

**Final Report of the City of Ukiah/Ukiah Valley Sanitation District
Joint Ad Hoc Committee
August 14, 2008**

Committee Organization:

The City of Ukiah/Ukiah Valley Sanitation District Joint Ad Hoc Committee was organized in February 2008 by action of the Ukiah City Council and the Ukiah Valley Sanitation District Board of Directors for the purpose of examining and making recommendations regarding sewer system governance.

Committee Membership:

The following members were appointed to the Ad Hoc Committee by the Ukiah City Council and Ukiah Valley Sanitation District Board of Directors:

Doug Crane (Chair), John McCowen (Vice Chair), Ernie Wipf, Howard Egan, Jim Ronco, John Graff, Mike Johnson, Matt Froneberger, Clifford Paulin, Steve Scalmanini, and Butch Carpenter.

The following citizens and staff also participated in Ad Hoc Committee Meetings:

Lee Howard, Dennis Scoles, Frank Michael, Pat Thompson, Paul Cayler, Rick Kennedy, and Tim Ericksen.

On July 24, 2008, the Ad Hoc Committee appointed a subcommittee of Clifford Paulin and Jim Ronco to review and recommend to the full committee a draft final report.

On August 14, 2008, the Ad Hoc Committee completed its review of subcommittee recommendations (See Pages 3 and 4), and authorized preparation of Final Committee Report.

Committee Mission:

The Committee adopted the following Mission Statement to guide its activities:

“The purpose of the Sewer Ad Hoc Committee is to research and make recommendations regarding the organization, administrative structure and governance of the wastewater collection and treatment system, which is jointly operated and separately owned by the City of Ukiah and the Ukiah Valley Sanitation District. The Committee will work toward developing sound management recommendations based on data. The mission of the Committee will be to research and develop recommendations for the best sewer service organization to serve the citizens of the community. The Committee will operate as an open public forum that encourages constructive dialog and respectful discourse in order to achieve balanced solutions that are economically feasible, protective of the environment, and beneficial to the rate payers. In addition, the Sewer Ad Hoc Committee will review and comment on the Ukiah Valley Sanitation District’s proposed General Manager position. The Committee’s recommendations will be presented to the Ukiah City Council and the

Ukiah Valley Sanitation District Board of Directors with a goal of August 15, 2008.”

Committee Meetings:

The Committee met regularly on the first and third Thursday evening at 5:30pm in the County Administration Center (501 Low Gap Road) Conference Room C. Meeting were typically 120 minutes. Meeting agendas were published and posted at the County Administration Center and the Ukiah Civic Center. Detail meeting minutes were kept and approved by the Committee. An email list serve of all Committee members, and interested staff and citizens was maintained to distribute Committee documents.

Committee Methods and Research:

In order to methodically and systematically uncover and discuss all issues related to sewer system governance, the Ad Committee first conducted a workshop with City of Ukiah Wastewater Collection and Treatment staff. The Ad Committee then conducted a structured brainstorming and categorization exercise. The question posed was as follows: “What are the Sewer System Challenges? This exercise identified a list of 58 ideas where the sewer system faced challenges. From this list of 58, the Ad Committee then placed each idea in one of five categories: 1) Infrastructure; 2) Governance; 3) Operations and Maintenance; 4) Finance; and 5) Regulation.

The list of Governance issues were identified as follows:

- 1) Complex system
- 2) One system / 2 governing boards
- 3) Long range goals for growth
- 4) Lack of consistency
- 5) Deferred maintenance
- 6) Accountability & transparency
- 7) Communications
- 8) Consolidations
- 9) Complete overhaul of management
- 10) Participation agreement needs revision
- 11) Agreement by both political bodies
- 12) City/district overlap areas
- 13) Duplication of admin/mgmt
- 14) Recruitment & retention of qualified employees
- 15) Inconsistent political will
- 16) Systematic review of system maintenance
- 17) Lack of district staff
- 18) Right of way fund held by City for District
- 19) No proactive work; crisis management (i.e. no time for proactive work due to preoccupation with constant reactive work
- 20) Inconsistent & inappropriate representation on BoS (e.g. District 3 or 4 Supervisor Representing the San. District that is in Districts 1 & 2)

The Ad Committee defined what “Good Governance” meant. Using resources available on the internet, the Ad Committee agreed that the term “Good Governance” has eight major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rules of law. The Ad Committee then assigned each of the identified sewer system governance issues to at least one of the eight major characteristics. Through this systematic and structured approach the Ad Committee fully discussed all identified governance issues.

Committee Approach to Governance Recommendations:

The Ad Committee had wide ranging discussions on how the sewer system may be reorganized to achieve good governance. The one overriding comment that was repeated is that the City of Ukiah and the Ukiah Valley Sanitation District “cannot afford a divorce”, therefore a practical and workable solution must be derived under the existing structure and intergovernmental agreements. There was discussion of a complete system overhaul to include one elected sanitation board of directors controlling and operating the entire system. This solution was viewed to have numerous advantages, however this solution was dismissed due to the unlikely outcome of deep seated vested interests agreeing to such a dramatic system overhaul, as well as the structure of the current bond finance arrangements for the upgraded and improved wastewater treatment plant.

The Ad Committee examined the idea of forming a joint powers authority (JPA), however this idea was dismissed based on the present governance arrangements under the current Participation Agreements are not that dissimilar from a potential JPA, and that a JPA would be an additional layer of bureaucracy.

In the end, the Ad Hoc Committee’s recommendations for good governance improvements focused on areas where the current Participation Agreements may be improved to provide greater clarity and accountability.

Committee Recommendations:

The Ad Hoc Committee recommends that the Ukiah City Council and Ukiah Valley Board of Directors should consider revision of the July 1995 Participation Agreement to add language, which:

Section 1:

- ✓ Sets forth a systematic review and audit of all Equivalent Sewer Service Units (ESSU’s).
- ✓ Establishes a system of cost allocations for the collection system based on actual annual costs for repair and maintenance within District and City areas.

Section 3:

- ✓ Clarifies that certain trunk lines are under District ownership.
- ✓ Allows future expansion at District cost of the City’s wastewater treatment plant to service existing development and growth within the District.
- ✓ Allows future expansion of District’s trunk lines to service existing development and growth within the City.

Section 5:

- ✓ The City and District develop a policy to determine when annexation of existing development is appropriate. Investigate the utilization of package or pre-treatment facilities to service newly annexed areas.

Section 6:

- ✓ Requires more frequent City/District Joint Meetings than the presently prescribed once per year.

Section 9:

- ✓ Defines the terms “good repair” and “reasonable period of time”.
- ✓ Provides for District alternatives if the City does not provide repairs or construct new sewer lateral extensions.

Section 10:

- ✓ Provides for District alternative if the City does not enforce District rules or ordinances.

Section 12:

- ✓ Maintains a rate system that funds the depreciation of system value over time.
- ✓ Implement and maintain a data collection system.

Section 13:

- ✓ Provides for an accounting system that uses work orders for all system maintenance and repair in order that actual expenses between the District and City may be known, and a more accurate cost allocation method established.
- ✓ Provides for a system of equipment and vehicle ownership wherein the City and District are charged a reasonable rate for equipment and vehicles used in the actual operation and maintenance of the collection system.

New Section:

- ✓ Grants the District proportional rights to recycled water when produced at the wastewater treatment plant.

Additional Committee Recommendation Not To Be Included In The Participation Agreement:

District and City should review their rate structures.