

**THE COMMISSIONERS OF THE  
CENTRAL MARIN SANITATION AGENCY  
HELD A REGULAR MEETING AT THE AGENCY OFFICE**

**Minutes of Tuesday, April 10, 2012  
7:00 P.M.**

**CALL MEETING TO ORDER** Chair Dupar called the meeting to order at 7:01 p.m. A quorum was present.

Members Present: Boro, Dupar, Guasco, Hartzell, Phillips (for Heller), Sullivan (for Johnson)

Members Absent: Heller, Johnson

Staff Present: Mary J. Brown, Recording Secretary; Rob Cole, Environmental Services Manager; Chris Finton, Treatment Plant Manager; Hank Jen, Finance Manager; Ken Katen, Engineering Manager

Public Present: Mary Sylla

**OPEN PERIOD** There were no comments made in public open time.

**CONSENT CALENDAR** Alternate Commissioner Sullivan asked for clarification of Item 4.h. Revised Revenue Management Financial Policy..

Action M/s Phillips/Hartzell to approve Items a. – g. on the consent calendar:

a. Minutes of March 13, 2012  
b. Treasurer's Report—Operating Account—March 2012  
c. Treasurer's Report—Revenue Bond— March 2012  
d. Schedule of Investments— March 2012  
e. Performance Metric Report—March 2012  
f. NPDES and Process Report—March 2012  
g. Third Quarter Budget Status Report for Fiscal Year 2011-12

Action The motion carried with the following vote:  
AYES: Boro, Dupar, Hartzell, Phillips, Sullivan  
NAYS: Guasco  
ABSTAIN: None

Item 4.h. Revised Revenue Management Financial Policy  
Commissioner Sullivan stated that he was surprised to see this item in the consent calendar. He said this item was an amendment to the JPA and that including San Quentin Prison in it causes cost-shifting detrimental to the Ross Valley Sanitary District.

GM Dow clarified that Item 4.h. is a revision to a Board adopted Financial Policy, not an amendment to the JPA. He gave a brief summary of the actions taken at the last Board meeting that led to the revision.

Commissioner Sullivan reiterated his disagreement with the document, stating that this "will be another item added to our arbitration."

Commissioner Boro said that he thought there was only one item under consideration in arbitration, and said he didn't realize there was a list of items being made to bring to arbitration. He asked GM Dow to prepare an update on what is being arbitrated. GM Dow agreed.

Action

M/s Phillips/Hartzell to approve Item 4.h. Revised Revenue Management Financial Policy. The motion carried with the following vote:

AYES: Boro, Dupar, Hartzell, Phillips

NAYS: Guasco, Sullivan

ABSTAIN: None

#### **FINANCE COMMITTEE APPOINTMENT**

GM Dow referred to the staff report and explained that Commissioners Dupar and Hartzell sent a letter to the RVSD Board asking them to propose a possible alternate to fill the vacancy on the Finance Committee. He explained that the RVSD Board did not respond and so he followed up via email with Alternate Commissioners Sullivan and Pamela Meigs, and with RVSD Board Director Frank Egger, and he stated that Commissioner Sullivan and Frank Egger responded that they could not serve at this time, but that Pamela Meigs had expressed her interest in serving.

Action

M/s Hartzell/Phillips to nominate Alternate Commissioner Pamela Meigs to the Finance Committee. The motion carried with the following vote:

AYES: Boro, Dupar, Hartzell, Phillips, Sullivan

NAYS: Guasco

ABSTAIN: None

#### **REGIONAL CHARGE VOLUME/QUALITY ALLOCATION PROCEDURE**

GM Dow reviewed the staff report and explained the regional charge volume/quality allocation procedure, which uses BOD and TSS to determine quality. He described the general approach of the procedure, stating that the Finance Committee had reviewed it and made their comments, and recommended to the Board that they approve it for integration into the Agency's Revenue Management Financial Policy.

In response to Commissioner questions, GM Dow explained that actual data from the prior 12 months or the prior 36 months, and not estimated data, is used to allocate the regional charge. To further clarify the procedure, GM Dow reiterated that the debt service payment agreement is for determining and allocating the debt service while the JPA governs determining and allocating the Regional Charge (operating revenue).

Action

M/s Hartzell/Boro to approve the volume/quality Regional Charge allocation procedure as presented, and to direct staff to incorporate

the procedure into the Agency's Revenue Management Financial Policy. The vote carried with the following vote:

AYES: Boro, Dupar, Hartzell, Phillips

NAYS: Guasco, Sullivan

ABSTAIN: None

#### **FY 12/13 REGIONAL CHARGE ALLOCATION METHOD**

GM Dow referred to the staff report and explained that the Agency's Finance Committee met with staff on April 4<sup>th</sup>, and recommends that the Agency allocate the FY13 Regional Charge to member agencies using the three-year flow method. He stated that the Agency only has one month of quality (strength) data, and because of that, the Committee recommends considering the flow/strength method for use in FY14.

GM Dow reviewed the FY12 budgeted EDU count (actuals) Regional Charge allocation for the satellite collection agencies, and also the allocation percentages using the FY13 actual numbers that JPA members have provided to staff, as well as the four other allocation methods.

Commissioner Sullivan expressed his concern that based on the 3-year flow allocation method, RVSD's rates would be going up. Commissioner Phillips pointed out that the figures seemed to indicate that SRSD has been overcharged. The Board discussed this item at length.

Action

M/s Phillips/Boro to select the three-year average flow Regional Charge allocation method for Fiscal Year 2012/2013. The motion failed with the following vote:

AYES: Boro, Dupar, Phillips

NAYS: Guasco, Hartzell, Sullivan

ABSTAIN: None

Action

M/s Hartzell/Sullivan to use the current EDU count method for one more year. The motion failed with the following vote:

AYES: Guasco, Hartzell, Sullivan

NAYS: Boro, Dupar, Phillips

ABSTAIN: None

GM Dow said without Board direction on which allocation method to use in FY13, the Agency will default to the EDU count method, as it has been past practice.

The Board continued to discuss this item. Commissioner Boro stated that this should be added to the items for arbitration, and Commissioner Sullivan agreed, and asked GM Dow to add it to the list of arbitration items.

#### **SELECTION OF INDEPENDENT AUDITOR FOR FY 2011-12 THROUGH FY 2013-14**

GM Dow reviewed the staff report and explained the Request for Proposals process the Agency used in order to find a new auditor. He explained that nine firms submitted proposals and that after carefully evaluating them, staff selected Chavan & Associates. He said that staff presented their recommendation to the Finance

Committee and the Committee agreed this was a good choice. GM Dow stated that the proposed cost for the three year fiscal year engagement is \$48,000.

Action

M/s Phillips/Hartzell to approve the selection of Chavan & Associates, LLP, Certified Public Accountants, as the Agency's Independent Auditor for FY 2011-12 through FY 2013-14. The motion carried with unanimously.

**FISCAL YEAR 2011/2012 DEBT  
SERVICE COVERAGE RATIO**

GM Dow referred to the staff report and gave a brief overview of the history of this item. He explained that the projected FY12 revenue shortfall (about \$736,000) reduced CMSA's FY12 debt service coverage ratio, causing it to fall below the minimum required level of 1.25 as stipulated in the 2006 Revenue Bond Master Indenture's Rate Covenant. He stated that staff has met with Bond Counsel and our financial advisor to develop five actions that form an approach to our addressing the coverage ratio situation. GM Dow reviewed the five actions and explained the next steps as described in the staff report.

The Board had a brief discussion on this item, however, it was informational and no action was taken.

**INTERIM WASTEWATER  
SERVICE AGREEMENT WITH THE  
CALIFORNIA DEPARTMENT OF  
CORRECTIONS AND  
REHABILITATION**

GM Dow reviewed the staff report and gave a summary overview of this item. He explained that in February 2012, the California Department of Corrections requested, and the Board approved, that CMSA staff work with the Department of Corrections to prepare a one-year interim service agreement. GM Dow said that the final draft agreement has been prepared and approved as to form by Agency counsel.

GM Dow said that the agreement is detailed and comprehensive. He explained how the FY13 wastewater treatment costs for member the agencies will slightly decrease because of the revenues brought in by this agreement.

The Board had a lengthy discussion about the Agreement and potential liabilities that might be involved, particularly in the case of failure of equipment. GM Dow clarified that the equipment and infrastructure related to this agreement are owned by the State of California, and CMSA is authorized to respond to and address equipment failures.

Chair Dupar asked GM Dow to talk with the Department of Corrections about cataclysmic events and to clarify their responsibilities to fund emergency repairs to equipment and assets. The majority of the Board agreed, and asked GM Dow to add language to the Agreement stating that CMSA will be compensated for responding to emergency situations. GM Dow stated he would do so.

There was no formal action taken on this item.

**BREAK**

Chair Dupar called a 10 minute break.

**ROSS VALLEY SANITARY  
DISTRICT RESOLUTION  
ESTABLISHING A CMSA  
PAYMENT POLICY**

GM Dow referred to the staff report and explained that the RVSD Board approved a Resolution that establishes a payment policy for the CMSA Regional Charge and Debt service invoices, setting their payment of invoices at estimated EDUs, and limiting their payment to a not-to-exceed amount based on what their Proposition 218 increase rate is per the fiscal year. GM Dow explained how this policy conflicts with the JPA, in that the Regional Charge is determined by CMSA, and not by member agencies. GM Dow explained that staff reviewed the Resolution and identified numerous inaccuracies, and stated that Counsel Govi wrote a letter to the RVSD Board urging them to not pass this Resolution. Commissioner Hartzell sent the RVSD Board, via email, Counsel Govi's letter and staff's Resolution analysis a day before their meeting. He said that despite this, the RVSD Board passed the resolution on a 3-2 vote.

The Board discussed this item at length. Commissioner Boro noted that this item is affected by the FY12/13 Regional Charge Allocation Method item earlier on the agenda, and asked GM Dow to bring an item to the next Board meeting addressing the 3-3 votes precluding action tonight, and asked for an analysis of what the Board should consider next year. He asked GM Dow to show what the revenue needs are for FY13 and to show financial data for the various alternatives. The majority of the Board agreed. GM Dow affirmed that he would bring an item to the next meeting.

This item was informational and no action was taken.

**REVISED 10-YEAR CAPITAL  
IMPROVEMENT PROGRAM (CIP)  
FOR THE FY13 BUDGET**

Because of the time, Chair Dupar asked the Board if they would prefer to move the CIP presentation/report to next month's meeting. There was Board consensus to move this item to the May meeting.

**NORTH BAY WATERSHED  
ASSOCIATION (NBWA) REPORT**

Commissioner Hartzell stated that she plans to attend the NBWA Conference on Friday, April 13.

**VERBAL REPORT BY  
COMMISSIONERS**

GM Dow noted that he handed out his report and highlighted a few items in the handout.

**DATE OF NEXT MEETING**

The next commission meeting is scheduled for May 8, 2012 at 7:00 pm.

**ADJOURN**

The meeting was adjourned at 9:56 p.m.

\_\_\_\_\_  
Recording Secretary

\_\_\_\_\_  
Secretary

Note: The minutes are an official record of the Board meeting. There is also an official audio record, available on the Agency's website at [www.cmsa.org](http://www.cmsa.org), and an official video record. Please contact CMSA at 415-459-1455 for information about receiving a copy of these records.

Central Marin Sanitation Agency  
Treasurer's Report - Operating Account  
For the Month of April 2012

**I. Accounts Summary: Bank & Investment Accounts**

Summary of Bank & Money Market Accounts

Westamerica Bank - Account Activity shown below	\$ 1,139,716.76
Local Agency Investment Fund (LAIF) - Refer to Schedule of Investments	9,124,029.68
California Asset Management Program (CAMP) - Refer to Schedule of Investments	<u>4,668,318.33</u>
Subtotal, Bank & Money Market Accounts	<u>\$ 14,932,064.77</u>
Total Bank & Investment Accounts: Ending Balance on April 30, 2012	<u><u>\$ 14,932,064.77</u></u>

**II. Account Activity for Westamerica Bank**

Beginning Balance on April 1, 2012 \$ 170,608.22


Cash Receipts (Deposits into Westamerica):

Transfers from LAIF	600,000.00
JPA Service Charges (Q4: SD#2, SRSD)	1,074,793.66
RVSD - FOG Program (FY12: Jan-Mar)	8,033.86
Revenue from Haulers	9,922.09
Safety Director Program Reimbursement (NSD)	14,432.37
County-wide Public Education Program Reimbursement (NSD)	2,469.52
SD 2 Operations & Maintenance Contract (Feb & Mar)	43,632.42
COBRA Health Benefit Payments from separated employees/retirees	268.12
Expense Reimbursements for CIP (from Revenue Bond)	32,289.66
Miscellaneous Reimbursements (NSD-Rescue Training; NSD, SASM, SMCSO-Cranes, Hoist & Lifting Training )	<u>2,161.74</u>
Total cash receipts	<u>\$ 1,788,003.44</u>

Cash Disbursements (Withdrawals from WestAmerica):

April 2012 Operating account disbursements register (see attached)	530,779.59
Regular Payroll paid 04/06/12	112,648.84
Regular Payroll paid 04/20/12	116,129.80
Transfers to EFTPS Federal Payroll Taxes (04/11, 04/25)	55,184.00
Merit Pay (2)	4,047.44
Bank Fee	<u>105.23</u>
Total cash disbursements	<u>\$ 818,894.90</u>
Ending Balance on April 30, 2012	<u><u>\$ 1,139,716.76</u></u>

Prepared by:   
Hank Jen, Finance Manager/Treasurer

Reviewed by:   
Jason Dow, General Manager

Central Marin Sanitation Agency  
Operating Account Disbursements Register  
For the Month of April 2012

Check Number	Check Date	Vendor/Payee	Amount	Description
44238				Last check # from prior month's register
44239	to			
44259	04/02/12	Payments to 21 Retirees	8,103.24	Agency Reimb for Retiree Health Benefits (CalPERS PEMCHA)
44260	04/03/12	Cal Public Employee Retirement	46,017.21	Medical Insurance, April 2012
44261	04/03/12	Delta Dental Plan of Calif.	6,430.90	Dental Insurance, April 2012
44262	04/03/12	Standard Insurance Co. RB	3,529.46	Life Insurance, April 2012
44263	04/03/12	Vision Service Plan -(CA)	735.59	Vision Insurance, April 2012
44264	04/03/12	Encorp	3,604.82	Cogen Maintenance - Installation of Central Control Module
44265	04/03/12	Environmental Resource Assoc.	2,280.92	NPDES Permit Testing to Maintain Laboratory Certification
44266	04/03/12	Heidi Lang	1,033.61	Employee Expense Reimb: GFOA Budget Academy Seminar
44267	04/03/12	P.G.& E.	51.44	Electricity Service, 2/22-3/21/12
44268	04/03/12	Sprint	204.34	Phone Service, 02/24-03/23/12
44269	04/06/12	CalPERS	48,881.97	Retirement contributions PPE 03/31/12
44270	04/06/12	California Public Employee	20,000.00	April 2012 Contribution to Retiree Health Benefits Trust Fund
44271	04/06/12	EDD	9,716.32	State & SDI Taxes, PPE 03/31/12
44272	04/06/12	Franchise Tax Board	50.00	Employee Garnishment, PPE 03/31/12 (Note A)
44273	04/06/12	ICMA Retirement Trust-457	5,380.37	Deferred Compensation Contributions, PPE 03/31/12 (Note A)
44274	04/06/12	Nationwide Retirement	2,906.80	Deferred Compensation Contributions, PPE 03/31/12 (Note A)
44275	04/06/12	Operating Engineers Local 3	278.85	Contribution to MARA Benefit, PPE 03/31/12
44276	04/06/12	SEIU Local 1021	962.31	Union Dues, PPE 03/31/12 (Note A)
44277	04/06/12	Allied Packing & Supply	871.43	Isolation valve for Cogen-Engine Exhaust Heat Exchanger
44278	04/06/12	American Sentry Systems, Inc.	96.00	Alarm Service, 04/12-06/12
44279	04/06/12	Applied Filter Technology	365.00	Siloxane Filter
44280	04/06/12	Antonio Barros	200.00	Employee Expense Reimb: Prescription Safety Glasses
44281	04/06/12	City Electric Supply	156.37	Electrical Supplies (2 invoices)
44282	04/06/12	Electronics Plus	34.06	Electrical Supplies
44283	04/06/12	Empire Elevator Co Inc	108.16	Oil & grease for Elevator
44284	04/06/12	Environmental Resource Assoc.	1,669.14	NPDES Permit Testing
44285	04/06/12	Grainger	577.74	Electric & Maintenance Supplies (6 invoices)
44286	04/06/12	Hagel Supply Co.	531.83	Utility Supplies (2 invoices)
44287	04/06/12	IEDA, Inc.	669.00	Labor Relation, April 2012
44288	04/06/12	Industrial Control Links	10,934.43	Controller Upgrades to Area 4 & 7 Process Control System
44289	04/06/12	Inner Workings	732.78	Office Supplies (2 invoices)
44290	04/06/12	Jackson's Hardware	65.80	Maintenance Parts & Supplies (2 invoices)
44291	04/06/12	Kaman Industrial Technologies	2,200.41	Parts for Process Tank Maintenance (2 invoices)
44292	04/06/12	Kemira Water Solutions, Inc.	7,371.92	Ferric Chloride (1 delivery)
44293	04/06/12	Koff & Associates, Inc.	4,270.00	Prof Svcs: Administrative Assistant Recruitment
44294	04/06/12	Marin Office Supply	1,309.52	Office Supplies March 2012
44295	04/06/12	McMaster-Carr Supply Co.	823.65	Digester Valve/Electrical Supplies (3 invoices)
44296	04/06/12	Orchard Supply Hardware	77.61	Maintenance Parts & Supplies (Note B)
44297	04/06/12	Perfect Timing Personnel Svc	1,102.50	Prof Svcs: Temporary Agency, Admin Assist, Wk. end of 04/01/12
44298	04/06/12	Pitney Bowes	208.32	Postage Meter Rental
44299	04/06/12	Praxair Distribution, Inc.	193.54	Welder Parts (2 invoices)
44300	04/06/12	Rafael Lumber	91.46	Maintenance Parts & Supplies (4 invoices)
44301	04/06/12	Joseph Smith	409.10	Employee Expenses Eligible for Agency Dental Reimbursement
44302	04/06/12	Univar USA Inc	4,942.49	Sodium Bisulfite (1 delivery)
44303	04/06/12	Water Components & Bldg. Supp.	57.18	Maintenance Parts & Supplies
44304	04/12/12	Albert Boro	100.00	Commissioner Fee 04/10/2012
44305	04/12/12	John Dupar	100.00	Commissioner Fee 04/10/2012
44306	04/12/12	Patrick Guasco	100.00	Commissioner Fee 04/10/2012
44307	04/12/12	Kathleen Ohlson Hartzell	100.00	Commissioner Fee 04/10/2012
44308	04/12/12	Gary O Phillips	100.00	Commissioner Fee 04/10/2012
44309	04/12/12	Peter Sullivan	100.00	Commissioner Fee 04/10/2012

Central Marin Sanitation Agency  
Operating Account Disbursements Register  
For the Month of April 2012

Check Number	Check Date	Vendor/Payee	Amount	Description
44310	04/12/12	AireSpring	658.76	Phone, Internet Service, March 2012
44311	04/12/12	CWEA TCP	132.00	CWEA Membership Dues
44312	04/12/12	Fastenal Company	1,531.42	Groundskeeping Storage Units
44313	04/12/12	FedEx Office	196.09	Office Supplies
44314	04/12/12	Frank A. Olsen Co	1,031.41	Motor & Labor for DAF Dump Valve Replacement
44315	04/12/12	Home Depot Credit Services	972.08	Maintenance Parts & Groundskeeping Supplies March 2012
44316	04/12/12	Inner Workings	226.08	Office Supplies
44317	04/12/12	Ken Katen	90.00	Expense Reimb: Wastewater Leadership Center Training
44318	04/12/12	Ken Grady Co., Inc.	2,679.88	Analyzer Probe & Control Module Replacement
44319	04/12/12	Lord and Sons Inc	1,292.76	Bolt Kits for Digester Valves
44320	04/12/12	Lawson Products Co., Inc.	598.44	Utility Supplies
44321	04/12/12	Marin Color Service	251.59	Paint Supplies March 2012
44322	04/12/12	Marin Sanitary Service	5,414.18	Yardwaste (3 pickups), Rag (21 pickups) & Grit (4 pickups) (3 invoices)
44323	04/12/12	Marin Resource Recovery Center	50.00	Scale Charges (2 tickets)
44324	04/12/12	Monterey Mechanical	4,080.38	Install 2" Sample Line in Forcemain at Corte Madera Meter Vault
44325	04/12/12	New Pig Corporation	404.69	Pigmats for Engine Room
44326	04/12/12	Olin Corp - Chlor Alkali	4,516.56	Sodium Hypochlorite (1 delivery)
44327	04/12/12	Perfect Timing Personnel Svc	1,544.38	Prof Svcs: Temporary Agency, Admin Assist, Wk. end of 04/08/12
44328	04/12/12	Peterson	2,368.09	Effluent Pump Station Engine Radiator Repair (2 invoices)
44329	04/12/12	P.G.& E.	189.24	Natural Gas Usage, 2/28-3/31/12
44330	04/12/12	Pure Effect Inc	7,432.25	Siloxane Tank Media (5,000lbs) (2 invoices)
44331	04/12/12	Parker (Redwood Shore	2,940.00	Diving Service to Replace Buried Outfall Diffusers
44332	04/12/12	Toyota Material Handling	209.84	Fleet Maintenance
44333	04/12/12	Univar USA Inc	9,978.73	Sodium Bisulfite (2 deliveries)
44334	04/12/12	Western Exterminator Co., Inc.	137.00	Pest Control March 2012
44335	04/12/12	Woodland Center Auto Supply	48.82	Engine-Generator Parts
44336	04/18/12	Amity Press	144.24	Office Supplies
44337	04/18/12	American Soil Products	58.71	Landscaping Supplies
44338	04/18/12	AT&T	737.80	Phone Service, 04/07-05/06/12 (2 invoices)
44339	04/18/12	Caltest Analytical Laboratory	2,087.44	Lab Analyses (2 invoices)
44340	04/18/12	Dell Marketing L.P.	4,682.69	Hard Drives & Memory Modules (2 invoices)
44341	04/18/12	Diego Truck Repair, Inc.	121.18	Engine-Generator Parts
44342	04/18/12	G3 Engineering, Inc.	1,193.39	SD2 Pump Station Maint: Spare Parts (Note B)
44343	04/18/12	Grainger	8,938.43	Centrifuge Panel & Maintenance Parts (9 invoices)
44344	04/18/12	Hach Company	544.66	Lab Supplies (2 invoices)
44345	04/18/12	Ikon Office Solutions	2,206.59	Copier Rental 3/29-4/28/12
44346	04/18/12	McInerney & Dillon, P.C.	2,100.00	Legal Svcs: Construction/Contract Law, March 2012
44347	04/18/12	Marin Municipal Water District	288.29	Water Service, 02/09-04/09/12 (3 invoices)
44348	04/18/12	Olin Corp - Chlor Alkali	8,998.38	Hydrogen Peroxide (2 deliveries)
44349	04/18/12	R2 Engineering, Inc	202.63	Moyno Pump Parts
44350	04/18/12	Gary T. Ragghianti, Inc	5,895.00	Legal Svcs: Opinion on CMSA Providing Services to San Quentin & Local Agencies Outside Service Area
44351	04/18/12	Roy's Sewer Service, Inc.	560.00	Clear Drains in Gallery G & Digester Basement
44352	04/18/12	Shamrock Materials, Inc.	62.10	Propane (2 invoices)
44353	04/18/12	Thomas Fish Company	259.50	Lab Supplies (2 invoices)
44354	04/18/12	Total Waste Systems, Inc.	4,825.96	Biosolids Hauling, March 2012
44355	04/18/12	Univar USA Inc	5,044.05	Sodium Bisulfite (1 delivery)
44356	04/18/12	Water Environment Federation	329.00	Laboratory & Water Environment Membership Renewal
44357	04/19/12	CAL-CARD	7,825.46	State of California Purchase Card, February & March 2012
44358	04/19/12	CalPERS	46,285.72	Retirement contributions PPE 04/14/12
44359	04/19/12	EDD	9,854.75	State & SDI Taxes, PPE 04/14/12
44360	04/19/12	Franchise Tax Board	50.00	Employee Garnishment, PPE 04/14/12 (Note A)
44361	04/19/12	ICMA Retirement Trust-457	2,544.37	Deferred Compensation Contributions, PPE 04/14/12 (Note A)

Central Marin Sanitation Agency  
Operating Account Disbursements Register  
For the Month of April 2012

Check Number	Check Date	Vendor/Payee	Amount	Description
44362	04/19/12	Nationwide Retirement	2,906.80	Deferred Compensation Contributions, PPE 04/14/12 (Note A)
44363	04/19/12	Operating Engineers Local 3	278.85	Contribution to MARA Benefit, PPE 04/14/12
44364	04/19/12	SEIU Local 1021	962.31	Union Dues, PPE 04/14/12 (Note A)
44365	04/23/12	Aramark	2,406.69	Uniform Service, January to March 2012
44366	04/23/12	Caltest Analytical Laboratory	2,055.88	Lab Analyses (8 invoices)
44367	04/23/12	Chris Finton	165.00	Flexible Spending Account (IRS125) Plan Reimbursement (Note A)
44368	04/23/12	Fisher Scientific	2,354.97	Lab supplies (10 invoices)
44369	04/23/12	G3 Engineering, Inc.	8,587.80	SD2 Pump Station Maint: Spare Pump (Note B)
44370	04/23/12	Kaman Industrial Technologies	35,011.20	Refurbish Primary Clarifier #1 (2 invoices)
44371	04/23/12	Marin County Tax Collector	600.32	installation of Safety Light Bar on Agency Vehicle by County Public Works
44372	04/23/12	McMaster-Carr Supply Co.	897.75	Maintenance Parts & Supplies (6 invoices)
44373	04/23/12	Marin Municipal Water District	399.98	Water Service, 02/10-04/10/12 (2 invoices)
44374	04/23/12	Pacific EcoRisk	3,220.00	NPDES Permit Testing for Chronic Toxicity
44375	04/23/12	Perfect Timing Personnel Svc	1,015.00	Prof Svcs: Temporary Agency, Admin Assist, Wk. end of 04/15/12
44376	04/23/12	Rafael Lumber	1,328.41	Electrical & Landscape Supplies (2 invoices)
44377	04/23/12	Ryan Herco Fluid Flow Sol	462.53	Lab supplies (4 invoices)
44378	04/23/12	Ricoh Americas Corporation	547.74	Repair Lab Ricoh Copier Machine
44379	04/23/12	RMC Water and Environment	21,554.65	Prof Svcs: NPDES Permit Renewal Consulting, January - March 2012 (2 invoices)
44380	04/23/12	Siemens	522.00	Tank Rental 04/01-06/30 (2 invoices)
44381	04/23/12	State Water Resources Control	170.00	Operator Certificate Renewal
44382	04/23/12	Verizon Wireless	86.11	Phone Service, 03/11-04/10/12
44383	04/23/12	Waste Management	20,421.07	Biosolids Disposal March 2012
44384	04/24/12	Jason Dow	111.00	Per Diem for CASA Conference
44385	04/26/12	Allied Packing & Supply	8,292.53	Vertical Pump, Joint Sealant, Hot Water Pump & Valve for Digester Basement (4 invoices)
44386	04/26/12	Alliant Insurance Services	850.78	Pollution Liability Insurance, 04/26/12-04/26/13
44387	04/26/12	American Soil Products	128.58	Landscape (3 invoices)
44388	04/26/12	Automation Direct Co., Inc.	758.50	Phone System & Electrical Supplies (2 invoices)
44389	04/26/12	Sandra L. Batis	92.40	Employee Expense Reimb: CWEA Annual conference
44390	04/26/12	Jenny Bender	194.00	Employee Expense Reimb: CWEA Annual conference
44391	04/26/12	Fastenal Company	61.77	Maintenance Parts & Supplies
44392	04/26/12	JDH Corrosion Consultants, Inc.	6,894.01	Annual Cathodic Protection Survey; (3 invoices)
44393	04/26/12	Kaman Industrial Technologies	1,955.62	Headworks & Pump Supplies (3 invoices)
44394	04/26/12	Kelly-Moore Paint Co., Inc.	95.33	Paint Supplies
44395	04/26/12	Kemira Water Solutions, Inc.	7,468.92	Ferric Chloride (1 delivery)
44396	04/26/12	Ken Grady Co., Inc.	930.22	SD2 Pump Station Maint: Pressure Transmitter (Note B)
44397	04/26/12	Konecranes, Inc.	916.58	Hoist Repair
44398	04/26/12	McMaster-Carr Supply Co.	395.57	Maintenance Parts & Supplies (3 invoices) (Note B)
44399	04/26/12	Olin Corp - Chlor Alkali	4,496.45	Sodium Hypochlorite (1 delivery)
44400	04/26/12	Perfect Timing Personnel Svc	910.00	Prof Svcs: Temporary Agency, Admin Assist, Wk. end of 04/22/12
44401	04/26/12	P.G.& E.	20,359.87	Electricity Service, 03/16-04/15/12
44402	04/26/12	Mary Jo Ramey	121.16	Employee Expense Reimb: CWEA Annual conference
44403	04/26/12	San Joaquin Chemicals Inc	322.40	Training & Test Kit for Chiller
44404	04/26/12	T&T Valve and Instrument, Inc.	3,664.35	Knifegate Valve for South Francisco Junction Box
44405	04/26/12	Dale Thrasher	151.89	Employee Expense Reimb: Portable Hard Drive
<b>Grand Total</b>			<b>530,779.59</b>	

Notes:

A: Not an Agency Expense. Expense funded through Payroll deduction.

B: Not an Agency Expense. CMSA will be reimbursed for this expense.

Central Marin Sanitation Agency  
 Treasurer's Report - Revenue Bond Series 2006  
 For the Month of April 2012

I. Summary of Bond Accounts and Cumulative Activities Since Inception of Bond Program

Accounts Summary	Starting Balance Oct. 19, 2006	Total Activities Since Inception	Ending Balance April 30, 2012
1. Bond Project Fund (CAMP 120-00)	\$ 65,123,107.94	\$ (58,096,635.39)	\$ 7,026,472.55
2. Bond Reserve Fund (CAMP 120-02)	4,754,281.26	\$ 3,807.46	\$ 4,758,088.72
<b>Total</b>	<b>\$ 69,877,389.20</b>	<b>\$ (58,092,827.93)</b>	<b>\$ 11,784,561.27</b>

II. Account Details for the Month of April 2012

1. Bond Project Fund - Monthly Account Activity

Beginning Balance on April 1, 2012 \$ 7,697,172.72

Cash Receipts:

Income Dividends (CAMP approximately @ 0.23%) 1,505.19  
**Total cash receipts** **\$ 1,505.19**

Cash Disbursements:

Reimbursement to CMSA: Salary & Benefit Expenses, 03/04-03/31/12 24,571.15  
 Payment to Carollo Engineers: Aeration Blower Replacement Project, February 2012 17,348.00  
 Payment to Harris Associates: CM Digester Improvements & FOG Facility, March 2012 5,095.00  
 Payment to Kennedy/Jenks: ESDC Digester Improvements & FOG Facility, February 2012 12,243.50  
 Payment to GSE: Progress Payment #9 Digester Improvement & FOG Facility Project, March 2012 544,706.28  
 Payment to GSE c/o Escrow Account: 10% Retention for Progress #9 Digester Improvement & FOG Facility 60,522.92  
 Reimbursement to CMSA: Capital Reimbursement, 01/01-03/31/12 7,718.51  
**Total cash disbursements** **\$ 672,205.36**

Ending Project Fund Balance on April 30, 2012 **\$ 7,026,472.55**

2. Bond Reserve Fund - Monthly Account Activity

Beginning Balance on April 1, 2012 \$ 4,757,120.33


Cash Receipts:

Income Dividends (CAMP approximately @ 0.23%) 968.39  
**Total cash receipts** **\$ 968.39**

There are no disbursements from this fund at this time. This fund represents the final debt service payment to the bond holders when the bonds reach maturity in 2031.

Ending Reserve Fund Balance on April 30, 2012 **\$ 4,758,088.72**

Prepared by:   
 Hank Jen, Finance Manager/Treasurer

Reviewed by:   
 Jason Dow, General Manager

Central Marin Sanitation Agency  
 Schedule of Investments  
 As of Month Ending April 30, 2012

Date Purch (1)	Face Value (2)	Maturity Date (4)	Description (3)	Original Cost (5)	Accum Amort Disc (Prem) (6)	Book Value (7)	Unrealized Appreciation (Depreciation) (8)	Market Value (9)	Agency Reserve Target for June 30, 2012	
<b>I. Investments managed by California Asset Management Program (CAMP)</b>										
			Money Market Funds (< 1 year in maturity)							
			CAMP Cash Reserve Pool, 0.2% (est)	\$ 4,668,318.33	\$ -	\$ 4,668,318.33	\$ -	\$ 4,668,318.33		
			<u>U.S. Government Securities (&gt; 1 year in maturity) (A)</u>							
			Subtotal- U.S. Government Securities	\$ -	\$ -	\$ -	\$ -	\$ -		
			<b>Total with CAMP</b>	<b>\$ 4,668,318.33</b>	<b>\$ -</b>	<b>\$ 4,668,318.33</b>	<b>\$ -</b>	<b>\$ 4,668,318.33</b>		
			Consists of funds designated for the Restricted and Unrestricted Capital Reserves to fund the Capital Improvement Program							
<b>II. Investments managed by Local Agency Investment Fund (LAIF)</b>										
			Money Market Funds (< 1 year in maturity)							
			Local Agency Investment Fund (LAIF), 0.4% (est)							
			a. Current Year Operating	\$ 597,531.49		\$ 597,531.49		\$ 597,531.49	\$ 2,356,606.00	
			b1. Agency Unrestricted Reserve: Operating	\$ 2,356,606.00		\$ 2,356,606.00		\$ 2,356,606.00	\$ 250,000.00	
			b2. Agency Unrestricted Reserve: Emergency	\$ 250,000.00		\$ 250,000.00		\$ 250,000.00	\$ 100,000.00	
			b3. Agency Unrestricted Reserve: Insurance	\$ 100,000.00		\$ 100,000.00		\$ 100,000.00	\$ 5,819,892.19	
			c. Unrestricted Capital Reserves	\$ 5,819,892.19		\$ 5,819,892.19		\$ 5,819,892.19	\$ 9,124,029.68	
			<b>Total with LAIF</b>	<b>\$9,124,029.68</b>	<b>\$ -</b>	<b>\$ 9,124,029.68</b>	<b>\$ -</b>	<b>\$ 9,124,029.68</b>		
			<b>TOTAL INVESTMENTS</b>	<b>\$ 13,792,348.01</b>	<b>\$ -</b>	<b>\$ 13,792,348.01</b>	<b>\$ -</b>	<b>\$ 13,792,348.01</b>		
			Short-term Investments (< 1 year in maturity)	\$ 13,792,348.01	\$ -	\$ 13,792,348.01	\$ -	\$ 13,792,348.01		
			Long-term Investments (> 1 year in maturity)	\$ -	\$ -	\$ -	\$ -	\$ -		
			<b>Amount designated for Capital Reserves</b>							
			1. CAMP	\$ 4,668,318.33		\$ 4,668,318.33		\$ 4,668,318.33	\$ 3,605,968	
			2. LAIF	\$ 5,819,892.19		\$ 5,819,892.19		\$ 5,819,892.19	\$ 7,618,859	
			<b>Total</b>	<b>\$ 10,488,210.52</b>	<b>\$ -</b>	<b>\$ 10,488,210.52</b>	<b>\$ -</b>	<b>\$ 10,488,210.52</b>	<b>\$ 11,224,827</b>	
			The Agency has shifted a portion of the CAMP balance into LAIF to maximize interest earnings.							

COLUMN DEFINITIONS:

- (1) Date Purched - the date funds and securities were exchanged
- (2) Face Value - the stated maturity value of a security
- (3) Description - the issuer, type of security and interest rate
- (4) Maturity Date - the date the issuer has promised to pay the face value of the security
- (5) Original Cost - the amount paid for the face value of the security
- (6) Accumulated Amortization Discount (Premium) - the accumulated amount of any discount received or premium paid, from the purchase date until the date of the report
- (7) Book Value - The sum of Original Cost and Accumulated Amortization
- (8) Unrealized Appreciation (Depreciation) - the difference between the Market Value and the Book Value
- (9) Market Value - An estimate of the value at which the principal would be sold from a willing buyer as-of the close of the last business day of the month.

NOTES:

- (A) Interest is paid semi-annually for bonds with a maturity period of greater than one year
- (B) Consists of funds designated for the Agency Restricted and Unrestricted Capital Reserves.


Statement of Compliance

The above portfolio of investments is in compliance with the Agency's investment policy, adopted at the September 13, 2005 Commission meeting, and California Government Code Section 53600. In addition, the Agency does have the financial ability to meet its cash flow requirements for the next six months.

**BOARD MEMORANDUM**

May 4, 2012

To: CMSA Commissioners & Alternates

From: Jason Dow, General Manager 

Subject: **April 2012 Performance Metric Report**

**Recommendation:** Accept the April 2012 Performance Metric Report.

**Summary:** The Agency's performance in operations and maintenance activities, regulatory and environmental compliance, and public education and outreach met our metric goals/targets and NPDES permit and other regulatory requirements. Noteworthy metrics or variances are described below.

Table 1 - Operational Metrics

There were no process disruptions or treatment performance issues over the past month. Biogas production was near the upper end of our target range (line 5), but due to preventative maintenance on the cogeneration system, energy production was slightly outside the normal expected range (line 6). Natural gas procurement costs continue to be about \$0.35/term, which is lower than the unit cost used to develop the FY12 budget, resulting in a budget savings, and the report's biogas value range.

Training this month included respiratory fitness safety training for O&M staff, and employee attendance at the annual California Water Environment Association (4 staff), bi-annual North Bay Watershed Association (3) and the spring California Association of Sanitation Agency (1) conferences.

Table 2 - Environmental Compliance and Regulatory Metrics

There were not any NPDES permit exceedances in April.

Table 3 - Public Outreach

Three odor alerts were posted on the Agency website, for draining primary clarifiers after rain events and to perform routine maintenance, and there were no public odors complaints this month.

The "Go With The Flow" public education juggler show was presented to 1,150 elementary school students at: Brookside Elementary School in San Anselmo (4/5 - 300 students), San Pedro Elementary School in San Rafael (4/6 - 300 Students), Bel Aire Elementary School in Tiburon (4/6 -200 Students), and Sun Valley Elementary School in San Rafael - 4/21/12 (350 Students). The county-wide public education program's outreach booth was at the NBWA Conference (4/13), San Rafael Farmers Market (4/19), Novato Business Showcase (4/19), and Earth Day Marin (4/21). A total of 435 environmental education quizzes were taken by the events' attendees.

## CMSA PERFORMANCE METRICS – April 2012

**TABLE I. OPERATIONAL METRICS**

Metric	Definition	Measurement	Target/Goal
1) Wastewater Treated	Volume of wastewater influent treated and disposed; in million gallons	395.3	174 - 687
2) Biosolids Production	Biosolids reused as ADC at the Redwood Landfill, in wet tons Biosolids reused at Land Application site, in wet tons	603.8	360 - 585
3) Conventional Pollutant Removal	Removal of the conventional NPDES pollutants - Total Suspended Solids (TSS) and Biological Oxygen Demand (BOD) a. tons of TSS removed b. % removal of solids c. tons of organics removed (BOD) d. % removal of organics	405.4 99% 315.0 97%	> 85%  > 85%
4) Priority Pollutants Removal	Diversion of priority NPDES metals from discharge to the S.F. Bay: a. % Mercury b. % Copper	97.5% 87.8%	variable
5) Biogas Production	Biogas generated in our anaerobic digesters - in cubic feet  Natural gas (methane) equivalent of the biogas - in cubic feet	5,422,367  3,253,420	3.5 to 5.5 million ft <sup>3</sup>  2.1 to 3.3 million ft <sup>3</sup>
6) Energy Produced	Energy produced from cogeneration of generated biogas and purchased natural gas - in kilowatt hours  Biogas value (natural gas cost equivalent)	350,832 kWh  \$10,435	380 to 460,000 kWh  \$12,000 to \$24,000
7) Efficiency	The cost to operate and maintain the treatment plant per million gallons of wastewater treated - in dollars per million gallons  Energy used, kilowatt hours, per million gallons treated	\$910/MG  1125 kWh/MG	\$451-\$1,830/MG (wet - dry)  670 - 2,400 kWh/MG
8) Preventative Work Orders	# of preventative work orders completed by O&M	80	50 - 80
9) Corrective Work Orders	# of corrective work orders completed by O&M	22	done as-needed
10) Overtime Worked	Monthly hours of OT worked; Year to date hours of OT (YTD) % of normal hours worked; % Year to date (YTD)	133.5; (627) 2.1 %; (2.1%)	< 5%
11) Employee Training	Hours of internal and external employee training	Internal = 18 External = 116	variable

## CMSA PERFORMANCE METRICS – April 2012

**Table II - ENVIRONMENTAL COMPLIANCE AND REGULATORY METRICS**

Metric	Definition	Measurement	Target/Goal
1) Permit Exceedances	# of NPDES permit exceedances	0	0
2) NPDES Analyses	# samples analyzed by the CMSA laboratory for NPDES compliance monitoring	423	411 - 445
3) Process Analyses	# samples analyzed by the CMSA laboratory for process control reporting and monitoring	982	687 - 1099
4) Quality Control Testing	# of CMSA performed laboratory analyses for QA/QC purposes. Accuracy of QA/QC tests	407 100%	347 - 453 > 95%
5) Water Quality Sample Analyses	# of ammonia, coliform (total and fecal), and/or sulfide analyses performed for the CMSA member agencies (SSOs, etc)	14	as-needed
6) Pollution Prevention Inspections	Inspections of industrial and commercial businesses in the Agency's pretreatment and pollution prevention programs	27	variable
7) FOG Program Inspections	Inspections of food service establishments in the TCSD, SD2, RVSD, SRSD, and LGVSD service areas	49	variable
8) Permits Issued/Renewed	Permits issued for the pretreatment, pollution prevention, and FOG source control programs, and for groundwater discharge	3	variable

**Table III - Public Outreach**

Metric	Definition	Measurement	Target/Goal
1) Public Education Events	Attendance at public education outreach events; (YTD)	435; (537)	3,500/year
2) School Events	Participation or sponsorship in school outreach events; attendees; (YTD)	1,150; (3,569)	variable
3) Odor Alerts	# of odor alerts posted to the Agency website due to process or operational changes.	3	1-10
4) Odor Complaints	# of odor complaints filed by the public.	0	0



## BOARD MEMORANDUM

May 4, 2012

To: CMSA Commissioners and Alternates

From: Chris Finton, Treatment Plant Manager *CF*  
Robert Cole, Environmental Services Manager

Approved: Jason Dow, General Manager *JD*

Subject: April 2012 NPDES and Process Report

**Recommendation:** Accept the April 2012 NPDES and Process Report.

### I. NPDES Compliance

Our NPDES permit testing for April showed that the CMSA plant effluent was in compliance with all permit limits. The Monthly Compliance Summary Table shows the results by permitted parameter, the sample's frequency, the sample results, and the permit limit. We successfully passed the April 96-hour flow through bioassay test.

### II. Flow

In April, five rain events produced 1.42" of rain as recorded at the Headwork's rain gauge. The April 12 storm event produced 0.82" of rain over a 24-hour period. CMSA's maximum daily influent flow for the month was 21.5 MGD on April 13<sup>th</sup>. The plant's average daily influent flow was 13.2 MGD and the plant did not exceed the maximum secondary capacity of 30 MGD. The CMSA treatment plant and each satellite collection agency's daily average and total monthly influent flows are shown in the table below:

April Monthly Flows	San Rafael (SRSD)	Ross Valley (SD#1)	San Quentin	Corte Madera (SD#2)	CMSA Plant Total
Average Daily Million Gallons/ Day	4.9 MGD	6.6 MGD	0.50 MGD	1.2 MGD	13.2 MGD
Total for Month Million Gallons	147.1 MG	198.0 MG	13.9 MG	36.3 MG	395.3 MG
Percent of Flow	37.2 %	50.1 %	3.5 %	9.2 %	100 %

# CMSA TREATMENT PLANT PROCESS REPORT

April 2012



**Digester Improvements Project Pumps and Piping Installation**

# Monthly Compliance Summary Table

Central Marin Sanitation Agency

April 2012

## Final Effluent Monitoring

Parameter	Frequency	Units	Results	Limit
Carbonaceous BOD Highest Weekly Average	Weekly	mg/L	7	Maximum 40
Carbonaceous BOD Monthly Average	Monthly	mg/L	6	Maximum 25
Carbonaceous BOD Monthly Removal Rate	Monthly	%	97	Minimum 85
Total Suspended Solids Highest Weekly Average	Weekly	mg/L	4.1	Maximum 45
Total Suspended Solids Monthly Average	Monthly	mg/L	3.7	Maximum 30
Total Suspended Solids Monthly Removal Rate	Monthly	%	99	Minimum 85
Chlorine Residual Instant Limit	Instant	mg/L	<0.1	Maximum 0.0
pH Lower Limit	Continuous		7.3	Minimum 6
pH Upper Limit	Continuous		7.8	Maximum 9
<b>Bacteriological Analysis</b>				
Total Coliform 5 Sample Median	3 X Week	MPN/100mL	8	Maximum 240
Total Coliform Daily Maximum	3 X Week	MPN/100mL	50	Maximum 10,000
<b>Flow Through Bioassay</b>				
Acute Toxicity 11 Sample 90th Percentile	Monthly	% survival	100	Minimum 70
Acute Toxicity 11 Sample Median	Monthly	% survival	100	Minimum 90
<b>Metals Analysis</b>				
Copper Daily Limit	Monthly	ug/L	4.2	Maximum 21.8
Copper Monthly Average	Monthly	ug/L	4.2	Maximum 13.1
Cyanide Daily Limit	Monthly	ug/L	ND	Maximum 41
Cyanide Monthly Average	Monthly	ug/L	ND	Maximum 21
Mercury Weekly Average	Weekly	ug/L	0.0055	Maximum 0.072
Mercury Monthly Average	Monthly	ug/L	0.0055	Maximum 0.066
Mercury Monthly Loading	Monthly	kg/mo	0.0067	
Mercury Annual Loading (watershed permit)	Jan-Dec	kg/yr	0.0143	Maximum 0.18
<b>Semi-Annual Analysis</b>				
Dioxin - Total Equivalentents (TEQ) Daily Maximum	every 6 mos	ug/L	*	Maximum 2.8E-08
Dioxin - Total Equivalentents (TEQ) Monthly Average	every 6 mos	ug/L	*	Maximum 1.4E-08
Chronic Bioassay Toxicity	every 6 mos	toxicity units	*	Maximum 20
Chronic Bioassay Toxicity (3 sample median)	every 6 mos	toxicity units	*	Maximum 10
Polychlorinated Biphenyls (PCBs) Daily Limit	every 6 mos	ug/L	*	Maximum 0.017
Polychlorinated Biphenyls (PCBs) Monthly Limit	every 6 mos	ug/L	*	Maximum 0.012
<b>Quarterly Analysis</b>				
Oil and Grease Daily Limit	Quarterly	mg/L	*	Maximum 20
Oil and Grease Monthly Average	Quarterly	mg/L	*	Maximum 10
<b>Flow Analysis</b>				
Effluent Flow	Daily Max	Hourly Max	5 minute Max	Monthly Average
	18.8	23.3	25.0	9.6
Influent Flow	21.5	30.6	32.1	13.2
# Days Blended	0			

\* Monitoring not required this month

ND = None Detected

## Glossary of Terms

### Monthly Compliance Summary Table

- **Biochemical Oxygen Demand (BOD):** Measurement of the effluent's capacity to consume dissolved oxygen to stabilize all remaining organic matter. The permit limits for our effluent for discharge into San Francisco Bay require that we remove 85% influent BOD and meet a weekly average of less than 40 mg/L and a monthly average of less than 25 mg/L BOD.
- **Total Suspended Solids (TSS):** Measurement of suspended solids in the effluent. Our permit requires that we remove at least 85% of the influent TSS and that the effluent limit is less than 45 mg/L as a weekly average and less than 30 mg/L as a monthly average.
- **Chlorine Residual:** The plant effluent is disinfected with hypochlorite (chlorine "bleach") and then the residual chlorine is neutralized with sodium bisulfite to protect the Bay. The effluent chlorine residual limit is 0.0 mg/l, which we monitor continuously.
- **pH:** pH is a measurement of acidity, with pH 7.0 being neutral and higher pH values being basic and lower pH values being acidic. Our permit effluent pH must stay within the range of 6.0 to 9.0, which we monitor continuously.
- **Coliform:** Coliform bacteria is the indicator organism for determination of the effectiveness of the disinfection process. The lab cultures samples of our effluent and the presence of coliform is an indication that pathogenic organisms may be present. This is reported as MPN/100ml (number of coliform bacteria in 100 milliliters of sample).
- **Flow Through Bioassay:** A 96-hour test in which we test the toxicity of our effluent to young rainbow trout (15-30 days old) in a flow through tank to determine the survivability under continuously exposure to our effluent. Our permit requires that we maintain a 90<sup>th</sup> percentile survival of at least 70% and an 11 sample median survival of at least 90%. In layman's terms, this means that out of the last 11 samples only one bioassay may fall below 70% survival and the middle value when all 11 samples are placed in numerical order must be at least 90%.
- **Metals Analysis:** Our permit requires that we analyze our effluent for many different metals on a monthly basis. We have permit limits for three of the metals. The limits are stated as a maximum daily limit and a monthly average limit. The maximum daily limit is the number we cannot exceed on any sample and the monthly average applies to all samples collected in any month (although usually we only are required to take one).
- **Dioxin - Total Equivalent**s - These are 17 dioxin like compounds that have a permit limit that will take effect in 2017. The current permit requirement is to analyze and report these compounds twice a year.
- **Oil and Grease** - Quarterly we are required to monitor our effluent for Fats, Oils, and Grease.

**Executive Summary Process Performance Data**

**April 2012**

The removal efficiencies shown are based on the monthly average of the following treatment processes that were in service.

**Primary Clarifier Performance**

The average Total Suspended Solids (TSS) in	<u>248</u>	mg/l
Average TSS out	<u>141</u>	mg/l
Average Percent Removal Achieved	<u>43.1</u>	%
Average Total Biochemical Oxygen Demand (BOD) in	<u>210</u>	mg/l
Average BOD out	<u>126</u>	mg/l
Average Percent Removal Achieved	<u>40.0</u>	%
Average Plant Influent Flows	<u>13.2</u>	MGD

Expected removal efficiencies as outlined in Metcalf & Eddy Wastewater Engineering Manual
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Design 50-70% Removal
-----------------------

Design 25-40% Removal
-----------------------

**Biotower Performance**

Average TSS out	<u>103</u>	mg/l
Average BOD out	<u>84</u>	mg/l
Average Percent BOD Removal Achieved	<u>33</u>	%

Design 25-30% Removal
-----------------------

**Aeration Tanks/Activated sludge**

Dissolved Oxygen set point	<u>1.8</u>	mg/l
Average MLSS	<u>1173</u>	mg/l
Average MCRT	<u>4.6</u>	Days
Average SVI	<u>163</u>	

**Secondary Clarifiers**

Average WAS concentration	<u>7567</u>	mg/l
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**Final Effluent**

The average Effluent TSS for the month was	<u>3.7</u>	mg/l	(Maximum Limit: 30mg/l)
Week #1 weekly average	<u>3.3</u>		(Maximum Limit: 45mg/l)
Week #2 weekly average	<u>4.1</u>		"
Week #3 weekly average	<u>3.4</u>		"
Week #4 weekly average	<u>3.7</u>		"

The monthly average TSS removal efficiency through the plant was	<u>99</u>	%	(Minimum Limit: 85%)
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The average Effluent BOD was	<u>6</u>	mg/l	(Maximum Limit: 25mg/l)
Week #1 weekly average	N/A		(Maximum Limit: 40mg/l)
Week #2 weekly average	<u>7</u>		"
Week #3 weekly average	<u>5</u>		"
Week #4 weekly average	<u>4</u>		"

The monthly average BOD removal efficiency through the plant was	<u>99</u>	%	(Minimum Limit: 85%)
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Total Coliform 5 Sample Median	<u>8</u>	MPN	(Maximum 240)
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The Daily Maximum Total Coliform Count for the month was	<u>50</u>		(Maximum 10,000)
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Effluent pH for the month was:	Min	<u>7.3</u>	(Min 6.0)
	Max	<u>7.8</u>	(Max 9.0)

**Digester Treatment**

The average Thickened Waste Concentration from the DAF was	<u>4.00</u>	%	
The average percent of Volatile Solids destroyed was	<u>62.42</u>	%	
The cubic feet of biogas produced was	<u>5,422,367</u>	(Total)	<u>180,746</u> (Daily Average)
The average temperature of the digester was	<u>100.00</u>	degrees Fahrenheit	

## Executive Summary Process Performance Data

April 2012

Removal efficiencies are based on the monthly average of the treatment processes that are in service.

Final Effluent BOD samples for week #1 were disqualified, the contaminated sample set did not comply to ELAP standard test methods . Graph #5 depicts the repeat sampling on April 11th.

### Dewatering

The average Centrifuge Feed concentration was	<u>2.59</u>	%
The average Biosolids concentration was	<u>27.17</u>	%
The average TSS of the Centrate was	<u>0.017</u>	%
The solids capture of the Centrifuge was	<u>99.37</u>	%
Polymer use per Dry ton of biosolids was	<u>17.00</u>	#/dry ton
The average polymer feed rate per run was	<u>4.42</u>	gpm
The average concentration of the polymer batches was	<u>0.33</u>	%
The average sludge feed rate per run was	<u>67.0</u>	gpm

### Comments:

The plant has been running well with plant effluent being of very good quality.

#### **Graph #1:**

Depicts the total influent flow (from all collection agencies) entering the treatment plant. The Y-axis is in the Dry Weather flow range of 0-40 MGD.

#### **Graph #2:**

Depicts individual collection member agency flows. The Y-axis is in the Dry Weather flow range of 0-20 MGD.

#### **Graph #3:**

Depicts the total suspended solids in the effluent. Our monthly average was 3.7 mg/l vs our KPI of 15 mg/l and permit monthly average limit is 30 mg/l.

#### **Graph #4:**

Depicts the coliform most probable number (MPN) results which are an indication of the disinfection system performance. The monthly 5 day median sample was 8 MPN, which is well below our KPI of 15 MPN and 5 day median permit limit of 240 MPN.

#### **Graph #5:**

Depicts the effluent BOD which is measuring the oxygen demand of the wastewater. Our April Effluent BOD average was 6 mg/l, well below our NPDES weekly limits of 40 mg/l and monthly limit of 25 mg/l. Repeat sampling is depicted on Graph #5; April 11th specifically, due to a contaminated sample which did not conform to ELAP standard test methods.

#### **Graph #6:**

Depicts the degree to which the biosolids have been dewatered. Our biosolids exceeded our KPI of 25% every day this month.

#### **Graph #7:**

Depicts the amount of biogas that is generated in the digesters, and then used for producing electricity. The average volume of gas produced in April was 180,746 cubic feet per day , well above our KPI of 115 thousand cubic feet per day.

#### **Graph #8:**

This graph depicts the amount of energy produced through co-generation vs. the energy purchase from PG&E for agency operations. As shown on Graph #8, technicians on April 5 replaced seven thermostats on the cogenerator. There are three separate cooling systems associated with the engine and as part of regular preventive maintenance, staff replaces these electro-mechanical parts as a preventive measure against heat fatigue. On April 22, the energy dip was associated with staff electricians replacing a control module service board. The cogenerator returned to service that day.

# Glossary of Terms

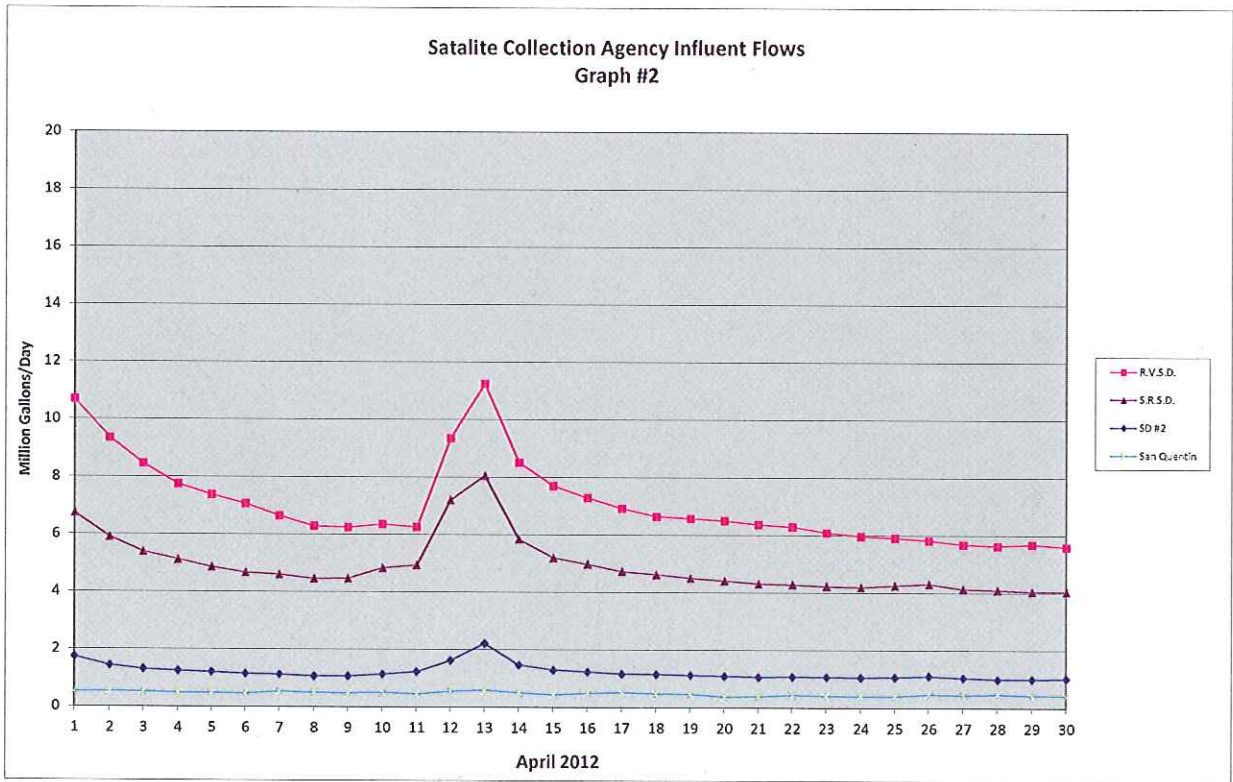
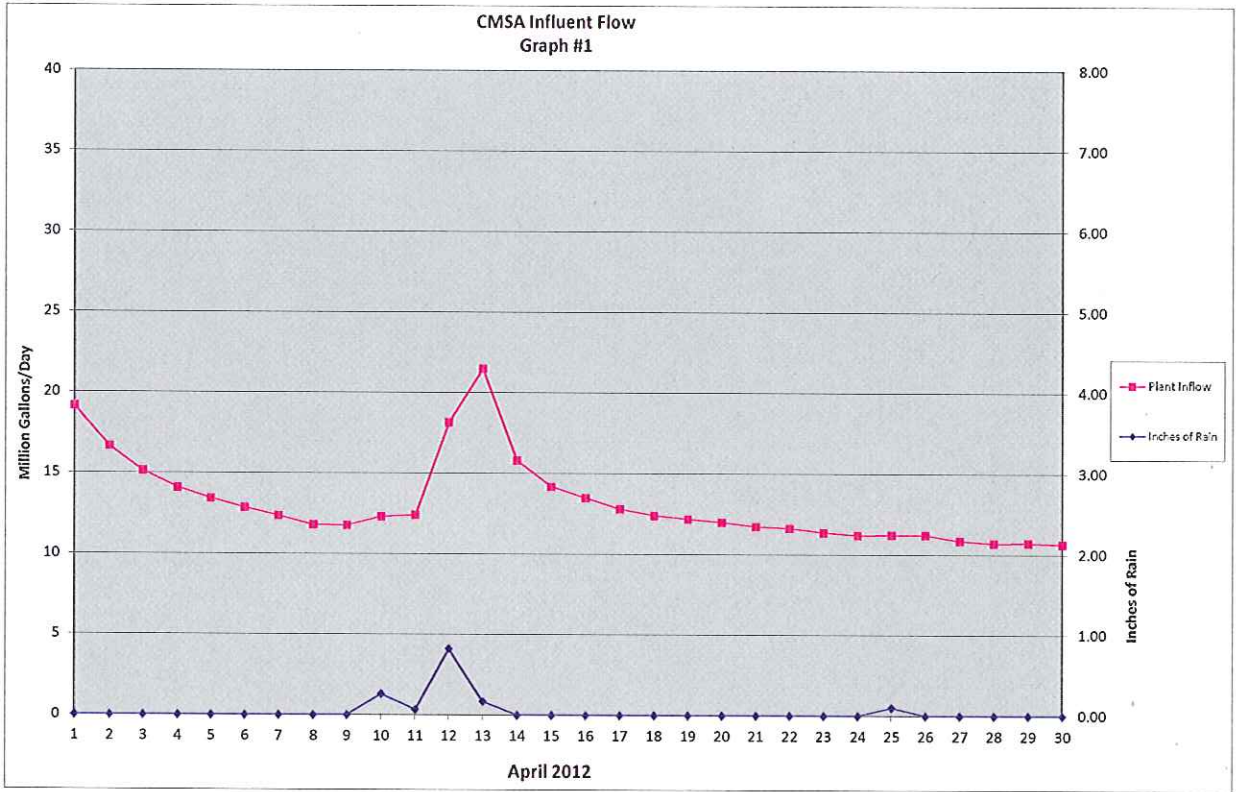
## Executive Summary

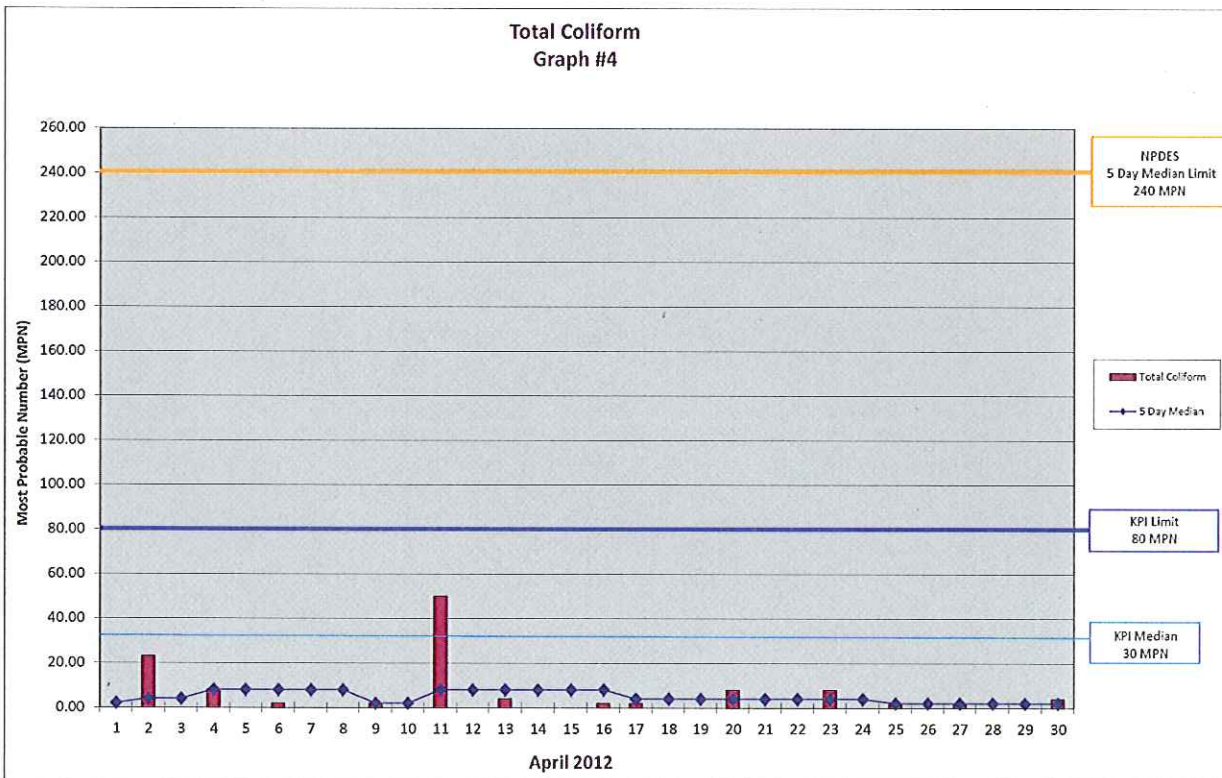
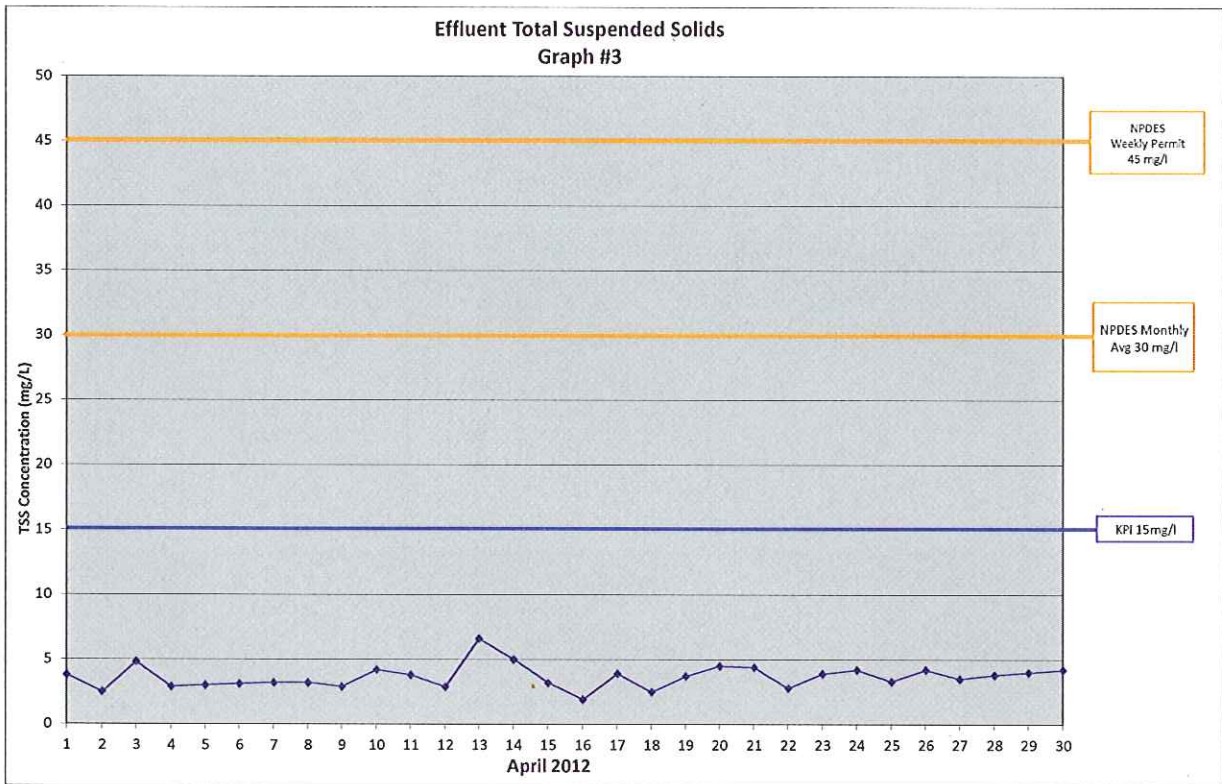
- **Primary Clarifier:** A physical (as opposed to biological) treatment process where solids that settle or float are removed and sent to the digesters for further processing.
- **Biotower:** The next treatment process, that is biological, in which the wastewater trickles over a biomass covered media. The biomass feeds on the dissolved and suspended solids in the wastewater.
- **Aeration Tanks:** Next are the aeration tanks, a biological process like the biotowers but the biomass is pumped back from the secondary clarifiers to mix with the wastewater and feed on any remaining solids. Air and mixing are provided by the aeration blowers to allow the biomass to feed on the rest of the dissolved and suspended solids in the wastewater.
- **Secondary Clarifiers:** Provides settling for the biomass after aeration, most of the settled mass is returned to the aeration tank as return activated sludge (RAS) and some is sent to the DAF unit as waste activated sludge (WAS).
- **Chlorine Contact Tanks (CCTs):** The final treatment process. These basins allow contact time for chlorine solution to disinfect the wastewater. Sodium bisulfite is introduced at the end of the CCTs to neutralize any residual chlorine to protect the Bay.
- **Final Effluent:** After all treatment processes are completed, we discharge the final effluent to San Francisco Bay through our deep water outfall.
- **Dissolved Air Flotation (DAF):** The dissolved air flotation process uses air bubbles to thicken the WAS, solids removed from the secondary process, by floating solids to the tank surface, where they are removed and sent to the digesters for final processing.
- **Anaerobic Digesters:** In the anaerobic digestion process, all the organic material removed in the primary sedimentation tanks and DAFs are digested by anaerobic bacteria. The end products are methane, carbon dioxide, water and neutralized organic matter.
- **Centrifuge (Dewatering):** Processed solids are removed from the digester and centrifuged to remove most of the water. The dewatered biosolids are then disposed at the Redwood Landfill in winter, as alternate daily cover (ADC), or to a land application site in summer as soil amendment.
- **Waukesha Engine Cogenerator:** A dual fuel engine generator provides most of the plant's electricity. The methane "biogas" produced by anaerobic digesters powers the engine 42% of the time and when biogas is not available, natural gas is used. As well as generating electricity the engine supplies heat for plant processes and building heating.
- **Mixed Liquor Suspended Solids (MLSS):** Suspended solids in the mixed liquor of an aeration tank measured in milligrams per liter (mg/l).

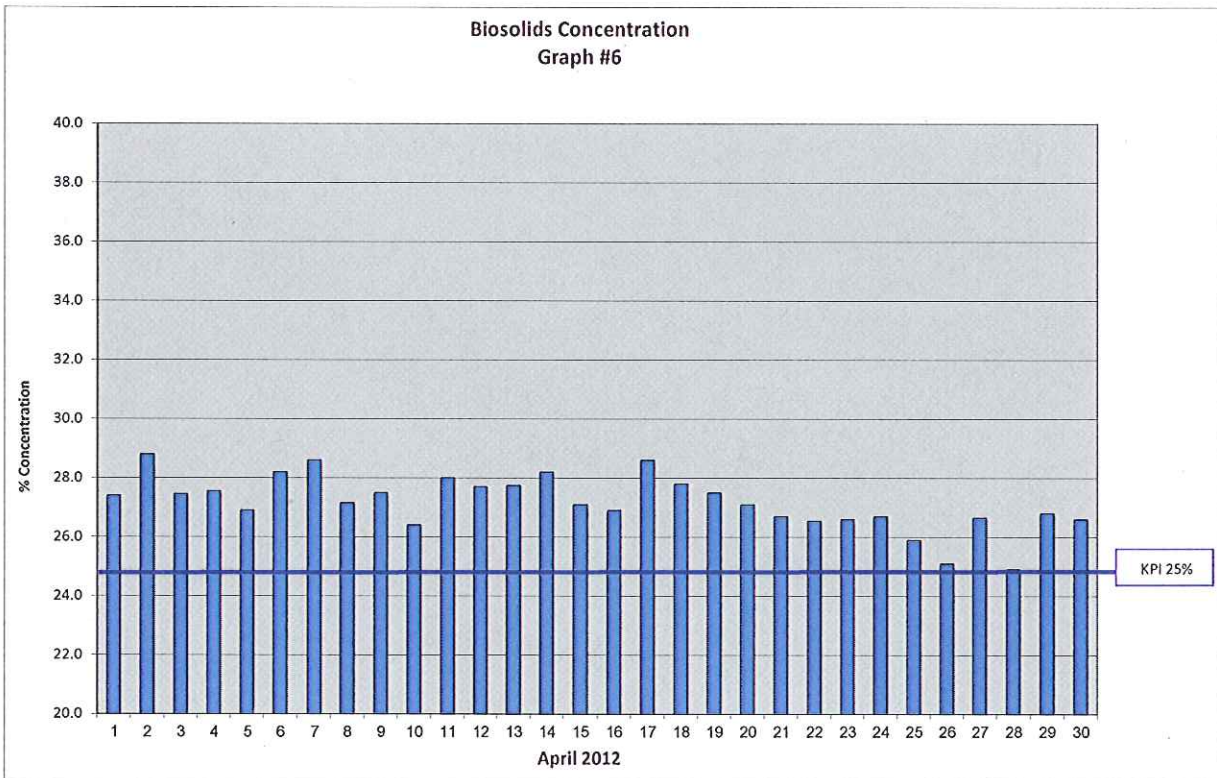
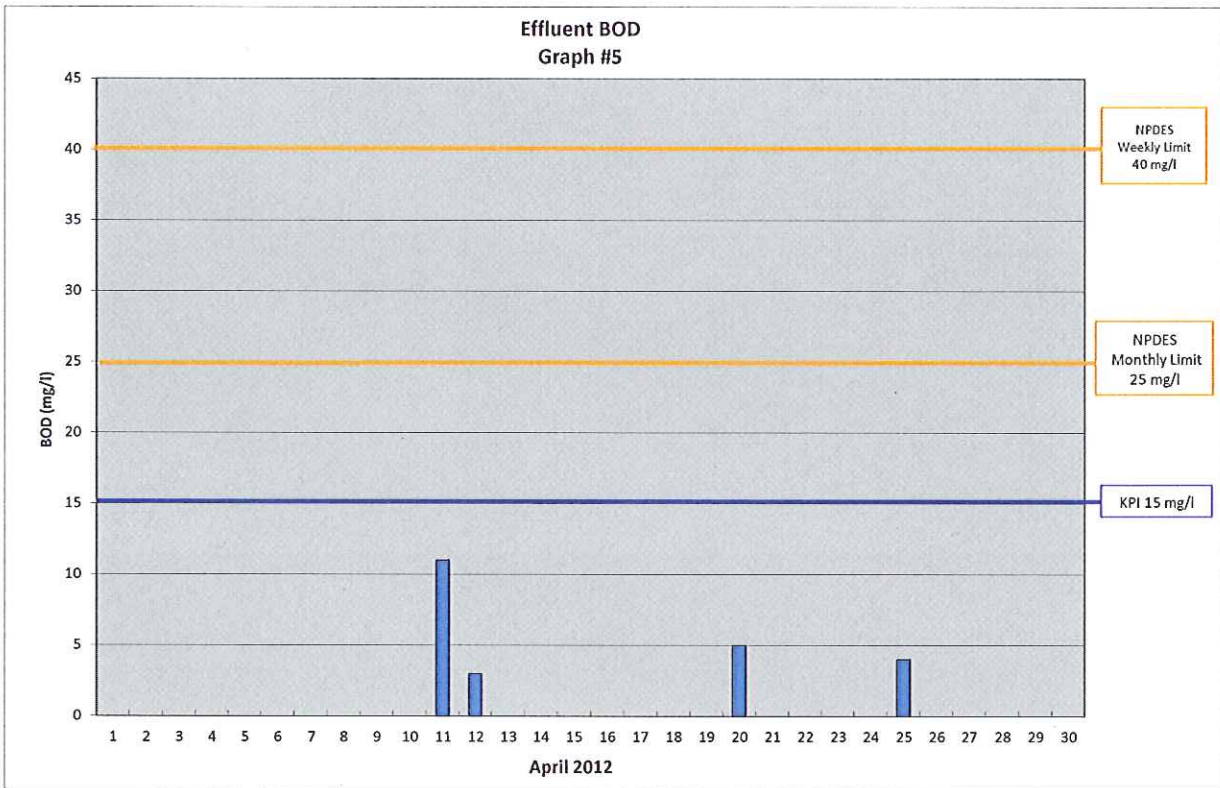
- **Mean Cell Residence Time (MCRT):** An expression of the average time that a microorganism will spend in the activated sludge process.
- **Sludge Volume Index (SVI):** This is a calculation used to indicate the settling ability of activated sludge in the secondary clarifier.
- **Return Activated Sludge (RAS):** The purpose of returning activated sludge, is to maintain a sufficient concentration of activated sludge in the aeration tanks.
- **Waste Activated Sludge (WAS):** To maintain a stable process, the amount of solids added each day to the activated sludge process are removed as WAS. We track this by our MCRT 3.8 days (for June).
- **Thickened Waste Activated Sludge (TWAS):** the WAS is thickened in the DAF and the thickened sludge is sent to the digester.
- **Most Probable Number (MPN):** Concentrations of total coliform bacteria are reported as the "most probable number". The MPN is not the absolute count of the bacteria but a statistical estimate of their concentration.
- **Volatile Solids:** Organic content of the suspended solids
- **Biosolids Cake:** Anaerobically digested biosolids are pumped to a centrifuge where excess water is removed to reduce the volume (and weight).
- **Polymer:** Organic polymers are added to settled effluent to bring about the formation of larger particles by bridging to improve processing.

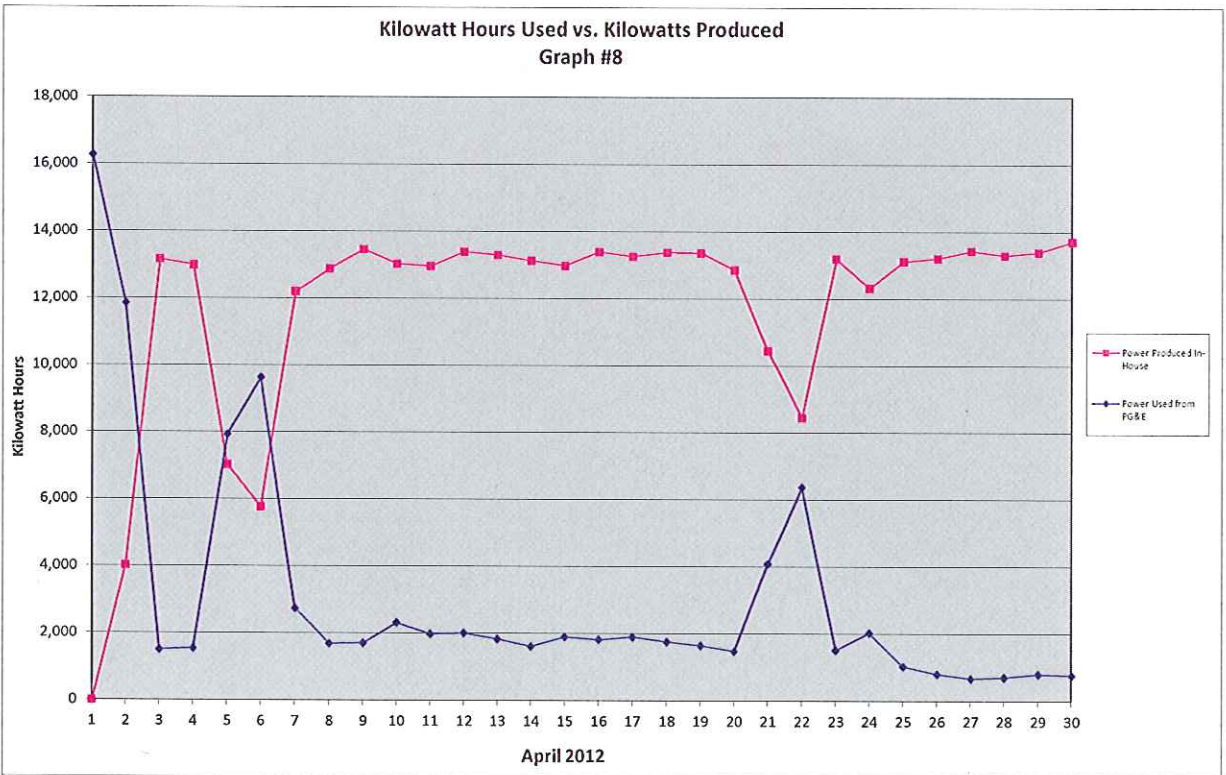
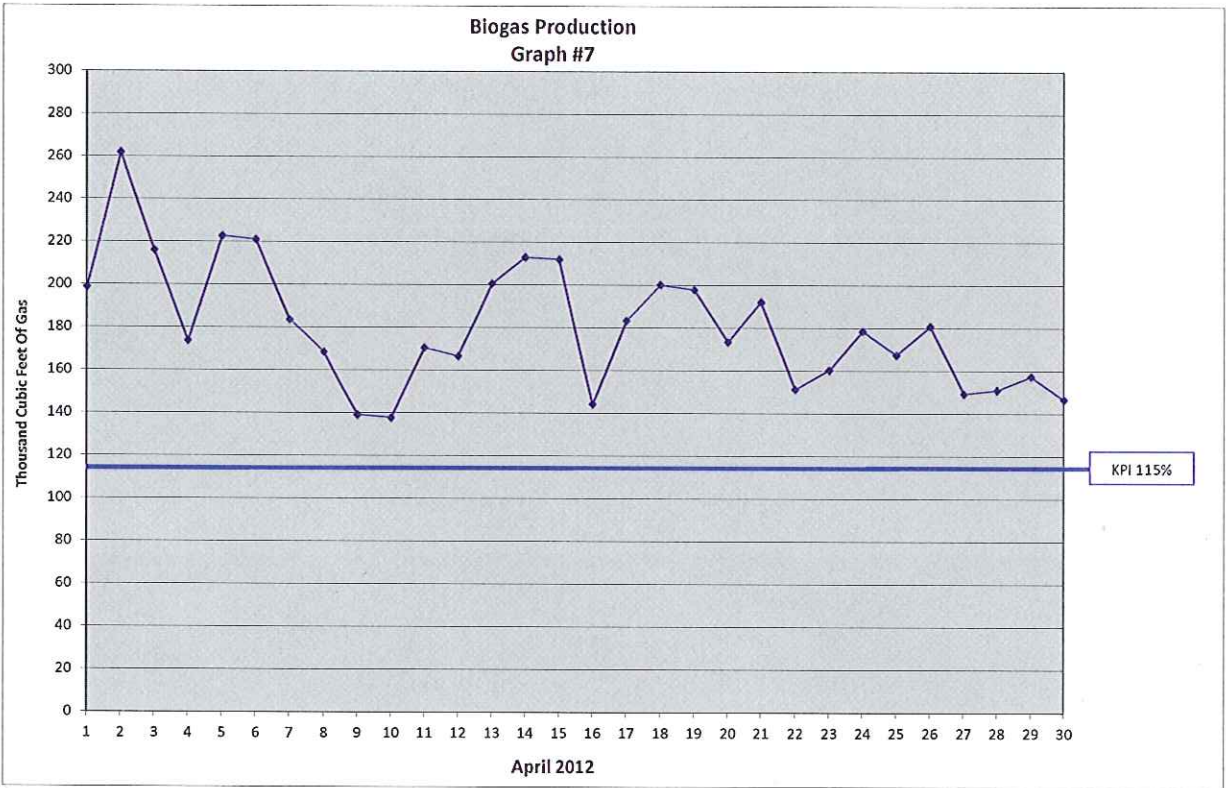
### **Units of Measurement**

- **mg/L Milligrams per Liter:** A measure of the concentration by weight of a substance per unit volume. For practical purposes, one mg/L is equal to one part per million (ppm).
- **Percent by Volume (% by vol):** A measure of the volume of a solution.
- **Percent by Mass (% by mass):** A measure of the combined mass of a solute + solvent.
- **MPN/100mL Most Probable Number per 100 milliliters:** Statistical estimate of the number of bacteria per 100 milliliters of a given solution.
- **ug/L Micrograms per Liter of Solution:** Mass per unit volume.
- **kg/month Kilograms per Month:** 1 kilogram = 2.205 lbs.
- **Kwh Kilowatt hours:** A unit of electric power equal to using 1 Kw for 1 hour.
- **KPI Key Performance Indicators:** are our performance goals.











**BOARD MEMORANDUM**

May 4, 2012

**To:** CMSA Commissioners & Alternates

**From:** Jason Dow, General Manager

**Subject:** **Interim Wastewater Service Agreement with the California Department of Corrections and Rehabilitation**

**Recommendation:** Approve the Interim Wastewater Services Agreement with the California Department of Corrections and Rehabilitation, and authorize the General Manager to sign it after it has been executed by the appropriate state agencies.

**Summary:** The Board reviewed and discussed the final draft Interim Wastewater Services Agreement (Agreement) between CMSA and the California Department of Corrections and Rehabilitation (CDCR) at their April 2012 Board meeting. Staff informed the Board that the Agreement terms, conditions, scope of work, and monthly fee have been negotiated and accepted by CMSA and CDCR management and have been approved by both agency's legal counsels, and that the Agreement was currently under review by the Department of General Services (DGS). During the Agreement discussion, the Board asked staff to prepare a provision stating that CDCR will reimburse CMSA for all expenses associated with performing emergency work, and request that CDCR include that new provision in the final Agreement.

The emergency service payment provision was accepted by CDCR and has been incorporated into the Agreement. The Department of General Services completed their review and provided comments, most of which were primarily editorial in nature and also incorporated into the Agreement. The one noteworthy DGS comment was a requirement to add the state's General Conditions to the Agreement. Staff reviewed that document with CDCR and noted that some of its provisions duplicated similar provisions in the Scope of Work, Exhibit A, and others were not applicable. DGS agreed to remove several of the non-applicable provisions and the duplicative provisions were removed from the Scope of Work. The Agreement has been approved by CDCR and DGS, and is being circulated for the appropriate signatures. Counsel Govi reviewed and approved as to form the General Conditions.

The California Department of Corrections and Rehabilitation terminated their 1981 wastewater service agreement with RVSD, effective June 30, 2012. If this Agreement is approved, CMSA will begin providing the wastewater services on July 1, 2012, for the monthly fee of \$100,000, and will begin the process to develop a multi-year agreement in the near future.

The CMSA and CDCR Agreement and its four Exhibits (A, B,C, and E) are attached.

STATE OF CALIFORNIA  
**STANDARD AGREEMENT**  
 STD 213 (Rev 06/03)

AGREEMENT NUMBER

REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

Department of Corrections and Rehabilitation (CDCR)

CONTRACTOR'S NAME

Central Marin Sanitation Agency (CMSA)

2. The term of this Agreement is: July 1, 2012 through June 30, 2013

3. The maximum amount of this Agreement is: \$ \$1,350,000

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work 11 page(s)

Exhibit B – Budget Detail and Payment Provisions 1 page(s)

Exhibit C\* – General Terms and Conditions 4 page(s)

Check mark one item below as Exhibit D:

Exhibit - D Special Terms and Conditions (Attached hereto as part of this agreement) NA page(s)

Exhibit - D\* Special Terms and Conditions 1 page(s)

Exhibit E – Additional Provisions  
 Operations and Maintenance (O&M) Specifications.

*Items shown with an Asterisk (\*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at [www.ols.dgs.ca.gov/Standard+Language](http://www.ols.dgs.ca.gov/Standard+Language)*

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

**CONTRACTOR**

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

**STATE OF CALIFORNIA**

AGENCY NAME

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

California Department of General Services Use Only

Exempt per:

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**EXHIBIT A – SCOPE OF WORK**  
**AGREEMENT BETWEEN**  
**CENTRAL MARIN SANITATION AGENCY**  
**AND**  
**CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION**

This Agreement dated,                     2012                    , is entered into by and between the Central Marin Sanitation Agency (hereinafter referred to as CMSA), and the State of California Department of Corrections and Rehabilitation (hereinafter referred to as CDCR).

WHEREAS, CDCR owns and operates the San Quentin State Prison located at 100 Main Street, San Quentin, California 94964 (SQSP), which includes wastewater conveyance systems (SQWCS) that are connected to wastewater treatment facilities and systems owned and operated by CMSA;

WHEREAS, CMSA owns and operates a regional wastewater treatment facility (WWTP) in San Rafael, adjacent to San Quentin State Prison, that treats and processes the wastewater and bio-solids from the residents, businesses, and institutions in Central Marin County;

WHEREAS, CMSA currently provides wastewater treatment of wastewater discharged by SQSP and conveyed to the CMWTF by the SQWCS, and the costs of treatment by CMSA is billed to Ross Valley Sanitation District (RVSD), which, in turn, bills CDCR;

WHEREAS, CDCR currently contracts with RVSD to maintain the SQWCS;

WHEREAS, CDCR and CMSA now desire to enter into an interim Wastewater Services Agreement (WSA) under which CMSA will maintain and operate the SQWCS' transport facilities (pump station) on behalf of CDCR to ensure the uninterrupted conveyance of SQ wastewater to the CMSA WWTP for treatment and disposal; and

**1. San Quentin Wastewater Conveyance System (SQWCS).**

- A. The SQWCS, which is located on the grounds of the SQSP, consists of building laterals, gravity sewer lines, lift stations, force mains, and a main pump station, which includes a wet well and bar screens.
- B. The SQWCS connects to the Central Marin Sanitation Agency (CMSA) regional treatment facilities and the marine outfall, via a 54" interceptor upstream of the 16" San Quentin force main.

**2. Scope of Service.**

- A. *Monthly Services.* CMSA agrees to provide all labor, materials, equipment, services, expertise and licenses necessary to maintain and operate the main pump station and wet well, transport the wastewater to CMSA, and treat and dispose of the wastewater.
  1. *Scope of Pump Station Operations and Maintenance (O&M).* The O&M shall include the furnishing of all labor, materials, equipment, services, expertise and licenses necessary to maintain and operate the main pump station, and transport the wastewater to CMSA, for treatment and disposal of the wastewater. This includes all system components starting at the San Quentin main pump station wet-well through the pump station and the 16" force main that connects into the CMSA maintained

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54" interceptor. CMSA shall regularly perform comprehensive preventive and corrective maintenance on the pump station equipment and components as recommended by manufacturers or industry standards. CDCR shall pay electrical costs for the operation of the systems and equipment on San Quentin property.

2. *Treatment* – CMSA shall safely transport the San Quentin wastewater to their treatment facility. CMSA shall receive, process, and dispose of the wastewater and biosolids generated by the San Quentin property in accordance with the requirements in the National Pollutant Discharge Elimination System (NPDES) permit issued by the San Francisco Bay Regional Water Quality Control Board. CMSA will be responsible for complying with all federal, state, regional and local wastewater and biosolids treatment and disposal monitoring, reporting, and other related regulatory requirements.
3. *Operations and Maintenance (O&M) Specifications*. The specific monitoring and maintenance activities contemplated under A.1. above, are shown in Exhibit E, which from time to time will be modified by government regulation or mutual agreement of CDCR and CMSA.
4. *Emergency Services*. CMSA shall respond to pump station alarms and other system emergencies 24 hours a day, seven days a week. CMSA shall take all necessary actions to stabilize the emergency situation. CDCR authorizes the CMSA to retain outside consultants and contractors, as needed, to respond to and address the emergency situation. CDCR shall be immediately notified as to any critical or emergency events during normal business hours. CMSA will notify CDCR within 24 hours, if after hours, on weekends or holidays. The emergency notification contact is the institutional Watch Commander, at (415) 455-5051.

CDCR agrees to pay CMSA for all reasonable and verified costs associated with providing emergency services that were performed under this Agreement, including direct costs for contractors, consultants, equipment and material procurement, CMSA labor, and other related expenses to respond to, stabilize, correct, and/or address an emergency situation at the San Quentin pump station or for its 16" forcemain.

5. *Replacement of Parts & Equipment*. CMSA shall maintain all equipment, including regular replacement of lubricants and parts required for normal maintenance of the equipment. This obligation shall not include replacement of equipment or parts due to sudden breakage or equipment failure, which shall be considered extra work.
- B. *Extra Services*. CMSA agrees to perform extra services that can be reasonably done within staff expertise and resource availability.
1. CMSA agrees to provide time and material cost estimates to CDCR for these extra services. CDCR shall review the cost estimate and if approved, CDCR will issue a notice to proceed.
  2. Except in an emergency involving life safety, violations of the NDPES permit, or response to a sanitary sewer overflow, CMSA shall only perform extra services upon written request and written confirmation of acceptance by CDCR of CMSA's written estimate of the charge for the extra service.

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3. CMSA agrees to provide an invoice to CDCR within 10 days of performance and completion of any approved or emergency extra work. Such invoice shall be supported by copies of all invoices for materials and time records for labor performed and charged. Where any requested extra service is expected to last longer than one month, CMSA shall submit a progress billing with its monthly O&M maintenance charge for that portion of the extra work performed during the month.

*C. Reporting Sewer Overflows.*

1. CDCR shall be responsible for meeting the State Water Resources Control Board and San Francisco Bay Regional Water Quality Control Board's (RWQCB) sanitary sewer overflow (SSO) reporting requirements. CMSA shall report any observed discharge incidents to CDCR as soon as practicably possible, but in no event later than 24 hours after the incident has been observed and/or addressed. CMSA will verbally report overflows, if CDCR staff are unavailable, to the County of Marin Environmental Health Services, the Office of Emergency Services, and other required regulatory agencies to meet the two-hour notification requirement. CMSA personnel shall follow reporting procedures in the CMSA Emergency Response Plan (ERP). Follow-up reporting shall be done by CDCR.
2. At the CDCR's request and based on CMSA's staff availability, CMSA will assist with investigating the causes of the SSO, calculating the volume of sewage released from the collection system, and preparing written reports to the RWQCB and appropriate regulatory agencies as needed. Investigation efforts by CMSA will be considered extra work for the purposes of compensation provisions under this Agreement.

*D. Reports and Documents of Services.*

1. CMSA shall maintain and provide access or copies, upon request, to all regulatory documents, annual operations and capital budgets, 10-year capital improvement plans and financial forecasts, and other operational, regulatory, and financial documents concerning the O&M services provided under this agreement. CMSA, upon request, will provide copies of its audited financial statements and comprehensive annual financial reports.
2. Over the course of this 12-month agreement CMSA shall conduct a full condition assessment of the pump station mechanical and electrical systems, including the emergency generator, and use the assessment findings to prepare a draft multi-year Capital Improvement Plan (CIP) for CDCR review.
3. CMSA shall, whenever possible, provide CDCR notice and estimates of cost to repair or replace equipment as soon as CMSA observes conditions of equipment indicating likely near term failure or breakdown of equipment.
4. CMSA shall arrange for and supervise such inspections as required from time to time by governmental agencies.
5. CMSA will prepare a monthly report for CDCR that includes the main pump station flow information and a brief summary of the completed corrective and preventative maintenance activities.

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- E. *Compliance with Law.* CMSA shall perform all services of this Agreement in strict accordance with all applicable Codes, Standards, Regulations, and Authorities having jurisdiction. The latest edition of the document shall apply.
  - F. *Pump Station Screen cleaning.* San Quentin staff will retain the responsibility of the routine cleaning of the pump station influent channel screens upstream of the channel grinders.

### 3. Term of Agreement.

- A. *Original Term.* The term of this Agreement shall commence upon execution by CDCR and shall expire on the last day of the 12<sup>th</sup> full calendar month following execution by CDCR.
- B. *Renewal Term.* This agreement may be renewed one additional year by notice by CDCR delivered to CMSA no later than 30 days prior to expiration of the original or current renewal term.
- C. *Suspension.* Pursuant to a Governor's Executive Order or equivalent directive, such as a court order or an order from a federal or state regulatory agency, mandating the suspension of state contracts, the State may issue a Suspension of Work Notice. The Notice shall identify the specific Executive Order or directive and the Agreement number(s) subject to suspension. Unless specifically stated otherwise, all performance under the Agreement(s) must stop immediately upon receipt of the Notice. During the period of contract suspension, CMSA is not entitled to any payment for the suspended work. Once the order suspending state contracts has been lifted, a formal letter from the Department will be issued to the CMSA to resume work.
- D. *Termination Prior to Expiration.* CDCR or CMSA may terminate this Agreement by 30 Day written notice to either party.
- E. *Continued Wastewater Treatment.* In the event either party terminates this contract, CMSA as the regional WWTP, a sole source provider, will continue to receive and treat the San Quentin property's wastewater and biosolids and CDCR will compensate CMSA for those services at a fair and equitable negotiated service fee.

### 4. Access to Site to Perform Services.

- A. CDCR shall provide CMSA access to the SQWCS through the west main facility gate unless otherwise approved by CDCR. CMSA agrees to comply with all SQSP security regulations pertaining to visitor and outside contractor access, including security clearance for each individual seeking access to the service area. CMSA agrees to screen employees for security purposes and to cooperate with the plant operations staff at SQSP to ensure the safety and security of all inmates, staff, and visitors.
- B. CMSA or its authorized agents will comply with all CDCR rules and regulations. No article or material considered as contraband shall be brought on said real property. Contraband includes, but is not limited to, beer, alcoholic beverages, narcotics, the possession and use of firearms, explosives or edged weapons and restricted controlled substances. Any willful violation of said rules and regulations are grounds for immediate termination of this agreement, and could result in arrest and criminal prosecution.

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- C. All of CMSA Officers, employees, agents and contractors allowed by the Agreement within SQSP shall be prohibited from wearing denim jeans, blue chambray work shirts, orange vests, and any other articles of clothing disallowed by the authorities in charge.
  - D. CMSA agrees to confine its operations and maintenance activities within the limits of designated service areas unless otherwise approved in advance.
  - E. CMSA agrees to confine all material storage and employee parking within designated areas unless otherwise directed by the CDCR, and to submit to all reasonable security measures including inspections and searches as deemed necessary for the security of the facility, inmates, and staff.
  - F. CMSA is solely responsible for any loss due to theft of tools, equipment, or materials left or stored in the service area. CMSA agrees to remove all tools, materials, and equipment from the service area when not in use, and to maintain the service area broom clean.
  - G. CMSA is solely responsible for the health and safety of its employees while working in the service area and on the grounds of SQSP.
  - H. CMSA shall provide and maintain adequate protection measures to prevent damage to institution/prison property in the course of its performance of this Agreement.
  - I. CMSA shall provide and maintain adequate fire extinguishers and safety kits to be used in the event of an emergency, and will provide and maintain personal protective equipment at the main pump station.
  - J. CMSA is authorized to utilize laptops during performance of the contract O&M activities as the work area is confined to locations outside the main prison secure perimeter. California Penal Code Section 4576 prohibits the possession and/or use of cellular phones and/or wireless communication devices on the premises of the institution without express written authorization by the SQ Warden. CMSA shall submit a request for the use of these devices to the Correctional Plant Supervisor as part of their O&M work activities. The request shall include the make and model number of each device being brought on to San Quentin property.
5. **Continuation of Operations.**
- A. SQSP operates around the clock every day of the year. Except in an emergency which threatens the health and safety of persons or violation of the NDPES permit, CMSA shall not cause any reduction or interruption of sanitary sewer transportation and treatment without the prior written consent of CDCR.
  - B. In the event CMSA determines that an interruption or reduction of sanitary sewer services is required for the maintenance or repair of the SQWCS, it shall consult with CDCR to schedule the work at a time consistent with the needs of the operations of the facility.
6. **Integrated Agreement.**
- This Agreement represents the entire integrated agreement of the parties as to the subject matter of this writing. This Agreement may be changed only by a written amendment signed by authorized representatives of both parties.

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7. **CMSA Staff.**

- A. CMSA has been selected to perform the services of this Agreement because of the integration of the SQWCS with the CMSA wastewater treatment system and the special knowledge, skills, experience and expertise of key employees of CMSA in the operations of its system. CMSA shall prepare and submit to CDCR an organizational chart identifying key employees assigned to perform this Agreement, including their titles.
- B. CMSA shall designate a qualified, experienced senior employee satisfactory to CDCR as the Project Manager who shall, so long as performance continues to be acceptable to CDCR, remain in charge of the services provided under this Agreement over its duration.
- C. Prior to making any changes in the lead/key personnel associated with this Agreement, CMSA shall submit a written notification for such change to CDCR. The notification shall be made at least ten (10) calendar days prior to the proposed change and shall outline the reason for the personnel change and provide statements of qualifications of persons, which CMSA proposes for assignment to that position.

8. **Independent Contractor Status.**

- A. CMSA is an independent contractor. As such, and not as an agent of CDCR, CMSA shall, without additional expense to CDCR, be responsible for obtaining any business and professional licenses and permits and for complying with any applicable Federal or State laws, codes and regulations, and municipal ordinances, as necessary for the prosecution of the services of this Agreement.
- B. CMSA shall be similarly responsible for all damages to persons or property that occurs as a result of CMSA or their authorized Agent's negligence to the extent caused by CMSA or their authorized Agent.
- C. CMSA agrees, at no additional cost to CDCR, to join with and assist CDCR in defending any claim or action related to or arising out of CMSA's errors, omissions or negligence in the performance of this Agreement.

9. **Burdens and Benefits of Agreement.**

This Agreement shall be binding upon and inure to the benefit of all successors in interest to the parties of this Agreement.

10. **Insurance.**

- A. At all times during the term of this Agreement, CMSA shall keep and maintain policies of insurance providing coverage for general liability, workers compensation benefits, and automobile liability on CMSA employees or their authorized agents. Each insurance policy shall be endorsed to state that coverage shall not be canceled or modified except after thirty (30) days prior written notice to CDCR by the insurer. Notwithstanding such endorsement, CMSA shall provide similar notification directly to CDCR. Notice shall be by certified mail. CMSA shall provide proof of said insurance and original endorsement to CDCR prior to the beginning of any work under this Agreement and shall further furnish an updated certificate of insurance to CDCR prior to expiration of the existing certificate.

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- B. The certificates shall be issued by an admitted insurer as defined in the Insurance Code. Insurance shall be placed with insurers with a Bests' rating of no less than A: VII. This requirement may be waived in individual cases by CDCR provided however, in no event will a carrier with a Bests' rating below B: IX be acceptable. Failure to adhere strictly to these requirements shall result in the withholding of payment of CMSA's invoice(s) until such time as the aforementioned requirements are met. If CMSA fails to comply with the insurance provisions specified herein, CDCR reserves the right to terminate this Agreement. The cost of said insurance is an overhead cost included with the Monthly O&M Fee and shall not be separately billed to CDCR.
- C. General liability, automobile liability and workers compensation insurance coverage shall be provided with a limit of not less than One Million Dollars (\$1,000,000) per occurrence. CDCR, its officials, employees and volunteers shall be covered as additional insured as respects: liability arising out of activities and/or services performed by or on behalf of CMSA at SQSP or in the operation of vehicles or equipment at or traveling to or from SQSP. Such coverage shall contain no special limitations on scope of the protection afforded CDCR, its officials, employees or volunteers.
- D. Where CMSA is liable to CDCR, CMSA's insurance coverage shall be primary insurance in respects to CDCR, its officials, employees and volunteers. Any insurance or self-insurance maintained by CDCR its officials, employees and volunteers shall be excess of CMSA's insurance and shall not contribute with it.

**11. No Waiver.**

No waiver of any condition, requirement or right expressed in this Agreement shall be implied by any forbearance of CDCR to declare a default, failure to perform, or to take any other action on account of the violation of such condition if such violation be continued or repeated.

**12. Compliance with Labor Laws.**

CMSA agrees to comply with all labor laws relating to wages, hours, and working conditions of its employees, agents, and subcontractors who may perform services or provide labor in connection with this Agreement, including, but not limited to the requirement to pay its employees' wages not less than current California minimum wage, in accordance with Section 1182.11 of the California Labor Code. CMSA agrees to defend, indemnify and hold CDCR harmless on all claims by government agencies or private parties for violations of such labor laws.

**13. Hazardous Waste.**

CMSA agrees to comply with all laws regarding the handling, storage, and disposal of hazardous wastes in the performance of the services subject of this Agreement and to defend, indemnify and hold CDCR harmless on all claims by government agencies or private parties for violations of laws governing the use, storage, and disposal of hazardous wastes.

**14. Warranties.**

CMSA represents and warrants that all parts, pieces, and components of every kind installed, placed, positioned or connected to the SQWCS will be new and handled in conformance with all manufacturers' warranties. CMSA agrees to repair or replace at its

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own expense, any part, piece, or component installed, either by CMSA or under its direction, which fails for any reason within the greater of one year or the term of the manufacturer's warranty for such item(s). This obligation shall survive the termination or expiration of this agreement.

**15. Conflicts of Interest.**

CMSA, its directors, officers, and employees, shall abide by the provisions of Government Code (GC) Sections 1090, 81000 et seq., 82000 et seq., 87100 et seq., and 87300 et seq., Public Contract Code (PCC) Sections 10335 et seq. and 10410 et seq., California Code of Regulations (CCR), Title 2, Section 18700 et seq. and Title 15, Section 3409, and the Department Operations Manual (DOM) Section 31100 et seq. regarding conflict of interest.

**16. Confidentiality and Security.**

- A. CMSA agrees to keep and maintain confidential all information that comes into its possession relating to the security measures employed by the SQSP for the security of its facility and protection of the safety of staff, visitors, and inmates.
- B. All financial, statistical, personal, technical and other data and information relating to State's operation, which are designated confidential by the State and made available to carry out this Agreement, or which become available to the CMSA in order to carry out this Agreement, shall be protected by CMSA from unauthorized use and disclosure.
- C. If the methods and procedures employed by CMSA for the protection of its data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used with the written consent of the State. CMSA shall not be required under the provisions of this paragraph to keep confidential any data already rightfully in CMSA's possession that is independently developed by CMSA outside the scope of the contract or is rightfully obtained from third parties.
- D. No reports, information, inventions, improvements, discoveries, or data obtained, repaired, assembled, or developed by CMSA pursuant to this contract shall be released, published, or made available to any person (except to the State) without prior written approval by CDCR.
- E. CMSA agrees, by acceptance of this contract, that it is subject to all of the requirements of California Government Code Section 11019.9 and California Civil Code Sections 1798 et seq. regarding the collections, maintenance, and disclosure of personal and confidential information about individuals.

**17. Employee Misconduct.**

- A. At all times during the performance of this contract, it shall be the responsibility of the CMSA whenever there is an incident of use of force or allegation(s) of employee misconduct associated with and directly impacting inmate and/or parolee rights, to immediately notify the CDCR of the incident(s), to cause an investigation to be conducted, and to provide CDCR with all relevant information pertaining to the incident(s).
- B. To the extent that the information provided by CMSA fails to so assure CDCR, CDCR may require that any implicated CMSA staff be denied access to and the supervision of CDCR inmates and/or parolees at SQSP and access to inmate and/or parolee records.

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C. Notwithstanding the foregoing, and without waiving any obligation of CMSA, CDCR retains the power to conduct an independent investigation of any incident(s). Furthermore, it is the responsibility of CMSA to include the foregoing terms within any and all subcontracts, requiring that subcontractor(s) agree to the jurisdiction of CDCR to conduct an investigation of their facility and staff, including review of subcontractor employee personnel records, as a condition of the contract.

**18. Financial Records.**

CMSA agrees to maintain records of all labor, equipment, and materials supplied to and charged CDCR for the performance of this agreement in accordance with generally accepted accounting practices. Such records shall be available at the CMSA office identified in paragraph 28, below, to CDCR or its authorized representative during normal business hours. CDCR, or any duly authorized representative, shall have access and the right to examine, copy, audit, excerpt and transcribe any books, documents, papers or records of CMSA, which, in the opinion of CDCR, may be related or pertinent to the Agreement. Such material must be retained for a period of three years after final payment in accordance with California Government Code Section 8546.7.

**19. Enforcement by Arbitration.**

All disputes arising under this agreement shall be resolved by binding arbitration by the Office of Administrative Hearings, pursuant to Public Contract Code Sections 10240, et. Seq..

**20. Employment and Ex-Offenders**

Contractor cannot and will not either directly, or on a subcontract basis, employ in connection with this Agreement:

- a. Ex-Offenders on active parole or probation, who have been on active parole or probation during the last three years preceding their employment;
- b. Ex-offenders convicted of drug trafficking in a prison/jail; escape or aiding/abetting escape; battery on a Peace Officer or Public Official; arson offenses; or, any violations of Penal Code Sections 4570-4574 (Unauthorized Communications with Prisons and Prisoners Offenses);
- c. Ex-Offenders required to register as a sex offender pursuant to Penal Code Section 290 or if such ex-offender has an offense history involving a "violent felony" as defined in subparagraph (c) of Penal Code Section 667.5; or
- d. Any ex-offender in a position which provides direct supervision of parolees, except in the following instances:
  1. Contractor shall only employ ex-offenders who can provide written evidence of having satisfactorily completed parole or probation, and who have remained off parole or probation, and have had no arrests or convictions within the past three years.

An ex-offender whose assigned duties involve administrative or policy decision-making, accounting, procurement, cashiering, auditing, or any other business-related administrative function shall be fully bonded to cover any potential loss to the State or Contractor. Evidence of such bond shall be supplied to CDCR prior to employment of the ex-offender.

1. Contractor shall obtain prior written approval from the Chief of the Office of Substance Abuse Treatment Services (OSATS) to employ ex-offenders in a position that provides direct supervision of inmates/parolees, and who have any conviction for any offense listed in Penal Code Section 667.5(c). An ex-offender whose assigned duties will involve administrative or policy decision-making, accounting procurement, cashiering, auditing, or any other business-related administrative function shall be fully bonded to cover any potential loss to the State or Contractor. Evidence of such bond shall be supplied to the Chief of OSATS prior to the employment of the ex-offender.
2. Ex-offenders convicted of a Penal Code Section 12022.5 offense for use of a firearm, or for burglary, extortion, or robbery will not necessarily be precluded employment in the In-Prison Substance Abuse Programs (SAP), Substance Abuse Services Coordination Agencies (SASCA), Female Offender Treatment and Employment Program (FOTEP), and the Parolee Services Networks (PSN). The Chief of OSATS shall review such ex-offenders on a case-by-case basis to determine whether or not the applicant will be approved for employment

The criteria for approval or denial of security clearances for Contractor staff are as follows:

- a. Contractor staff cannot currently be a felon or civil addict, on parole or probation or under any structured supervision as a result of criminal conduct.
- b. Ex-offenders shall provide written evidence of successful completion of probation or parole.
- c. Individuals required to register per penal code (PC) Section 290 are ineligible.
- d. Individuals that fall under Health and Safety Code Section 11590 and/or PC 457.1 shall (A) have completed their registration requirements, or (B) be reviewed on a case-by-case basis and approved by the PDU Parole Administrator.
- e. Individuals with a conviction history involving a serious felony as defined by PC 1192.7 shall be reviewed on a case-by-case basis and approved by the PDU Parole Administrator.
- f. Individuals with a conviction history involving a violent felony, as defined by PC Section 667.5, shall be reviewed on a case-by-case basis and approved by the DAPO Director.

21. **Agreement Contacts:**

A. *Official notices:* All official notices under the terms of this Agreement shall be addressed as follows:

CMSA	Jason Dow, General Manager Central Marin Sanitation Agency 1301 Andersen Drive San Rafael, CA 94901
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CDCR	Deborah Hysen, Deputy Director Facility Planning, Construction and Management 9838 Old Placerville Road, Suite B Sacramento, CA 95827
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B. *Payment*: Invoices shall be mailed to the following location for payment:

CDCR            Attn: Melissa Kirby, AGPA- Plant Operations  
San Quentin State Prison  
100 Main Street, San Quentin, CA 94964  
Phone: 415-454-1460 ext 5221

C. *Site Access*: All entrance and or work notices related to “on-site operational activities” shall be provided to:

CDCR            Andy Crump, Correctional Plant Supervisor  
San Quentin State Prison  
100 Main Street, San Quentin, CA 94964  
Phone: 415-454-1460 ext 5219

## EXHIBIT B - BUDGET DETAIL AND PAYMENT PROVISIONS

### A. *Fee for Base Monthly Services.*

1. CDCR agrees to pay, and CMSA agrees to accept, in compensation for the Monthly Services the sum of ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00) per month / (\$1,200,000) per year for the duration of this agreement. The Monthly Fee shall be prorated for the number of days of the first month following execution by CDCR.

***Basis of charges:*** Wastewater treatment fee is product of the CMSA FY12 EDU rate (\$275) multiplied by the FY12 estimated SQ EDU count (3,081) times the measured strength factor (1.3).  $\$275/\text{EDU} \times 3081 \text{ EDU} \times 1.3 = \$1,101,457$

The pump station O&M labor and materials is \$98,543.00

Wastewater Treatment	\$1,101,457.00
<u>Pump Station Maintenance</u>	<u>\$98,543.00</u>
Total	\$1,200,000.00

2. Charges shall bear interest, and payments shall be made by CDCR for Monthly Services and Extra Services in accordance with Government Code Sections 927, et. Seq.

### B. *Fee for Extra Services.*

1. CDCR requested *Extra Services* shall not exceed the sum of ONE HUNDRED AND FIFTY THOUSAND AND NO/100 DOLLARS (\$150,000.00) in total over the 12-month duration of this agreement.

### C. *Adjustment of Fees upon Renewal.*

1. The Term may be renewed for one additional year.
2. The Monthly Fee and Rates for Extra Services shall be subject to negotiation for future renewals, provided that no rate increase shall go into effect for 90 days following notice by CMSA.

### D. *Fee for Emergency Services.*

1. CDCR agrees to pay CMSA for all reasonable and verified costs associated with providing emergency services that were performed under this Agreement, including direct costs for contractors, consultants, equipment and material procurement, CMSA labor, and other related expenses to respond to, stabilize, correct, and/or address an emergency situation at the San Quentin pump station or for its 16" forcemain.

**EXHIBIT C- GENERAL TERMS AND CONDITIONS**

1. APPROVAL: This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.
2. AMENDMENT: No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.
3. ASSIGNMENT: This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.
4. AUDIT: Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).
5. INDEMNIFICATION: CMSA and CDCR shall indemnify, defend, and hold the other harmless from any claims or liability arising out of or related to the functioning of either party pursuant to this agreement
6. DISPUTES: Contractor shall continue with the responsibilities under this Agreement during any dispute.
7. TERMINATION FOR CAUSE: The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.
8. INDEPENDENT CONTRACTOR: Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.
9. NON-DISCRIMINATION CLAUSE: During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any

9. NON-DISCRIMINATION CLAUSE: During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

10. CERTIFICATION CLAUSES: The CONTRACTOR CERTIFICATION CLAUSES contained in the document CCC 307 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

11. TIMELINESS: Time is of the essence in this Agreement.

12. COMPENSATION: The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.

13. GOVERNING LAW: This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

14. ANTITRUST CLAIMS: The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.

a. The Government Code Chapter on Antitrust claims contains the following definitions:

1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.

2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.

b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of

action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.

c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.

d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

15. CHILD SUPPORT COMPLIANCE ACT: For any Agreement in excess of \$100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:

a. The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

b. The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

16. UNENFORCEABLE PROVISION: In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

#### 17. SMALL BUSINESS PARTICIPATION AND DVBE PARTICIPATION REPORTING REQUIREMENTS

a. If for this Contract Contractor made a commitment to achieve small business participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) report to the awarding department the actual percentage of small business participation that was achieved. (Govt. Code § 14841.)

b. If for this Contract Contractor made a commitment to achieve disabled veteran business enterprise (DVBE) participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) certify in a report to the awarding department: (1) the total amount the prime Contractor received under the Contract; (2) the name and address of the DVBE(s) that participated in the performance of the Contract; (3) the amount each DVBE received from the prime Contractor; (4) that all payments under the Contract have been made to the DVBE; and (5) the actual percentage of DVBE participation that was achieved. A person or entity that knowingly provides false information shall be subject to a civil penalty for each violation. (Mil. & Vets. Code § 999.5(d); Govt. Code § 14841.)

18 LOSS LEADER:

If this contract involves the furnishing of equipment, materials, or supplies then the following statement is incorporated: It is unlawful for any person engaged in business within this state to sell or use any article or product as a "loss leader" as defined in Section 17030 of the Business and Professions Code. (PCC 10344(e).)

## **EXHIBIT E - PUMP STATION MAINTENANCE TASKS**

### **Mechanical Maintenance Tasks**

1. Daily inspection shall be Monday through Friday, not including Agency holidays.
2. During routine servicing of the pump station, if any deficiencies that cannot be immediately corrected will affect the station's ability for compliant operation, CMSA will report same to CDCR.
3. Perform pump and check valve repairs as needed.
4. Periodic removal of pumps for cleaning, inspection of volutes, and inspection of impellers for clearance and wear.
5. Check the wet well level control instruments for proper operation.
6. Degrease wet wells and clean for odor control, as needed
7. Monthly exercise valves, check the generator fluid levels, and exercise the standby generator.
8. Annually change the standby engine-generators oil and filters, and change spark plugs, as needed.
9. General housekeeping and painting as need.

### **Electrical, Communication and Alarm System Tasks**

1. Annually inspect and clean MCCs and control boxes.
2. Check the amps and tighten electrical connections.
3. Check non-sealed motor contacts, clean as needed.
4. Calibrate flow meters and pressure transducers.
5. Check and maintain wet well level control systems.
6. Maintain the Supervisory Control and Data Acquisition (SCADA) system.
7. Repair and maintain the radio telemetry communication system.
8. Test alarms as needed, at least semi-annually.
9. Complete electrical or instrumentation repairs that develop during the contract.



**BOARD MEMORANDUM**

May 4, 2012

**To:** CMSA Commissioners & Alternates  
**From:** Jason Dow, General Manager *JD*  
**Subject:** Financial Auditing Services Agreement with Chavan & Associates

**Recommendation:** Approve the Financial Auditing Services Agreement with Chavan & Associates, and authorize the General Manager to execute the agreement.

**Summary:** The Agency recently completed the Request for Proposal based evaluation process of auditing firms to perform the independent audit of the Agency's financial statements for FY11/12 – FY15/16. In early April, staff reviewed the auditor evaluation process with the Finance Committee, and the Committee concurred with the staff selection of Chavan & Associates (Chavan). The Board approved the selection of Chavan at the April Board meeting, for the annual fee of \$16,000.

Staff prepared the Financial Auditing Service Agreement, using the Agency's standard agreement form, and Chavan and staff collaboratively prepared the Agreement's scope of work and FY11/12 audit schedule. The Agreement is for the professional accounting and auditing services to prepare, audit, and report on the Agency's financial statements for FY11/12 – FY13/14, with the option to extend the term for two additional years, in one year increments, at the same annual fee. If requested by the Agency during the term of the Agreement, Chavan will perform additional specific accounting and/or auditing services for a negotiated fee by amendment or task order. Chavan has reviewed and approved the Agreement, and is ready to execute it if approved by the Board.

**Attachment**

Financial Auditing Services Agreement with Chavan & Associates

CENTRAL MARIN SANITATION AGENCY

**Financial Auditing Services**

PROFESSIONAL SERVICES AGREEMENT

**THIS AGREEMENT** is made and entered into this \_\_\_ day of May 2012 by and between the CENTRAL MARIN SANITATION AGENCY, hereinafter referred to as "Agency" and Chavan & Associates, LLP, hereinafter referred to as "Auditor."

**RECITALS:**

**WHEREAS**, Agency desires to retain a firm to provide the following services:

1. Audit the Agency's financial statements for the fiscal years ending June 30, 2012 through 2014 with an option for two-one-year extension for 2015 and 2016. The Auditor will express a written opinion on the fair representation of the Agency's basic financial statements in accordance with generally accepted auditing standards and the State of California State Controller's Minimum Audit Requirements for California Special Districts.
2. Provide additional accounting and auditing consultation as requested by the Agency

**WHEREAS**, Auditor warrants that it is qualified and competent to render the aforesaid services;

**NOW, THEREFORE**, for and in consideration of the agreement made, and the payments to be made by Agency, the parties agree to the following:

**1. SCOPE OF SERVICES:**

Auditor agrees to provide annual financial auditing services described in "Exhibit A – Scope of Services" attached hereto and by this reference made a part hereof.

The Auditor also agrees to provide additional auditing and accounting services to the Agency as requested by the Agency. Said services will be authorized by either task order or contract amendment.

**2. FURNISHED SERVICES:**

The Agency agrees to:

- A. Guarantee access to and make provisions for Auditor to enter Agency facilities as required to perform their work.
- B. Make available all pertinent data and records for review.
- C. Schedule meetings and the Board presentation, and provide comments on draft deliverables on agreed upon dates.

3. **FEES:**

The fees for furnishing services under this Agreement shall be based on the rate schedule and fee proposal which is attached hereto as "Exhibit B – Professional Services Fee" and by this reference incorporated herein. Said fees shall remain in effect for the entire term of the Agreement.

4. **MAXIMUM COST TO AGENCY:**

In no event will the cost to the Agency exceed the maximum sum of \$16,000 for annual audit services as outlined in "Exhibit A – Scope of Services" including direct non-salary expenses.

In the event that the Agency approves a task order or amends this contract for other services not covered by "Exhibit A – Scope of Services", the fee for said services will be based on a negotiated fee or the hourly schedule shown in "Exhibit B – Professional Services Fee".

5. **PAYMENT:**

The fees for services under this Agreement shall be due as set forth in "Exhibit B – Professional Services Fee" within thirty (30) calendar days after receipt by Agency of an invoice covering the service(s) rendered

6. **AGREEMENT PERFORMANCE TIME:**

All the work required by this Agreement shall be completed in accordance with the project schedule which is attached hereto as "Exhibit C – Professional Services Schedule." Modifications to the schedule must be agreed to by both parties.

7. **INSURANCE:**

Auditor shall maintain the following insurance policies with limits no less than:

- (1) General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/ location or the general aggregate limit shall be twice the required occurrence limit.
- (2) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
- (3) Employer's Liability: \$1,000,000 per accident for bodily injury or disease. See Item 8 below.
- (4) Errors and omissions liability: \$1,000,000 per claim and aggregate.

Said policies shall remain in force through the life of this Agreement. The insurer shall supply a certificate of insurance with endorsements signed by the insurer evidencing such insurance to Agency prior to commencement of work, and said certificate with endorsement shall provide for thirty (30) day advance notice to Agency of any termination or reduction in coverage.

\_\_\_\_By initialing in the space provided, Auditor warrants that the services to be provided under this Agreement do not require the use of any type of vehicle by Auditor.

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(1) The Agency, its members including San Rafael Sanitation District, City of Larkspur, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, their officers, officials, and employees are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of the Auditor; products and completed operations of the Auditor; premises owned, occupied or used by the Auditor; or automobiles owned, leased, hired or borrowed by the Auditor.

- (2) For any claims related to this project, the Auditor's insurance coverage shall be primary insurance as respects the Agency, its members including San Rafael Sanitation District, City of Larkspur, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, their officers, officials, and employees. Any insurance or self-insurance maintained by the Agency, its members including San Rafael Sanitation District, City of Larkspur, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, their officers, officials, and employees shall be excess of the Auditor's insurance and shall not contribute with it.
- (3) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Agency, its members including San Rafael Sanitation District, City of Larkspur, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, their officers, officials, and employees.
- (4) The Auditor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- (5) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party except after thirty (30) days' prior written notice by certified mail, returned receipt requested, has been given to the Agency. Auditor agrees to provide notification to the Agency in the event the insurance policies are suspended, voided, or reduced in coverage or limits.

Failure to provide and maintain the insurance required by this Agreement will constitute a material breach of the agreement. In addition to any other available remedies, Agency may suspend payment to the Auditor for any services provided during any time that insurance was not in effect and until such time as the Auditor provides adequate evidence that Auditor has obtained the required coverage.

CMSA, at its discretion, may waive insurance requirements or reduce the above stated coverage limits based on the auditors scope of work and complexity of the associated tasks.

#### **8. WORKER'S COMPENSATION:**

The Auditor acknowledges that it is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for worker's

compensation or to undertake self-insurance in accordance with the provisions of that Code, and it certifies that it will comply with such provisions before commencing the performance of the work of this Agreement. If Auditor has employees, a copy of the certificates evidencing such insurance shall be provided to Agency prior to commencement of work.

\_\_\_\_ By initialing in the space provided, Auditor warrants that no employees will be used in providing the services under this Agreement.

**9. NONDISCRIMINATORY EMPLOYMENT:**

Auditor and/or any permitted sub-consultant, shall not unlawfully discriminate against any individual based on race, color, religion, nationality, sex, sexual orientation, age or condition of disability. Auditor and/or any permitted sub-consultant understands and agrees that Auditor and/or any permitted sub-consultant is bound by and will comply with the nondiscrimination mandates of all Federal, State and local statutes, regulations and ordinances.

**10. SUBCONTRACTING:**

The Auditor shall not subcontract nor assign any portion of the work required by this Agreement without prior written approval of the Agency except for any subcontract work identified herein.

**11. ASSIGNMENT:**

The rights, responsibilities and duties under this Agreement are personal to the Auditor and may not be transferred or assigned without the express prior written consent of the Agency.

**12. LICENSING AND PERMITS:**

The Auditor shall maintain the appropriate licenses throughout the life of this Agreement. Auditor shall also obtain any and all permits which might be required by the work to be performed herein.

**13. BOOKS OF RECORD AND AUDIT PROVISION:**

Auditor shall maintain on a current basis complete books and records relating to this Agreement. Such records shall include, but not be limited to, documents supporting all bids, all income and all expenditures. The books and records shall be original entry books with a general ledger itemizing all debits and credits for the work on this Agreement. In addition, Auditor shall maintain detailed payroll records including all subsistence, travel and field expenses, and canceled checks, receipts and invoices for all items. These documents and records shall be retained for at least two (2) years from the completion of this Agreement. Auditor will permit Agency to audit all books, accounts or records relating to this Agreement or all books, accounts or records of any business entities controlled by Auditor who participated in this Agreement in any way. Any audit may be conducted on Auditor's premises or, at Agency's option, Auditor shall provide all books and records within a maximum of fifteen (15) days upon receipt of written notice from Agency. Auditor shall refund any moneys erroneously charged.

**14. TIME OF AGREEMENT:**

This Agreement shall commence upon the execution date of this Agreement and shall terminate on December 31, 2014, unless extended by mutual agreement between the Agency and the Auditor.

**15. TITLE:**

It is understood that any and all documents, information and reports concerning this project prepared by and/or submitted to the Auditor, shall be the property of the Agency. The Auditor may retain reproducible copies of drawings and copies of other documents. In the event of the termination of this Agreement, for any reason whatever, Auditor shall promptly turn over all information, writing and documents to Agency without exception or reservation.

**16. TERMINATION:**

- A. If the Auditor fails to provide in any manner the services required under this Agreement or otherwise fails to comply with the terms of this Agreement or violates any ordinance, regulation or other law which applies to its performance herein, the Agreement may terminate this Agreement by giving five (5) calendar days written notice to the party involved.
- B. The Auditor shall be excused for failure to perform services herein if such services are prevented by acts of God, strikes, labor disputes or other forces over which the Auditor has no control.
- C. Either party hereto may terminate this Agreement for any reason by giving thirty (30) calendar days written notice to the other parties. Notice of termination shall be by written notice to the other parties and be sent by registered mail.
- D. In the event of termination not the fault of the Auditor, the Auditor shall be paid for services performed to the date of termination in accordance with the terms of this Agreement.

**17. RELATIONSHIP BETWEEN THE PARTIES:**

It is expressly understood that in the performances of the services herein, the Auditor, and the agents and employees thereof, shall act in an independent capacity and as an independent Auditor and not as officers, employees or agents of the Agency. Auditor shall be solely responsible to pay all required taxes, including but not limited to, all withholding social security, and worker's compensation.

**18. AMENDMENT:**

This Agreement may be amended or modified only by written agreement of all parties.

**19. ASSIGNMENT OF PERSONNEL:**

The Auditor shall not substitute any personnel for those specifically named in its proposal unless personnel with substantially equal or better qualifications and experience are provided, acceptable to Agency, as is evidenced in writing.

**20. JURISDICTION AND VENUE:**

This Agreement shall be construed in accordance with the laws of the State of California and the parties hereto agree that venue shall be in a court of competent jurisdiction encompassing MARIN County, California.

**21. INDEMNIFICATION:**

Auditor shall indemnify, defend and hold harmless the Agency, its members including San Rafael Sanitation District, the City of Larkspur, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, and their officers, officials, and employees from any and all liabilities including, but not limited to, litigation costs and reasonable attorney's fees arising from any and all claims and losses to anyone who may be by reason of Auditor's negligence, recklessness, and willful misconduct in the performance of this contract, except where caused by the negligence of the Agency, its members including San Rafael Sanitation District, the City of Larkspur, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, the City of San Rafael, the Town of Corte Madera, or their officers, officials, and employees.

**22. COMPLIANCE WITH APPLICABLE LAWS:**

The Auditor shall comply with any and all federal, state and local affecting the services covered by this Agreement.

**23. NOTICES AND DESIGNATED REPRESENTATIVES:**

**Hank Jen** is the Agency's designated representative and will administer this Agreement for the Agency. **Sheldon Chavan**, Engagement Partner is the authorized representative for the Auditor. Changes in designated representatives shall occur only by advance written notice to the other party.

All invoices shall be submitted and approved by the designated Agency representative and all notices shall be given to Agency at the following location:

Central Marin Sanitation Agency  
1301 Andersen Drive  
San Rafael, CA. 94901

Notices shall be given to Auditor at the following address:

Chavan & Associates, LLP  
Certified Public Accountants  
1475 Saratoga Ave, Suite 180  
San Jose, CA 95129

**IN WITNESS WHEREOF**, the parties hereunto have executed this Agreement on the date first above written.

APPROVED BY:

**Chavan & Associates**

**Central Marin Sanitation Agency:**

By: \_\_\_\_\_  
Sheldon Chavan, Partner

By: \_\_\_\_\_  
Jason R. Dow, General Manager

Federal Taxpayer Id Number: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

## EXHIBIT "A"

### SERVICES TO BE PROVIDED BY AUDITOR

1. Audit and prepare the basic financial statements of the Agency and express an opinion on the fair presentation of its basic financial statements in conformity with accounting principles generally accepted in the United States of America.
2. Audit of the financial statements will be conducted in accordance with auditing standards generally accepted in the United States of America prescribed by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U. S. General Accounting Office's Government Auditing Standards and the State of California Controller's Minimum Audit Requirements for California Special Districts.
3. At the completion of each phase of the annual audit pursuant to the audit schedule, schedule an exit conference to discuss the results of the audit and the adequacy and effectiveness of the Agency's current accounting procedures and controls based on the Auditor's understanding of the control structure and assessment of control risk. The Auditor will address issues related to the Agency's systems of internal control, accounting systems, functions, procedures and processes and compliance with laws and regulations.
4. Provide a Management's Discussion and Analysis template for the annual Financial Statement with updated tables and numbers.
5. Prepare a management letter which shall include findings (reportable conditions), statements, observations, opinion, and comments or recommendations with regard to systems of internal control, accounting systems, functions, procedures and processes aimed at automation, and compliance with laws, rules and regulations.
6. Prepare a written report of all irregularities and illegal acts or indications of illegal acts of which Auditor becomes aware of to the General Manager and the Board of Commissioners.
7. Provide a written report to the General Manager and the Board communicating information as required by SAS 114:
  - The Auditor's responsibility under generally accepted auditing standards
  - Significant accounting policies
  - Management's judgments and accounting estimates
  - Significant audit adjustments
  - Other information in documents containing audited financial statements
  - Any disagreements with management
  - Management consultation with other accountants
  - Major issues discussed with management prior to retention
  - Difficulties encountered in performing the audit
8. Present the final audit report to the Board of Commissioners at a scheduled Board meeting. The Agency will notify the Auditor of the meeting date and time.

9. Provide consultation regarding accounting and compliance issues as required throughout the contract period.
10. Be available throughout the year to provide assistance to the Agency in explaining audit findings and recommendations, to discuss the items that may impact the audit and any other issues or questions that the Agency may have during the year.
11. Review the Agency's Comprehensive Annual Financial Report if requested by the Agency.

**EXHIBIT "B"**

**COMPENSATION OR FEES TO BE PAID  
TO AUDITOR**

Chavan & Associates, LLP agrees to perform the services detailed in "EXHIBIT A - SERVICES TO BE PROVIDED BY AUDITOR" and Agency agrees to compensate for these services in accordance with Chavan & Associates' schedule of professional fees detailed in the table below for the fiscal years ending June 30, 2012 through 2014. The same schedule of professional fees would be applicable should the Agency and Auditor agree to extend the agreement for services in Fiscal Years 14-15 and 15-16.

	Hourly Rate	Hours	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Engagement Partner	\$125	72	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Associate Partner	\$100	8	800	800	800	800	800
Manager/Senior Auditor	\$ 85	76	6,460	6,460	6,460	6,460	6,460
Professional Staff	\$ 65	68	4,420	4,420	4,420	4,420	4,420
Clerical	\$ 25	14	350	350	350	350	350
Subtotal – Base Audit		238	\$ 21,030	\$ 21,030	\$ 21,030	\$ 21,030	\$ 21,030
Meals, Lodging and Transportation		Included	Included	Included	Included	Included	Included
New Client Discount			(5,030)	(5,030)	(5,030)	(5,030)	(5,030)
<b>All Inclusive Maximum Costs for annual audit services</b>			<b>\$ 16,000</b>	<b>\$ 16,000</b>	<b>\$ 16,000</b>	<b>\$ 16,000</b>	<b>\$ 16,000</b>

**Rates for Additional Professional Services**

Rates for additional services will be negotiated based on the service requested or at the quoted hourly rates shown in the table above.

**EXHIBIT "C"**

**PROFESSIONAL SERVICES SCHEDULE  
BY AUDITOR**

The two schedules listed below pertain to the provision of services detailed in "EXHIBIT A - SERVICES TO BE PROVIDED BY AUDITOR".

**I. Professional Service Schedule for fiscal periods ending on June 30, 2012**

<u>Audit Activities</u>	<u>Estimated Timeline</u>
a. List of Items and Audit Plan to Agency	June 8, 2012
b. Entrance Conference with Agency	July 16, 2012
c. Interim Testing	July 23, 2012
d. Interim Exit Conference	July 25, 2012
e. Initial List of Findings and Recommendations	July 27, 2012
f. Confirmations	August 1, 2012
g. Progress Conference	September 3, 2012
h. Year-end Field Work	September 3, 2012
i. Exit Conference	September 5, 2012
j. Final List of Findings and Recommendations	September 14, 2012
k. Draft Reports, Financials and Management Letters	October 5, 2012
l. Meeting to Review Reports and Letters	October 5, 2012
m. Final Reports, Financials and Letters	October 19, 2012
n. Board Presentation	November 13, 2012 (mandatory)

**II. Professional Service Schedule for fiscal periods ending on June 30, 2013 and 2014 and if optional, 2015 and 2016**

<u>Timeline</u>	<u>Outline of annual Audit Requirements</u>
By April 30	Auditor will submit a draft a schedule of audit activities to be performed for the fiscal period ending on June 30 to the Agency for review.
By May 20	Auditor will submit an audit engagement letter to the Agency detailing audit objectives, schedule, procedures, and Agency responsibilities.
By May 31	Agency will execute the engagement letter with the Auditor
June-October	Auditor and Agency will perform the audit activities in accordance with the agreed upon audit objectives, schedule, procedures, and responsibilities specified in the engagement letter.
By October 20	Auditor will submit Final Audit Reports, Financials and Letters for the fiscal period ending on June 30
Each November	Auditor will present the Final Audit Reports, Financials and Letters to the CMSA Board of Commissioner at the scheduled November Board Meeting. The Agency will notify the Auditor of the meeting date and time.



**BOARD MEMORANDUM**

May 4, 2012

**To:** CMSA Commissioners & Alternates  
**From:** Jason Dow, General Manager <sup>JD</sup>  
**Subject:** **Government Finance Officers Association – Distinguished Budget Presentation Award**

**Recommendation:** Accept the Distinguished Budget Presentation Award from the Government Finance Officers Association for the Agency's FY11/12 budget.

**Summary:** The Board adopted the Agency's FY11/12 Budget at their June 2011 meeting, and during the budget discussion staff informed the Board that we intended to convert the budget into the Government Finance Officers Association (GFOA) format by the fall 2011. During the development of the GFOA budget, finance staff reviewed the GFOA's recommended budget format and elements, discussed the conversion process with Michele Pla who assisted the San Francisco Public Utility Commission develop their GFOA budget, and reviewed the budgets of several local agencies in California who have utilized the GFOA format.

The Agency's FY11/12 GFOA budget development was completed in September 2011, and the document was submitted to the GFOA in October. The Agency is proud to announce that the GFOA has awarded the Agency the Distinguished Budget Presentation Award for our FY11/12 budget. The award and notification letter are attached.

**Details:** An independent panel of three finance officers reviewed and evaluated the Agency's GFOA budget, and noted several positive aspects of the budget presentation and a few areas for improvement. The GFOA encourages public agencies to prepare budget documents that fully explain the agency's business, are transparent, and are specifically designed to be readily accessible and easily understandable to the general public and other interested parties who do not have a background in public finance. The suggested improvements included identifying department goals and objectives, briefly describing the Agency's financial policies and basis for budgeting, and describing the impact of capital investment on the operating budget among other suggestions – all of which will be incorporated into the FY12/13 GFOA budget.

The reviewers stated that the Agency budget was overall proficient as a policy document, financial plan, operations guide, and communication device. They had many positive comments in their evaluation report, but their general comment was: *"You have produced an informative document covering a complex agency. You did a nice job for a first submission. You are to be commended for your effort."*



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Central Marin Sanitation Agency  
California**

For the Fiscal Year Beginning

**July 1, 2011**

*Linda C. Danson*      *Jeffrey R. Egan*

President

Executive Director



Government Finance Officers Association  
203 North LaSalle Street, Suite 2700  
Chicago, Illinois 60601-1210  
312.977.9700 fax: 312.977.4806

March 06, 2012

Mr. Jason Dow  
General Manager  
Central Marin Sanitation Agency  
1301 Andersen Drive

San Rafael, CA 94901

Dear Mr. Dow :

A Panel of independent reviewers has completed its examination of your budget document. We are pleased to inform you that the panel has voted to award your budget document the Distinguished Budget Presentation Award for the current fiscal period on a qualified basis. As you know, certain criteria of the Budget Awards Program are mandatory. Normally, failure to satisfy one of the mandatory criteria as adjudged by two or all three reviewers would preclude an organization from obtaining the award. Our review indicated that your budget document failed to satisfy the criteria:

**Policy #4**

Because of your organization's past participation in the Budget Awards Program, this deficiency will not disqualify your budget document from receiving the award this year. However, failure to correct the deficiency in your next submittal will almost certainly preclude your organization from receiving the award.

The Distinguished Budget Presentation Award is valid for one year. To continue your participation in the program, it will be necessary to submit your next annual budget document to GFOA within 90 days of the proposed budget's submission to the legislature or within 90 days of the budget's final adoption. Enclosed is an application form to facilitate a timely submission. This form should be submitted with four copies of your budget accompanied by the appropriate fee.

Each program participant is provided with confidential comments and suggestions for possible improvements to the budget document. Your comments are enclosed. We urge you to carefully consider the suggestions offered by our reviewers as you prepare your next budget.

When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget presentation is also presented to the individual or department designated as being primarily responsible for its having achieved the award. Enclosed are Certificates of Recognition for Budget Preparation for:

**Hank Jen, Finance Manager**

Mr. Jason Dow  
March 06, 2012  
Page 2

Your award plaque will be mailed separately and should arrive within eight to ten weeks. A camera-ready reproduction of the award is enclosed for inclusion in your next budget. If you do reproduce the camera-ready in your next budget, it should be accompanied by a statement indicating continued compliance with program criteria. The following standardized text should be used:

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **Central Marin Sanitation Agency, California** for the Annual Budget beginning **July 01, 2011**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

A press release is enclosed.

The Government Finance Officers Association encourages you to make arrangements for a formal presentation of the award. If you would like the award presented by a member of your state or provincial finance officers association, we can provide the name of a contact person for that group.

We appreciate your participation in this program and we sincerely hope that your example will encourage others in their efforts to achieve and maintain excellence in governmental budgeting. The most recent list of award recipients (with hyperlink) can be found on GFOA's website at [www.gfoa.org](http://www.gfoa.org). If we can be of further assistance, please contact the Technical Services Center.

Sincerely,



Stephen J. Gauthier, Director  
Technical Services Center



**BOARD MEMORANDUM**

May 4, 2012

To: CMSA Commissioners & Alternates  
From: Jason Dow, General Manager <sup>JD</sup>  
Subject: **Final Draft FY 2012 Green Business Report**

**Recommendation:** Review the final draft of the Agency's FY12 Green Business Report, and provide comments and/or suggested changes to the General Manager.

**Summary:** Staff presented the draft Green Business Report to the Board at their November 2011 meeting, requested feedback on the report content and format, and solicited ideas for new report categories. In general, the Board thought the report was comprehensive and contained useful information, and their primary comment related to the amount of staff effort to track and monitor the recycling, reuse, and collection activities (Tables 1 -3). During the discussion, staff noted that most of the monitoring is currently performed or could be initiated without much effort, the amount of herbicides and pesticides disposed of each year would be added to the report, and the final draft report would be brought to the May meeting for review and discussion.

Since November, staff has expanded some of the initiative descriptions, clarified measurement quantities, started tracking quantities that were not previously monitored, and added an energy generation item to Table 5 – Energy Saving Activities, based on a Board member suggestion during a non-related discussion at the April meeting.

**Details:** The Board requested that a new Green Business Report be included in the Agency's FY12 workplan, and for the report to contain activities and initiatives that show the Agency's ongoing efforts to recycle and reuse materials, reduce energy use and greenhouse gas emissions, and maintain its Marin County Green Business certification. The draft report format is based on the Board's monthly performance metric report, and staff intends to present the annual report after the end of the fiscal year, likely at the August or September meeting, when the report metrics have been measured, determined, or calculated, then internally reviewed for accuracy.

For FY12, some of the initiative areas will include estimated quantities since the tracking did not begin until January 2012. Those areas will be identified, and the estimations explained, in the first report presentation. The final draft report is comprised of five distinct initiative areas that are briefly described on the following page.

Table 1 - Agency Recycling: purchased materials and supplies that have been used by Agency staff or hired contractors, and are collected in separate containers for off-site recycling - paper products, green waste, aluminum, scrap metal, and cardboard.

Table 2 - Reused Agency Products: reclaimed water, biogas, and biosolids that are useable and valuable by-products of the wastewater treatment process.

Table 3 - Hazardous Material Collection and Disposal: materials that are classified as hazardous substances by federal and state regulatory agencies that should be handled and disposed of properly to protect the environment – batteries, pharmaceuticals, lubricants, electronic waste, mercury containing devices, and herbicides/pesticides.

Table 4 - Green Activities: Agency programs and initiatives that provide an environmental benefit – lower greenhouse gas emissions, and reduced potable water and fossil fuel use, and reduced vehicle use.

Table 5 - Energy Saving Activities: elements or components in Agency projects and initiatives that increase energy efficiency or save energy.

**Attached**

Final Draft Green Business Report

## GREEN BUSINESS REPORT – FY 2012

### I. Agency Recycling

Item	Description	Recycling Measurement	Quantity
1) Paper	Paper cups, plates, printer paper, newspaper, magazines, and other paper based materials are separately disposed of in offices containers, collected by staff and transferred to 64 gallon bins that are picked up and recycled weekly by Marin Sanitary Service.	# of 64 gallon bins	
2) Aluminum cans	Aluminum beverage cans, aluminum foil, and other aluminum materials are deposited by employees in bins outside the Agency lunch room. The bin contents are periodically transferred to a larger storage area, and the aluminum is sold at a Richmond recycling facility.	lbs. of aluminum	
3) Plastics	Plastic food, beverage, and storage containers and other plastic materials (labeled #1-#7) are deposited of by employees in bins outside the Agency lunch room. The bin contents are periodically transferred to a larger storage area, and the plastic is sold at the Marin Recycling Buyback Center.	# of 64 gallon bins	
4) Scrap Metal	Iron, Steel, and related metals are collected and then sold for scrap at a recycling facility in Richmond	lbs. of metal	
5) Cardboard	Waste cardboard boxes, packing, and similar material are collected in a 3-yard dumpster. Marin Sanitary Service picks up the dumpster and recycles the materials.	# of 3 yard bins	
6) Greenwaste	Grass clippings from lawn mowing, and tree branches and leaves from pruning and landscaping activities are deposited in 3-yard dumpsters. Marin Sanitary Service picks up the material and utilized it in a composting operation.	# of 3 yard bins	

### II. Reused Agency Products

Metric	Definition	Reuse Measurement	Quantity
1) Reclaimed water	Treated wastewater that is reused for agency landscape irrigation, tank washdown, cogeneration engine cooling, and offsite use at the Remillard Pond.	Million gallons/year % of effluent	
2) Biosolids	Treated biosolids that are beneficially reused as: - alternate daily cover at Redwood landfill - soil amendment/fertilizer for land application	Wet tons/year Wet tons/year	
3) Biogas	Biogas that is generated in the Agency's anaerobic digesters is used for fuel in an engine-generator to produce on-site electricity.	ft <sup>3</sup> of biogas	

## CMSA GREEN BUSINESS REPORT – FY12

### III. Hazardous Material Collection and Disposal

Metric	Description	Recycling Measurement	Quantity
1) Oils and Lubricants	Used oils and lubricants from CMSA equipment, vehicles, and engine-generators are collected and stored in a waste oil facility. The supplier periodically collects the materials for recycling.	gallons	
2) Mercury	Collected mercury containing devices: - amalgam waste at dental offices is collected and disposed by certified haulers - fluorescent tubes are collected by the public education program agencies - mercury thermometers exchanged for digital thermometers at CMSA	kg linear feet # of thermometers	
3) Pharmaceuticals	Old or unused pharmaceuticals are brought to pharmacies and police stations by the public for proper disposal. CMSA and the Marin County public education program agencies fund the collection and disposal expenses, and the program is administered by the Marin County Environmental Health Department.	lbs. of pharmaceuticals	
4) Batteries	Depleted, used, or damaged batteries collected by staff and brought to Marin Household Hazardous Waste facility. Sources of batteries include: - Agency vehicles - personal or network computers, - devices (D,C, AAA, 9V, etc.) and employee batteries brought from home	# of batteries # of batteries lbs.	
5) Electronic Waste	Electronic products from Agency facilities and employees that contain toxic materials - cell phones, computers, computer monitors, etc. - are collected and stored on-site, then periodically disposed of at the Marin Hazardous Household Waste Facility.	# of devices	
6) Herbicides and Pesticides	The Agency uses the same types of herbicides and pesticide products that are utilized by the County of Marin as part of their Integrated Pest Management Program. Waste products are disposed of at the Marin Sanitary Service Household Hazardous Waste Facility.	gallons	

## CMSA GREEN BUSINESS REPORT – FY12

### VI. Green Activities

Metric	Description	Environmental Benefit
1) Potable Water Conservation	High efficiency water fixtures have been installed in all Agency facilities and buildings. Staff records the Agency's daily potable water use.	Reduced potable water use
2) Green Commuting	Programs to encourage employees to use alternate commutes methods such as carpool, biking, public transit, etc., when convenient and affordable for Agency employees. Administrative procedures are in place to assist in registering, tracking, and utilizing these modes of transportation.	In FY12, # of Agency employees participated in the program, which reduces the number of vehicles on roads during commute hours, emissions and fossil fuel use
3) Spare the Air Days	Participation in the Bay Area Air Quality Management District's Spare the Air Day program. The Agency does not use gasoline fueled landscape maintenance equipment on these specified days.	# of days in FY12 that resulted in lower emissions and GHG reduction
4) Increased Digital Document Management	Digital and email of correspondence replacing hard copy mailing. Many agency documents are now posted on the Agency website for viewing.	Reduced use of paper, toner, and postage
5) Green vehicle fleet	Agency staff use bicycles and electric carts to travel around Agency property and within the treatment plant, and 50% of agency vehicles are alternate fuel – hybrid or compressed natural gas.	Fuel savings and reduced GHG emissions

### V. Energy Saving Activities – projects and initiatives that lower the Agency's annual energy usage

Project/Initiative	Description of energy saving aspect of initiative
1) New Aeration Blowers	Awarded capital improvement project to replace two of the four original aeration blowers with high-speed, variable output turbo blowers. The new blowers are more energy efficient due to their ability to change motor speeds to respond to the microorganism air demand fluctuations, rather than throttling down the air supply of the single-speed blowers. Projected energy savings of 20%-30%.
2) Digital HVAC Controls	The new digital-display wall thermostats provide easily understandable setting and temperature readings, and the new digitally-controlled HVAC system hot and cold water valves, combined with a smart controller, provide more precise control of heating, cooling, and air flow. This reduces overheating or overcooling of spaces.

## CMSA GREEN BUSINESS REPORT – FY12

### V. Energy Saving Activities, cont.

Project/Initiative	Description of energy saving aspect of initiative
3) Computer Server Virtualization and Desktop Replacement	Periodic replacement of employee desktop computers with more powerful, versatile, and energy-efficient machines continuously reduces the electricity required to run them. The FY12 server virtualization project will replace eight servers with one combined server, which results in reduced energy consumption and HVAC capacity to cool the spaces they are used in.
4) Lighting System Replacement	Replace fluorescent, incandescent, and metal halide fixtures/bulbs throughout the Agency's facilities with energy efficient lighting – electronic ballast fluorescents or LEDs. Light pollution is considered while researching replacement fixtures.
5) Energy Generation	<p>The Agency uses a cogeneration system comprised of an internal combustion engine coupled to a generator to produce over 90% of the Agency's energy needs. The system is fueled by biogas generated in the Agency's anaerobic digesters and purchased natural gas; a small amount of utility electricity is purchased to minimize system disruptions when demand instantaneously changes. For FY12, metrics for energy generation and the resulting electricity procurement savings are:</p> <ul style="list-style-type: none"> <li>- Biogas generation (from Table 3):     xxx million cubic feet</li> <li>- Natural gas purchase:                     xxx therms</li> <li>- Electricity savings due to cogeneration: \$ xxx per year</li> <li>- Electricity savings due to biogas use:   \$ xxx per year</li> </ul>



**BOARD MEMORANDUM**

May 4, 2012

**To:** CMSA Commissioners & Alternates  
**From:** Jason Dow, General Manager *JD*  
**Subject:** Sludge Thickening Project – Consultant Selection Process

**Recommendation:** Authorize the General Manager to prepare a Request for Design Services Proposal for the Sludge Thickening Project, select a qualified consulting firm, and prepare a Professional Services Agreement for the design services.

**Summary:** The Agency's 10-year Capital Improvement Program (CIP) includes the Sludge Thickening Project to replace the treatment plant's original sludge thickening system with a newer technology, such as rotary drum thickeners (RDT). The 2010 Capital Master Planning work with Kennedy/Jenks Consultants evaluated and compared different technologies and equipment to replace the sludge thickening system, and identified the RDTs as a viable and cost effective solution. The selection of the design consultant was incorporated into the Agency's FY12 workplan that was approved by the Board in July 2011, and the design services are planned for FY13, with construction scheduled to begin during FY14.

Staff is seeking Board approval to begin the process to select a design consultant for the Sludge Thickening Project. If authorized, staff will prepare a Request for Proposal (RFP) document for the engineering design services, send the RFP to consulting firms that have experience in designing similar projects, evaluate submitted proposals, select the most qualified firm, and prepare a Professional Services Agreement for the Board's review and consideration for approval. The consultant will be selected during the summer and the Agreement presented to the Board in the fall 2012.

**Details:** Wastewater solids that are removed in the primary and secondary clarification tanks are transported to the Agency's solids handling facilities for thickening, anaerobic digestion, conditioning, and dewatering. Solids removed from the secondary clarifiers, primarily comprised of settled micro-organisms called waste activated sludge (WAS), need to be thickened prior to digestion to reduce the hydraulic loading on the digesters. Since the treatment plant began operation in 1985, a dissolved air flotation (DAF) system thickened the WAS by utilizing air compressors, polymer feed equipment, supply pumps, and process tanks.

The two DAF tanks and their supporting mechanical systems are beyond their original planned service lives and require more frequent maintenance. The tanks are not covered and are a

major source of wastewater odors. Staff, in consultation with various engineering consultants over the past couple years, has determined the DAF system should be replaced in the near future with newer technology equipment that is both reliable and efficient, and is enclosed to reduce odor emissions.

The CIP budget for the project is \$3.674 million, with \$400,000 allocated in FY13 for design services and \$3.274 million allocated in FY14 for construction. Below are pictures of the existing DAF tanks and a typical RDT installation.



Existing Dissolved Air Flotation Tanks



Typical Rotary Drum Thickener Installation



BOARD MEMORANDUM

May 4, 2012

To: CMSA Commissioners & Alternates

From: Jason Dow, General Manager *JD*

Subject: Revised 10-Year Capital Improvement Program (CIP) for the FY13 Budget

**Recommendation:** Review the revised 10-year Capital Improvement Program, and provide comments to the General Manager.

**Summary:** The Agency's Capital Improvement Program (CIP) team has completed reviewing, updating, and revising the CMSA 10-Year CIP for FY13 through FY22. The revision process included 1) identifying the project delivery method for each project, initiative, and equipment/asset purchase; 2) projecting the actual expenses for FY12; 3) determining the priority initiatives for implementation in FY13; 4) revising the project descriptions to improve their readability; 5) updating asset rehabilitation and replacement schedules based on condition assessments; and 6) refining cost estimates with new or updated information. The team has done a fine job with the updating process to enhance the accuracy and completeness of the CIP documents.

The Board's Finance Committee reviewed the revised CIP at their April 4<sup>th</sup> meeting, and it was briefly discussed at the April Board meeting, with the Board asking that the item be rescheduled for continued discussion at the May meeting. The three additions to the CIP since April that were discussed and vetted with the Committee at their May 2<sup>nd</sup> meeting are:

- 1) Pipeline inspection and condition assessments for the 54" Ross Valley and 45" San Rafael interceptors in FY14/15 (\$105K est.) that CMSA is required to maintain in the Joint Powers Agreement.
- 2) Procurement of electricity to the FY13 cogenerator major maintenance account (\$125K), during the construction and maintenance activities while the cogeneration system is off-line.
- 3) Employee compensation expenses while working on selected capital projects. In FY13 this is estimated at \$339K or 2 FTEs, and an allowance of 1 FTE is included for FY14- FY22. This addition does not increase the Agency's annual revenue needs; it shifts expenses from operations to the CIP. The benefits are it allows for more accurate project cost tracking and reduces operating expenses for the annual debt service coverage ratio calculation.

Enclosed in the Board's agenda packet are the revised 10-year CIP schedule and its project descriptions. The CIP documents can also be viewed on or downloaded from the Agency's website.

**FY13 CIP Activities:** The CIP initiatives are organized into four categories – Facility Improvement, General Equipment, Liquid Treatment Equipment and Systems, and Solids Treatment and Energy Generation Equipment and Systems. The amounts budgeted for FY13 in each category are shown in the table below.

CIP Category	FY13 Budgeted Amount
Staff Compensation	\$339,076
Facility Improvements	\$1,040,000
General Equipment	\$280,300
Liquids Treatment Equipment and Systems	\$1,683,252
Solids Treatment and Energy Generation	\$3,749,216
<b>Budget Total</b>	<b>\$ 7,091,844</b>

The 2006 Revenue Bond issuance proceeds have funded the majority of the large Agency projects since they were received in October 2006, and they have funded all CIP related expenditures over the last few years including staff compensation and benefits while working on selected large capital projects (e.g., the Wet Weather Improvement Project and the Digester Improvements/FOG Facility project). At this point in time during the budget development process, staff anticipates the Agency will have enough bond proceeds remaining at the end of FY12 to fund the majority of the FY13 capital activities, with the balance being funded by unrestricted capital reserves.

The larger capital and maintenance projects planned for initiation or continued implementation in FY13 are summarized below. Descriptions of each project and activity in the 10-year CIP can be reviewed in the revised CIP documents on the Agency's website.

Effluent Storage Pond Improvements: \$150K is budgeted to survey the pond bottom, design drainage improvements based on the survey results, and complete the regrading work.

Concrete Corrosion Repairs: a concrete and corrosion study was completed in 2011, has been peer reviewed, and rehabilitation work is scheduled for the next few years. \$396K has been allocated to coat a chlorine contact tank and repair various concrete surfaces in the headwork's building in FY13.

Aeration Blower Replacement: the two new turbo blowers will be ordered soon and should be delivered in the early summer 2012, after which the general contractor will begin on-site construction work. The project should be completed and the new systems operational this summer. The project budget was reduced from \$1.16 Million to \$693K due to favorable construction bid results.

Reclaimed Water System Improvements: a condition assessment of the water system's hydro-pneumatic tank showed significant corrosion on its interior surfaces. The project has been moved up in the CIP a few years and entails replacing the hydro-pneumatic tank, valves, piping, and the reclaimed water pumps and strainers, and has \$370K budgeted to complete the work in FY13.

Cogeneration System Maintenance: approximately every seven years, after continuous operation, the engine-generator requires a major overhaul at an off-site repair facility. FY13 will be the first major overhaul for the engine, and during the off-site work a general contractor will relocate the exhaust gas heat exchanger and coolant expansion tank. The FY13 budget of \$575,000 also includes funds to consolidate and replace control systems to improve reliability and to purchase electricity during the estimated 10-week project duration.

Sludge Thickening Improvements: design work to replace the aging dissolved air flotation tanks is scheduled to commence in late FY12. The \$400K budget in FY13 is to complete the design phase of the project, and construction is scheduled to begin in FY14.

Digester Improvements/FOG Facility: the construction phase of this project began in May 2011 and is scheduled for completion in early 2013. The rehabilitation work for the first digester is nearly completed and after its new membrane cover is installed in the late spring 2012, it will be filled with reclaimed water and fed with sludge. Concurrent to that work being performed, the new digester mixing pumps and biogas purification systems are being installed, and operational testing will be completed this summer. Once the new equipment is commissioned and the first digester achieves stable operation, the second digester will be drained, cleaned and rehabilitated.

The FOG/Food Waste facility has been constructed and its equipment will be installed and tested this summer; we anticipate the facility will be ready for operation in the fall 2012. The change order allowance for FY13 has been increased from 5% to 10%, resulting in the total project cost increasing to \$8.23 million. The FY13 budget is \$2.7 million.



BOARD MEMORANDUM

May 4, 2012

To: CMSA Commissioners & Alternates

From: Jason Dow, General Manager  
Hank Jen, Finance Manager

The DRAFT FY 13 Budget is available on the Agency's website at www.cmsa.us (Go to 'Finance' tab) or contact the Agency office (415) 459-1455.

Subject: Proposed Fiscal Year 2012-2013 Budget

Recommendation: Review the Agency's Proposed Fiscal Year 2012-2013 (FY 13) Budget and provide comments and/or direction to the General Manager.

Summary: Agency managers, supervisors, and budget account administrators have prepared the draft (proposed) budget for FY 13. The enclosed budget document is in the same general format and layout as the adopted FY 12 budget. The proposed budget for departmental expenditures was developed using expenditure projections for FY 12 and adjustments for anticipated FY 13 cost increases or decreases. Operating revenue assumptions for FY13 include that the Agency continues to use the EDU rate allocation method to the JPA member agencies, the operating EDU rate increases 3.1% per prior Board direction, and that CMSA will provide contract wastewater services to the San Quentin State Prison.

As it currently stands, the FY 13 proposed budget indicates that the Agency would receive sufficient funds to support its ongoing operations; and the FY 13 capital program is fully funded by revenue bond proceeds and unrestricted capital reserves. The Board's Finance Committee met on April 4<sup>th</sup> to review the revised 10-year capital improvement program (CIP) and on May 2<sup>nd</sup> to review the major components of the FY 13 draft budget and the changes to the CIP. The Committee provided valuable guidance that allowed staff to complete development of the FY 13 budget documents.

Table 1 shows the FY 12 and FY 13 operating revenues and expenses, with surplus funds being transferred to the operating and unrestricted capital reserves.

Table 1: Overview of Revenues and Expenditures for FY 12 and 13

	FY 11-12 Adopted Budget	FY 11-12 Projected Actuals	FY 12 Surplus/ (Shortfall)	FY 12-13 Proposed Budget	% Difference FY 13 to FY 12 Budget
Total Operating Revenues	\$10,020,061	\$ 9,413,495	(\$606,566)	\$9,728,300	-2.9%
Total Operating Expenditures	9,426,423	9,001,563	424,860	9,522,865	1.0%
Surplus/(Deficit)*	\$ 593,639	\$ 411,932		\$ 205,435	

\*Budget surpluses are transferred to designated reserve funds per Financial Policy #532

NOTE: Differences due to rounding

The final draft of the FY 13 budget will incorporate any adjustments requested by the Board and final revenue and expenditure refinements to this draft, and will be brought to the Board for consideration of adoption at the June 12<sup>th</sup> meeting. Once the budget has been adopted, staff will incorporate the recommended Governmental Finance Officers Association (GFOA) budget presentation guidelines into the FY13 budget document. GFOA encourages public entities to produce high quality financial reports that are readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

Because one main feature of the final FY 13 Budget is the compilation of key Agency workload and performance indicators for FY 11-12, the GFOA FY13 Budget will not be completed until late July-early August. Once the GFOA FY 13 Budget has been assembled, it will be evaluated by GFOA to determine if the document satisfies the Association's criteria as a policy document, a financial plan, an operations guide, and a communications device.

Components of the Proposed FY 13 Budget described and summarized below include:

- Proposed FY 13 Agency Revenues (Section A)
- Proposed FY 13 Operating Expenses (Section B)
- 10-year Financial Forecast (Section C)
- 10-Year Capital Improvement Program Funding (Section D)

**A) Proposed FY 12-13 Revenues:** A summary of the Agency's FY 13 Proposed Budget by Revenue Source is shown in Table 2 below with the projected EDU rate and number. Operating revenues are expected to decrease by only 2.9%.

**Table 2: Proposed FY 13 Budget by Revenue Source, with projected revenues for FY 12**

Funding Sources by Category	FY 11-12 Adopted Budget	FY 11-12 Projected Revenues	FY 12 Surplus/ (Shortfall)	FY 12-13 Proposed Budget	% Difference FY 13 to FY 12 Budget
<b>Operating Revenues</b>					
Service Charges	\$9,312,615	8,576,114	(\$736,501)	8,274,123	-11.2%
Contract Service Revenues	403,632	365,305	( 38,327)	1,166,022	188.9%
Program Revenues	179,191	179,191	---	173,282	-3.3%
Interest Income	55,000	38,659	( 16,341)	45,000	-18.2%
Haulers, Permits & Inspection	49,623	138,139	88,516	49,873	0.5%
Other Operating Revenues	20,000	116,087	96,087	20,000	0.0%
<b>Total Operating Revenues</b>	<b>\$10,020,061</b>	<b>\$9,413,495</b>	<b>(\$606,566)</b>	<b>9,728,300</b>	<b>-2.9%</b>
<b>Capital Program Revenues</b>					
Connection Fees	---	20,610	20,610	---	-

	FY 11-12 Adopted	FY 11-12 Actual	Difference	FY 12-13 Proposed	% Difference
EDU Rate for Sewer Services	\$ 169.74	\$ 169.74	---	\$ 175.01	3.1%
EDU Rate for Debt Service	\$ 106.08	\$ 115.19*	\$ 9.11	\$ 113.51	7.0%
Combined EDU Rate	\$ 275.82	\$ 284.93	\$ 9.11	\$ 288.52	4.6%
Total Number of EDU	54,864	50,525	(4,339)	51,283**	-6.5%

\* The payment received by JPA members for debt service was based on 50,525 units.

\* The calculation of debt service payment to each member for FY 13 is based on the FY 12 actual EDU count as reported by each JPA Member. For the purpose of determining the FY 13 debt service allocation only, SQSP has been assigned an EDU count of 4,005 units.

NOTE: Differences due to rounding

The Agency estimates that it will end FY 12 with an operating revenue shortfall of \$606,600. The reasons for the revenue shortfall are the reported reduction of 6,828 EDU in the service area, reduced interest earnings at a rate less than the budgeted 0.5% rate, and a decrease in Contract Service Revenues offset by higher than budgeted septic hauler, and other miscellaneous operating revenues.

The revenue change between the FY 12 Adopted and FY 13 Proposed Budget are as follows:

Service Charges: EDU based sewer service charges are expected to decrease by 11.2%. In May 2009, the Board approved a 3.1% increase in the Equivalent Dwelling Unit (EDU) operating rate from FY 12 to 15; the FY13 proposed rate is \$175.01 per unit. This is coupled with an EDU count decrease of 6,828 units used in the development of the FY 13 sewer service charges.

Contract Services: Revenues are expected to increase by 189%. The main change in this category reflects the pending \$1.2 million interim wastewater service agreement between the California Department of Corrections and Rehabilitation and CMSA. For budgeting purposes only, \$745,376 of the contract value is for wastewater services and the remaining \$454,624 is applied towards debt service.

- \$347,246 for SD 2 Pump Station Maintenance with an increase of \$5,700 for additional alert monitoring services.
- \$20,000 for LGVSD FOG and Pollution Control Programs. No change from FY12.
- \$10,000 decrease for SD 1 FOG Control Program as SD1 has terminated the contract with CMSA effective May 31, 2012.
- \$18,000 for SRSD FOG Control Program which reflects a \$1,000 increase from FY 12.
- \$2,400 for TCSD FOG Control Program with a decrease of \$200 from FY 12 as program enters administration phase.

- \$9,000 for SD 2 FOG Control Program with a decrease of \$3,500 from FY 12 as program has entered into the administration phase.
- \$24,000 for pending San Quentin Village wastewater contract services with the County of Marin.

Program Revenues are expected to decrease by 3.3%. There is a slight revenue decrease for the Safety Director Program associated with value of the administrative support services provided by CMSA. There is a slight increase for the County-wide Education Program revenues as the corresponding Program expenditures have increased from \$70,000 to \$75,000.

Interest income: CAMP and LAIF interest income is expected to decrease by 18%. The Agency is taking a very conservative approach on this revenue, based on interest rates of 0.3-0.4% on short-term investment holdings. The FY 12 budget was based on a .5% interest rate.

Haulers, Permits, and Inspection fees are expected to increase by .5% to reflect the number of recreational-mobile vehicles using the facility for waste disposal. There was an increase in the use of the facility by private waste haulers, however, there is no assurance that these haulers will continue to use CMSA in the future should the rate charged by CMSA become higher than rates charged by wastewater plants in the North and East Bay.

Connection fees The Agency no longer budgets for new connections. In previous years, the Agency budgeted for 14 new connections per year in the combined service area. During The FY 12 budget development, the Finance Committee concurred with the staff recommendation to no longer budget for this revenue since there was very little new construction activity in the service area and connection fees were not a major revenue source for the Agency.

There will still be a scheduled increase for the Agency's connection fee charges on July 1, 2012 per CMSA's Fee Ordinance. That fee has not been determined as the Engineering News Record (ENR) on which it is based is not yet available.

**B) Proposed FY 12-13 Operating Expenditures:** A summary of the Agency's FY 13 Proposed Budget by Category of Expenditures is shown in Table 3 on the following page. Every effort was made to develop a flat FY 13 operating budget in relation to the FY 12 Budget. FY 13 operating expenditures are expected to increase approximately 1%.

The Agency estimates that it will end FY 12 with an operating surplus of \$425,000 from budgeted expenditures. The primary sources for the surplus are benefits, chemicals, permit testing, insurance and general administrative expenses. While there appears to be a sizeable shortfall with respect to the salary budget, there is nothing to be alarmed by because there are certain salary type expenses which are generally offset by savings in benefits expenditures, i.e. employees who receive cash in-lieu of Agency provided health

benefits. The salary account could end in a surplus pending the amount of staff time charged to the Revenue Bond program during the remainder of FY 12. Any surpluses at year-end will be transferred into the Operating Reserves first then the Unrestricted Capital Improvement Program Reserves.

**Table 3: Proposed FY 13 Budget by Category of Expenditures, with projected expenditures for FY 12**

Expenditures by Category	FY 11-12 Adopted Budget	FY 11-12 Projected Actuals	FY 12 Surplus/ (Shortfall)	FY 12-13 Proposed Budget	% Difference FY 13 to FY 12 Budget
Salaries	\$3,882,118	\$4,053,850	( \$171,732)	\$3,894,460	0.3%
Benefits	2,485,365	2,222,438	262,928	2,572,038	3.5%
Chemicals & Fuel	1,289,063	1,012,010	277,052	1,280,828	-0.6%
Biosolids Management	240,936	250,836	( 9,900)	258,436	7.3%
Maintenance & Repairs	176,000	170,213	5,787	197,000	11.9%
Permit Compliance	133,161	112,895	20,265	138,230	3.8%
Insurance	179,153	157,255	21,898	179,153	0.0%
Utilities	378,885	382,722	( 3,837)	402,200	6.2%
General & Administrative	661,743	639,343	22,400	600,522	-9.3%
<b>Total Expenditures</b>	<b>\$9,426,424</b>	<b>\$9,001,562</b>	<b>\$424,860</b>	<b>\$9,522,865</b>	<b>1.0%</b>

NOTE: Differences due to rounding

Budgeted expenditures are expected to increase by 1% for FY 13 driven primarily by benefits, biosolids disposal, maintenance costs and utilities.

Salaries: Salaries are expected to increase by only 0.3% due to: 1) lead operator retirements and other staff turnovers experienced during FY 12 with replacement staff hired at entry levels, 2) continuation of staff assignment to the Revenue Bond Program at 2.0 FTE, and 3) a 2.6% COLA in FY 13 for Agency employees on July 1, 2012 and other anticipated step adjustments for eligible staff.

Benefits: Employee benefits are expected to increase by 3.5%. The primary budgetary changes are due to: 1) an estimated increase of 7% -10% in health care premiums, 2) an increase on the employer's CalPERS contributions rate from 21.925 to 22.568%, 3) increased employer Medicare and retirement contributions associated with a 2.6% cost of living salary adjustment (COLA), and 4) three employees who retired during FY 11-12 who are now eligible for retiree health benefits.

There is a slight decrease in the Agency's Other Post-Employment Benefit (GASB 45) obligations as the FY 13 figures are based on the most recent October 2011 GASB 45 valuations. Additionally, the net annual required contribution to prefund the GASB 45 obligations has also decreased in direct correlation with the increases in actual health premium costs and increases in the number of retired employees eligible for continued coverage by the Agency.

Chemicals & Fuel: This category is expected to decrease by 0.6%. While the Agency can develop projections for the quantity of chemicals used, it is very challenging to estimate the unit prices (e.g. \$/gallon). For FY 13, staff has refined the budget by focusing on the quantity side of the budget determination.

Biosolids Management: This category is expected to increase by 7.3% for: 1) contractual CPI and fuel adjustments for biosolids hauling to Redwood landfill and land application sites in Sonoma County, and 2) CPI adjustments for disposal fees at the landfill and land application sites.

Maintenance & Repairs: This category will increase by 11.9% which is primarily associated with the purchase and hazardous material disposal of the biogas media used to remove sulfides and siloxane from biogas before the biogas is used in the co-generator engine. These expenditures used to be in the CIP, but were moved to the appropriate maintenance accounts for FY13.

Permit Compliance: This category is expected to increase by 3.8% for increases in laboratory supply costs, contractual CPI adjustment for outside laboratory analyses, and new NPDES permit testing requirements for PCBs, nutrients, and an increase in the frequency of chronic toxicity testing.

Insurance: The Agency is maintaining the Budget at FY 12 levels at this time. While CSRMA has provided preliminary guidance indicating potential cost increases for property, general liability, and workers' compensation insurances, the Agency has settled on an approach used in recent years to offset the higher costs of insurance premiums paid with the annual program dividends and retroactive adjustment received by CSRMA. The offset is reflected in non-operating revenue.

Utilities: This category is expected to increase by 6.2%. The decrease in the unit price of natural gas is offset by the increase in costs for electricity standby charges from PG&E and the number of waste bin pickups by Marin Sanitary Service.

General & Administrative: This category is expected to decrease by 9.3% is primarily the due to the one-time FY 12 budget item for the costs associated with the Agency NPDES permit renewal process. There are one-time increases associated with the pending arbitration between the Agency and SD 1 and Agency sponsorship for the Bay Area Coalition for Water/Wastewater Education Program through Solano Community College.

Upwards of 95% of the budget is related to fixed operational expenses over which the Agency has limited control once agreements are in place. Examples include salaries, benefits, chemicals, biosolids hauling & disposal, permit compliance analyses, insurance, utilities, and a small portion of the General & Administrative budget used for required operating permits. The remaining 5-7% represents Maintenance & Repairs and General & Administrative expenses where there is a varying degree of control over discretionary expenditures.

**Table 4: Proposed FY 13 Budget by Category of Expenditures**

Expenditures by Category	# of Budget Accounts	Proposed Budget FY 2012-13	% of Budget
Salaries	12	\$ 3,894,460	40.9%
Benefits	12	2,572,038	27.0%
Chemicals & Fuel	9	1,280,828	13.5%
Biosolids Management	2	258,436	2.7%
Maintenance & Repairs	8	197,000	2.1%
Permit Compliance	5	138,230	1.5%
Insurance	6	179,153	1.9%
Utilities	4	402,200	4.2%
General & Administrative	56	600,522	6.3%
<b>Total Expenditures</b>	<b>114</b>	<b>\$ 9,522,865</b>	<b>100.0%</b>

NOTE: Differences due to rounding

**C) 10-Year Financial Forecast:** The 10-year model for FY 13 indicates that due to the decreased EDU counts, the previously approved Board EDU rate increase of 3.1% through FY 15 is insufficient to sustain Agency operations at its current service level. The Agency would need to supplement the revenue shortfall by using funds in the Unrestricted Operating Reserves.

The 10-year forecast includes the following factors:

- EDU Rate: Board approved EDU operating rate adjustment of 3.1% for FY 2011-12 through FY 2014-15.
- EDU Count: Flat EDU count fixed at 47,278 in the combined service area, excluding San Quentin State Prison. The Prison has been assigned an EDU count of 4,005 for the purpose of determining the debt service allocation to each JPA Member.
- FOG & Foodwaste to-Energy: Factors in incremental reduction in purchase of natural gas and increase in tipping fee revenues starting in FY 13. By FY 17, the Agency should no longer need to procure natural gas. No other revenues increases or expenses reduction associated with electricity export or reduced consumption respectively are in the model at this time.
- Salaries: Increase in FY 14 as the Agency absorbs 1.0 FTE from the Revenue Bond program into operating budget. Contractual COLA of 2.6% in FY 13 and estimated COLA of 3% thereafter.
- Benefits: Significant increase in FY 14 as the Agency absorbs 1.0 FTE from the Revenue Bond program into operating budget. CalPERS has indicated that starting in FY 14, special district employers can anticipate an additional contribution of 1-2% of salary due

to the change in the Rate of Return assumption (from 7.75% to 7.5%) used by CalPERS. This forecast assumes an additional 1% employer contribution. Annual health benefit increases from the FY 11 GASB 45 actuary report reflect increase starting at 7.5% in FY 13 and declining by 0.3% per year thereafter.

- Chemicals: Budget increase of 3.5% per year.
- NPDES Permit Renewal: Planned costs of NPDES renewal in 2017 and 2022 starting in FY 16 and FY 21 respectively
- All other categories of expenditures increasing by 3.5% per year.

**D) 10 Year Capital Improvement Program Funding Evaluation:** the CIP has been revised by the Agency’s CIP team and was reviewed with the Finance Committee at its meetings over the past couple months. The analysis below shows the current value of the 10-year CIP, the available funding sources with their current or future amounts, and the estimated funding shortfall. Staff informed the Committee that each year the CIP will be revised using current information that will result in budget estimates changing, activities being reprioritized, new initiatives possibly added and others potentially removed, and activities rescheduled based on equipment and asset condition assessments – in other words, the value of the CIP, each fiscal year and the total program, is fluid and will likely change each year.

Projected Expenditures: \$ 34.85M

Funding Methods:

a)	Bond proceeds (est.):	\$ 5.36M
b)	Unrestricted capital reserves (est.):	\$ 7.12M
c)	Restricted capital reserves (est.):	\$ 3.61M
d)	Debt service coverage (FY13-FY22):	<u>\$ 10.48M</u>

Funding Shortfall: <\$8.28M>

The bond proceeds will be exhausted in FY13 with completion of the Digester Improvements/FOG Facility and Aeration Blower Replacement Projects, and the remaining FY13 CIP funding will be from the restricted capital reserves. Assuming that each year’s funding requirements are static, the CIP is fully funded through FY17, and is partially funded in FY18 with a \$2.68M shortfall that year. Each year the CIP is infused with \$1.16 million in debt service coverage funds, so there is funding for the CIP in FY19 – FY22, but not enough to finance the planned major projects, such as replacement of the cogeneration system.

The Finance Committee reviewed the CIP funding shortfall at their May 2<sup>nd</sup> meeting, discussed a few conceptual alternatives to provide the estimated funding needs, and agreed that the Board should discuss the topic and provide direction to staff on how to proceed. Some of the options included:

- Increase operating revenues a level amount each year and place that additional revenue in the unrestricted reserve account
- Increase the CIP revenue in incremental steps until a higher level amount is reached
- Issue revenue bonds
- JPA members to establish a CMSA CIP account and hold the funds for future CMSA use
- Establish a funding methodology and inform the members it will be considering in F14 since two JPA members are not increasing their EDU rates in FY13



**BOARD MEMORANDUM**

May 4, 2012

**To:** CMSA Commissioners & Alternates  
**From:** Jason Dow, General Manager  
**Subject:** CMSA Regional Charge Allocation Method Alternatives for the FY13 Budget

**Recommendation:** Review the CMSA Regional Charge allocation methods, and select the method to allocate the FY13 Regional Charge to the JPA member agencies.

**Background:** The Board's Finance Committee recommended to the Board at the April meeting that the Agency's FY12/13 Regional Charge to the JPA member agencies should be allocated using the three-year flow method, and that the Board should consider the flow/strength allocation method in April 2013, for the FY13/14 budget, after the Agency collects 12 months of strength data. The Board considered the Committee's recommendation, discussed the five allocation methods in the staff report, and a couple Board members proposed different alternatives for the FY12/13 budget. Ultimately, the Board did not select an allocation method for FY13. Staff informed the Board that the default allocation approach is the EDU count method, and it would be used to develop the draft FY13 budget for presentation at the May meeting. During the discussion of a different yet related agenda item, the Board majority asked staff to present the FY12/13 JPA agencies' Regional Charge for each method at the May meeting.

**FY13 Regional Charge:** The table on the following page shows the FY12 projected actual revenue from each satellite collection agency that totals \$8,576,114, and each agencies FY13 CMSA Regional Charge contribution for the five allocation methods. The FY13 EDU method uses the FY12 actual figures provided by the JPA Member Agencies in March 2012 which have been verified by staff. The one year and three year average flow allocations were developed using the JPA agency flow data that is continuously monitored and recorded by the CMSA process control system and the allocation procedures that were approved by the Board at its March 2012 meeting. The two flow/strength allocations were calculated using the measured flow data, each agency's strength for the month of March, and the allocation procedure approved by the Board at the April meeting.

The Agency's projected total revenue from the draft FY13 budget is \$9.728 million, and includes the planned 3.1% EDU rate increase from \$169/EDU to \$175/EDU. With all other revenue sources taken into consideration, including the projected \$1.2 million service fee from San Quentin minus its debt service contribution, the total net revenues needed from the JPA member agencies is \$8,274,123. The net revenue is allocated to JPA members using each allocation method's

percentages listed in the table below. San Quentin is shown as a fixed contribution of \$745,376 for Agency operational costs (Regional Charge).

**Regional Charge Allocations and Expenses for each Satellite Collection Agency**

Allocation Method	SRS	RVSD	SD2	SQP
FY12 Projected Revenue	3,294,484	3,722,085	1,010,802	548,743
FY13 EDU	41.0%	46.4%	12.6%	-
- expense	3,392,390	3,839,193	1,042,539	745,376
1- Year Flow	39.2%	50.7%	10.1%	-
- expense	3,243,456	4,194,980	835,686	745,376
3-Year Flow Ave	39.0%	50.8%	10.2%	-
- expense	3,226,907	4,203,254	843,960	745,376
Annual Flow/Strength	39.1%	51.5%	9.4%	-
- expense	3,235,182	4,261,173	777,767	745,376
3-Yr Flow/Strength	39.0%	51.6%	9.5%	-
- expense	3,226,907	4,269,447	786,041	745,376