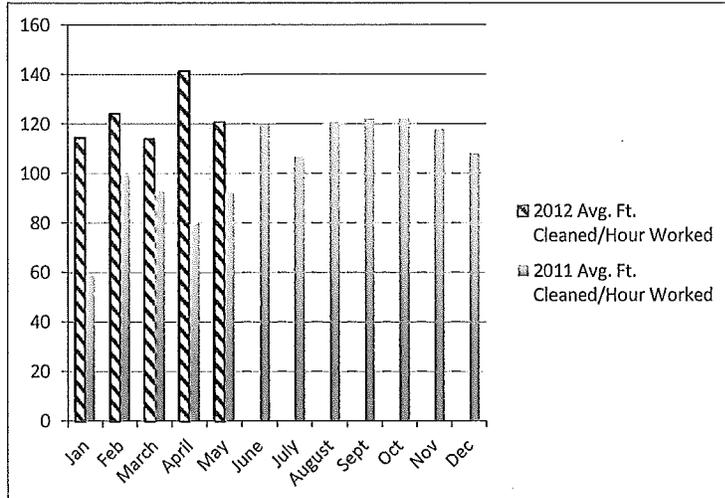
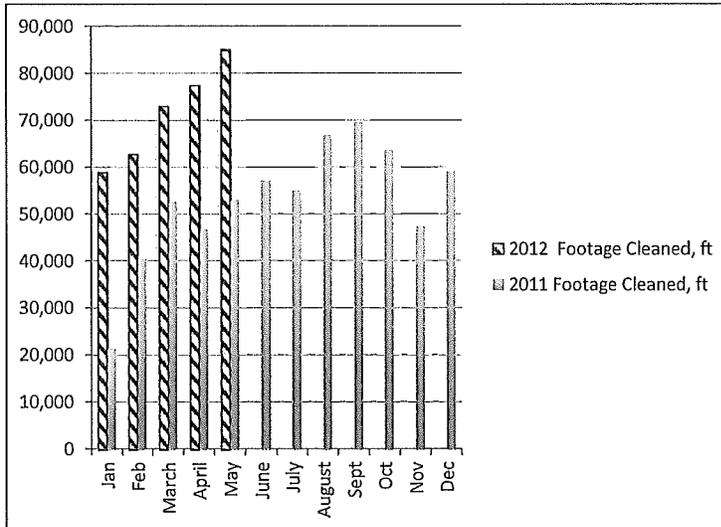
Approximately 243 lift station inspections were conducted for the month of May 2012, with 92 of the visits generated through the JobCal Plus CMMS system. The breakdown of these inspections is as follows: 22 Flygt submersible pump stations, 1 time per month, 9 Gorman/Rupp dry well/wet well stations, 1 entry per month, and 4 main stations that are visited daily. Notable items for the month of May 2012 included the following: Bahia PS No. 4: replaced pump no. 2; BMK PS no. 9: replaced impeller on pump no. 2; BMK PS no. 1: rebuilt the mix/flush valve on pump no. 2.

Sanitary Sewer Overflows (SSOs):

For the month of May 2012, there were three (3) small, category 2 type, SSO's:

No.	Date	Location	Amount, gal	Cause
1	5/1/2012	0 Wilson Ave	40	Grease
2	5/9/2012	0 Hamilton Pkwy	5	Possible surcharge
3	5/19/2012	18 Pierce Dr.	23	Roots

Collection System 2011-12 Graphs



NOVATO SANITARY DISTRICT
Wastewater Operations Committee Meeting
Reclamation Facilities Report
May 2012

Summary:

Hay cutting operations began this month and are continuing until complete, sometime in June. Staff began testing the control system in each parcel of the irrigation fields and will continue to do so as hay is being cut. The irrigation strainers were received from the factory after refurbishment and installed. They are scheduled for testing and startup the first of June. The Dedicated Land Disposal (DLD) site is dry but not ready for use due to subsurface water conditions.

Rancher Operations:

The rancher began cutting hay on May 12th. Parcels 78 and 38 were cut first which are currently planted with rye grass as part of the parcel rehabilitation process. Parcels 21 & 25 on Site 2, Parcels 31, 32, 33 & 34 on Site 3 and Parcels 71, 72 & 73 were all cut this month. A faulty valve was replaced on the fresh water system for Site 7 as a warranty item.

Irrigation Systems:

The control system for Parcels 21 & 25 on Site 2 and Parcels 31, 32, 33 & 34 on Site 3 were tested and functioned as expected.

Irrigation Pump Station:

The irrigation strainers were received from the factory and installed on May 31st. Startup & testing is scheduled for June 1st (has since been completed with no issues found). Irrigation Pump 2 was installed in April and is scheduled for testing in June after irrigation begins.

Sludge Handling & Disposal:

The Dedicated Land Disposal (DLD) surface is dry but additional drying is needed before equipment can access the area. The DLD will need to be re-contoured this spring to provide proper drainage.

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Wastewater Operations: Electricity Provider	MEETING DATE: June 25, 2012 AGENDA ITEM NO.: 8c
RECOMMENDED ACTION: Continue with current electricity provider until an accurate cost comparison can be completed.	
SUMMARY AND DISCUSSION: <p>Last fall the Novato City Council voted to join Marin Clean Energy. As a result, the Novato Sanitary District has the option to join Marin Clean Energy or to continue to receive service from PG&E. The District has 47 accounts with 6 different rate schedules and currently spends approximately \$750,000/year on electricity. A rate analysis is further complicated by the fact that Marin Clean Energy rate structure does not exactly mimic PG&E's rate structure.</p> <p>District staff has requested rate analyses from both PG&E and Marin Clean Energy. We anticipate receiving the analyses in early July. Accordingly staff recommends delaying the decision to change providers until the analyses are completed.</p>	
ALTERNATIVES: Join Marin Clean Energy now pending completion of the rate analysis.	
BUDGET INFORMATION: not available	
DEPT.MGR.:	MANAGER:

June 22, 2012

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

Dear Board Members:

The 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 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 grant funds for the design and construction of the Recycled Water Treatment Facility totaling \$628,000;
- 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.

CAPITAL AND OPERATING BUDGET SUMMARY

A summary table has been added as Page 1 showing a summary of Capital and Operating Revenues, Expenditures, and Reserves and debt coverage ratios at the request of Board Member Mariani. The shift of \$1 million of grant funds from 2011-12 to 2012-13 and the addition of the NBWRA reimbursement of \$447,355 raises the debt coverage ratio from 1.2 as reported in the financial report to 1.43 in the Preliminary Draft.

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 \$9,304,226.

Operating Expenditures

Total Operating Expenditures are forecast to be \$9,308,303, a \$953,000 decrease from the 2011-12 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 2011-12 budget. The Preliminary Budget, page 6 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 Preliminary Budget and the 2011-12 Final Budget are summarized by cost center below:

- (1) **O&M Services Increase (\$50,000, 100%).** This increase is due to the Recycled Water Facility coming online.
- (2) **CalPERS Side Fund Decrease (\$1,215,597, 100%).** Payoff of the CalPERS Side Fund was a one-time expense in 2011-12.
- (3) **Unusual Equipment Increase (\$54,000, 108%).** In the 2011-12 budget this was included in the "Contract Operations" account. The actual amount budgeted was \$104,000 each year.
- (4) **Outside Services Increase (\$70,000, 93%).** This is primarily for a project to bring the pump stations into compliance with Arc Flash requirements as well as other electrical and instrumentation work.

CAPITAL BUDGET

Capital Revenues

The proposed capital service charge rate for 2012-13 is \$210 per year per service unit. The main sources of capital revenue for 2012-13 are the Sewer Service Charges, Property Taxes, Grants, NBWRA reimbursement, 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. 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.

Capital Expenditures

Total Capital Expenditures are projected to be \$15,123,469. A decrease of \$3,568,562 from 2011-12. The Recycled Water Project will be completed in mid-August 2012. The major new project will be the rehabilitation of Digester No. 1 and associated solids and gas handling equipment. Collection system and Pump Station improvements will continue.



NOVATO SANITARY DISTRICT

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Legal Counsel

PRELIMINARY BUDGET

FOR

FISCAL YEARS 2012-14

Presented June 2012

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SECTION I

SUMMARY OF WORKING CAPITAL AND CAPITAL IMPROVEMENT RESERVE FUND BALANCES

Novato Sanitary District
2012-14 Preliminary Budget
Summary of Working Capital
And Capital Improvement Reserve Fund Balances

	Budget 11/12	Est Rev/Exp 2011-12	Preliminary Budget 2012-13	Preliminary Budget 2013/14
Working Capital Fund at July 1st Beginning of Each Year	7,618,784	7,612,914	6,711,218	6,707,141
Operating Revenue	8,954,956	8,855,548	9,304,226	9,507,626
Operating Expenditures	10,261,048	9,757,244	9,308,303	9,420,632
Net Operating Revenue	(1,306,092)	(901,696)	(4,077)	86,994
Working Capital Fund at the End of Each Year	6,312,692	6,711,218	6,707,141	6,794,135
Capital Improvement Reserve Fund at July 1st Beginning of Each Year	1,913,656	(4,293,777)	13,977,592	8,761,278
Capital Revenue	9,593,415	8,909,188	9,907,155	9,802,415
COP Proceeds	22,000,000	21,899,891		
SRF Loan Proceeds(Final)	2,039,575	2,039,575		
Total Capital Revenues	33,632,990	32,848,654	9,907,155	9,802,415
Capital Expenditures	12,628,000	9,070,785	8,199,460	7,566,000
Debt Service	6,064,321	5,506,500	6,924,009	6,930,028
Total Capital Expenditures	18,692,321	14,577,285	15,123,469	14,496,028
Capital Improvement Reserve Fund Balance at the End of Each Year	(7,185,250)	13,977,592	8,761,278	4,067,665
Working Capital and Capital Improvement Fund Balances at The End of Each Year	(872,558)	20,688,810	15,468,419	10,861,800
Debt Coverage Ratio(1)				
Net Operating Revenue	(1,306,092)	(901,696)	(4,077)	86,994
Capital Revenue	33,632,990	32,848,654	9,907,155	9,802,415
Annual Debt Service	6,064,321	5,506,500	6,924,009	6,930,028
Coverage Ratio	5.55	5.97	1.43	1.41

(1) Net Operating Revenue + Capital Revenue / Annual Debt Service = Debt Coverage Ratio

SECTION II

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	8,672,450
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	8,000	0	0	75,000	108,000
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
Totals	8,954,956	8,187,574	8,855,548	9,304,226	9,507,626

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(\$290) and capital (\$243) 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.

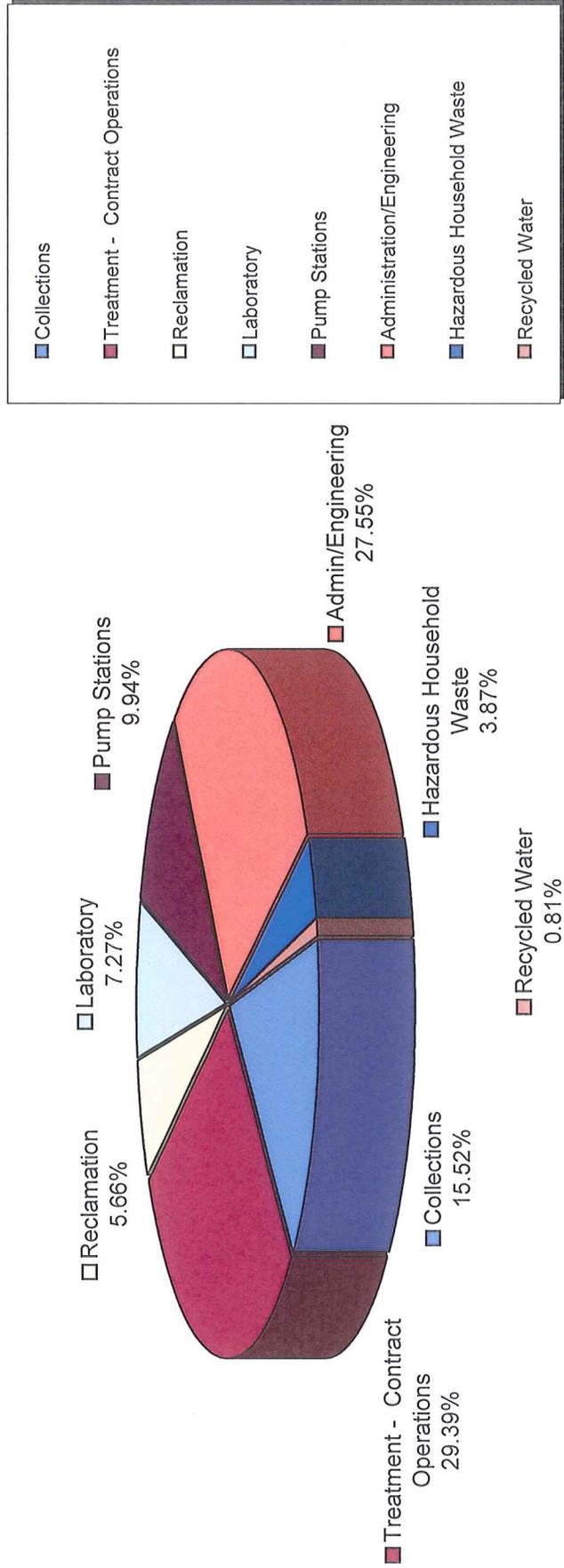
APPROPRIATIONS LIMITATION

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
Collections	1,156,257	763,930	1,029,477	1,444,345	1,242,877
Treatment - Contract Operations	2,678,750	2,121,981	2,659,750	2,736,000	2,833,350
Reclamation	531,787	417,506	507,822	526,413	465,713
Laboratory	693,008	468,598	605,890	676,740	751,881
Pump Stations	887,148	628,518	750,770	924,862	870,985
Administration/Engineering	3,953,497	3,369,024	3,842,934	2,564,643	2,777,016
Hazardous Household Waste	360,601	242,123	360,601	360,300	370,810
Recycled Water	0	0	0	75,000	108,000
	10,261,048	8,011,681	9,757,244	9,308,303	9,420,632

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
<u>OPERATING FUND</u>			
	Fund Balance 6/30/11	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	-
	Fund Balance 6/30/12	0	0
	Anticipated Revenues 2012-13	9,304,226	-
	Anticipated Expenditures 2012-13	(9,308,303)	-
	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	4,077	-
	Anticipated Fund Balance 6/30/13	0	0
<u>WORKING CAPITAL RESERVE FUND</u>			
	Fund Balance 6/30/11	7,612,914	7,612,914
	Transfer from Operating Fund 2011-12	(901,696)	-
	Transfer to Rate Stabilization Reserve	0	-
	Transfer to Emergency Repair Reserve	0	-
	Fund Balance 6/30/12	6,711,218	7,612,914
	Anticipated Transfer to/from Operating Fund 2012-13	(4,077)	-
	Anticipated Fund Balance 6/30/13	6,707,141	7,612,914

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							50,000	50,000	0.54%	50,000	100.00%	
Employee Benefits		12,655	79,327	164,724	277,512	399,308		933,526	10.03%	(8,392)	-0.89%	
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			60,000	0.64%	9,500	18.81%	
Operating Supplies		2,000	25,000	9,000	30,000	9,000	1,000	76,000	0.82%	(13,000)	-14.61%	
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	75,000			145,000	1.56%	70,000	93.33%	
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	6,000		3,000	775,000	8.33%	(1,000)	-0.13%	
Water	10,000			5,000	2,000			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	21,000	3,000	42,000	291,000		1,000	428,000	4.60%	279,000	187.25%	
Co. Collection Fees						61,000		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		-	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%	(152,750)	-7.28%	
Total	2,736,000	526,413	676,739	924,862	1,444,345	2,924,944	75,000	9,308,303	100.00%	(952,745)	-9.29%	
	29.39%	5.66%	7.27%	9.94%	15.52%	31.42%	1%	100.00%				
	√	√	√	√	√	√	√	√				

SECTION III

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	277,512	302,578
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	30,000	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	75,000	75,000
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
	1,156,257	763,930	1,029,477	1,444,345	1,242,877

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	2,003,350
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
	2,678,750	2,121,981	2,659,750	2,736,000	2,833,350

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
	531,787	417,506	507,822	526,413	465,713

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
	693,008	468,598	605,890	676,740	751,881

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
	887,148	628,518	750,770	924,862	870,985

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
	3,953,497	3,369,024	3,842,934	2,564,643	2,777,016

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													
Number	Position	Dept.	Pay Range	Total									
				2011-12 Salaries	2013/14 Salaries								
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	
											2,141,630	2,285,066	
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**

		Expenditures	Est Exp	Preliminary Budget	Preliminary 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
	360,601	242,123	360,601	360,301	370,810

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	50,000	50,000
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
	0	0	0	75,000	108,000

Comments:

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

SECTION IV

VEHICLE REPLACEMENT BUDGET

SECTION V

SELF INSURANCE FUND BUDGET

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

		2012-13 Budget	
		Prelim	Final
FUND BALANCE 6/30/11		164,016	164,016
	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
FUND BALANCE 6/30/12		164,766	164,016
	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	
ANTICIPATED FUND BALANCE 6/30/13		165,516	164,016
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 VI

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
<u>RATE STABILIZATION FUND**</u>			
FUND BALANCE 6/30/11		600,000	600,000
Contribution to/from Operating Fund to Rate Stabilization Fund 2011-12		0	0
FUND BALANCE 6/30/12		600,000	600,000
Anticipated Contribution to/from Operating Fund to Rate Stabilization Account 2011-12		0	0
ANTICIPATED FUND BALANCE 6/30/13		600,000	600,000
<u>EMERGENCY REPAIR RESERVE FUND**</u>			
FUND BALANCE 6/30/11		600000	600000
Contribution to/from Operating Fund to Emergency Repair Reserve Fund 2011-12		0	0
FUND BALANCE 6/30/12		600,000	600,000
Anticipated Contribution from Operating Fund to Rate Stabilization Account 2012-13		0	0
ANTICIPATED FUND BALANCE 6/30/13		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
<u>SOUTHGATE RESERVE FUND**</u>			
	FUND BALANCE 6/30/11	679,989	679,989
	Contribution to/from Operating Fund to Southgate Reserve Fund 2011-12	0	0
	FUND BALANCE 6/30/12	679,989	679,989
	Anticipated Contribution to/from Operating Fund to Southgate Reserve Fund 2011-12	0	0
	ANTICIPATED FUND BALANCE 6/30/13	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 VII

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
Capital Improvement Income					
51010 · Sewer Service Charges(1)	5,472,815	5,145,241	5,472,815	6,264,300	7,266,915
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	1,007,000	250,000
51070 · Other Revenue	20,000	227,307	230,000	467,355	20,000
Total Capital Improvement Income	9,593,415	8,362,260	8,909,188	9,907,155	9,802,415
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(\$290) and capital (\$243) for 2013/14.					
(2) Connection Charges projected to be 50 new connections at \$8,940 each and					
50 new connections the following year at \$9,390 each.					

**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	380,440	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	30,000
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
Totals	18,692,321	8,895,257	14,577,285	15,123,469	14,496,028

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
CAPITAL IMPROVEMENT FUND			
	Fund Balance 6/30/11	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	-
	Fund Balance 6/30/12	0	0
	Anticipated Revenues 2012-13	9,907,155	-
	Anticipated Expenditures 2012-13	(8,199,440)	-
	Debt Service Payments SRF Loan and COP Bond	(6,924,029)	-
	Anticipated Transfer to/from Capital Improvement Reserve Fund	5,216,314	-
	Anticipated Fund Balance 6/30/13	0	0
WORKING CAPITAL RESERVE FUND			
	Fund Balance 6/30/11	(4,293,777)	0
	Transfer from Capital Improvement Fund Fund 2011-12	(5,668,097)	-
	Transfers from COP Bond Proceeds	21,899,891	-
	Transfers from SRF Loan Proceeds	2,039,575	-
	Transfer to Rate Stabilization Reserve	0	-
	Transfer to Emergency Repair Reserve	0	-
	Fund Balance 6/30/12	13,977,592	0
	Anticipated Transfer to Capital Improvement Fund 2012-13	(5,216,314)	0
	Anticipated Fund Balance 6/30/13	8,761,278	0

SECTION VIII

DEBT SERVICE FUNDS

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

	2012-13	Budget
	Prelim	Final
<u>State Revolving Fund Loan</u>		
FUND BALANCE 6/30/11	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	
FUND BALANCE 6/30/12	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	
ANTICIPATED FUND BALANCE 6/30/13	74,626,078	
<u>COP Bond Financing Issued October 2011</u>		
FUND BALANCE 6/30/11	0	
COP Proceeds from Bond Issuance	21,899,891	
Interest payments 2011-12	(268,170)	
Transfer from Capital Improvement Fund 2011-12	268,170	
FUND BALANCE 6/30/12	21,899,891	
Principal Payment 2012-13	(800,000)	
Interest payments 2012-13	(885,698)	
Transfer from Capital Improvement Fund 2012-13	885,698	
ANTICIPATED FUND BALANCE 6/30/13	21,099,892	

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Budget - Staff Report on Property Taxes	MEETING DATE: June 25, 2012
AGENDA ITEM NO. : 9.b	
RECOMMENDED ACTION: Information only.	
SUMMARY AND DISCUSSION:	
<p>The Preliminary Budget estimates property tax revenue of \$1,700,000 for fiscal year 2012-13 and \$1,775,000 for fiscal year 2013-14.</p> <p>Methodology: Property tax revenue calculations and distributions are based on the California Revenue and Taxation Code and Article XIII of the California Constitution (Proposition 13). All property is taxed at one percent of assessed value, billed on the County tax bill as “basic tax”. To determine each entity’s share of basic tax, a computation is performed by the County each year, referred to as the AB 8 (Assembly Bill 8) calculation or process. The AB 8 calculation is based on Tax Rate Areas (TRAs) and the districts that comprise the TRAs. Each parcel located within the County is assigned to one TRA based on geographical location. The TRA of each property determines the districts responsible for supplying specific services and the percentage of tax revenue (increment factor) that each district is entitled for supplying services.</p> <p>History: After the passage of Prop. 13 in 1978, the California State Legislature enacted new methods for allocating and apportioning property tax revenues to local government agencies and public schools. The main objective was to provide local government agencies with a property tax base that would grow as assessed property values increased. These methods have been further refined in subsequent laws passed by the Legislature. One key law was AB 8 which established the method for allocating property taxes for fiscal year 1979-80 (base year) and subsequent fiscal years. This methodology is referred to as the AB 8 process. The property tax revenues received by local government agencies each fiscal year are based on the amount received in the prior year, plus a share (whether positive or negative) of growth in revenue due to growth in assessed value within its boundaries. AB 8 stipulated that the property tax proceeds on value growth (whether due to change in ownership, new construction, or 2 percent inflation factor) accrue only to those jurisdictions where the increase took place.</p>	
ALTERNATIVES: N/A	
BUDGET INFORMATION: The District’s property tax revenue can be negatively affected by reduction of assessed value of properties within its jurisdiction.	
DEPT. MGR. :	MANAGER’S APPROVAL:

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Board of Directors: Election of Officers, Appointments	MEETING DATE: June 25, 2012 AGENDA ITEM NO.: 10 a.
RECOMMENDED ACTION:	
SUMMARY AND DISCUSSION: <p>The District Board traditionally elects members to serve as President and President Pro-Tem at the second meeting in June each year. Typically these officers are elected for two consecutive terms. A list of the officers for the past six years is attached.</p> <p>The Board also appoints the Secretary Treasurer and the Secretary Treasurer Pro-Tem. The Manager/Engineer serves as the Secretary Treasurer and the Administrative Secretary that normally attends Board meetings serves as the Secretary Treasurer Pro Tem.</p> <p>Typically the President, President Pro-Tem, and immediate Past President have been authorized to represent the Board to sign checks.</p>	
ALTERNATIVES: NA.	
BUDGET INFORMATION: NA	
DEPT.MGR.:	MANAGER:

OFFICERS 2011-12:

President:	William C. Long
President Pro-Tem:	Michael Di Giorgio
Secretary/Treasurer:	Beverly B. James
Secretary Pro-Tem:	Julie Borda
Check Signers:	Michael Di Giorgio, William C. Long, Dennis Welsh, Beverly B. James, June Penn Brown

OFFICERS 2010-11:

President:	William C. Long
President Pro-Tem:	James D. Fritz/ Michael Di Giorgio
Secretary/Treasurer:	Beverly B. James
Secretary Pro-Tem:	Julie Borda
Check Signers:	Michael Di Giorgio, William C. Long, James D. Fritz, Beverly B. James, June Penn Brown

OFFICERS 2009-10:

President:	Michael Di Giorgio
President Pro-Tem:	William C. Long
Secretary/Treasurer:	Beverly B. James
Secretary Pro-Tem:	June Penn Brown
Check Signers:	Michael Di Giorgio, William C. Long, James D. Fritz, Beverly B. James, June Penn Brown

OFFICERS 2008-09:

President:	Michael Di Giorgio
President Pro-Tem:	William C. Long
Secretary/Treasurer:	Beverly B. James
Secretary Pro-Tem:	June Penn Brown
Check Signers:	Michael Di Giorgio, William C. Long, James D. Fritz, Beverly B. James, June Penn Brown

OFFICERS 2007-08:

President:	James D. Fritz
President Pro-Tem:	Michael DiGiorgio
Secretary/Treasurer:	Beverly B. James
Secretary Pro Tem:	June Penn Brown
Check Signers:	James D. Fritz, Michael DiGiorgio, William C. Long, Beverly James, June Penn Brown

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Recycled Water: Joint Sub-Committee meeting	MEETING DATE: June 25, 2012
AGENDA ITEM NO.: 12 a.	
RECOMMENDED ACTION: Information. Receive report.	
<p>SUMMARY AND DISCUSSION:</p> <p>The New Facilities committee met with representatives of Las Gallinas Valley Sanitary District and North Marin Water District to discuss progress and coordination of recycled water projects in Novato. North Marin Water District has a agreements with Las Gallinas Valley Sanitary District to provide recycled water in Southern Novato and with Novato Sanitary District to provide recycled water in Northern Novato. In both cases, the Sanitary Districts are constructing and will operate the treatment facilities and NMWD is constructing and operating the distribution systems. The projects are part of the NBWRA Phase 1 project funded in part by grants from the US Bureau of Reclamation and the Department of Water Resources.</p> <p>Both the LGVSD and NSD projects are scheduled to be completed and delivering recycled water to some customers by the grant deadline of September 30, 2012. There will be dedication ceremonies at each of the treatment facilities in late September coordinated with North Marin Water District.</p> <p>Based on the terms of the NBWRA MOU, there will be a “trueing up” of each participating agency’s assessments for past NBWRA expenses. The original MOU allocated expenses 50% evenly to all agencies and 50% based on the agency’s budget. The revised MOU provides for an adjustment to past contributions (back to the 2005-06 fiscal year) based on a formula that allocates expenses 25% evenly to all agencies and 75% based on the estimated cost of the agency’s Phase 1 projects. This re-allocation will result in a credit of \$447,355 to Novato Sanitary District and a charge of \$602,073 to North Marin Water District. However, North Marin Water District paid Novato Sanitary District \$280,440 so Novato Sanitary District needs to return that amount to NMWD. The attached Table details the transactions.</p> <p>The agencies also discussed the NBWRA Phase II project and the need to begin discussing the extension of the NBWRA MOU, which expires in November 2013.</p>	
DEPT.MGR.:	MANAGER-ENGINEER:

Fiscal Year	NSD NBWRA Payments	NSD Reallocated Assessment	NBWRA Refund to NSD	NMWD NSD Payments	NSD Net Refund
2005-06	\$81,743				
2006-07	\$59,449				
2007-08	\$176,901				
2008-09	\$167,472				
2009-10	\$104,529				
2010-11	\$151,169				
Total	\$741,263	\$293,908	\$447,355	\$280,440	\$166,915

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Recycled Water Project Operations & Maintenance	MEETING DATE: June 25, 2012 AGENDA ITEM NO.: 12 b.																
RECOMMENDED ACTION: Approve a proposal from Veolia Water to provide systemization and operation and maintenance services for 2012.																	
SUMMARY AND DISCUSSION: <p>The Adhoc Wastewater Treatment Plant Services Agreement Update Committee met on June 14th to review the attached proposal from Veolia Water to provide Systemization, Operations and Maintenance, and Annual Shutdown of the new Novato Recycled Water Facility. The Recycled Water Facility is scheduled to be completed in mid-August 2012 and will operate from then to the end of the irrigation season about mid-October.</p> <p>Given the short period of operation, the additional first-time start up costs, and the lack of information on the first-year water demand, the committee chose to request a time and materials proposal for the work under Sections 8.1(3) and 8.2 of the current Contract Service Agreement. A copy of these sections are also attached.</p> <p>The total proposal is for a not-to-exceed amount of \$37,620 allocated as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Capital</td> </tr> <tr> <td style="padding-left: 20px;"><i>Systemization</i></td> <td style="text-align: right; vertical-align: bottom;">\$17,938</td> </tr> <tr> <td style="padding-left: 40px;">Participation in Contractor Training</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Reviewing/witnessing contractor performance testing</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Integration of new equipment in Maintenance Management Program</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Administrative support</td> <td></td> </tr> <tr> <td style="padding-top: 10px;">Operation and Maintenance for two months</td> <td style="text-align: right; vertical-align: bottom;"><u>\$19,682</u></td> </tr> <tr> <td style="padding-top: 10px;">Total</td> <td style="text-align: right; vertical-align: bottom;"><u>\$37,620</u></td> </tr> </table> <p>Under the terms of the agreement with North Marin Water District they will be reimbursing Novato Sanitary District for the O&M cost along with the electricity and chemical costs.</p> <p>The committee and District staff recommend acceptance of the proposal.</p>		Capital		<i>Systemization</i>	\$17,938	Participation in Contractor Training		Reviewing/witnessing contractor performance testing		Integration of new equipment in Maintenance Management Program		Administrative support		Operation and Maintenance for two months	<u>\$19,682</u>	Total	<u>\$37,620</u>
Capital																	
<i>Systemization</i>	\$17,938																
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Integration of new equipment in Maintenance Management Program																	
Administrative support																	
Operation and Maintenance for two months	<u>\$19,682</u>																
Total	<u>\$37,620</u>																
ALTERNATIVES: Do not approve the proposal																	
BUDGET INFORMATION: The FY 12-13 Preliminary Budget for includes the Recycled Water Facility operation and NMWD reimbursement.																	
DEPT.MGR.:	MANAGER:																

SKECTCH: NMWD WATER LINE RELOCATION – DEL ORO LAGOON



June 21, 2012

Ms. Beverly B. James
Manager-Engineer
Novato Sanitary District
500 Davidson Street
Novato, California 94945

Subject: Time and Material Proposal for the Operations and Maintenance of the New Water Recycling Facility

Dear Mrs. James:

This letter contains the Time and Material (T&M) proposal Not-to-Exceed of **Veolia Water West Operating Services, Inc.** (Veolia Water), for the Operations and Maintenance of the Novato Sanitary District's (District) new water recycling facility. This scope of work for this effort is included in attachment A. An associated T&M cost sheet (attachment B) is provided linking the specific task identified in the scope of services, hourly rate and hours to complete the tasks. The First Year costs include systemization activities (capital cost), operations and maintenance for an estimated 2 month duration and annual shutdown.

The proposal is a Not-to-Exceed price. The T&M fee does not include chemical or maintenance related items such as media replacement, parts replacement or other items required to keep the facility operational. If directed by the District, Veolia will purchase these items with a 5% markup.

Veolia will notify the District once 80% of the approved hours or fees have been expended.

Our proposal is based on our extensive understanding of your community objectives and permit requirements. As demonstrated in our current operations, Veolia Water is committed to delivering the District the best value for this project.

Price Proposal

Veolia's price to perform the scope of work described above is predicated on several assumptions:

1. The contract term of the existing Wastewater Treatment Facility Agreement (Agreement), will coincide with the recycled water agreement.
2. The Agreement's general terms and conditions will as they are.

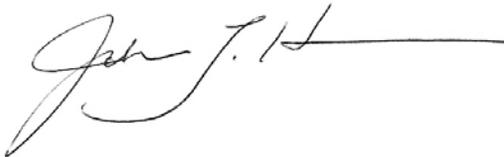
Veolia's T&M Not-to-Exceed price to provide all of the services described within this letter is:

Systemization:	<u>\$17,938</u>
Operations/Maintenance	\$14,864
Annual Shutdown	<u>\$4,818</u>
Total	\$19,682

TOTAL FEE: \$37,620

Veolia Water is pleased to provide you with this proposal and looks forward to discussing its details with you at your earliest convenience. In the meantime, should you have any questions concerning its content or require additional information, feel free to call me at (541) 806-2821 or John Bailey at (415) 892-1694.

Sincerely,



John Herron
Northern California Area Manager
Veolia Water West Operating Services, Inc.

Novato Sanitary District

Operations and Maintenance Water Reclamation Facility

SCOPE OF SERVICES

PROJECT DESCRIPTION

The District endeavors to utilize outside resources to operate and maintain the new recycled water facility that will be systemized and operational in the 3rd quarter of 2012. The operations will consist of the following services:

Systemization

Operations and Maintenance

Annual Startup

Annual Shutdown

SCOPE OF SERVICES

Specific tasks included in the scope of services are:

TASK 1.0 – Systemization

Veolia will provide various support personnel during the systemization phase:

Task 1.1 –Contractor Training

Veolia personnel will attend various training courses associated with pumps, controls, and other equipment that have been installed by the General Contractor (GC). The GC will be responsible for scheduling the various vendors to provide onsite training that does not interfere with the normal operations of the wastewater facility.

Task 1.2 –Performance Testing/Witness

Veolia will provide operators and managers necessary to complete all performance testing. Veolia will ensure the facility meets the performance and permit requirements.

ATTACHMENT A

Task 1.3 –Integration of Assets into Job Plus

Veolia will provide personnel to incorporate all assets associated with the recycled water plant into the existing asset management database. The personnel will also track all systemization dates associated with the equipment for warranty purposes.

Task 1.4 –Administration Support

Veolia will provide administrative support including but not limited to: chemical purchasing, report writing, safety audit/review(s), labor tracking and billing.

TASK 2.0 – OPERATIONS & MAINTENANCE

Veolia will provide all of the necessary personnel to properly operate and maintain, fulfill regulatory reporting requirements and administrative support.

Task 2.1 – Daily Operations & Maintenance

Develop an inspection protocol for all processes, to include:

- operational parameters
- data collection
- calibrations
- confirm modes
- inspect equipment
- chemical inventory
- housekeeping

Task 2.2 – Regulatory/Reporting Support

Veolia will support regulatory reporting requirements by collecting and providing operational data. The data may include flows, trends, calibration records, on line sample results, chemical use, inspection records, etc.

Task 2.3 –Administration Support

Veolia will provide administrative support including but not limited to: chemical purchasing, report writing, safety audit/review(s), labor tracking and billing.

TASK 3.0 – Annual Startup

The facility will only be run during certain times of the year. Prior to startup several checks, maintenance and purchases will be required.

Task 3.1 – System Checks

Prior to startup Veolia will verify proper operation of all automated systems. An initial startup inspection protocol will be developed. Documentation for all startup activities will be maintained.

ATTACHMENT A

Task 3.2 – Regulatory/Reporting Support

Veolia will support regulatory reporting requirements by collecting and providing operational data. The data may include flows, trends, calibration records, on line sample results, chemical use, inspection records, etc.

Task 3.3 –Administration Support

Veolia will provide administrative support including but not limited to: chemical purchasing, report writing, safety audit/review(s), labor tracking and billing.

TASK 4.0 – Annual Shutdown

Upon completion of providing recycled water, the facility will need to be mothballed to ensure equipment and systems will be ready for next year.

Task 4.1 – System Shutdown/Mothball

Veolia will develop a shutdown and storage protocol to prolong equipment life and ensure a state of readiness. The protocol will include procedures for draining, cleaning, flushing, purging equipment and tankage as needed.

Task 4.2 – Regulatory/Reporting Support

Veolia will support regulatory reporting requirements by collecting and providing operational data. The data may include flows, trends, calibration records, on line sample results, chemical use, inspection records, etc.

Task 4.3 –Administration Support

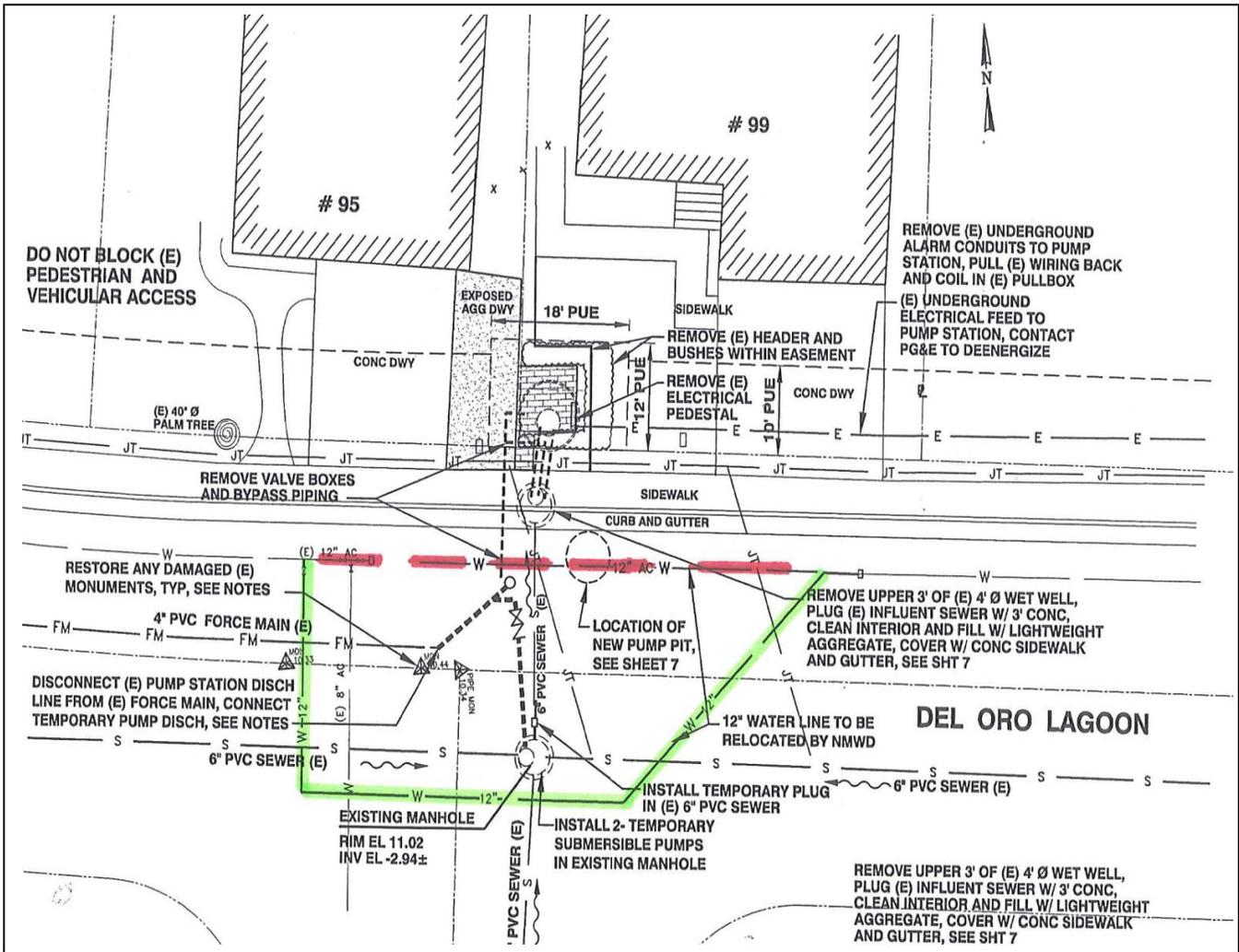
Veolia will provide administrative support including but not limited to: chemical purchasing, report writing, safety audit/review(s), labor tracking and billing.

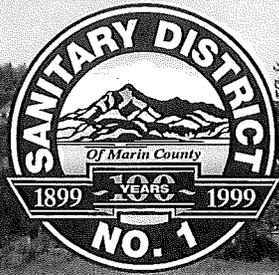
LABOR AND COST ESTIMATE								
Novato Sanitary District								
Scope of Services- Recycled Water Project Operations and Maintenance								
Task	Task Description	POSITIONS					Total Hours	Labor Cost
		PM \$130	APM \$115	ADM \$66	OM \$90	AM \$110		
1.0	Systemization (CAPITAL COSTS)							
1.1	Contractor Training	4	4	0	40	0	\$ 4,580	
1.2	Performance Testing Review/Witness	4	16	0	16	0	\$ 3,800	
1.3	Integration of Assets into Job Plus	0	2	40	0	56	\$ 9,030	
1.4	Administration Support	0	0	8	0	0	\$ 528	
	TOTALS	8	22	48	56	56	\$ 17,938	
2.0	Operations & Maintenance (2 MONTHS)							
2.1	Daily Operations & Maintenance	0	0	0	120	0	\$ 10,800	
2.2	Regulatory/Reporting Support	8	8	8	0	0	\$ 2,488	
2.3	Administration Support	4	0	16	0	0	\$ 1,576	
	TOTALS	12	8	24	120	0	\$ 14,864	
3.0	Annual Startup - Included in Systemization (Year 1 Only)							
3.1	System checks	0	0	0	0	0	\$ -	
3.2	Regulatory/Reporting Support	0	0	0	0	0	\$ -	
3.3	Administration Support	0	0	0	0	0	\$ -	
	TOTALS	0	0	0	0	0	\$ -	
4.0	Annual Shutdown							
4.1	System shutdown/mothball	0	8	0	32	0	\$ 3,800	
4.2	Regulatory/Reporting Support	2	2	0	0	0	\$ 490	
4.3	Administration support	0	0	8	0	0	\$ 528	
	TOTALS	2	10	8	32	0	\$ 4,818	
FIRST YEAR TOTAL EXCLUDING ANNUAL STARTUP		22	40	80	208	56	\$ 19,682	
Legend: PM Project Manager APM Assistant Project Manager ADM Administrative Assistant O&M Operations and Maintenance Technician AM Above Ground Asset Management Support								
DOES NOT INCLUDE CAPITAL COSTS								

NOVATO SANITARY DISTRICT BOARD AGENDA ITEM SUMMARY

TITLE: Pump Station Rehabilitation Project, Project Unit 4, No. 72403	MEETING DATE: June 25, 2012 AGENDA ITEM NO.: 13 a.
RECOMMENDED ACTION: Authorize the Manager-Engineer to execute an Agreement with North Marin Water District (NMWD) in the amount of \$51,687 for NMWD to relocate a 12-inch water main to enable District construction of Pump Station Rehabilitation Project Unit 4.	
SUMMARY AND DISCUSSION: <p>At its May 28, 2012 meeting, the Board of Directors approved the plans and specifications and authorized bidding of the Pump Station Rehabilitation Project Unit 4. In order to complete this work at Bel Marin Keys Pump Station No. 10, located at 95 Del Oro Lagoon, a 12-inch NMWD water main must be relocated.</p> <p>Currently, the wet well for the pump station is located in the sidewalk. Due to the tight site constraints and for pedestrian safety, the new design places the wet well in the street in the parking area along the curb. The easement for the current pump station is too small to accommodate the wet well, control panel and valve pit.</p> <p>In order to move the wet well into the street the 12-ich NMWD water main must be relocated to the other side of the street where there is adequate room (see attached sketch). NMWD estimates that this work will cost them \$51,687 to construct. NMWD staff has prepared their standard construction agreement to construct the relocation. Staff recommends the Board authorize the Manager-Engineer to execute the agreement titled "Water Facilities Construction Agreement for the Novato Sanitary District Del Oro Lagoon Pump Station 12" Water Main Relocation".</p>	
ALTERNATIVES: NA	
BUDGET INFORMATION: The FY 11-12 Budget for Account No. 72403 is \$1,500,000, and the preliminary FY2012-13 budget is \$1,350,000.	
DEPT.MGR.:	MANAGER:

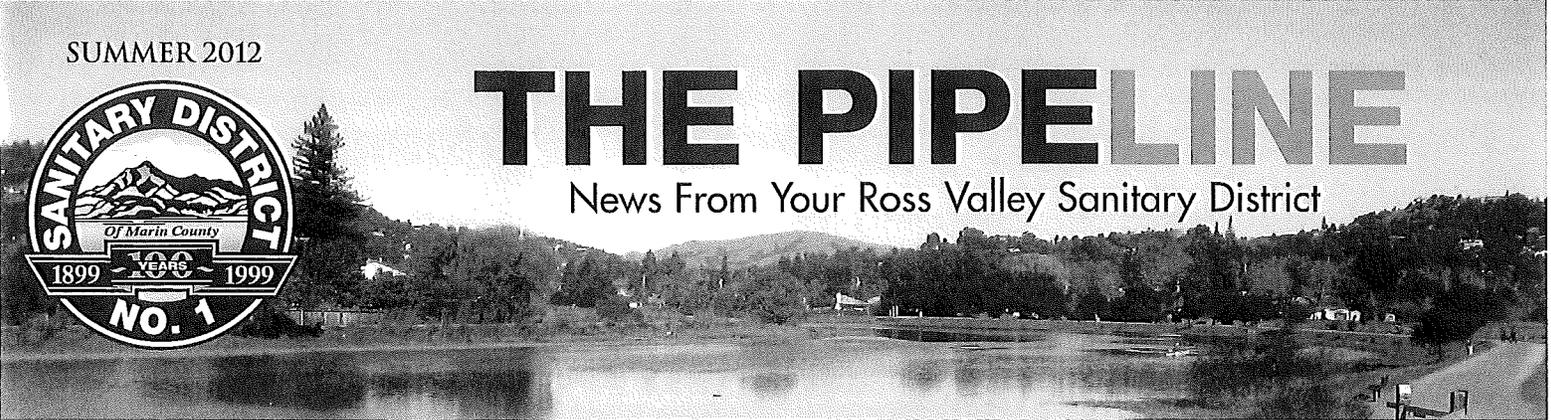
SKECTCH: NMWD WATER LINE RELOCATION – DEL ORO LAGOON





THE PIPELINE

News From Your Ross Valley Sanitary District



District Board Votes "No" on Switch to Flow-Based Rates and Five-Year Revenue Plan

A proposal for a flow-based rate structure and five-year revenue plan for Ross Valley Sanitary District failed to receive two-thirds majority vote by board members at a Protest Hearing held on May 10, 2012. To pass, the proposal would have required four out of five District Board Members to vote yes. The proposal received three yes votes.

The total number of protest letters opposing the proposed rate structure and plan totaled 562 out of 17,225 parcels. Of the 562 protests that were tallied by an independent contractor, 293 letters represented parcels owned by government agencies and the remaining 269 were primarily residential ratepayers.

The proposal to switch from a fixed rate to a flow-based rate structure, which

considers residential winter water use to calculate more equitable sewer rates, was prompted by ratepayers' demands in spring of 2011. In response, the District hired a rate consultant to do a feasibility study and propose a rate structure based on a five-year revenue plan. The results were presented to the RVSD Board and community in a series of workshops and meetings before a public hearing notification was sent to all parcel owners in March.

The five-year revenue plan would have paved the way for additional capital improvement as the plan's funds would have provided an opportunity for the RVSD Board to vote on a two-stage bonding proposal to repair approximately 100 miles of the District's failing sewer

system. Details of the rate study and rate structure proposal will remain on rvsd.org for future reference.

Sewer Service Fees Unchanged for Next Year

The sewer service fee for the Ross Valley and Larkspur rate zones will not change this coming year.

The District will continue to investigate ways to fund the necessary repairs to the system that must be made to protect public health and the environment.

We encourage the Ross Valley community to attend upcoming board meetings and contact our Board of Directors to voice your opinions, concerns, and to ask questions.

CMSA Board Votes to Take Over San Quentin Contract District asks ratepayers to question their treatment plant's actions

Central Marin Sanitation Agency (CMSA) voted 4 to 2 to take over wastewater collection and treatment of San Quentin from Ross Valley Sanitary District. The unprecedented action will not only cost District ratepayers millions, it raises a number of serious concerns that cannot be ignored by the Ross Valley community if it hopes to best manage its overall sewer system.

This action raises four serious questions:



1. Should CMSA, which was formed as a regional wastewater treatment plant to serve its member agencies, be allowed to step outside its defined role and provide services to San Quentin – especially when such an action is to the detriment of its largest member agency?
2. Should the town of Larkspur have

an independent seat on the CMSA Board of Directors when the town and its residents are part of the Ross Valley Sanitary District?

3. Should CMSA Board Members, who are making million-dollar decisions for ratepayers, be required to be elected officials in the communities they represent?

4. Should CMSA follow the same Proposition 218 procedure as is followed by its member agencies when raising rates or changing its billing structure?

Along with examining these issues, ratepayers should consider the irregularities in the San Quentin voting process at CMSA that demand investigation as well:

(Continued on page 2)

Preview of District's Fiscal Year-End Performance

Despite a \$7 million budget cut that led to staff furloughs and minimal capital improvement spending, the District continued its plan to improve all aspects of operations. We invite your comments.

Pipe Maintenance: New Record

For the first time in decades, the District will completely clean the entire public collection system in one year's time. This is a critical milestone as our aging and damaged pipes require more regular maintenance to prevent spills. The goal will be achieved thanks to new operational efficiencies and the purchase of two Ramjet pipe cleaners.

Pipe Bursting: More Repairs, Lower Costs

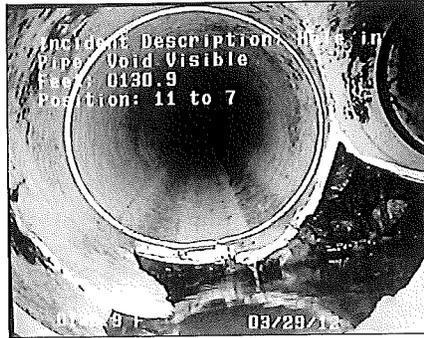
The District's in-house Pipe Bursting technology is delivering real savings to ratepayers. In its pilot year, the pipe replacement system has demonstrated up to a 40% savings when compared to traditional open trench technologies.



CCTV Surveying: More Video, Dramatic Savings

This year the District has completed video surveying about 25% of its collec-

tion system, a critical step in identifying problems and prioritizing repairs. By purchasing its own Closed-Circuit TV system, the District has increased the speed of surveying pipes and saved ratepayers approximately 50% over using an outside contractor.



Staff Certification: Better Training, Better Results

We believe the District's staff is among the best trained in California. Between our management and line crews, we have now earned 36 certificates of expertise. With a monumental infrastructure challenge before us, better training translates to better performance.

Financial Reporting: Award Winning Last Two Years

For the last two years, the District has received the Certificate of Achievement in Financial Reporting awarded by the Government Finance Officers Association. The award is achieved by submitting for review a Comprehensive Annual Financial Report that is considered to be the accounting standard for transparency and full disclosure.

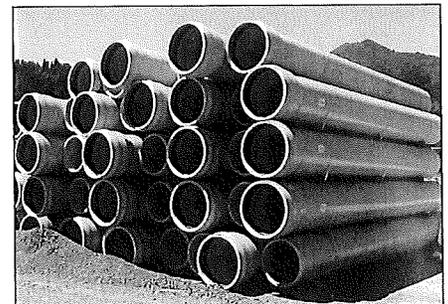
Creek Testing: Important Sampling Doubles

The water quality in our creeks is an important measure of our overall success in preventing human bacteria from entering the environment. The District has increased the frequency of its creek testing to twice a year - a wet and dry season sampling.



Capital Improvement: Progress Without Funding

A combination of planned and unplanned improvements was made to the collection system this year. While more funding is needed to address our failing system, the District completed budgeted pipe rehabilitation and juggled its finances to repair several major pipe failures.



CMSA San Quentin Takeover continues from Page 1

A). The decision to take over San Quentin appeared as an agenda item on April 10th, and the Board voted 3 to 3 not to move forward with the plan. B). In the following board meeting, CMSA general manager Jason Dow moved the same item to the Consent Calendar and it was passed 4 to 2. C) Prior to the CMSA vote, the District received an email from San Quentin that stated that the agreement with CMSA was already finalized. This last

item suggests a serious violation of the provisions of the Brown Act, which govern open meetings of public agencies. How did the State know the outcome of a vote that was not yet taken?

Please consider the following facts, and then contact the RVSD Board with your opinion.

San Quentin has been a customer of the District for decades. Its sewer fees along with those of other ratepayers are

used to operate, maintain, and rehabilitate the collection system as well as treat the community's wastewater. The greater the number of ratepayers and associated revenue, the lower the sewer rates, as overall collection and treatment-related costs are divided by a larger number of customers. When CMSA takes away San Quentin, the net result is that every remaining ratepayer will pay an additional

(Continued on back page)

Detailed Plans to Fix Pipes in Place Since 2006

While it might seem to some ratepayers that both the need and plan to fix our failing sewer system have suddenly emerged over the last few years amid dramatic pipe failures and Closed-Circuit TV images of damage, nothing could be farther from reality.

The District has had a Sewer System Replacement Master Plan since 2007 that assessed our sewer system and recommended 59 rehabilitation projects totaling an estimated \$53 million. The

363-page document, available for review on the District's website, is by no means conclusive with respect to identifying the full scope of the District's infrastructure challenge as it was based on available data at the time of publication.

The District has also had a Sanitary Sewer Hydraulic Evaluation and Capacity Assurance Plan, known as a SHECAP, in place since 2006. The purpose of the SHECAP study is to evaluate the hydraulic performance of the existing sewer system, identify capacity deficiencies in the system, and recommend potential sewer improvement projects to correct the identified problems. The SHECAP outlines well in excess of \$100 million in strategic repairs to solve inflow and infiltration, a major cause of sewer spills.

Add to these documents the District's Capital Improvement Strategic Plan, which in 2006 set out a ten-year plan for \$60 million in repairs, and it should be clear that the District hasn't just cobbled together a plan to solve the community infrastructure challenge and *guesstimated* costs.

What has happened over the last three years is our system has begun to fail cata-

strophically. This reality, along with new Closed-Circuit TV data on the terrible condition of our pipes, is demanding that we accelerate the timetable of our plans if we hope to protect public health and the environment.

For ratepayers who would like to spend time reviewing the details of our improvement plans, please visit our website at rvsd.org. You are also welcome to contact our staff for any clarification.

If time is limited, below is a summary of facts about our system that have been and will continue to be presented to ratepayers:

- Our sewer system is one of the oldest in California. A majority of our pipes are beyond their useful service lives and are deteriorating rapidly.
- Prior to the Closed-Circuit TV footage that has recently docu-

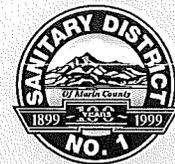
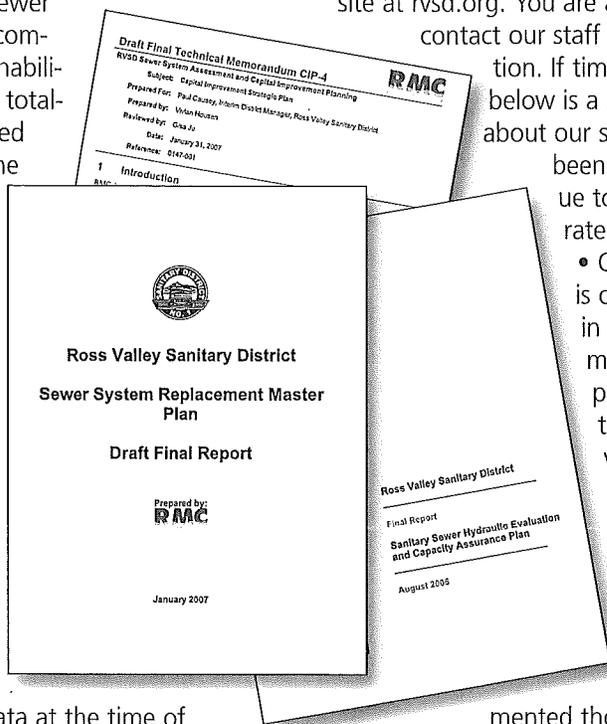
mented thousands of defects in the system and 45 critical repairs, the wet-weather flow in the system has provided overwhelming proof of system-wide failure that any hydraulic engineer would call conclusive. On a dry day, the volume of wastewater in our system is five million gallons. During a heavy rain, it can increase to 30, 40 or 50 million gallons or more depending on the duration of the rain event. There is no doubt that a massive amount of stormwater is entering our pipes through cracks, holes, voids and other defects. It is also clear that sewage is leaving our pipes and polluting the environment through these same defects.

- Based on the age of the pipes in our system and video surveying, the amount of pipe with the potential to fail is approximately 170 miles of the 200 miles in the overall public sewer system.

- There are three primary methods of repairing/replacing sewer pipes: open

trench, where the old pipe is dug up and new pipe is installed, pipe bursting, where a bursting head is pulled through old pipe, breaking it away and pulling new pipe behind it, and Cured in Place Pipe, where existing pipe receives a new liner, temporarily extending its life.

- The cost of repairing pipe based on actual figures averages \$1.4 million per mile of pipe. When this figure is multiplied by the 170 miles of deteriorating public pipe, the total is \$238 million. The cost to rehabilitated pumps and other sewer infrastructure must be added to this figure to help complete an estimate of the cost of repairing the system, but unfortunately that's not all. There are approximately 200 miles of privately-owned pipes that are the same age as the public pipes, and evidence indicates that they are in an equal state of failure.



Contacts

Customer Service

(415) 259-2949 (24-hours)

Inquiries & Suggestions
info@rvsd.org

General Manager - Brett Richards

Board Members

Marcia Johnson - President

Fairfax Resident
mjohnson@rvsd.org

Dr. Peter Wm. Sullivan - Secretary

Larkspur Resident
psullivan@rvsd.org

Pamela Meigs - Treasurer

Fairfax Resident
pmeigs@rvsd.org

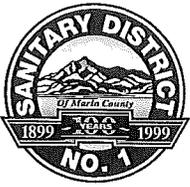
Pat Guasco

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fegger@rvsd.org

Website: www.rvsd.org



THE PIPELINE

News From Your Ross Valley Sanitary District

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Ross Valley Sanitary District

2960 Kerner Boulevard
San Rafael, CA 94901

INSIDE: Update on Sewer Service Fees for 2012-13

*****3-DIGIT 949
MARIN COU OPEN SPACE DIST
REAL ESTATE SECT COUNTY
SAN RAFAEL CA 94913

136 T3 3 P1



CMSA from page 2

\$50 a year.

The CMSA treatment plant was formed to serve ratepayers' interests in three communities (Ross Valley, San Rafael, and Corte Madera). It was not formed to be an independent organization. The loss of San Quentin to the District has a significant impact on the Ross Valley community and therefore is not consistent with the treatment plant's stated purpose.

The vote to take over San Quentin from the Ross Valley community was four votes to two votes, which raises a second major concern. The CMSA Board of Directors is made up of two representatives from Ross Valley, who opposed the takeover, and two from San Rafael, one from Corte Madera and one representative from Larkspur, who voted in favor of the takeover. Despite the fact that Larkspur was acquired by the Ross Valley Sanitary District (at Larkspur's request) and is clearly not an independent sewer agency anymore, it maintains an indepen-

dent vote on the CMSA Board and voted for the takeover.

What should make this second issue a big concern for District ratepayers is that while the Ross Valley community's sewer fees pay for approximately 50% of the plant's operations, it only has two votes on the CMSA Board.

The third major concern for our community is that the Larkspur representative, Kathy Hartzell is not an elected official in Larkspur nor did she vote in the interest of Ross Valley ratepayers, which includes Larkspur residents. With sewer rates a major concern for the District and the community, her vote is responsible for increasing sewer fees for Larkspur and all the other towns in the Ross Valley.

Approximately \$440 or about 70% of the current annual sewer fee for a Ross Valley ratepayer goes to the treatment plant, yet the plant and its board can make decisions when Ross Valley ratepayers are not fairly represented. This brings up a fourth concern. CMSA is exempt from the Proposition 218 process

that allows ratepayers a say when the plant plans to make changes that affect rates. Once the CMSA Board increases its revenue demands, its member agencies have no choice but to raise rates on all ratepayers.

The Ross Valley Sanitary District has been criticized for some time for not working more cooperatively with CMSA. While we agree that there should be little to no conflict in our relationship, given these concerns and others, what is the alternative? We ask our ratepayers, including the town councils within the District, to provide input and state their positions on these issues. We seek complete transparency and believe the entire community needs to be aware of the facts and rationales for CMSA's actions.

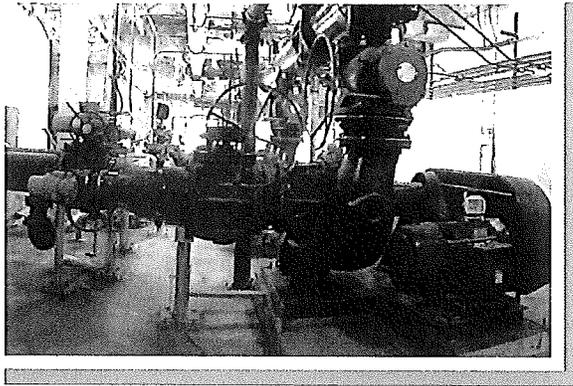
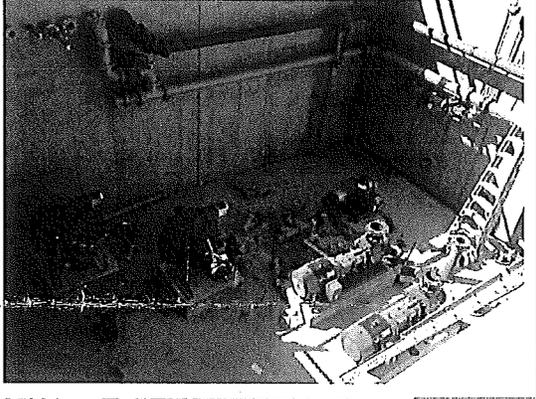
The treatment plant is owned by the communities it serves and should represent their interests.

Please send your comments, questions and input to info@rvsd.org or write the RVSD Board using the return address on this newsletter.

Capital Improvement Projects

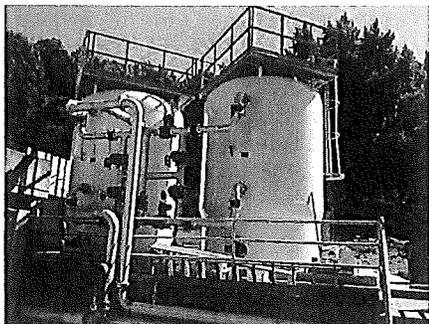
Digester Improvements/FOG-Food to Energy (F2E) Facility This project continues to progress well. The first digester's dual-membrane cover is slated to be installed after pump testing is completed.

The FOG-F2E Facility (right) is structurally complete, and its equipment and piping are largely installed.

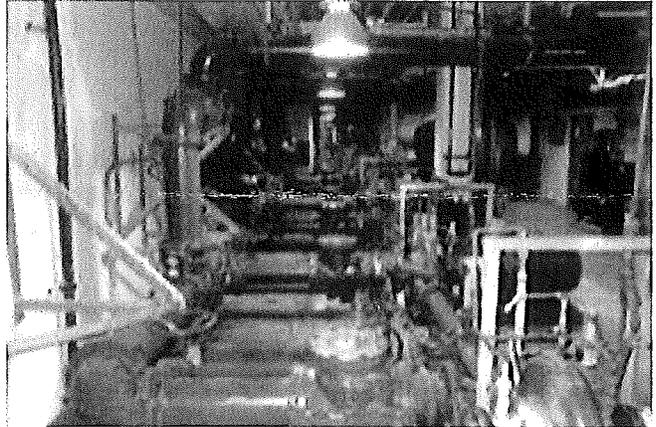


Meanwhile, the existing gas mixing and iron sponge scrubbing equipment is operating well in their new temporary location on the service road behind the Digesters. The new pump mixing system construction is on schedule, and the pumps are planned for startup and testing in early June, with the digester cover installation and testing due to be completed by early July. Once the first digester is restarted and stabilized with the new mixing and fuel scrubber equipment, the second digester will be taken off-line, cleaned, its floating steel cover and the remaining gas mixing equipment recycled, and that digester will then be fitted with the pump mixing piping and a membrane cover. The project should be completed in early 2013.

Hydrogen Sulfide (H2S) scrubbers (right) have been erected and filled with the H2S removal media, and the service platforms and piping have been largely installed.

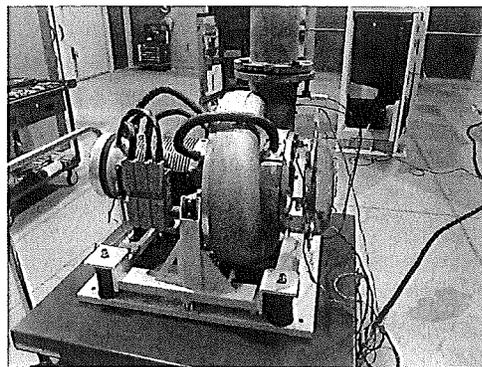


Reclaimed Water System Improvements This system (below) provides reclaimed treated effluent for process-related uses around the facility, reducing potable water usage. The main elements of this project were originally scheduled for FY 15 work, but recent condition assessments indicated that the hydropneumatic tank, strainers, and pumps are at or nearing the end of their useful lives and need to be refurbished or



replaced. Also, new treatment systems at the Agency, such as the headworks filter screens and wash-down monitors for the chlorine contact tanks, have changed the need for reclaimed water at various locations in the Treatment Plant, which may require some other minor piping or equipment modifications. Staff recently sent a Request for Proposals (RFP) to various design consultants. Four proposals were received on May 10 are being evaluated by staff, and a design consultant will be recommended at the Board's meeting on June 12.

Aeration Blower Replacement Western Water Constructors (WWC) the project's general contractor, requested a change of manufacturers for the project's high speed blowers. Agency staff reviewed and concurred with the request, the new blowers' technical submittals were expedited, and in May, the blowers were witness tested by both Agency staff and Carollo Engineers. The tested blower (below) met all the specification



requirements and will be delivered in the next few weeks. The new turbo blowers will provide a wider range of flow rates for our operational needs and will provide savings on energy costs. With this

quick turnaround, the project is on track, with WWC planning to mobilize onsite in early June, and the project due to be for a late August completion.

Finance News

Central Marin Sanitation Agency
CMSA
DRAFT Operating & Capital Budget
Fiscal Year 2012-2013

FY 2013 Draft Budget

The FY 13 Draft Budget was presented at the May, 2012 Board meeting. This Draft Budget incorporated valuable guidance received from the Board Finance Committee, and showed that the Agency will have sufficient revenues to fund our operating and capital expenses in FY 13.

F/Y 2013 DRAFT BUDGET UPDATE	MILLIONS OF DOLLARS
Operating Revenues	\$9.7
Operating Expenditures	\$9.5
Capital Improvement Program Expenditures	\$7.1

Revisions to budget figures and other department information were reviewed by management staff, with Finance staff then preparing the final budget.

Selection of New Auditors The Agency recently hired our new auditors, Chavan & Associates, to prepare and audit the Agency's financial statements for the current and next two fiscal years.



Chavan & Associates, LLP
 Certified Public Accountants

On May 22, Finance Staff hosted an orientation meeting with Mr. Sheldon Chavan to discuss his approach to auditing the Agency's financial statements. An audit schedule was planned and confirmed with Finance Staff. Mr. Chavan was briefed on the significant financial issues which occurred during the current year and requested that Chavan & Associates review the Agency's debt coverage ratio calculations and the establishment of a rate stabilization fund for FY 11-12. Readers interested in learning more about the debt service ratio and rate stabilization fund can refer to Item #9 in the April 2012 Board Agenda packet (available online at www.cmsa.us) or refer to Item #9 on the upcoming June Agenda.

Award Winning Recognition



Congratulations to the Finance Staff for their receipt of the Government Finance Officers Association Distinguished Budget Presentation Award. CMSA and the City of Novato are the only two agencies in Marin County to receive this prestigious award.

The GFOA established the Distinguished Budget Presentation Awards Program in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal. Documents submitted to the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting.

Safety & Training

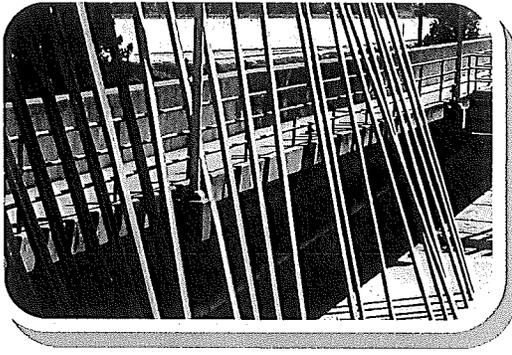


CMSA has accumulated over 1,880 days without a lost work time injury due to our employees' diligent efforts to work safely and follow the Agency's safety policies and procedures.

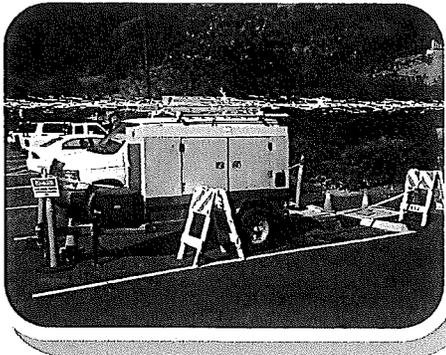
As a valuable component of the CMSA safety program, the Safety Committee, comprised of employee representatives from each department, meets monthly to help deliver safety information both to and from their respective departments. They discuss recent safety issues, employee safety concerns, new or revised safety programs, and upcoming safety training. Recent completed and planned training is detailed on the table to the right.

Staff Training	Class
April	Respiratory Protection
May	Lock Out/Tag Out Lawful Hiring
June	Defensive Driving Heat Illness Prevention

Treatment Plant Updates

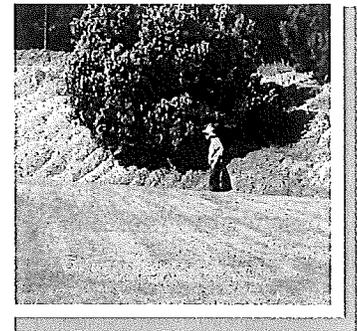


Spring is here and with the change in weather, influent flow into the treatment plant is settling into a normal dry season flow pattern. Annual process tank preventive maintenance begins as equipment is taken out of service for the season. Staff has secured one Primary Clarifier for coating and refurbishing work (left); the remaining six clarifiers will be removed from service systematically for condition assessments and maintenance over the summer. As temperatures rise, staff will bring additional odor control equipment online. Once the plant influent wastewater reaches 21 degrees centigrade (around 70 degrees Fahrenheit), strategically placed odor control stations will be started throughout the collection system to inject calcium nitrate into force mains to control hydrogen sulfide generation.

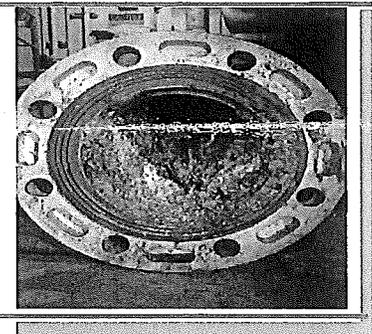


Staff has successfully performed four plant shutdowns this year with one more scheduled for the immediate future. The procedure involves temporarily unplugging CMSA from PG&E, shutting-down our Cogeneration system, and using a portable generator (left) to power the Administration building. Treated water is diverted to offline tanks and the storage pond during the shutdowns while contractors and staff perform electrical upgrades for the Digester Project.

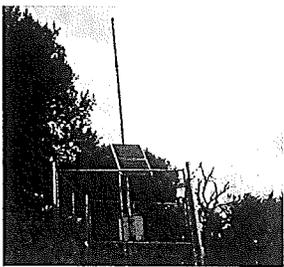
Utility Laborer Bob Bally (right) is heading-up a project to repair irrigation lines, valves, and boxes, and to standardize the irrigation fixtures to streamline how CMSA manages irrigation. In November of 2011, Bob and staff began the task of repairing, re-routing, and re-drawing three generations worth of irrigation system piping. Recycled water for irrigation comes from the plant's discharge facility. By February of 2012, a majority of the irrigation system had been mapped, and control power and irrigation valve boxes that service the I-580 corridor foliage repaired and made ready for service. In late April, as the wet weather season came to an end, Bob and staff made repairs to the main irrigation piping that runs adjacent to the front lawn. They are finalizing this project by adding a border section between the lawn and the storm water drainage ditch. The border serves as a physical reminder of where the main irrigation piping is embedded and prevents soil erosion.



A critical, annual staff maintenance task is the removal of struvite from the biosolids feed piping in the Solids Handling process. Operations and Maintenance staff work together to disassemble feed piping (right), inspect 20 foot sections at a time, and remove this naturally occurring material. What exactly is struvite? As first described from medieval sewer systems in Hamburg, Germany, in 1845, and named for geographer and geologist Heinrich Christian Gottfried von Struve, struvite is a scale deposit which naturally occurs under specific conditions of pH and energy mixing in areas of wastewater treatment plants (e.g., pipes, anaerobic digesters) when concentrations of magnesium, phosphate, and ammonium accumulate in equal parts.



Staff Ingenuity



The Redwood Empire Section of the California Water Environment Association (CWEA) recently presented CMSA with its 2011 Gadgets & Gimmicks award for our solar powered radio telemetry antenna installation (left). The project was then placed in the State competition where the project competed with the award winners from 19 other CWEA sections. The CWEA notified us that our project placed second in the State competition, awarding CMSA with a check for \$200 which was used to host an on-site staff lunch on May 31.

Central Marin Sanitation Agency is a proud member
of the Marin County Green Business



Ross Valley sanitary board may vote on up to \$70 million in bonds before balance of power shifts

Posted:

marini.com

A narrow majority of the Ross Valley Sanitary District board may authorize as much as \$70 million in revenue bonds Wednesday before the installation of a new board member alters the balance of power.

The June 5 election of Mary Sylla to the district board shifted power on the five-member board in favor of board members Frank Egger and Pamela Meigs, who oppose issuing the bond without strong ratepayer support. Sylla, however, won't be sworn into office until the board's July 25 meeting.

According to a recently posted agenda for the district's Wednesday meeting, the board is scheduled to vote on whether to issue the bonds. Documents included in the board members' meeting packet show that the bond offering's installment sale agreement is dated July 1, 2012. The interest cost on the bonds could amount to more than \$3 million per year.

"Obviously, it's a move to sell the bonds before the new board is sworn in," Egger said. "We need to certify the election and swear in new board members before any action is taken on the bonds."

Meigs said, "I think it would be better to wait until Mary Sylla is on board."

Sylla said, "I'm surprised that the board would make a big decision like this knowing that a new person has been elected. When they're considering these bonds, I hope they take into account the message that the electorate sent, that they want a different direction for the district."

Marcia Johnson, who could cast the deciding vote on Wednesday despite losing her bid for re-election, declined to comment.

Peter Sullivan, who has been adamant in his support for bond financing to speed repair of the district's 200 miles of old and rapidly deteriorating pipes, said even a \$70 million bond offering would fall short of the district's needs. Sullivan said if the ultimate bond offering totaled only \$50 million the district would be able to replace 30 to 40 miles of pipe with the money it generates.

Sullivan added, "The bigger issue that is going to face the new board is: How are we going to do the tens or hundreds of millions of dollars of pipe replacements that the state and courts want us to do when nobody wants to spend any money?"

While only three votes are legally required to approve a bond offering, Sullivan said it is unlikely the board would move forward if it remains divided.

"To have credibility in the bond market, you have to have a board that is together," Sullivan said.

Does that mean Sullivan wouldn't vote to issue the bonds without at least four yes votes?

"I don't know," he said, "that is an existential question at the moment."

Among the many disclosures that the district would have to make to potential investors in the bonds is the district's ongoing disagreement with the Central Marin Sanitation Agency, which operates a plant in San Rafael where the district's sewage is treated. The Central Marin Sanitation Agency consists of the Ross Valley district and the San Rafael and Corte Madera sewage districts.

Last week, the Ross Valley Sanitary District announced it had filed legal papers in Marin Superior Court in an attempt to involve the San Rafael and Corte Madera sewage districts in a formal arbitration with the Central Marin Sanitation Agency.

The dispute began when the Ross Valley Sanitary District decided it had been overcharging San Quentin State Prison. The district cut the prison's sewer service rates and reduced payments to Central Marin without informing the agency in advance.

Jason Dow, the Central Marin agency's general manager, said the reduction in the prison's sewer service rates left the agency with about a \$736,000 hole in its budget. The Ross Valley Sanitary District is asserting that the San Rafael and Corte Madera sewage districts should now be required to pay more to Central Marin to compensate for the lost San Quentin revenue.

Dow, however, said he sees no reason to involve the other two districts.

"The revenue shortfall is real and our agency is going to absorb that shortfall," Dow said, "but as of this date, each of the agencies has paid their fair share of CMSA's revenues based on their current property unit counts."

Dow said the only point of the arbitration now is to settle whether the Ross Valley Sanitary District was justified in adjusting the rates it paid to Central Marin without prior notification and approval.

Contact Richard Halstead via e-mail at rhalstead@marinij.com

If you go

The Ross Valley Sanitary District board will discuss whether to authorize revenue bonds when it meets at 7 p.m. Wednesday in the conference room of the Twin Cities Police Department at 250 Doherty Drive in Larkspur.

LETTERS TO THE EDITOR

All letters submitted to Marinscope Newspapers for publication must be typed and include the author's name, address and telephone number. Names may be withheld at the editors' discretion. We reserve the right to print all or parts of letters submitted, and to edit letters as we deem appropriate. Letters submitted may be used in print or digital form in any publication or service offered by the publisher. Letters should not exceed 250 words in length. The deadline is Friday, 5 p.m., for the next week's issue. We prefer letters e-mailed to letters@marinscope.com. You can also fax letters to 415-997-0940. Letters can also be delivered at 301B Grant Ave. in Novato, 94948.

Neighborly Novato

Thanks to Stand Up for Neighborly Novato for encouraging a responsible, fact-based approach to the issue of how best to shape whatever modest degree of growth may take place in Novato and elsewhere in Marin. The population of every city in Marin grew about 1 percent last year alone. Prudence says we ought to plan to do it right. We need more light and less noise, more facts and less finger-pointing, more insight and less fear-mongering. Sustainable long-term housing solutions will benefit everybody, and that requires sound local and regional planning. Sustainability means, among other things, creating a framework for social equity, along with economy and environment. Novato plainly needs places for its workers, seniors and young families to live. Won't Marin be better off with more walkable, livable, bikeable communities that enjoy good choices in public transit? How is more auto smog and sprawl in anybody's interest? Sustainability can help us keep Novato the type of community we all love. Let's hope reasoned discussion shows us the way.

Edward Mainland
Novato

Dear Novato City Council

As you progress with your labor negotiations we ask that you and the city employees take notice of the recent election's results in San Jose and San Diego.

Citizens in those towns sent a clear message. They see that pensions and compensation are unsustainable and a major reason cities and towns are struggling to pay for basic services. The wide margins of passage show the extent to which voters get it.

We think their message was clear, and it applies to Novato as well. If sufficient progress is not made by elected officials through the traditional channels of legislation and labor negotia-

tions, citizens will follow the lead of San Diego and San Jose. We have seen that when an initiative is put in front of voters, they will overwhelmingly support pension reform.

Two years ago the labor negotiations in Novato made initial steps toward reform. Based on assurances that further reforms would be forthcoming, many of us lent our support to Measure F, a five-year sales tax increase.

In March of this year we expressed the need for progress on the following measures in the budget plans and labor negotiations:

- Phase out the employer pickup of the employee pension contribution.
- Create a second-tier pension program with reduced retirement benefits for new employees.
- Establish a goal to ultimately require at least equal sharing of pension costs.
- Reduce or eliminate potential abuses of pension or compensation contracts.
- Bring the longevity steps in the police MOUs into line with those of comparable cities.
- Carefully assess questions of equity and fairness.

We believe the time has come when we need to see significant pension reforms if Novato expects to successfully sunset Measure F and ensure a long-term balanced budget.

Let us be clear. We do not support the extension of Measure F or any other tax increase. If the parties are not able to make significant progress in current labor negotiations, we believe the citizens may pursue remedies through the initiative process.

Jim Henderson, Derek Knel, Jay Straus,
Mike DiGiorgio, Tom MacDonald, Susan
Miller, Leslie Peterson-Schwarze, Larry
Paulger, Chuck Porteous, Tom James, Jane
Bennett, Susan Wernick, Jerry Peters,
David Russell, Mike Arnold, Jody Mo-
rales, Catherine Bragg, Frank Bullentini
Novato