

ROSS VALLEY SANITARY DISTRICT

**Current Operations and State of the District,
Update to San Anselmo Town Council
February 25th, 2014**



Overview



- Regulatory Relations, 2013 Cease-and-Desist
- Changes to Capital Program
- Operations and Maintenance, Staffing
- Outreach to Local Government Partners
- Financial Forecast, Rate Study Status
- Questions?

RWQCB Cease-and-Desist Order



- District subject to 2013 Cease and Desist Order from Regional Water Quality Control Board. Culmination of several prior enforcement actions against RVSD.
 - Similar to many agencies in Bay Area and Marin County
 - Objective is to prevent and minimize SSO's.
 - Obligates District to significant infrastructure upgrades
- RWQCB agreed to major revisions to capital program, focus on Asset Management, level of service, risk-reduction metrics.
- October 2013 Infrastructure Asset Management Plan (IAMP).
- Updated CIP has significantly lower costs vs. 2012.
- Does not eliminate significant capital funding needs for next 5-7 years, to meet regulatory requirements, age, deteriorated condition of assets.

Changes to Capital Program



- Major shift away from “fix everything now” to objective priorities, SSO risk reduction.
- Information / data driven process. Work within limited resources to maximize measurable benefits.
- Risk model, GIS, CMMS are tools.
- Long list of requirements in CDO, but allows for flexibility, regular updates, no longer prescriptive.
- 4 miles per year of gravity sewer rehab/replacement.
- Pump stations, force mains.
- Still challenging, but manageable.
- Focus now on cost-efficient implementation, integration with O&M.

Operations and Maintenance, Staffing



- O&M resources include sewer cleaning, condition assessment, trenchless repair equipment and people skills.
- District ramped up staffing to plug immediate gap, stabilize the system and get SSO's under control.
- Recognize that such rapid changes remain controversial. Learning from past mistakes, making changes.
- Staff levels are not increasing, as forecasted in 2012.
- District left as many as five open positions through 2013, scrutinizing specific needs under new business approach.
- Hired professional HR management, notable improvements.
- Recognize need to manage personnel costs.

Outreach to Local Government Partners



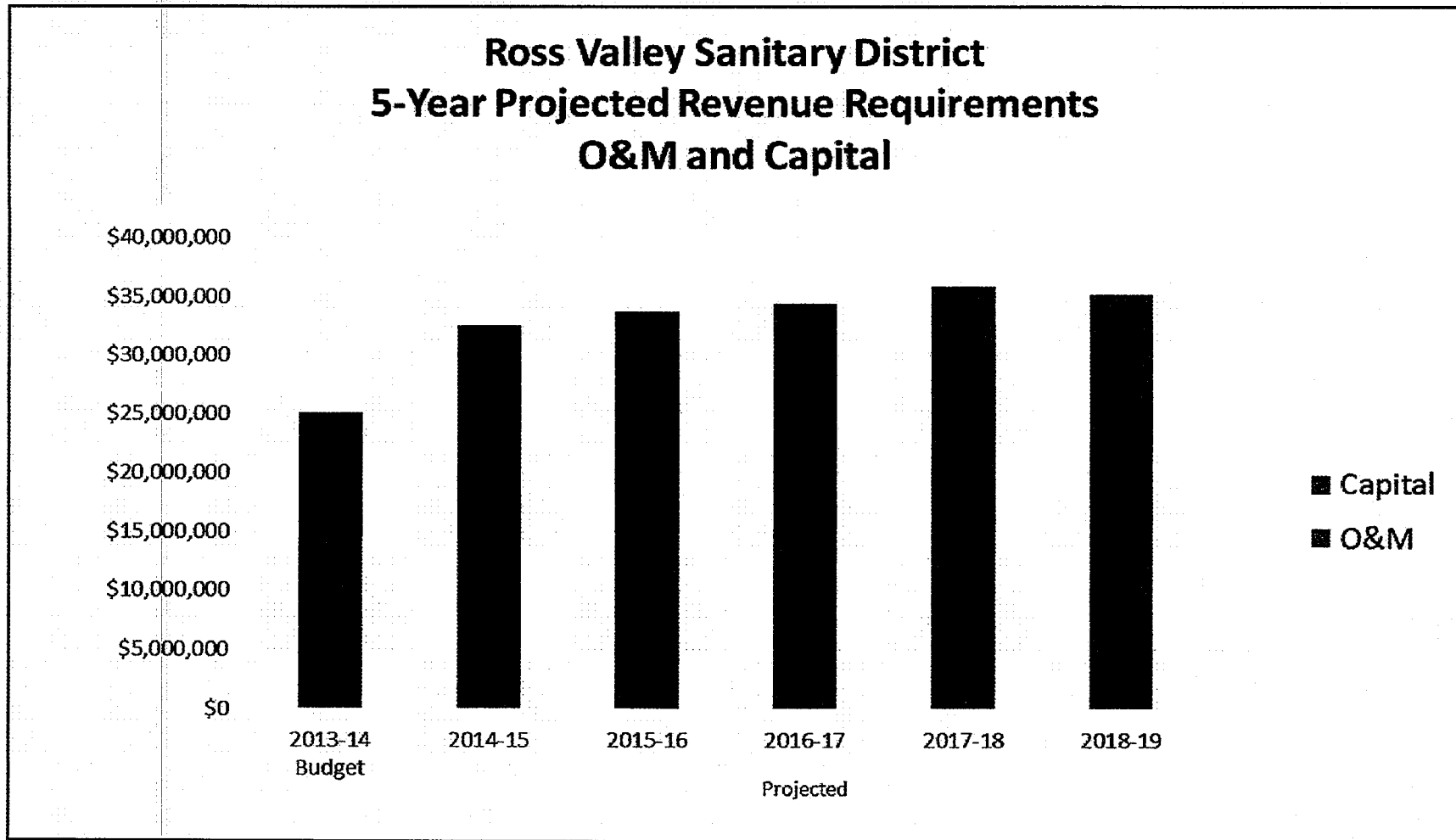
- Focused on re-building constructive relationships with all local governments.
- Meeting over past six months with local Town managers, mayors.
- Marin County outreach.
- CMSA JPA partners.
- LAFCO.
- NGO's- NBWA, local community groups.
- Successful partnerships are key to efficient local government delivery of services, capital programs.

Five-Year Financial Forecast, Rate Study



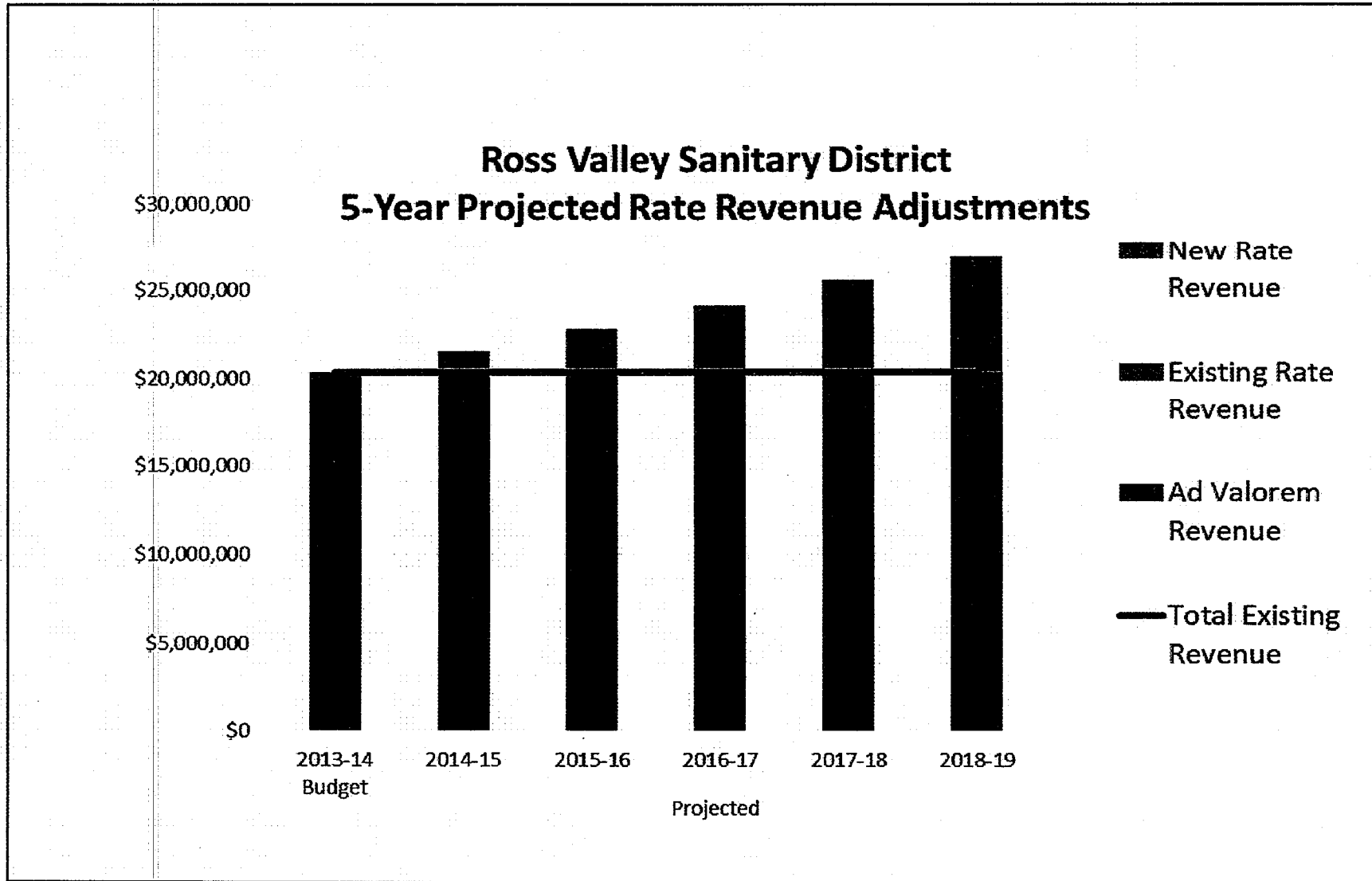
- Regulations-driven capital improvements are the single biggest driver of the financials
- Capital costs account for 93% of new spending
- O&M increasing about 1.5% annually, due to treatment costs and healthcare benefits
- Bonds used to smooth transition to pay-go focus
- Combined resources of rate revenue, property tax, and long term bond financing allow reasonable rate increase trends (relative to industry trends)
- Overall rates revenue growth of 6%-8% per year over five years
- Rate structure should equitably allocate the rate revenue requirements to cover the cost of service

Five-Year Financial Forecast...





Five-Year Financial Forecast...





RVSD Rate Structure Alternatives

(1) Existing Structure	(2) Flat Rate Differential	(3) Volumetric MFR	(4) Volumetric SFR & MFR
Flat Rate Per Dwelling Unit			
Same For SFR & MFR	Differs For SFR & MFR	SFR Only	
Residential Single and Multi Family	Single Family Multi Family	Single Family	
Volumetric Rates For Individual Customers*			
Commercial/ Industrial	Commercial/ Industrial	Multi Family Commercial/ Industrial	Single Family Multi Family Commercial/ Industrial
*Often includes a fixed charge.			



THANK YOU QUESTIONS?

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Wastewater Utility Service Rates

Districts Under Regulatory Order Current Rates

