

**TOWN OF FAIRFAX
COUNCILMEMBER REPORT**

To: Mayor and Town Council

Meeting Date: June 1, 2011

From: Councilmember Weinsoff

Subject: Resolution Opposing Ross Valley Sanitation District
Proposed Rate Increase

The Town of Fairfax, as a Ross Valley Sanitary District ("RVSD") ratepayer, has received the District's formal "Notice to Property Owners" requesting a rate increase for sewer service. This rate increase would impact all property owners in Fairfax, raising the fee from the current \$520 per year to \$697 per year. These are funds provided to the RVSD on top of the more than \$200 per parcel allocated to the District from every property owner's general property tax (ad valorem tax).

A rate increase at this time is unwise. As the Council is all too aware, families throughout Fairfax have had to tighten their belts during the current challenging economic times. The Town of Fairfax has substantially reduced expenditures across the board and our hard working and dedicated Town employees have sacrificed both salary and benefits for the last three years in this effort.

A comprehensive review of current expenditures and implementation of cost saving measures (for operations and staffing) must be completed and publicly aired by RVSD prior to requesting any fee increase from the Town of Fairfax or its residents. The RVSD Notice asserts that the proposed substantial fee increase is requested to maintain the current level of service. The District, however, has not sufficiently demonstrated that operational efficiencies, staff reductions, and salary/benefit adjustments have been studied and implemented.

Additional outreach to the Fairfax community, greater transparency as to its budget needs, and active steps to rein in mounting legal costs are all needed to assure ratepayers that every hard-earned dime of their funds are being wisely spent. That is not the case at this time. The District should comprehensively review its core financial needs and rate setting process, including the completion of a "flow-based" vs. "flat-rate" fee schedule as identified in the Notice, and only then return to the ratepayers with a request for any additional funds.

Because any "protest" against the proposed rate change must be submitted in writing to RVSD by the close of June 28, 2011, Council action is required at its regularly scheduled June 1, 2011 Town Council meeting.

Attachments:

Town Council Resolution
RVSD "Notice to Property Owners"

RESOLUTION NO. 11-24

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX OPPOSING
A PROPOSED RATE INCREASE BY SANITARY DISTRICT NO. 1 OF
MARIN COUNTY (ROSS VALLEY SANITARY DISTRICT) AND DIRECTING THE
TOWN MANAGER TO FILE A VOTE OF PROTEST IN ACCORDANCE
WITH PROPOSITION 218**

WHEREAS, the Town of Fairfax is a ratepayer of Sanitary District No. 1 of Marin County (Ross Valley Sanitary District); and

WHEREAS, the Town Council considered information published by the District concerning the proposed rate increase; and

WHEREAS, the Town Council determined that the District has not sufficiently identified its operational needs and described its long-term capital investment strategy to justify the proposed increase; and

WHEREAS, the Town Council does not believe the District has conducted adequate public outreach about the proposed rate increase.

NOW THEREFORE BE IT RESOLVED, the Town Council opposes a proposed rate increase by Sanitary District No. 1 of Marin County (Ross Valley Sanitary District) and directs the Town Manager to file a vote of protest in accordance with Proposition 218.

The foregoing Resolution was adopted at a regular meeting of the Town of Fairfax held in said Town on the 1st day of June 2011, by the following vote, to wit:

AYES:

NOES:

ABSENT:

MAYOR LARRY BRAGMAN

Attest:

Judy Anderson, Town Clerk

COMMERCIAL RATES

Commercial customers have unique impacts on the sewer system and each has an assigned rate that is based on the strength (cost to treat) and quantity of wastewater (based on potable water use). For example, an office has a strength factor of 1, which would be the same as a residence, where a restaurant has a strength factor of 2.34 to account for greater grease and food material in the sewer flow. The proportional increase for commercial customers will be the same as for residential customers.

FLOW-BASED RATES

The District's uses a flat-rate fee schedule. At this time, RYSD is proposing this flat-rate schedule remain in effect while an analysis is done to determine a fair and equitable method for conversion to a flow-based rate. Flow-based rates are dependent on water usage and would apply to both commercial and residential customers.

CONTACT US ABOUT THIS RATE CHANGE

For Questions and/or Comments:

In Person: Attend the Public Hearing – June 28, 2011, 6:00 pm - Kent Middle School - Multi-Purpose Room, 800 College Avenue, Kentfield, CA.

Call: Brett Richards, General Manager (415) 259-2949.

Email: info@rvsd.org (Protests may not be made by email.)

Write: Brett Richards, General Manager, Ross Valley Sanitary District, 2960 Kerner Blvd. San Rafael, CA 94901

To Protest The Rate Increase:

Protest against the proposed rate change must be submitted in writing by the close of the June 28, 2011 Public Hearing. The written protest must: 1) state opposition to the proposed rate change; 2) identify the affected owner(s) of the property or properties for which the protest is entered; 3) include the address or assessor's parcel number of the affected property; and 4) be signed by the affected property owner (Email protests will not be accepted).

If written protests against the proposed sewer service rate change are presented by a majority of owners of parcels affected, the District will not approve the rate change.

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**Ross Valley
Sanitary District**
2960 Kerner Boulevard
San Rafael, CA 94901

*****ECRWSH**C-021

AFFECTED APN [REDACTED]

2657 T12 19

[REDACTED]

OR CURRENT PROPERTY OWNER

[REDACTED]

FAIRFAX CA 94930-1210



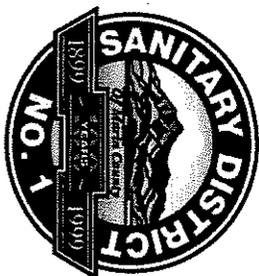
**IMPORTANT INFORMATION ABOUT YOUR SEWER RATES AND SERVICE
NOTICE OF PUBLIC HEARING INSIDE - TUESDAY, JUNE 28, 2011 AT 6:00 P.M.**

NOTICE TO PROPERTY OWNERS

(Please share this information with tenants)

**PUBLIC HEARING
ON PROPOSED INCREASE
IN SEWER SERVICE CHARGES**

Tuesday, June 28, 2011 at 6:00 PM
Kent Middle School - Multi-Purpose Room
800 College Avenue,
Kentfield, CA



**SANITARY DISTRICT NO.1 OF
MARIN COUNTY**
(Ross Valley Sanitary District)

Dear Customer:

You and your district are at a crossroads in planning for the future of your sewer service.

While Ross Valley Sanitary District has made historic progress recently in replacing and repairing major pipelines in your sewer system, the reality is that about 85% of the remaining pipes are near or at the end of their useful lives and need to be replaced as soon as possible.

The challenge we all face is not something that has unexpectedly emerged. The entire nation is reeling from the fact that the updating of water infrastructure, just like our road and highway infrastructure, has been put off for generations and now the problem is coming home to roost. Most of our pipes are well over 50 years old and some have been in the ground for 100 years. Please visit www.liquidassets.psu.edu to understand the gravity of this nationwide infrastructure challenge that we all share. (We have placed Liquid Assets DVDs in local libraries.)

Your district has taken a careful look at our situation and consulted with an independent rate study firm to develop the best, most affordable, and prudent approach to addressing the miles of pipe that we must replace or repair to protect our health and the environment. At this time, the District proposes a sewer rate change effective July 1, 2011 paid twice a year through your annual property tax bill that will at least allow us to maintain our current level of service and repair while we look to future.

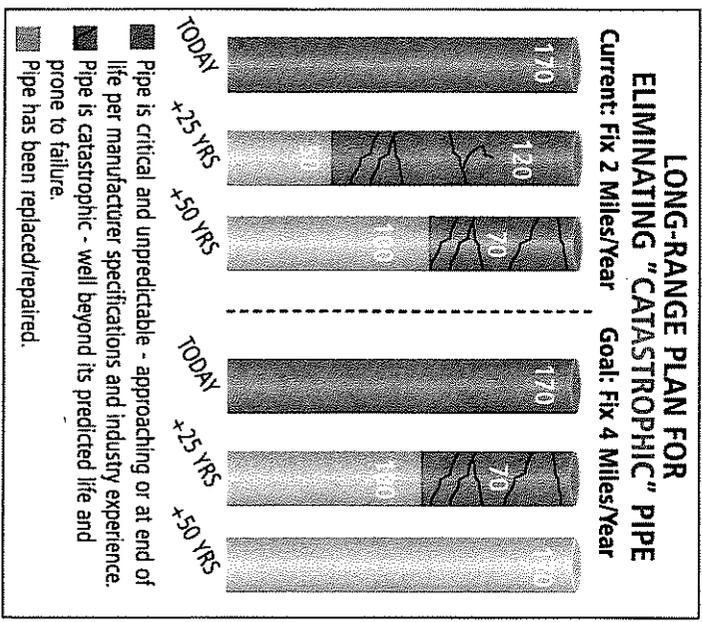
PASS-THROUGH COSTS FROM CMSA

Your District also proposes that any rate increases from the sewage treatment plant Central Marin Sanitation Agency (CMSA), be passed through to ratepayers when and if they occur. Between 2006 and the present, bonding (borrowing of \$68 million) for capital projects by CMSA and increasing budgeted costs for administration and operations caused its rates to increase by 108%, from \$129 in 2005/06 to \$268.59 in 2010/11. CMSA costs are not controlled by RVSD and, if unexpectedly increased, could be detrimental to your sanitary sewer district's services and ability to fund important projects. CMSA is exempt from the Proposition 218 process, which RVSD is following with this mailing, and therefore this proposal provides for the automatic pass-through of CMSA increases only when they exceed what was budgeted for in a rate period. Ratepayers will receive a 30-day written notice of any CMSA rate changes. There will not be a notification for increases that the District is aware of today.

UNDERSTANDING THE CHALLENGE

Despite the fact that your district has replaced and repaired more pipe in the last five years than any Marin sewer agency, at our current pace and capital expenditure we are simply not able to reverse the growing amount of pipe that will age beyond its useful life and become prone to catastrophic failure in the near future. This puts the community at a crossroads where we either choose to invest in accelerating the pace of old pipe replacement or continue down the path toward a certain future of disastrous and costly spills.

We have developed a long-range plan that will double the amount of pipe replaced each year from two miles to four miles and provide what we believe is a very responsible and viable solution to our aging infrastructure problem. The chart below shows the danger of continuing at our current pace of replacement and repair of two (2) miles of pipe each year and how increasing our production will both dramatically decrease the danger of spills and eventually solve our problem. Note that in 50 years, the pipe we replace today may need to be

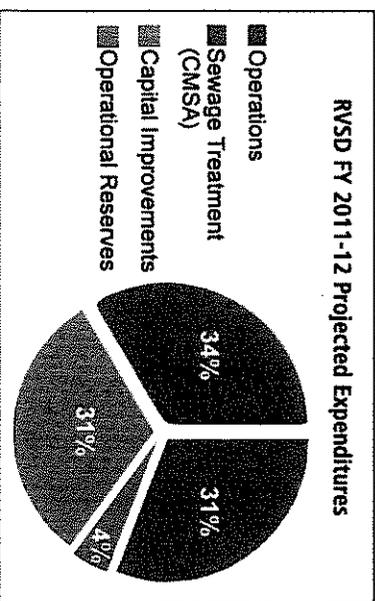


replaced, however it is hoped that the new pipe materials will last considerably longer than 50 years. Your district has been working very hard to address our vital

infrastructure challenge. The District has received national attention for its innovative and cost-saving Pipe Bursting Program that will save ratepayers millions of dollars in pipe rehabilitation costs. We've also begun to make prudent investments in equipment, staff and facilities to provide the necessary foundation for both running a highly efficient sewer agency and capital improvement program.

WHAT THE RATE INCREASE WILL FUND

The purpose of this rate increase is primarily to maintain existing service levels and cover increased rates from CMSA. CMSA's rate has increase by 25% since 2008 and will represent approximately \$287 of your combined RVSD/CMSA



rate. Valuable services to be maintained by the proposed rate include the District's Lateral Replacement Grant Program, a proven and successful Pipe Bursting Program, CCTV assessments of the pipelines, two miles per year of pipe replacement, pump station and pipeline maintenance, permit and inspection services, and administrative support for these vital functions. Please visit www.rvsvd.org for information regarding rate development.

RESIDENTIAL RATES FROM JULY 1, 2011

The district has two rates zones: the original Ross Valley service area and the Larkspur service area, which was annexed by the District in the 1990s. The difference in rates reflects the difference in Ad Valorem Tax that is used for capital improvements and provided to the District through property taxes. The District does not receive Ad Valorem tax revenue from the Larkspur rate zone.

Rate Zone	Current Rate	2011/12 Annual Rate
Ross Valley	\$520	\$697
Larkspur	\$592	\$973