

THE PIPELINE

News From Your Ross Valley Sanitary District



District Consolidation: Who Wins and Who Loses? Few Answers from Advocates or the Local Media!

The idea of consolidating your Ross Valley Sanitary District with San Rafael and Corte Madera has been raised once again and so far advocates and the media have failed to explain if there are any true benefits to Ross Valley residents.

This should alarm you as your tax dollars are at stake.

Consolidation has been raised multiple times over the last 25 years without anyone ever providing an analysis that shows a net benefit to Ross Valley sewer district taxpayers. With a 110-year history in this business and experience with various consolidations, the District can say confidently that it is not a "magic bullet" that solves problems. For example, during the last push for the consolidation of sewer agencies in Central Marin, Corte Madera

withdrew almost immediately and declared by resolution that the cost alone to study consolidation was a deterrent to continue discussions.

In 1993 your Ross Valley Sanitary District annexed the downtown

Larkspur sewer system, a much smaller project than the three-district consolidation being discussed today by advocates and various media outlets. Seventeen years later, both the City of Larkspur and your district have spent millions of dollars, yet there are still infrastructure-related and ratepayer-representation issues.

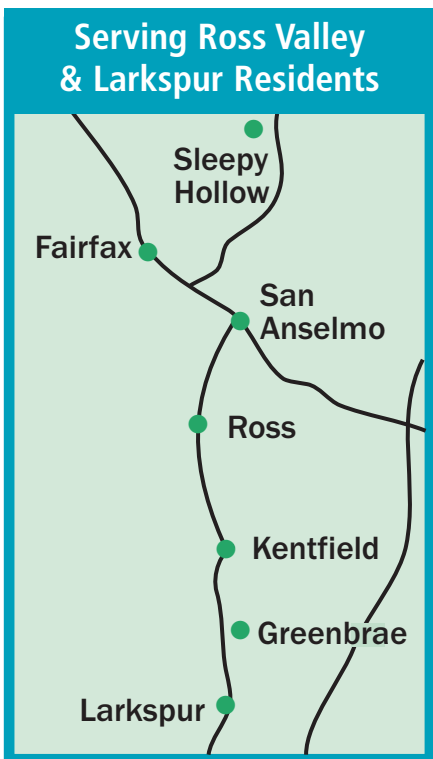
The largest consolidation in your dis-

trict's history, the formation of the Central Marin Sanitation Agency (CMSA) over 25 years ago, is an even more compelling (if not very troubling) example of why consolidation should be analyzed very carefully. Prior to the formation of CMSA, a jointly-owned sewage treatment plant, your district operated its own

treatment plant with a staff of about six employees at a cost of less than \$400 thousand a year. Today, your district's annual cost to treat wastewater at CMSA (with its staff of 40 people) is a whopping \$7.7 million! While a major impetus for the formation of CMSA was government subsidies, your sewer District

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Superior Court Orders Larkspur to withdraw "Unreasonable Objections"

Issue Highlights Causes of Uncommon Legal Expenses

This past year has required some significant legal expenses from your district. We have needed to respond to a number of uncommon issues and challenges, and to continue fighting to protect the District's financial interest stemming from a 1999 property sale agreement at 2000 Larkspur Landing Circle.

We believe some of these legal issues could have been settled with less expense if the other parties involved had first tried sitting down to communicate their concerns instead of rushing to the courts for relief. Nonetheless, it is our duty to protect your interests, so when

legal services are required, your district is prepared and willing to do what is both prudent and necessary.

The latest drain on your district's financial resources has come from the City of Larkspur, which first sought to block the development of an important sewer monitoring system on property your district has owned for over 60 years, then later failed to meet the terms of a mutual legal settlement on the construction of the system.

In a judgment handed down on March 22, 2010, Superior Court Judge John M. True found the City of Larkspur's argument "disingenuous or at least unreasonable," and ordered the city to withdraw its objections. He gave Larkspur

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respectfully welcomes anyone to identify and explain the savings from this consolidation.

The Ross Valley Sanitary District Board of Directors and the district's staff are once again gathering and reviewing all information related to consolidation.

Among the many real concerns for Ross Valley ratepayers is whether consolidation means Ross Valley residents will end up taking on San Rafael's sewer liabilities, lose sewer board representation, and/or have their district's considerable resources diluted to serve an expanded geographic area.

To protect your interest, the RVSD

Board voted in March to consider establishing a public forum of rate-paying stakeholders to review the facts about consolidation. A roll-out plan for the public forum will be presented for approval at the RVSD May board meeting. Your participation is encouraged and you will find more information on page 3 of this newsletter.

Your sewer district prides itself on serving its ratepayers in a progressive and transparent manner. We have the region's largest capital pipe and pump replacement program, strongest maintenance team, most aggressive environmental program, and are working hard to develop the region's best customer outreach program. Your district is on

solid financial ground with minimal post-retirement concerns, a responsible reserve, and strict fiscal management.

Due to increasing regulatory action and necessary infrastructure replacement (please see <http://liquidassets.psu.edu>), \$200 - \$400 million or more will be spent in Central Marin over the next 10 to 15 years. Your Board of Directors was elected by thousands of voters from within the Ross Valley to oversee this important work. You'll find your board members to be accountable and accessible to you. District board meetings and the district's office are open to the public and are great places to learn more about our activities and plans.

Grant Dollars to Fix Your Sewer Pipe Customers Allotted \$105,500 So Far!

Now is the time to get your home or business sewer pipe inspected and repaired, if necessary. The district's Lateral Replacement Grant Program is in high gear now and there's an opportunity to save as much as 50% on your repair bill.

"We were dealing with chronic backups in our shower and bath due to root damage from our Chinese Elm," reports district customer Julie Salz of Greenbrae.

"We had to hire contractors every six months to snake our sewer pipe. We took advantage of the grant and it was as easy as can be. The process was smooth and Randall was amazing." District customer Scott

Samet had a similar problem in his 1928 vintage San Anselmo home.

"Our calls to the plumber to clear roots from our pipe escalated from once every two years to every three months," says Samet. "It got so the plumbing contractor recognized my voice when I called!"

"The service surpassed my expectations."

- Scott Samet, San Anselmo

Samet was skeptical about dealing with the district's grant application process.

"When you call a public agency, you expect the same service as the DMV," says Samet. "I called to order a pre-inspection and two days later it happened. I was shocked at how helpful the district representative was when I ran into some problems, too."

The Lateral Replacement Grant Program is designed to encourage district customers to repair leaky pipes that cause environmental damage and pre-

sent a public health hazard.

The district will pay half of your repair costs up to \$4,000, whichever is less, for qualified sewer laterals.

For information on how to apply for a grant as well as a list of approved contractors to inspect and perform a repair, visit www.rvsd.org or call 259-2949.



District engineer Randall Ishii shows Senator Mark Leno a lateral at the videotaping of the district's grant commercial.



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Rapid Progress by Your New District Manager

It's been an action-packed 18 months for Brett Richards, the new District Manager of Marin's largest and oldest sanitary district.

Along with realigning the district's 10-year capital improvement program and setting new financial reporting standards, he has orchestrated the district's move to a new headquarters, hired new staff and begun an outreach program to involve the community in the district's important infrastructure work. His district is also about to break ground on replacing an important force-main pipe that serves 60% of the Ross Valley.

For district customers who are not familiar with Richards, the Ross Valley Sanitary District Board of Directors selected him from over 25 General Manager candidates in November of 2008. In this and upcoming issues of *The Pipeline*, Richards will be interviewed on key topics of interest to rate-paying customers. In this issue, we'll get you acquainted with Richards and his role at the district.

Question: Tell us briefly why you were hired to manage the district?

Richards: Prior to my arrival, interim managers were running the district while discussions to consolidate services with Corte Madera and San Rafael were underway. Once both Corte Madera and San Rafael decided to withdraw from consolidation talks, the district board hired me to take over sewer operations.

Question: What would you like ratepayers to know about your qualifications?

Richards: I think for most people, experience is key. Before joining the district, I was Special Districts General Manager for the County of Madera where I was responsible for 30 water districts, 15 wastewater districts, and several other districts that provided lighting and drainage. I'd say my claim to fame was putting many of the county's districts on firm financial footing. I also have worked for the City of Fresno where I oversaw a five-year capital improvement program with a yearly budget of over \$30 million. With the City of Fresno, I managed crews cleaning and repairing over 1,400 miles

of gravity sewer pipe, as compared to the RVSD's 200 total miles. It's really quite a difference.

Question: What goal did the RVSD Board of Directors give you?

Richards: The overall goal is essentially to make the Ross Valley Sanitary District a top-notch sewer district. More specifically, I was asked to provide great service to our customers, maintain and improve the system, protect the environment, and to start a community outreach program to let everyone know exactly what we are doing and why. Naturally, the board wants me to do all of this while keeping a tight grip on finances.

Question: What is the biggest challenge you face?

Richards: There are a couple. The biggest challenge that I'm certain will help address other challenges is helping our ratepayers and community leaders to really understand the importance of maintaining vital infrastructure. Our sewer system, like thousands of systems across the country, is old and therefore needs repair, replacement and careful maintenance. There is simply no rationale for our work to be put off, slowed down or impeded in any way. It simply doesn't make financial sense to do so.

Another challenge, that was unexpected, is dealing with the local print media. I'm not used to having media write what

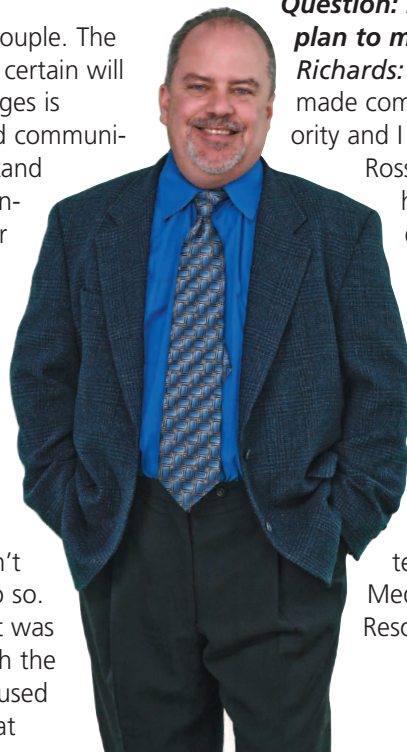
many people agree are one-sided stories without adequate fact checking.

Sewer infrastructure is a complex and critical utility, and trying to push a political agenda using media sound bites about sewer performance is just a gross disservice to ratepayers. With \$200 million or more being spent in Central Marin over the next 15 years, the key issue isn't the hiring of additional employees or where the District's administrative headquarters currently resides, but rather do RVSD ratepayers have an accessible board of representatives from within their own community who are making good overall decisions about how this money is spent.

Question: Finally, how do you plan to meet these challenges?

Richards: Our board of directors made community outreach a priority and I know this will help. The

Ross Valley community is highly educated and the district's operations and finances are very transparent and easy to understand. I think as we spell out exactly what's at stake for our rate-paying customers, they'll get it. I'm also confident that finishing my master's in Workplace Mediation and Conflict Resolution will help.



RVSD SEEKS OBJECTIVE REVIEW COMMITTEE

In recent years, the sanitary agencies in Ross Valley, San Rafael and Corte Madera have been asked to consider proposals to consolidate into a single district that would manage the sewer systems of all three communities.

A consolidation review committee will evaluate the **financial impact** of

consolidation on Ross Valley ratepayers including home and business owners.

As a publicly-funded agency, Ross Valley Sanitary District serves at the will of its customers who may express their wishes by attending board meetings, contacting district staff and their elected representatives.

For Information on How to Serve: Visit www.rvsd.org or 259-2949



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ten days to comply or pay a \$1,000-a-day fine until the objections are withdrawn.

The legal expenses associated with the sale of the district's Larkspur Landing property along with Corte Madera's refusal to take responsibility for a contractor's error, Larkspur's de-annexation discussions, addressing consolidation proposals, and more are very costly.

It is important to note in each case mentioned here, that the responsibility for initiating and/or escalating conflicts was by others, not your sewer district. Furthermore, while some have found it easy to criticize the district's legal expenditures, few have acknowledged why these costs actually occur.

Clearly legal assistance is needed in some degree for solving complex issues, but from our point of view, most of the money spent dealing with these and

other issues should be used to repair and upgrade your sewer system.

How You Can Help

As a ratepayer and voter, it is naturally in your best interest to keep abreast of community issues. We encourage you to voice your opinions to your local political leaders as well as your Ross Valley Sanitary District. There are always two

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sides to every story, so please get both. Your district is making every effort to explain our operations, goals and how your tax dollars are

being spent on providing essential infrastructure to the community. Through this newsletter, our new CAFR accounting, website and other outreach efforts, we are transparent to our ratepayers.

As the news media has reported, cities across the nation are struggling in today's economy to balance a host of problems including crumbling infrastructure. Fortunately, your sanitary district is a single service provider (not part of a town

or the county) so your sewer tax dollars cannot be diverted to other community projects and instead are dedicated to only one important and vital service: your sewer infrastructure.

Doing Our Part

As the largest sanitary district in Marin County, we must have a legal budget to deal with multi-million dollar contracts and other activities such as protecting your assets by protecting our liability.

Your district has reviewed normal legal expenses over five years to establish a Basic Services Legal Budget (BSLB). This BSLB is estimated at \$200,000 a year, (approximately 1% of the district's total operating budget). While we expect normal legal expenses to vary from year to year, the BSLB will establish a benchmark to monitor both normal and abnormal fluctuations in the district's legal cost.

Naturally, legal matters including litigation are always presented to your RVSD Board for discussion before decisions or commitments are made to engage our legal representation and incur costs for the district.

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