



THE PIPELINE

News From Your Ross Valley Sanitary District

TOP NEWS BRIEFS

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RECORD LEVEL OF CAPITAL IMPROVEMENT FOR FY 2010-11: \$12.9 MILLION!

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BOARD CONSIDERS NEW RATES TO ADDRESS AGING PIPES

The Ross Valley community is at a crossroads in deciding the future of its sewer system. Despite recent progress, 70% of pipes are at or beyond their useful lives and need repairs.

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"PATCH" REPORTS ON ENVIRONMENTAL THREATS to RV WATERSHED

The Pipeline excerpts the San Anselmo-Fairfax Patch featuring Deb Self of Baykeeper and Sandra Guldman of Friends of Corte Madera Creek on how private and public sewer pipes harm our watershed.

GRANT DOLLARS TO HELP CUSTOMERS REPAIR PIPES

Approximately \$100,000 remains available to District customers who are having plumbing problems and need repairs. Get details on our Lateral Replacement Grant Program at www.rvsd.org

District Board to Consider Studying New Rate Structure Based on Water Usage

A new idea that is being examined by your District and at least one other sewer agency in Marin is a rate structure based in part on the amount of water used by a ratepayer.

According to John Farnkopf, Senior Vice President of the rate consulting firm used by your District, with the cost of all utilities on the rise, the "flow based" rate structure is getting a lot of interest among his clients.

The idea has the potential to benefit ratepayers who create less wastewater by simply having smaller households compared to other District customers and/or by conserving water.

Your board will consider taking the first step in studying flow based rates at its June 22 meeting where it will vote on preparing a proposal to begin the study process.

A professional study may suggest that flow base billing is feasible for the Ross Valley but may also conclude that the benefit to the majority of ratepayers will be modest according to Farnkopf.

What makes the billing structure possible is that it appears that we can easily obtain accurate water usage data from Marin Municipal Water District. What is normally done when developing a flow based rate structure is to look at winter water usage, so water used for landscaping during the other seasons is not considered.

The impact of a flow based structure on ratepayers will depend on the housing mix in our community, number of businesses, and more. This is where the study will take any speculation out of the discussion and

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Settlement Reached with Developer on District's Larkspur Landing Property

The RVSD Board of Directors is pleased to report that a settlement was reached in a lawsuit filed by Campus St. James Larkspur, LLC, a development company that withdrew from a property purchase agreement with the district in early 2010.

The resolution ends a nearly 12-year relationship that began in 1999 when the District

property located at 2000 Larkspur Landing Circle for approximately \$12 million. The planning and permitting of the project, which included environmental reports,

zoning and more for a hotel and housing units, was nearly complete when Campus withdrew from a \$12 million purchase contract. After extensive mediation, a settlement was reached which ends the litigation, and returns the property to your sewer



The approximately 10.5 acre Larkspur Landing property across from the ferry terminal belongs to the District ratepayers.

(Continued on back page)

District Considers Rate Increase to Reflect Changes in Income, Tax Revenue, Treatment Costs and More

Last month a Public Hearing notice about the proposed rate increase for Ross Valley Sanitary District customers was mailed to all property owners. In the mailing piece we outlined the overall challenge we face as a community to solve our vital sewer infrastructure problem.

The big picture is that despite the recent and historic progress in replacing and repairing some major pipelines in the system, about 85% of the remaining pipes are approaching or at the end of their useful lives and we need to address these pipes as soon as possible.

While District staff developed a long-range plan and rates to accelerate the pace of repairing and replacing old pipe, your District board agreed to postpone looking at how to fund additional capital improvements for now and instead to only consider adjusting rates to maintain current levels of service.

To add to what was explained about the proposed 2011/12 rates in the Public Hearing notice, let's look at four key rate components of the propose increase that were calculated and presented in a report by our rate study consultants.

Revenue Decrease From San Quentin

Sewer rates for San Quentin - like other commercial and industrial customers - are based on the number of EDUs or Equivalent Dwelling Units. The number of EDUs can be increased by a strength factor which reflects the cost of treating wastewater. In the past, San Quentin had a strength factor of 2.34, which generated about \$3.7 million in sewer service fees from 7,209 EDUs.

Thanks to improvements at San Quentin, its wastewater now has a strength factor of 1 (which is the same as a typical residential customer) and its total EDUs have been reduced to 3,200.

Under the new proposed rate structure, San Quentin's EDU total will generate just over \$2.2 million, which represents a savings of \$1.5 million for San

Quentin. On the other hand, the District and Central Marin Sanitation Agency now have fewer EDUs over which to spread the annual cost of collection, treatment, and capital improvements. An increase of approximately \$85 for all ratepayers is therefore required to offset the lower number of San Quentin EDUs. This adjustment underscores the connection between all the communities in the Ross Valley Sanitary District. All ratepayers share in the costs of collection, treatment, and capital improvements.

Correction to Larkspur Ad Valorem Tax

The town of Larkspur's sewer system was annexed to the Ross Valley Sanitary District in 1993. At the time, it was agreed that the portion of Larkspur's property tax revenue - known as Ad Valorem tax - would not

be provided directly to the District as it is provide by other District towns and cities. Under the agreement the amount of Ad Valorem tax revenue owed by Larkspur is added to the sewer rate that appears on property tax bills. (This explains why Ross Valley ratepayers currently are billed \$520 and Larkspur ratepayers are billed \$592.)

The Larkspur Ad Valorem tax revenue from Larkspur has not been adjusted since 2005-06, while the amount of property tax collected in the city has increased significantly. In order to be equitable to all Ross Valley Sanitary District towns and cities, the rate for Larkspur residents' must be adjusted by \$154 (which lowers the EDU cost for everyone by \$23).

Anticipated Pass Through For Treatment Plant Increases

As your District has explained in its outreach efforts, your sewer fee that appears on your tax bill is divided between wastewater collection by Ross Valley Sanitary District and wastewater treatment by Central Marin Sanitation Agency (CMSA). The cost for treatment

has gone up over 108% in the last five years alone. Your District has little to no control over these treatment increases and CMSA is exempt from the process we are now going through to consider raising rates.

Based on what we know about plans at CMSA, we are anticipating yet another increase in treatment rates, which is estimate at \$15 per EDU.

Maintain Capital Program

To continue the existing level of capital improvement, a proposed \$100 rate increase will allow the District to make some progress on repairing and replacing aging pipe. This proposed level of capital spending clearly falls short of meeting our infrastructure challenge, but will help meet Federal mandates for environmental protection. "PayGo" means paying for capital improvements as you go rather than incurring debt to finance them.

For more information on what the rate proposal will fund visit rvsd.org.

EDU Rate Adjustments	Ross Valley	Larkspur
Current Rate	\$520	\$592
San Quentin	\$85	\$85
Larkspur Tax	-\$23	-\$23
CMSA Treatment	\$15	\$15
PayGo Capital Program	\$100	\$100
Larkspur Ad Valorem	\$0	\$154
Proposed Rate	\$697	\$923



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"Patch" Reports On Environmental Threat By Your Private "Lateral" Pipe

RVSD Finds Leaks in Up to 90% of Private Pipes!

The San Anselmo-Fairfax Patch, an online, community-based news source, has recently published an excellent article that discusses the impact of damaged public and private sewer pipes on the environment.

In the article, which is available at sananselmofairfax.patch.com or by simply googling the article title *How Do Sewage Spills Affect Our Health?*, Deb Self of BayKeeper explains that when rainwater meets an "archaic" sewage system like ours a virtual perfect storm of pollution can result.

"All homes and business are connected through private lateral lines to a treatment plant – which means that if you are a private homeowner, you own a piece of lateral line," says Self. "These pipes are the same age as your house -- so they can be super old."

She explains that private and public sewer pipes are not solid, and we have a lot of earth movement which can easily lead to breakage. Add to this pipe-clog-

ging tree roots, along with toilet paper, diapers and who knows what all heading down pipe and eventually you then have complete blockage.

"... we have a lot of rainwater moving through ground and encountering these cracked pipes," says Self. "When this large volume of sewage-contaminated rainwater tries to reach the sewage plant but encounters debris, excessive volume builds up and ultimately spews out of a manhole cover, releasing untreated water into the bay."

To underscore the extent of the problem, our construction crew, which recently replaced the sewer main on San Francisco Avenue in San Anselmo, estimated that at least 90% of the lower private laterals (the lateral section closest to our sewer mains) were damaged.

District-wide lateral damage is influenced by the age of the homes in a neighborhood, but this alarming figure explains in part why the volume of waste-

(Continued on back page)

Great Year For Capital Improvement!

The District made excellent progress on capital improvement projects in FY 2010-11. Along with completing the Woodland-College-Goodhill project and accelerating work on the Kentfield Force Main project (that included a major Cured In Place Pipe repair), a pilot Pipe Bursting program help realize a historic year of progress.



KFM Project: 7,455 Ft.



WCG Project: 9,100 Ft.



Pipe-Bursting: 4,495 Ft.



KFM CIPP Repair: 3,345 Ft.

MORE NEWS!

Board Approves Hiring of Pipe Bursting Crew

With a successful pilot program completed, that demonstrated the dramatic cost savings of an innovative pipe repair technology, the RVSD board has approved the hiring of an in-house Pipe Bursting crew. The in-house crew will lower costs over using outside contractors and save millions of dollars!

Hi-Tech Upgrade to Monitoring System Will Help Avoid Spills

As the District works to get a handle on our aging sewer system, cutting-edge upgrades to the district's supervisory control and data acquisition (SCADA) system are now underway. SCADA systems monitor pump stations, flow rates, and more from multiple locations and provide real-time data to operators. The upgrade will help detect problems faster and therefore help us head off problems and shorten response times to spills.

District to Disclose Costs Associated with Treatment

District ratepayers are responsible for paying about 50% of the operating costs of Central Marin Sanitation Agency (CMSA), the plant that provided wastewater treatment for your District along with San Rafael and Corte Madera. Despite your major funding of CMSA operations, your District has only two commissioners out of six who serve on the CMSA board and therefore we have little control over spending by the plant. Your board is exploring ways to keep ratepayers better informed and to ensure public involvement in spending decisions.

District's Capital Project Featured at Regional Conference

The District's Kentfield Force Main capital improvement project was featured at this year's conference of the California Water Environment Association. The unique challenges of the project including protecting an endangered species were presented.



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IMPORTANT NEWS ABOUT PROPOSED SEWER RATES AND MORE!



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Rate Structure Study From Cover

help ratepayers understand what might actually be possible.

Farnkopf points out that billing based 100% on water usage may not be practical. A sewer agency may have 80% of its operations in fixed costs, for example, that will need to be divided up among all ratepayers before water usage is added to the rate calculation.

With fixed cost considered, it's safe to say that a household of two should not expect that their sewer rate will be 50% less than a household of four.

The District already adjusts rates for commercial customers based on water usage and what is known as a "strength factor." A restaurant or laundromat, for example, will typically create more and stronger wastewater than a household, so these customers pay a higher cost for sewer service. This helps make our current rate structure more equitable.

It is important that you understand that your District is open to all rate structures and will seek out the best information possible to evaluate this idea for our community. Standby for more news!

Larkspur Property From Cover

district in exchange for three annual payments of approximately \$1,583,334.

"This has been a long and difficult process resolving this property issue that began before our current board or management staff got involved," said Marcia Johnson, President of the Board of Directors for the Ross Valley Sanitary District. "We took over the reins several years ago and I think we've done a good balancing job of protecting the interests of our ratepayers and putting an end to more litigation and costs."

"At the end of the day it's an investment decision for the District's board," said Johnson. "In choosing the best approach to handling the suit, part of the process was considering the value of the asset. We believe this piece of property is worth significantly more than its original sale price even when factoring in the downturn in the economy and our legal costs. Ross Valley ratepayers stand to benefit from our decisions."

The property, which is located across from the Larkspur Ferry terminal, was put under option to be sold to Campus

following the 1998/9 request process for interested parties.

"We expect everyone will be interested in what the board intends to do with the property, and I can assure our ratepayers that we will look at all options carefully," said Johnson.

**For More Information Visit Our
Newsroom at www.rvsvd.org**

Environmental Threat from page 3

water traveling through our system can spike from 3.5 million gallons on a sunny day to as much as 50 million gallons during a storm!

Sandra Guldman of Friends of Corte Madera Creek Watershed is quoted in the same article about the impacts of leaky and clogged lateral pipes.

"When you flush the toilet or run the washing machine and your lateral is full, wastewater bubbles out onto the ground," said Guldman. "Most sewer systems have a little vent; and when they back up this is what happens."

Please read the Patch article and visit rvsvd.org for repair grant information.