



NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
 January 21, 2014 – 7:30 p.m.
 District Headquarters
 999 Rush Creek Place
 Novato, California

Information about and copies of supporting materials on agenda items are available for public review at 999 Rush Creek Place, Novato, at the Reception Desk, or by calling the District Secretary at (415) 897-4133. A fee may be charged for copies. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the District Secretary as soon as possible, but at least two days prior to the meeting.

Est. Time	Item	Subject
7:30 p.m.	CALL TO ORDER	
	1. CLOSED SESSION	Conference with Real Property Negotiators as allowed under Government Code 54956.8. Property: Interconnection Agreement between North Marin Water District and Marin Municipal Water District; District Negotiators: General Manager, Chief Engineer, and Counsel; Negotiating Party: Marin Municipal; Under Negotiation: Price and Terms
	2. APPROVE MINUTES FROM REGULAR MEETING	January 7, 2014
	3. GENERAL MANAGER'S REPORT	
	4. OPEN TIME: (Please observe a three-minute time limit)	
		This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.
	5. STAFF/DIRECTORS REPORTS	
	6. PRESENTATION BY MARIN COUNTY STAFF ON STAFFORD BIKE PARK	
8:00 p.m.	7. QUARTERLY FINANCIAL REPORT	
	8. MONTHLY PROGRESS REPORT w/Customer Service Questionnaire	
	ACTION CALENDAR	
	9. Approve:	Interconnection Agreement with MMWD
	10. Approve:	Gallagher Well Funding Agreement Resolution
	INFORMATION ITEMS	
	11. Preparing for Dry Year Conditions	
	12. Ethics Training for Board of Directors & Officers	
	13. MISCELLANEOUS	
		Disbursements
		Annual Sick Leave Buyback
		Renewal of Oceana Marin Liability Insurance
		Meter Reading Accuracy

All times are approximate and for reference only.

The Board of Directors may consider an item at a different time than set forth herein.

(Continued)

Est. Time	Item	Subject
		Letter from Dietrich Stroeh In Memory of Bill Melson
		<u>News Articles:</u> Marin, Sonoma water agencies call for conservation as drought continues Mendocino County declares drought emergency Sonoma County Water Agency launches conservation effort Please save water this winter
9:00 p.m.	14.	ADJOURNMENT

1

2

DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
January 7, 2014

CALL TO ORDER

President Rodoni called the regular meeting of the Board of Directors of North Marin Water District to order at 7:30 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Stephen Petterle, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, District Secretary Katie Young and Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Novato Resident Josh Thomas, District employees Robert Clark (Operations/Maintenance Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

MINUTES

On motion of Director Schoonover, seconded by Director Baker and unanimously carried the Board approved the minutes from the previous meeting as presented.

GENERAL MANAGER'S REPORT

MMWD Interconnection Agreement

Mr. DeGabriele advised the Board that on Friday the 10th, he and District legal counsel Bob Maddow will be meeting with Marin Municipal to resolve the final wording on the proposed Interconnection Agreement.

Board Workshop

Mr. DeGabriele reminded the Board that Tuesday, January 14th is the Board Workshop at 6 p.m.

City of Novato

Mr. DeGabriele informed the Board that he and David Bentley will be meeting with the City of Novato and the Golden Gate Bridge District next Wednesday to discuss the city's interest in relocating the District.

Public Policy Facilitating Committee

Mr. DeGabriele informed the Board that on Friday, the 17th, he and Director Petterle will be attending the Public Policy Facilitating Committee meeting.

1 Oceana Marin Homeowner's Association Meeting

2 Mr. DeGabriele advised the Board that on Saturday, the 18th, he will be attending the
3 Oceana Marin Homeowner's Association Meeting to review sewer operations and plans for the next
4 fiscal year.

5 **OPEN TIME**

6 President Rodoni asked if anyone in the audience wished to bring up an item not on the
7 agenda and there was no response.

8 **STAFF / DIRECTORS' REPORTS**

9 President Rodoni asked if staff or Directors wished to bring up an item not on the agenda
10 and the following items were discussed:

11 Mr. McIntyre informed the Board that the District held a pre-bid meeting for the next phase of
12 the Aqueduct Energy Efficiency Project. He noted that there was a good attendance, about 25
13 contractors, and that there could be 10 potential prime contractors. He stated that he is hoping to get
14 five competitive bids. Mr. McIntyre provided the Board with a quick overview of the next phase and
15 stated that tomorrow the southern aqueduct relocation, near Birkenstock, will have a tie-in shut-
16 down. He advised the Board that District crews and contractors are working well together and there
17 were no surprises with the first tie-in.

18 Director Baker asked if there have been any issues or glitches with the project. Mr. McIntyre
19 answered none and hopes that it continues to work as well as it has been.

20 President Rodoni introduced Tony Arendell to the Board and welcomed him to his first official
21 Board meeting as the Construction/Maintenance Superintendent.

22 **CONSENT CALENDAR**

23 On the motion of Director Petterle, seconded by Director Baker and unanimously carried, the
24 following items were approved on the consent calendar:

25 **WINTER 2014 NOVATO WATERLINE TEXT AND LAYOUT**

26 The Board approved the draft text and design for the winter 2014 *WaterLine*, Volume 15,
27 Issue 31. This issue of water line will inform customers of the extremely dry weather conditions
28 persisting since January 2013 causing severely low water storage levels in Lake Mendocino and low
29 water shortage levels in Stafford Lake, and advise customers of the need to reduce water use this
30 winter. It is expected that the winter 2014 Novato *WaterLine* will be mailed in the mid January.

1 **PILOT DISTRIBUTION PROGRAM FOR ULTRA HIGH EFFICIENCY TOILETS**

2 The Board authorized implementation of a Pilot Ultra High Efficiency Toilet Distribution
3 Program. The Pilot Distribution Program will provide a free toilet to replace toilets installed prior to
4 the year 2000. Customers will be asked to call or email to be considered/reviewed for eligibility,
5 placed on an interested customer list, and then contacted with the date and time of the distribution.

6 **ACTION CALENDAR**

7 **AEEP/MSN B3 TREE REMOVAL CONTRACT**

8 Mr. McIntyre advised the Board that the next phase of the Aqueduct Energy Efficiency
9 Project requires the District to remove trees along Hwy 101 corridor from the south end of San
10 Antonio Road to Kastania Road to lessen potential sites for nesting birds during the spring and
11 summer. He stated that the District advertised bids in December and received three bids. Mr.
12 McIntyre informed the Board that The Professional Tree Care Company's bid (\$179,975) came in
13 3% lower than the engineers estimate. He noted that District staff checked out references and
14 looked at The Professional Tree Care Company's experience and everything checked out well. Mr.
15 McIntyre advised the Board that the trees are required to be cut down within four weeks. He stated
16 that staff recommends awarding the contract to The Professional Tree Care Company.

17 Director Fraites asked what the ratio of trees removed to restored would be. Mr. McIntyre
18 stated that the ratio would be 1:1 for native trees removed.

19 Director Baker asked if just the trees were being removed or the stumps as well. Mr.
20 McIntyre stated that the stumps will be removed as part of the pipeline project contractor.

21 President Rodoni asked if this project will be reimbursed by CalTrans. Mr. McIntyre said most
22 of the tree removal will be reimbursed.

23 On motion of Director Fraites, seconded by Director Schoonover and unanimously carried,
24 the Board approved award of contract to The Professional Tree Care Company and authorized the
25 General Manager to execute an agreement with The Professional Tree Care Company.

26 **CHANGE ORDER NO. 6 – ESA FOR BIOLOGICAL MONITORING SERVICES**

27 Mr. McIntyre informed the Board with the approval of the tree removal contract for the
28 Aqueduct Energy Efficiency Project, a condition of the regulatory permits is to have a biological
29 monitor on-site primarily to insure that no-red legged frogs are negatively impacted as a result of the
30 tree removal project. He stated that since the District already has Environmental Science
31 Associates (ESA) under contract for various environmental consulting work, staff requested a cost

1 proposal from ESA to provide a biological monitor. Mr. McIntyre advised the Board that staff is
2 requesting an additional \$30,000 to the current contract with ESA for this effort.

3 On motion of Director Schoonover, seconded by Director Baker and unanimously carried the
4 Board authorized the General Manager to execute Change Order No. 6 to ESA to perform biological
5 monitoring services for the AEEP/MSN B3 Tree Removal project in the amount of \$30,000.

6 **RECYCLED WATER EXPANSION PROJECT – APPROVE CONTRACT AMENDMENT NO. 2 –**
7 **THE COVELLO GROUP**

8 Mr. McIntyre informed the Board that The Covello Group has been providing construction
9 management services for the South Service Area Phase 2 construction Project and staff is
10 requesting a second Amendment to cover Covello's remaining cost for front-end specification
11 review. He noted that additional cost for the services would be \$9,500.

12 On motion of Director Schoonover, seconded by Director Fraites and unanimously carried
13 the Board approved Amendment No. 2 to The Covello Group's Contract for Construction
14 Management of the Recycled Water Expansion Project in the amount of \$9,500.

15 **RECYCLED WATER EXPANSION SOUTH SERVICE AREA PHASE 1B PROJECT – APPROVE**
16 **CONTINGENCY INCREASE TO \$210,100**

17 Mr. McIntyre informed the Board that when staff was closing out the Recycled Water
18 Expansion South Service Area Phase 1B project staff approved Change Order No. 31 to Disney
19 Construction prior to obtaining Board approval since the sum of the approved cumulative change
20 orders exceed the Board approved contingency limit. He noted that the total project cost including
21 change order no. 31 was including with the final project cost given to the Board in August. Mr.
22 McIntyre advised the Board that the change order is for additional pavement striping that occurred
23 and the contingency would now be \$210,100. Mr. McIntyre stated that the Disney dispute has been
24 slowed down in communication because there has been discussion between legal counsel that
25 reconciliation might occur with no mediation but nothing has been decided yet.

26 On motion of Director Petterle, seconded by Director Schoonover and unanimously carried
27 the Board approved the contingency increase to \$210,100 for Change Order No. 31.

28 President Rodoni asked if the Board could receive a report on the Disney Construction
29 settlement. Mr. McIntyre stated that he does not have any new information currently, but as soon as
30 staff has new information he will bring it back to the Board.

1 **AGREEMENT WITH NUTE ENGINEERING FOR PREPARATION OF THE MARIN COUNTY**
2 **CLUB GOLF COURSE RECYCLED WATER FEASIBILITY STUDY UPDATE – 2014**

3 Mr. McIntyre reminded the Board of the Recycled Water feasibility study completed over 10
4 years ago for service to the Marin County Club Golf Course. He said with the lack of rain this fall the
5 golf club has renewed interest to update the study to reflect the best information regarding recycled
6 water and what the terms, costs and options would be. Mr. McIntyre stated that staff asked Nute
7 Engineering for a cost proposal, which would be paid by the Marin County Club, to update the
8 Recycled Water Feasibility Study. Mr. McIntyre believes that if the Marin County Club goes forward
9 with obtaining recycled water it would happen in 5-10 years.

10 Director Baker asked if there has been dialogue about speeding up the timetables.

11 Mr. McIntyre stated that the Marin County Club would most likely piggyback on the Central
12 Service Area Expansion which should be completed in 4-5 years.

13 On motion of Director Schoonover, seconded by Director Petterle and unanimously carried
14 the Board authorized the General Manager to execute an agreement with Nute Engineering in the
15 amount of \$10,000 for preparation of Marin County Club Golf Course Recycled Water Facilities
16 Study Update.

17 **REVISED REGULATION 6**

18 Robert Clark reminded the Board that Regulation 6 – Cross Connection and Backflow
19 Protection for Potable Water Service was reviewed initially on November 19th. He noted that District
20 legal counsel has reviewed the revised regulation as well. Mr. Clark stated that the revised
21 regulation includes reference to Title 17 of the California Department of Public Health Code of
22 Regulations and a paragraph describing non-compliance and device tampering penalties plus
23 discussion of customer responsibilities and updated installation costs.

24 President Rodoni stated that it is unclear how this revised change applies or doesn't apply to
25 a device that is currently serviced by the District.

26 Mr. Clark said that the District has inspected all District owned devices and if a device fails
27 testing the device is repaired or replaced and charged to the customer. He noted if the customer
28 owns the device, they would have 45 days to repair it.

29 President Rodoni stated that he believes most customers to not realize they are responsible
30 for the backflow device and that the District should notify the customer if they own the device and
31 are responsible for maintaining it.

1 Mr. Clark stated that District staff has developed a manual for the backflow devices and the
2 manual includes a paragraph that will notify the customer about the device, who owns it, why it's
3 there and that a letter is required to be signed and returned to the District stating their compliance.

4 Director Baker asked how many devices were in Novato. Mr. Clark stated about 3,000
5 devices. Director Baker asked how many of the 3,000 devices are District owned. Mr. Clark stated
6 about 50%.

7 On motion of Director Petterle, seconded by Director Fraites and unanimously carried, the
8 Board approved the revisions to Regulation 6 – Cross Connection and Backflow Protection for
9 Potable Water Service.

10 **INFORMATION ITEMS**

11 **PREPARING FOR DRY YEAR CONDITIONS**

12 Mr. DeGabriele provided the Board with an extensive report on preparing for dry year
13 conditions. He stated that rainfall in Novato this fiscal year through December 31st is at just over 2"
14 and on Lagunitas Creek rainfall at the Kent Lake rain gauge is just under 3". Mr. DeGabriele
15 provided the Board with a chart that included a table comparing rainfall in 1976/77 and 2013/14. He
16 stated that there is still time for a "miracle March" to occur although there are no visible changes in
17 ocean conditions and the long range forecast does not predict rain until mid-February. Mr.
18 DeGabriele informed the Board that Lagunitas Creek is now under dry year conditions and
19 beginning April 1st, North Marin must inform customers of a water shortage emergency public
20 hearing and contingency measures in the West Marin *WaterLine*. He stated that from April 1st
21 through June 30th, the District will request a 15% voluntary reduction in water use, and from July 1st
22 through November 1st, the District is to request a 25% mandatory reduction in water use. Mr.
23 DeGabriele advised the Board of an alternative method to address West Marin and Lagunitas Creek
24 reductions where the District can purchase water from Marin Municipal Water District for release
25 and diversion downstream.

26 President Rodoni asked if request would impact the contingency plan.

27 Mr. DeGabriele stated that it would add more flexibility and would allow for better operations.
28 He asked that the Directors get familiar with the contingency plans and if the Board and staff need to
29 make adjustments they can do that.

30 Mr. DeGabriele advised the Board that the Russian River water supply system is currently
31 designated as normal pursuant to the State Water Resources Control Board Decision 1610, yet
32 Lake Mendocino storage has dropped so low that the State Board has authorized lower stream

1 flows. He informed the Board that through December 31st, Lake Sonoma holds just over 167,000AF,
2 which the water contractors believe is ample to supply the regions needs this summer. Mr.
3 DeGabriele advised the Board that the Sonoma Marin Saving Water Partnership has issued a press
4 release requesting community members to eliminate all unnecessary outdoor irrigation, promoting a
5 new outreach program and designed new advertisements which will be seen in the newspapers in
6 the coming weeks.

7 Mr. DeGabriele informed the Board that staff has made a proposal to Marin Municipal to
8 back feed Russian River water into Stafford Lake. Mr. DeGabriele mentioned to the Board that it
9 might be worthwhile to suggest to Marin County Parks and Indian Valley Golf Course to backfeed
10 Stafford Lake as well.

11 Director Baker asked when the last time the District backfed into the Lake. Mr. DeGabriele
12 stated in February 2009. He noted that once the District started backfeeding it began to rain.

13 Mr. DeGabriele stated that he believes the District is doing a good job so far having a
14 message on the District's website, Facebook page, news releases have gone out and the winter
15 *WaterLine* will be going out next week asking customers to turn off all unnecessary irrigation.

16 President Rodoni asked if there were current restrictions on the Marin County Parks and
17 Indian Valley Golf course where they are unable to take more water from Stafford Lake.

18 Mr. DeGabriele stated that the park intake has bottomed out and they have trouble with
19 irrigation but the golf course made an improvement with their well and pump system making it more
20 reliable.

21 President Rodoni asked if there was a limit to what they can pump. Mr. DeGabriele stated
22 that the District has the authority to impose restrictions on pumping.

23 Josh Thomas, Novato resident, stated that he believes the District in the view of the present
24 drought conditions should make the water restrictions mandatory instead of voluntary and asked the
25 reasoning behind not making it mandatory.

26 President Rodoni asked if Mr. Thomas wanted mandatory restrictions to be immediate.

27 Mr. Thomas stated that the District needs to deal with the conditions currently and
28 immediately request mandatory restrictions.

29 Mr. DeGabriele stated that it is still early January and Lake Sonoma still holds 167,000AF of
30 water supply and that it would be able to provide water for all contractors from Windsor to MMWD if
31 needed.

1 Director Petterle stated as a consumer he is a strong water conservation advocate and he
2 believes that customers are not hearing the message the District is sending and the restrictions get
3 imposed and the customers don't conserve.

4 Mr. Thomas stated that according to the Marin Independent Journal the county is in severe
5 drought conditions and he doesn't believe customers would have an outrageous reaction to impose
6 mandatory restrictions as long as the Board emphasizes the need to protect a continued water
7 supply.

8 President Rodoni asked if the water use was typical for the winter. Mr. DeGabriele replied
9 that it was higher than typical winter uses.

10 Director Petterle reminded the Board that the District has a plan in effect.

11 Director Schoonover stated that the District cannot rely on Lake Sonoma and the District
12 needs to do more outreach to the public letting them know what the District is planning on doing.

13 Mr. DeGabriele advised the Board that staff will continue to keep the Board apprised as the
14 weeks proceed.

15 **TAC MEETING – JANUARY 6, 2014**

16 Mr. DeGabriele provided a quick summary of the January 6, 2014 Technical Advisory
17 Committee Meeting. He stated that David Guhin from the City of Santa Rosa is the new TAC Vice
18 Chair and Damien O'Bid is now the budget subcommittee chair. He informed the Board that there
19 was a budget subcommittee and TAC ad hoc meeting where they spoke about the storage
20 conditions and he requested an allocation model on how the water would be distributed to the
21 various contractors should there be a water shortage.

22 Director Petterle requested updates on the water shortage issue at every meeting.

23 **NBWA MEETING – JANUARY 3, 2014**

24 Director Fraites informed the Board that Carrie Pollard presented the Sonoma Marin Saving
25 Water Partnership annual report and other speaker spoke about the Corte Madera sea level rise
26 and how the Bay Area can deal with the sea level rise and what damages may occur. He noted that
27 several organizations are coordinating efforts to study ways to deal with this issue for the future.

28 **CITY OF NOVATO PAVING MORATORIUM, MEASURE A GROUP 5**

29 Mr. McIntyre reminded the Board that the District sends out notices once a year regarding
30 the city or county paving improvement projects. He noted that over 600 letters were sent out this
31 year.

1 Director Baker asked if the City of Novato sent out a letter as well.

2 Mr. McIntyre stated that the City did send a letter as well, but the District sent out another
3 letter to have a better form of communication.

4 **MISCELLANEOUS**

5 The Board received the following miscellaneous information: Disbursements and CDPH
6 Grant Letter.

7 The Board also received the following news articles: County retool of water policy, Public
8 Meeting slated on 15-Year Russian River Plan, Robert Giacomini Dairy Honored for Love of its
9 Land, Dry year spurs new conservation orders for 2014, State Water Resources Board Approves
10 Temporary Urgency Change Petition, PD Editorial: Time for action on saving water, and Water
11 officials cut Russian River releases from Lake Mendocino.

12 Mr. DeGabriele advised the Board that the District received really good news from the
13 California Department of Public Health stating that the District was granted \$1.486M for the
14 Gallagher Pipeline Project. He congratulated Drew McIntyre and staff for the hard work and effort to
15 obtain the grant.

16 Mr. DeGabriele recommended adjourning the meeting in memory of Bill Melson a retired
17 District employee.

18 Director Baker stated that he was a dedicated, generous, wonderful person.

19 **ADJOURNMENT**

20 President Rodoni adjourned the meeting in memory of Bill Melson at 8:56 p.m.

21 Submitted by
22
23

24 Katie Young
25 District Secretary
26

3

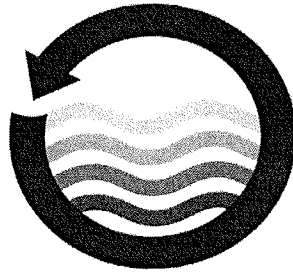
4

5

6

7

NORTH MARIN WATER DISTRICT



FINANCIAL STATEMENT FISCAL YEAR 2013-14

December 2013

**NORTH MARIN WATER DISTRICT
FINANCIAL STATEMENTS
TABLE OF CONTENTS**

Memo

Financial Statement Memo.....	1
-------------------------------	---

Basic Financial Statements

Statement of Net Position - All Districts.....	4
Sources and Uses of Funds Statement.....	8
Income Statement & Cash Flow - By Service Area.....	9

Supplementary Information

Detail Income Statement - Novato Water.....	10
Detail Income Statement - Recycled Water.....	14
Detail Income Statement - West Marin Water.....	16
Detail Income Statement - Oceana Marin Sewer.....	19
Connection Fee, Workers' Comp & Conservation Incentive Rate Analysis.....	21
Equipment Expenditures.....	22
Overhead Analysis.....	23
Expenditures by Category.....	24
Vehicle Fleet Analysis.....	25
Water Conservation Expenditures.....	26
Capital Improvement Project Expenditures	27
Notes to Financial Statements	31

MEMORANDUM

To: Board of Directors
 From: David L. Bentley, Auditor-Controller
 Subj: Information – FY13/14 December Financial Statement
 t:\accountants\financials\stmlfy14\md&a1213.doc

January 17, 2014

FISCAL YEAR-TO-DATE PERFORMANCE COMPARED TO THE ANNUAL BUDGET

CONSOLIDATED SUMMARY

	Dec-13	FY13/14 YTD Actual	FY13/14 Budget	FYTD / Budget %
Actual vs. Budget				
Operating Revenue	\$1,534,243	\$11,509,487	\$18,585,000	62%
Operating Expense	\$1,187,954	\$8,838,714	\$16,046,000	55%
Non-Operating Revenue/(Expense)	(\$13,692)	(\$297,908)	(\$618,000)	48%
Net Income/(Loss)	\$332,597	\$2,372,865	\$1,921,000	124%
Other Sources/(Uses) ¹	(\$321,184)	\$3,752,207	\$645,000	582%
Cash Increase/(Decrease)	\$11,413	\$6,125,072	\$2,566,000	239%

¹ See Page 8.

For the first half of the fiscal year the District generated a net income of \$2,372,865 and saw a net cash increase of \$6,125,072. The cash increase is largely attributable to the receipt of \$3.75 million in Recycled Water grant and loan funds. On a seasonally adjusted basis, Operating Revenue came in 6% over budget and Operating Expense came in 3% over budget. Twenty percent of the Capital Improvement Projects Budget was expended this fiscal year-to-date. The District's cash balance increased \$11,413 during the month.

SUMMARY INCOME STATEMENTS BY SERVICE AREA PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPALS

NOVATO WATER

Year over Year Comparison

	Dec-13	FYTD 13/14	FYTD 12/13	FY14 vs 13 Up/(Down)
Operating Revenue	\$1,431,760	\$10,524,847	\$9,153,741	15%
Operating Expense	\$1,092,061	\$8,112,453	\$7,846,763	3%
Other Income / (Expense)	(\$27,828)	(\$151,377)	(\$98,375)	54%
Net Income / (Loss)	\$311,871	\$2,261,017	\$1,208,603	87%
Active Accounts	20,480	20,480	20,492	(0%)
Consumption (MG)	217	1,729	1,665	4%
Average Commodity Rate/1,000 gal (net)	\$4.72	\$4.72	\$4.35	8%
Income / (Loss) / Active Account	\$15.23	\$110.40	\$58.98	87%
Income / (Loss) / 1,000 Gal	\$1.44	\$1.31	\$0.73	80%
Connection Fee Revenue	\$0	\$0	\$156,450	(100%)
Developer 'In-Kind' Contributions	\$9,091	\$223,751	\$155,868	44%

Consumption for the period was 4% more than the prior year. Total operating revenue, which includes wheeling and other miscellaneous service charges, increased 15% (\$1,371,106) due to the 11% rate increase commencing June 1, 2013 combined with the consumption increase. Total operating expense was 3% (\$265,690) more than last year same period, due primarily to an increase in water treatment expense, coupled with an increase in the volume of purchased water.

The Stafford Treatment Plant produced 326 MG this fiscal year-to-date at a cost of \$3,730/MG¹ versus \$2,201/MG³ from SCWA. The budget for Stafford is 750 MG at a cost of \$2,811/MG.

¹ Stafford production cost = op expense (\$770,057) + SRF loan interest (\$166,504) + plant depreciation (\$279,374) / 326 MG produced

Salary and benefit cost charged to Novato operations was 4% more than the same period last year. Staff time (hours) charged to Novato operations was 4% less than last year same period. Salary and benefit cost was \$2,687,304, which was 48% of the \$5,648,000 budget for Novato operations.

The fiscal year-to-date net income (which includes non-operating items such as interest revenue and expense) of \$2,261,017 compares to a budgeted net income for the year of \$2,021,000 and to a net income of \$1,208,603 for the prior year same period. \$1,151,464 (15%) of the Novato Water Capital Improvement Project Budget was spent versus \$506,801 (16%) for the prior year same period. No connection fees were collected (\$860,000 is budgeted). The Novato cash balance decreased \$100,634 in December, and stood at \$14,526,438 at month end, compared to a budgeted projection of \$12,833,000 at June 30, 2014.

NOVATO RECYCLED		FYTD	FYTD	FY14 vs 13
Year over Year Comparison	Dec-13	13/14	12/13	Up/(Down)
Operating Revenue	\$20,831	\$434,622	\$145,900	198%
Operating Expense	\$23,820	\$292,446	\$182,305	60%
Other Income / (Expense)	(\$23,904)	(\$152,419)	(\$165,780)	(8%)
Net Income / (Loss)	(\$26,893)	(\$10,242)	(\$202,186)	(95%)
Active Accounts	44	44	4	1000%
Consumption (MG)	4.2	95.0	34.9	173%
Average Commodity Rate/1,000 gal (net)	\$4.44	\$4.44	\$4.11	8%
Deer Island Production (MG)	0.0	1.6	30.2	(95%)
Novato Sanitary Production (MG)	0.8	55.8	0.0	-
Las Gallinas Production (MG)	0.8	35.1	0.0	-
Potable Water Input (MG)	0.0	3.9	0.0	-

95.0 MG was delivered to RW customers this fiscal year-to-date. Operating revenue was up 198% due primarily to the 173% consumption increase coupled with the 8% commodity rate increase. Total operating expense was \$110,140 (60%) more than last year same period, due primarily to the addition of purchased water cost from NSD and LGVSD. The recycled water was produced at a cost of \$2,621/MG² versus \$2,201/MG³ from SCWA. The budgeted production cost of recycled water is \$4,692/MG.

The fiscal year-to-date net loss of \$10,242 compares to a budgeted net loss for the year of \$339,000 and a net loss of \$202,186 for the prior year same period. \$412,731 (206%) of the Capital Improvement Project Budget has been expended this fiscal year-to-date.

To date, \$15,694,867 has been expended on the North/South Area Expansion Projects, and \$3,408,739 in Grant funds and \$9,282,016 in SRF Loan funds have been received. Another \$623,647 in grant and loan funding is anticipated to be received this winter. A \$1,245,929 transfer of connection fees from the Novato Potable Water System to fund the local share of the recycled water expansion project and December debt service payments enabled the Recycled Water System to pay down the money borrowed from Novato, leaving a balance of \$24,770 due to the Novato Potable Water System.

² Recycled Water production cost = op expense before depreciation (\$152,105) + Deer Island RW Facility SRF loan interest (\$38,972) + Deer Island plant depreciation (\$57,960) / 95 MG produced

³ SCWA production cost per MG = O&M charge (\$1,808) + debt service charge (\$154) + Russian River conservation charge (\$194) + Russian River projects charge (\$45)

WEST MARIN WATER		FYTD	FYTD	FY14 vs 13
Year over Year Comparison	Dec-13	13/14	12/13	Up/(Down)
Operating Revenue	\$66,768	\$461,218	\$416,562	11%
Operating Expense	\$56,546	\$327,321	\$266,320	23%
Other Income / (Expense)	\$16,874	(\$18,224)	\$9,501	-
Net Income / (Loss)	<u>\$27,097</u>	<u>\$115,672</u>	<u>\$159,744</u>	(28%)
Active Accounts	776	776	776	0%
Consumption (MG)	6.2	44.2	43.6	1%
Average Commodity Rate/1,000 gal (net)	\$8.35	\$8.47	\$7.79	9%
Income/ (Loss) / Active Account	\$34.92	\$149.06	\$205.86	(28%)
Income / (Loss) / 1,000 Gal	\$4.37	\$2.62	\$3.66	(29%)
Connection Fee Revenue	\$0	\$0	\$4,900	(100%)
Developer 'In-Kind' Contributions	\$3,472	\$5,051	(\$1,451)	-

Consumption for the period was 44.2 MG, 1% more than the previous year same period. Operating revenue of \$461,218 was \$44,656 (11%) more than last year due primarily to the 8% rate increase effective 7/1/13, combined with the consumption increase.

Operating expenditures were \$327,321, up 24% (\$64,443) from the previous year same period, in part due to testing of the Gallagher Well (\$14,207), valve and hydrant operation programs (which were not done last year) (\$17,192), replacement of a chemical feed pump (\$4,888), replacement of a hydrant bury on Sir Francis Drake (\$5,328), and paving the Point Reyes Tank Road (\$2,700). The fiscal year-to-date net income of \$115,672 compares to a budgeted annual net income of \$212,000 and to a net income of \$159,744 for the prior year same period. \$148,691 (34%) of the Capital Improvement Project Budget was spent this fiscal year-to-date, and no connection fees were collected (\$46,000 is budgeted). The Solids Handling Facility project (\$192,511 expended to-date) has been put on hold pending a coastal development permit from Marin County. West Marin Water ended the month with a cash balance of \$736,114, compared to a budgeted projection of \$555,000 at June 30, 2014.

OCEANA MARIN SEWER		FYTD	FYTD	FY14 vs 13
Year over Year Comparison	Dec-13	13/14	12/13	Up/(Down)
Operating Revenue	\$14,885	\$88,800	\$78,996	12%
Operating Expense	\$15,527	\$106,494	\$101,165	5%
Other Income / (Expense)	\$21,165	\$24,112	\$23,764	1%
Net Income / (Loss)	<u>\$20,523</u>	<u>\$6,417</u>	<u>\$1,595</u>	302%
Active Accounts	229	229	227	1%
Monthly Sewer Service Charge	\$65	\$65	\$58	12%
Income / (Loss) / Active Account	\$89.62	\$28.02	\$7.03	-
Connection Fee Revenue	\$0	\$30,400	\$0	-

Operating revenue of \$88,800 was 12% higher than the previous year same period due to a 12% rate increase effective July 1, 2013, plus two new dwelling units connecting to the system on December 1. Operating expenditures were 5% (\$5,329) higher than last year same period due primarily to a \$3,421 increase in the State discharge permit fee. The fiscal year-to-date net income of \$6,417 compares to a budgeted annual income of \$27,000 and to a net income of \$1,595 for the prior year same period. None of the Capital Improvement Project Budget was expended.

\$30,400 in connection fees were collected (\$30,000 is budgeted). Oceana Marin ended the month with a cash balance of \$263,734, compared to a budgeted projection of \$238,000 at June 30, 2014.

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING DECEMBER 31, 2013**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
ASSETS					
Cash & Investments					
Unrestricted/Undesignated Cash	\$200,074	\$0	\$0	\$0	\$200,074
Restricted Cash (Note 1)					
Connection Fee Fund	\$138,911	\$0	\$0	\$138,911	\$0
Wohler Pipeline Financing Fund	394,622	394,622	0	0	0
Collector #6 Financing Fund	1,551,550	1,551,550	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	6,091,516	5,522,586	0	568,930	0
RWF Replacement Fund	0	0	0	0	0
Tax Receipts Held in Marin Co Treasury	1,972	0	0	1,972	1
STP SRF Loan Fund-Marine Co Treasury	471,906	471,906	0	0	0
RWS North/South SRF Payment Fund	623,580	0	623,580	0	0
Designated Cash (Note 2)					
Liability Contingency Fund	315,815	315,815	0	0	0
Self-Insured Workers' Compensation Fund	310,471	306,811	0	0	3,659
Retiree Medical Benefits Fund	3,235,149	3,235,149	0	0	0
Drought Contingency Fund	0	0	0	0	0
Maintenance Accrual Fund	2,727,999	2,727,999	0	0	0
Conservation Incentive Rate Fund	0	0	0	0	0
Operating Reserve Fund	60,000	0	0	0	60,000
Total Cash	\$16,153,564	\$14,526,438	\$623,580	\$739,812	\$263,734
Gain/(Loss) on MV of Investments	17,157	17,157	0	0	0
Market Value of Cash & Investments	\$16,170,721	\$14,543,595	\$623,580	\$739,812	\$263,734
Current Assets					
Net Receivables - Consumers	\$2,115,384	\$1,906,379	\$83,136	\$134,592	(\$8,723)
Accounts Receivable - Other	998,655	537,648	368,383	3,251	89,373
State Revolving Fund Receivable	364,265	0	364,265	0	0
Provision for Pension Related Debt (Note 13)	2,153,624	2,153,624	0	0	0
Prepaid Expense	60,577	60,577	0	0	0
Reimbursable Small Jobs	19,450	16,190	0	3,260	0
Interest Receivable	22,130	22,130	0	0	0
Inventories	571,999	571,999	0	0	0
Deposits Receivable	22,000	22,000	0	0	0
Total Current Assets	\$6,328,084	\$5,290,546	\$815,784	\$141,104	\$80,650

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING DECEMBER 31, 2013**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Loans Receivable					
Employee Loans (Note 3)	\$1,250,530	\$1,250,530	\$0	\$0	\$0
Housing Loan Impairment (Note 3)	(110,000)	(110,000)	0	0	0
Due From Other Funds	24,770	24,770	0	0	0
Other Long Term Receivables	2,137,470	0	2,137,470	0	0
Loans Receivable	\$3,302,770	\$1,165,300	\$2,137,470	\$0	\$0
Property and Plant					
Land & Land Rights	\$1,473,021	\$1,368,802	\$0	\$103,411	\$808
Dam, Lake, & Source Facilities	5,557,888	5,065,476	0	492,412	0
Treatment Facilities	21,060,233	17,561,535	2,666,198	319,913	512,587
Storage Facilities	18,396,517	16,466,506	43,014	1,886,996	0
Transmission Facilities	5,567,990	5,445,667	0	122,324	0
Distribution Facilities	68,287,982	55,921,913	8,232,655	4,133,415	0
Sewer Mains, Pumps, & Laterals	1,149,525	0	0	0	1,149,525
Sub-Total	\$121,493,157	\$101,829,899	\$10,941,866	\$7,058,471	\$1,662,921
Less Accumulated Depreciation (Note 5)	(39,635,905)	(34,838,487)	(1,062,126)	(2,933,436)	(801,857)
Net Property and Plant	\$81,857,252	\$66,991,412	\$9,879,740	\$4,125,035	\$861,065
Buildings and Equipment					
Buildings	\$2,485,989	\$2,485,989	\$0	\$0	\$0
Office Equipment	672,400	672,400	0	0	0
Laboratory Equipment	300,004	300,004	0	0	0
Trucks & Automobiles	1,151,035	1,151,035	0	0	0
Construction Equipment	734,817	734,817	0	0	0
Tools, Shop Equipment	196,436	196,436	0	0	0
Sub-Total	\$5,540,682	\$5,540,682	\$0	\$0	\$0
Less Accumulated Depreciation	(3,477,978)	(3,471,154)	(6,824)	0	0
Net Buildings and Equipment	\$2,062,704	\$2,069,528	(\$6,824)	\$0	\$0
Construction In Progress					
Developer	\$938,864	\$928,749	\$0	\$5,051	\$5,063
District	12,390,364	2,516,598	9,426,922	446,844	0
Total Construction in Progress	\$13,329,227	\$3,445,347	\$9,426,922	\$451,895	\$5,063
Net Utility Plant	\$97,249,183	\$72,506,287	\$19,299,838	\$4,576,931	\$866,128
TOTAL ASSETS	\$123,050,759	\$93,505,729	\$22,876,672	\$5,457,847	\$1,210,512

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING DECEMBER 31, 2013**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
LIABILITIES AND NET ASSETS					
Current Liabilities					
Trade Accounts Payable	\$1,023,125	\$953,964	\$69,161	\$0	\$0
Reimbursement Prog. Unclaimed Funds	14,210	14,210	0	0	0
Bond Debt Principal Payable-Current	22,917	0	0	22,917	0
Loan Debt Principal Payable-Current	1,259,561	742,375	514,933	2,252	0
Bank of Marin Principal Payable-Current	305,621	266,502	0	39,120	0
Bond/Loan Debt Interest Payable-Current	2,869	1,621	0	1,247	0
Accrued Interest Payable-SRF Loan	121,675	1,357	120,317	0	0
Deposits/Performance Bonds	133,184	111,926	0	19,758	1,500
Unemployment Insurance Reserve (Note 8)	23,816	23,816	0	0	0
Deferred Compensation	0	0	0	0	0
Workers' Comp Future Claims Payable	17,446	16,423	288	556	180
Payroll Benefits (Note 9)	801,302	753,144	12,949	26,586	8,623
Due To Other Funds	24,770	0	24,770	0	0
Deferred Revenue	89,310	0	0	0	89,310
Total Current Liabilities	\$3,839,806	\$2,885,339	\$742,418	\$112,436	\$99,613
Restricted Liabilities					
Construction Advances	\$623,768	\$623,768	\$0	\$0	\$0
Total Restricted Liabilities	\$623,768	\$623,768	\$0	\$0	\$0
Long Term Liabilities (Note 7)					
Bonds Outstanding - PR6 (FmHA)	\$75,000	\$0	\$0	\$75,000	\$0
Bonds Outstanding - OL2 (NMWD)	5	0	0	5	0
Bonds Outstanding - PRE1 (FmHA)	72,000	0	0	72,000	0
Drought Loan (EDA)	57,088	50,283	0	6,806	0
STP Rehab SRF Loan	12,735,521	12,735,521	0	0	0
RWF SRF Loan	3,022,026	0	3,022,026	0	0
RWS North/South Expansion SRF Loan	8,911,147	0	8,911,147	0	0
Bank of Marin Loan	7,067,487	6,162,781	0	904,706	0
Gustafson House Loan	0	0	0	0	0
Pension Related Debt (Note 13)	2,153,624	2,153,624	0	0	0
Retiree Health Benefits Payable	623,834	623,834	0	0	0
Total Long Term Liabilities	\$34,717,732	\$21,726,043	\$11,933,173	\$1,058,516	\$0
TOTAL LIABILITIES	\$39,181,306	\$25,235,149	\$12,675,591	\$1,170,952	\$99,613

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING DECEMBER 31, 2013**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Net Assets					
Invested in Capital Assets					
Contributions in Aid of Construction	\$62,554,107	\$55,672,980	\$4,104,370	\$2,102,018	\$674,739
Grants in Aid of Construction	5,409,605	114,420	3,911,970	1,383,215	0
Connection Fees (Note 15)	30,528,732	25,337,616	3,557,193	1,167,996	465,928
Total Investment	\$98,492,444	\$81,125,015	\$11,573,533	\$4,653,229	\$1,140,667
Restricted Reserves					
Connection Fee Fund	(\$1,691,988)	(\$1,808,550)	\$0	\$138,911	(\$22,348)
Wohler Pipeline Financing Fund	394,622	394,622	0	0	0
Collector #6 Financing Fund	1,551,550	1,551,550	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	6,164,043	5,522,586	0	641,457	0
RWF Replacement Fund	161,661	0	161,661	0	0
RWS North/South SRF Payment Fund	623,580	0	623,580	0	0
Designated Reserves					
Liability Contingency Fund	414,700	315,815	0	98,885	0
Maintenance Accrual Fund	3,965,681	3,965,681	0	0	0
Self-Insured Workers' Compensation Fund	308,282	290,387	4,168	10,248	3,479
Retiree Medical Benefits Fund	2,611,315	2,611,315	0	0	0
Conservation Incentive Rate Fund	64,809	0	0	64,809	0
Operating Reserve Fund	60,000	0	0	0	60,000
Earned Surplus - Prior Yrs	(32,673,507)	(28,989,679)	(2,148,895)	(1,458,806)	(76,126)
Net Income/(Loss)	2,372,865	2,261,017	(10,242)	115,672	6,417
FRC Transfer Prior Year	0	0	0	0	0
Transfer (To)/From Reserves (see below)	1,019,396	1,030,822	(2,725)	(7,510)	(1,190)
Total Restricted & Designated	(\$14,622,991)	(\$12,854,435)	(\$1,372,453)	(\$366,335)	(\$29,768)
TOTAL NET POSITION	\$83,869,453	\$68,270,580	\$10,201,080	\$4,286,894	\$1,110,899
Transfer (To)/From Reserves					
Wohler Pipeline Financing	\$10,216	\$10,216	\$0	\$0	\$0
Collector #6 Financing	26,863	26,863	0	0	0
Connection Fee	796,485	796,938	0	(453)	0
Liability Reserve	0	0	0	0	0
Maintenance Reserve	(50,000)	(50,000)	0	0	0
Retiree Medical Insurance Fund	(8,490)	(8,490)	0	0	0
(Gain)/Loss Self-Insured WC Fund	(114,696)	(107,992)	(1,880)	(3,634)	(1,190)
Bank of Marin Project Fund	368,760	363,286	0	5,474	0
RWS North/South SRF Payment Fund	(845)	0	(845)	0	0
Conservation Incentive Rate Fund	(8,897)	0	0	(8,897)	0
Total Transfer	\$1,019,396	\$1,030,822	(\$2,725)	(\$7,510)	(\$1,190)

NORTH MARIN WATER DISTRICT
SOURCES AND USES OF FUNDS STATEMENT - ALL SERVICE AREAS COMBINED
FOR PERIOD ENDING DECEMBER 31, 2013

	YTD Actual	Annual Budget	YTD/ Budget %	Prior YTD Actual
OPERATING REVENUE				
Water Sales	\$8,958,358	\$13,539,000	66%	\$7,726,630
Bimonthly Service Charge	2,152,943	4,298,000	50%	1,790,380
Sewer Service Charge	88,660	178,000	50%	78,996
Wheeling & Misc Service Charges	309,527	570,000	54%	199,192
TOTAL OPERATING REVENUE	\$11,509,487	\$18,585,000	62%	\$9,795,199
OPERATING EXPENDITURES				
Source of Supply	\$3,333,273	\$4,696,000	71%	\$3,092,187
Pumping	202,711	375,000	54%	197,486
Operations	355,666	669,000	53%	342,366
Water Treatment	1,113,762	1,994,000	56%	928,318
Sewer Service	69,041	129,000	54%	68,904
Transmission & Distribution	1,200,215	2,751,000	44%	1,172,447
Consumer Accounting	286,984	566,000	51%	277,362
Water Conservation	157,531	404,000	39%	127,691
General & Administrative	653,276	1,583,000	41%	837,802
Depreciation Expense	1,466,255	2,879,000	51%	1,351,992
TOTAL OPERATING EXPENDITURES	\$8,838,714	\$16,046,000	55%	\$8,396,554
NET OPERATING INCOME (LOSS)	\$2,670,773	\$2,539,000	105%	\$1,398,644
NON-OPERATING REVENUE/(EXPENSE)				
Tax Proceeds	\$47,169	\$93,000	51%	\$47,739
Interest Revenue	59,579	\$96,000	62%	51,208
Miscellaneous Revenue	83,081	135,000	62%	101,015
Bond & Loan Interest Expense	(455,430)	(912,000)	50%	(385,854)
Miscellaneous Expense	(32,307)	(30,000)	108%	(44,997)
TOTAL NON-OP REVENUE/(EXPENSE)	(\$297,908)	(\$618,000)	48%	(\$230,888)
NET INCOME/(LOSS)	\$2,372,865	\$1,921,000	124%	\$1,167,756
OTHER SOURCES/(USES) OF FUNDS				
Connection Fees	\$30,400	\$936,000	3%	\$161,350
Loan Proceeds	2,911,791	3,472,000	84%	811,294
Grant Proceeds	140,044	138,000	101%	1,258,030
Grants Proceeds Receivable	701,381	961,000	73%	669,387
Caltrans Reimbursement	378,440	2,200,000	17%	25,789
Stone Tree RWF Loan Principal	97,668	197,000	50%	95,356
Add Depreciation Expense	1,466,255	2,879,000	51%	1,351,992
Capital Acquisition (15 Gustafson)	(580,649)	0	-	0
Capital Equipment Expenditures	(6,075)	(231,000)	3%	(85,374)
Capital Improvement Projects	(1,712,886)	(8,378,000)	20%	(5,078,425)
Bond & Loan Principal Payments	(1,066,001)	(1,529,000)	70%	(569,471)
Change in Working Capital	1,391,839	0	-	(1,920,754)
TOTAL OTHER SOURCES/(USES)	\$3,752,207	\$645,000	582%	(\$3,280,826)
CASH INCREASE/(DECREASE)	\$6,125,071	\$2,566,000	239%	(\$2,113,069)

**NORTH MARIN WATER DISTRICT
INCOME STATEMENT AND CASH FLOW BY SERVICE AREA
FOR PERIOD ENDING DECEMBER 31, 2013**

SUMMARY INCOME STATEMENT		NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
	TOTAL				
Operating Revenue	\$11,509,487	\$10,524,847	\$434,622	\$461,218	\$88,800
Operating Expense	8,838,714	8,112,453	292,446	327,321	106,494
OPERATING INCOME/(LOSS)	\$2,670,773	\$2,412,394	\$142,177	\$133,897	(\$17,694)
Non-Operating Revenue/(Expense)	(\$297,908)	(\$151,377)	(\$152,419)	(\$18,224)	\$24,112
NET INCOME/(LOSS)	\$2,372,865	\$2,261,017	(\$10,242)	\$115,672	\$6,417
CAPITAL CONTRIBUTIONS					
Developer In-Kind Contributions	\$228,865	\$223,751	\$0	\$5,051	\$63
Connection Fees	30,400	0	0	0	30,400
FRC Transfer	0	(1,453,134)	1,453,134	0	0
Capital Grants	140,044	0	140,044	0	0
CAPITAL CONTRIBUTIONS	\$399,310	(\$1,229,383)	\$1,593,178	\$5,051	\$30,463
CHANGE IN NET ASSETS	\$2,772,174	\$1,031,634	\$1,582,936	\$120,724	\$36,880
Net Assets July 1, 2013	81,097,278	67,238,945	8,618,144	4,166,171	1,074,018
Net Assets December 31, 2013	<u>\$83,869,453</u>	<u>\$68,270,579</u>	<u>\$10,201,080</u>	<u>\$4,286,895</u>	<u>\$1,110,898</u>

CASH FLOW STATEMENT

Net Income/(Loss)	\$2,372,865	\$2,261,017	(\$10,242)	\$115,672	\$6,417
Add Depreciation	1,466,255	1,220,814	140,341	76,591	28,510
Cash Generated From Operations	\$3,839,120	\$3,481,831	\$130,099	\$192,263	\$34,927
Other Sources (Uses) of Funds					
Connection Fee Revenue	30,400	0	0	0	30,400
Loan Proceeds	2,911,791	0	2,911,791	0	0
Grant Proceeds	140,044	0	140,044	0	0
Capital Assets Acquisition	(2,299,612)	(1,738,189)	(412,731)	(148,691)	0
Stone Tree RWF Loan Principal Pmts	97,668	0	97,668	0	0
Principal Paid on Debt	(1,066,001)	(501,319)	(531,756)	(32,925)	0
Consumer Receivables Decr (Incr)	\$1,317,992	\$1,184,919	\$106,427	\$16,185	\$10,461
Construction Advances (Decr) Incr	320,328	320,328	0	0	0
Other Assets/Liabilities Decr (Incr)	1,311,260	301,843	993,732	14,270	1,416
Trade Accounts Payable (Decr) Incr	(477,920)	(315,498)	(156,911)	0	(5,512)
Connection Fee Transfer	0	(1,453,134)	1,453,134	0	0
Interdistrict Loan Due To (From)	(0)	4,730,651	(4,730,651)	0	0
Total Other Sources (Uses)	\$2,285,951	\$2,529,601	(\$129,254)	(\$151,161)	\$36,765
Net Cash Provided (Used)	\$6,125,071	\$6,011,432	\$845	\$41,102	\$71,692
Cash Balance July 1, 2013	10,028,493	8,515,006	622,735	698,710	192,042
Cash Balance December 31, 2013	<u>\$16,153,564</u>	<u>\$14,526,438</u>	<u>\$623,580</u>	<u>\$739,812</u>	<u>\$263,734</u>

NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2013

	DECEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$1,034,777	\$8,213,255	66%	\$7,312,018
Bill Adjustments	(9,824)	(50,772)	33%	(68,339)
Bimonthly Service Charges	342,712	2,056,272	50%	1,713,561
Account Turn-on Charges	6,290	36,249	49%	37,433
New Account Charges	575	4,965	50%	4,975
Returned Check Charges	113	618	62%	756
Hydrant Meter Up/Down Charges	0	2,320	58%	1,900
Backflow Service Charges	9,434	61,230	49%	50,394
Lab Service-Outside Clients	3,342	27,900	112%	16,220
Wheeling Charges - MMWD	44,341	172,810	54%	84,823
Regulation 15 Forfeiture	0	0	0%	0
TOTAL OPERATING REVENUE	\$1,431,760	\$10,524,847	62%	\$9,153,741
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Supervision & Engineering	\$698	\$3,944	26%	\$4,057
Operating Expense - Source	294	6,750	96%	2,999
Maint/Monitoring of Dam	161	10,296	30%	14,671
Maint of Lake & Intakes	0	0	0%	658
Maint of Structures	0	15	0%	0
Maint of Watershed	1,901	2,480	10%	1,695
Water Quality Surveillance	1,745	8,518	66%	7,476
Fishery Maint	0	0	0%	100
Erosion Control	0	13,939	232%	17,183
Purchased Water (Note 4)	341,229	3,165,008	72%	3,026,521
SOURCE OF SUPPLY	\$346,028	\$3,210,952	71%	\$3,075,361
PUMPING				
Operating Expense - Pumping	\$0	\$0	0%	\$0
Maint of Structures & Grounds	2,977	19,931	55%	15,238
Maint of Pumping Equipment	1,406	17,440	25%	15,817
Electric Power	13,555	146,850	66%	153,308
PUMPING	\$17,938	\$184,222	55%	\$184,363
OPERATIONS				
Supervision & Engineering	\$16,878	\$101,763	43%	\$92,102
Operating Expense - Operations	17,375	129,695	68%	134,743
Maintenance Expense	8,043	48,370	60%	45,575
Telemetry Equipment/Controls Maint	2,949	19,142	27%	15,140
Leased Lines	1,461	8,853	42%	8,892
OPERATIONS	\$46,707	\$307,823	51%	\$296,452

NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2013

	DECEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER TREATMENT				
Supervision & Engineering	\$9,355	\$62,706	46%	\$52,856
Operating Expense - Water Treatment	25,880	171,333	68%	143,279
Purification Chemicals	0	260,350	61%	191,169
Sludge Disposal	5,901	46,359	52%	42,371
Maint of Structures & Grounds	3,211	31,371	40%	23,329
Maint of Purification Equipment	22,441	84,106	69%	59,115
Electric Power	47	62,577	57%	40,842
Water Quality Programs	9,994	51,256	55%	45,340
Laboratory Direct Labor	24,890	163,789	51%	154,286
Lab Service-Outside Clients	3,161	25,565	77%	17,341
Water Quality Supervision	6,100	36,332	60%	29,270
Laboratory Supplies & Expense	870	32,815	51%	30,934
Customer Water Quality	3,582	24,889	40%	19,507
Lab Cost Distributed	(1,859)	(10,302)	40%	(14,117)
WATER TREATMENT	\$113,572	\$1,043,144	57%	\$835,523
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$37,508	\$230,322	39%	\$211,547
Maps & Records	6,704	35,387	28%	56,695
Operation of T&D System	19,048	82,976	49%	82,590
Facilities Location	7,484	53,602	91%	34,174
Safety: Construction & Engineering	5,064	15,536	27%	10,668
Customer Service Expense	13,825	79,308	47%	85,462
Flushing	502	502	3%	639
Storage Facilities Expense	6,367	48,453	44%	36,671
Cathodic Protection	0	6,709	29%	8,765
Maint of Valves/Regulators	18,136	50,558	31%	54,748
Maint of Mains	5,317	32,262	28%	45,386
Backflow Prevention Program	9,471	55,068	97%	48,590
Maint of Copper Services	15,402	86,849	43%	73,274
Maint of PB Service Lines	34,122	245,247	55%	286,069
Single Service Installations	1,365	766	-	916
Maint of Meters	8,123	47,149	33%	40,071
Detector Check Assembly Maint	8,971	17,296	15%	4,300
Maint of Hydrants	2,077	15,496	28%	11,228
TRANSMISSION & DISTRIBUTION	\$199,485	\$1,103,486	42%	\$1,091,793
CONSUMER ACCOUNTING				
Meter Reading	\$13,224	\$76,087	52%	\$74,381
Collection Expense - Labor	1,979	13,508	42%	14,853
Collection Expense - Agency	106	1,053	53%	1,126
Billing & Consumer Accounting	23,392	126,542	51%	124,844
Contract Billing	1,495	8,928	47%	9,941
Stationery, Supplies & Postage	5,463	35,905	54%	31,411
Uncollectable Accounts	820	9,097	40%	10,390
Office Equipment Expense	3,748	10,386	69%	5,354
Distributed to West Marin (4.1%)	(1,355)	(7,383)	49%	(7,865)
CONSUMER ACCOUNTING	\$48,873	\$274,123	51%	\$264,434

**NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2013**

	DECEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER CONSERVATION				
Residential	\$33,743	\$121,034	41%	\$109,654
Commercial	100	494	2%	87
Public Outreach/Information	3,733	23,401	47%	11,948
Large Landscape	804	8,902	33%	5,894
TOTAL WATER CONSERVATION	\$38,380	\$153,831	38%	\$127,583
GENERAL AND ADMINISTRATIVE				
Directors Fees	\$1,400	\$6,900	46%	\$7,500
Legal Fees	2,550	12,688	115%	2,857
Human Resources	1,302	15,092	50%	15,949
Auditing Fees	0	17,990	86%	11,100
Consultants	0	0	0%	35,298
General Office Salaries	80,451	579,442	48%	616,284
Safety: General District Wide	451	6,492	50%	4,861
Office Supplies	3,183	15,758	28%	13,774
Employee Events	6,136	6,447	64%	5,464
Other Administrative Expense	386	6,127	34%	9,340
Election Cost	0	0	0%	0
Dues & Subscriptions	325	42,022	81%	40,139
Vehicle Expense	725	4,105	51%	4,056
Meetings, Conferences & Training	11,112	58,355	34%	51,648
Recruitment Expense	42	201	10%	444
Gas & Electricity	2,045	14,670	70%	14,272
Telephone	162	1,399	47%	1,665
Water	337	1,055	53%	913
Buildings & Grounds Maint	1,990	12,829	29%	21,712
Office Equipment Expense	3,225	36,840	37%	35,508
Insurance Premiums & Claims	5,990	35,939	37%	38,564
Retiree Medical Benefits	12,603	76,978	49%	82,830
(Gain)/Loss on Overhead Charges	(23,803)	(109,612)	41%	227
G&A Applied to Other Operations (5.9%)	(4,659)	(38,201)	42%	(40,271)
G&A Applied to Construction	(28,336)	(189,457)	52%	(177,956)
GENERAL & ADMINISTRATIVE	\$77,618	\$614,058	41%	\$796,179
Depreciation (Note 5)	203,461	1,220,814	51%	1,175,076
TOTAL OPERATING EXPENSE	\$1,092,061	\$8,112,453	55%	\$7,846,763
OPERATING INCOME/(LOSS)	\$339,699	\$2,412,394	102%	\$1,306,978

**NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2013**

	DECEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest:				
General Funds	(\$1,892)	\$0	0%	\$0
Facility Reserve Charge Fund	(0)	0	-	1,209
Wohler Pipeline Financing Fund	271	1,107	111%	915
Collector #6 Financing Fund	1,064	4,345	72%	4,064
Retiree Medical Insurance Fund	2,195	8,960	69%	7,538
Self-Insured Workers' Comp Fund	151	589	-	0
Aqueduct Energy Efficiency Proj Fund	3,284	14,410	90%	5,056
Recycled Water Advance (Note 10)	2,218	24,856	51%	86,622
Total Interest Revenue	\$7,291	\$54,266	62%	\$105,404
Rents & Leases	8,492	48,912	71%	43,666
Other Non-Operating Revenue	494	10,018	17%	50,695
Gain/(Loss) on MV of Investments	2,698	19,595	-	248
NON-OPERATING REVENUE	\$18,975	\$132,792	61%	\$200,013
NON-OPERATING EXPENSE				
Bank of Marin AEEP Loan Interest Exp	\$18,383	\$111,222	51%	\$113,090
STP SRF Loan Interest Expense	28,052	166,504	51%	176,962
Drought Loan Interest Expense	272	1,631	41%	1,992
Other Non-Operating Expense	96	4,812	24%	6,343
NON-OPERATING EXPENSE	\$46,803	\$284,169	50%	\$298,387
NET INCOME/(LOSS)	\$311,871	\$2,261,017	112%	\$1,208,603
 BEGINNING FUND EQUITY				
NET INCOME/(LOSS)	311,871	2,261,017		1,208,603
CONTRIBUTED CAPITAL				
Developer 'In-Kind' Contributions	9,091	223,751	-	155,868
Connection Fees	0	0	0%	156,450
FRC Transfer to Recycled Water	(1,245,928)	(1,453,134)	271%	0
ENDING FUND EQUITY		\$68,270,580		\$68,484,706

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2013**

	DECEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Recycled Water Sales	\$18,593	\$421,688	73%	\$143,252
Bimonthly Service Charges	2,154	12,670	127%	2,396
Account Turn-on Charges	0	12	-	0
Backflow Service Charges	84	252	-	252
TOTAL OPERATING REVENUE	\$20,831	\$434,622	74%	\$145,900
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Purchased Water - NSD	(\$3,093)	\$53,943	47%	\$0
Purchased Water - LGVSD	0	48,334	71%	0
SOURCE OF SUPPLY	(\$3,093)	\$102,277	56%	\$0
PUMPING				
Maint of Pumping Equipment	\$352	\$399	20%	\$99
Electric Power	23	1,352	-	0
PUMPING	\$375	\$1,751	88%	\$99
OPERATIONS				
Supervision & Engineering	\$322	\$4,104	37%	\$12,157
Operating Expense - Operations	0	6	0%	4,705
Potable Water Consumed	14	20,327	203%	16,290
Maintenance Expense	0	0	0%	0
Telemetry Equipment/Controls Maint	312	494	5%	703
OPERATIONS	\$648	\$24,930	66%	\$33,855
WATER TREATMENT				
Purification Chemicals	\$0	\$1,132	8%	\$18,611
Maint of Purification Equipment	0	2,121	53%	361
Electric Power	0	0	0%	4,530
Laboratory Direct Labor	0	106	1%	12,143
Lab Expense Distributed from Novato	0	67	1%	6,558
WATER TREATMENT	\$0	\$3,426	7%	\$42,203
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$309	\$1,578	10%	\$2,001
Operation of T&D System	0	178	18%	6,304
Storage Facilities Expense	70	2,380	79%	7,588
Maint of Valves/Regulators	22	2,238	224%	0
Backflow Prevention Program	0	0	0%	0
Maint of Meters	0	39	4%	0
Maint of Mains	1,551	2,576	-	0
TRANSMISSION & DISTRIBUTION	\$1,952	\$8,989	28%	\$15,893
GENERAL AND ADMINISTRATIVE				
Meetings, Conferences & Training	(\$830)	\$0	-	\$0
Distributed from Novato (1.6%)	\$1,309	\$10,731	41%	\$8,243
GENERAL & ADMINISTRATIVE	\$479	\$10,731	41%	\$8,243
Depreciation (Note 5)	23,459	140,341	50%	82,011
TOTAL OPERATING EXPENSE	\$23,820	\$292,446	48%	\$182,305
OPERATING INCOME/(LOSS)	(\$2,990)	\$142,177	(618%)	(\$36,405)

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2013**

	DECEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest:				
Stone Tree RWF Loan	\$4,538	\$27,618	51%	\$29,930
NON-OPERATING REVENUE	\$4,538	\$27,618	51%	\$29,930
NON-OPERATING EXPENSE				
RWF SRF Loan Interest Expense	\$6,566	\$38,972	53%	\$41,289
Expansion SRF Loan Interest Expense	19,657	116,209	47%	29,752
Other Non-Operating Expense	0	0	-	38,047
Interest-Advance from Novato (Note 10)	2,218	24,856	51%	86,622
NON-OPERATING EXPENSE	\$28,442	\$180,037	49%	\$195,710
NET INCOME/(LOSS)	<u>(\$26,893)</u>	<u>(\$10,242)</u>	3%	<u>(\$202,186)</u>
BEGINNING FUND EQUITY		\$8,618,144		
NET INCOME/(LOSS)	(26,893)	(10,242)		8,534,827
State Prop 50 Grant	1,971	1,971	-	0
IRWMP Prop 84 Grant	0	0	0%	470,929
Water Smart Grant	0	138,073	16%	727,765
Federal ARRA Grant	0	0	0%	59,337
FRC Transfer from Novato	1,245,928	1,453,134	271%	0
ENDING FUND EQUITY		<u>\$10,201,080</u>		<u>\$9,792,857</u>

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2013**

	DECEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$57,483	\$385,679	66%	\$347,415
Bill Adjustments	(5,709)	(11,493)	-	(7,715)
Bimonthly Service Charges	14,000	84,000	50%	74,424
Account Turn-on Charges	156	509	51%	456
New Account Charges	30	110	55%	130
Returned Check Charges	9	27	-	18
Backflow Service Charges	799	2,385	50%	1,835
TOTAL OPERATING REVENUE	\$66,768	\$461,218	61%	\$416,562
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Operating Expense	\$1,047	\$5,726	48%	\$9,301
Operating Supplies & Expense	111	111	-	0
Maint of Structures	0	14,208	178%	7,525
Water Quality Surveillance	0	0	0%	0
SOURCE OF SUPPLY	\$1,158	\$20,045	95%	\$16,826
PUMPING				
Operating Labor	\$0	\$0	0%	\$0
Maint of Structures and Grounds	0	933	8%	1,644
Maint of Pumping Equip	485	6,256	52%	2,771
Electric Power	1,120	9,549	64%	8,609
PUMPING	\$1,606	\$16,738	43%	\$13,023
OPERATIONS				
Supervision & Engineering	\$392	\$1,874	62%	\$1,976
Operating Expense	2,604	13,757	153%	7,069
Maint of Telemetry Equipment	0	4,378	29%	593
Leased Lines	479	2,905	58%	2,422
OPERATIONS	\$3,475	\$22,913	72%	\$12,059
WATER TREATMENT				
Supervision & Engineering	\$490	\$3,633	52%	\$2,520
Operating Expense	2,507	4,632	33%	1,477
Purification Chemicals	0	1,342	27%	100
Maint of Structures & Grounds	0	0	0%	0
Maint of Purification Equipment	6,302	11,100	79%	3,760
Water Quality Programs	0	46	-	0
Electric Power	1,582	14,813	57%	14,816
Laboratory Direct Labor	2,992	16,037	55%	14,133
Laboratory Services	399	1,629	41%	1,981
Water Quality Supervision	101	1,671	42%	2,211
Customer Water Quality	44	2,109	42%	2,035
Lab Expense Distributed from Novato	1,860	10,179	64%	7,559
WATER TREATMENT	\$16,277	\$67,192	54%	\$50,592

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2013**

	DECEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$218	\$4,778	53%	\$8,414
Maps & Records	0	3,945	132%	3,167
Operating Expense	21	21	-	0
Facilities Location - USA	0	647	16%	885
Customer Service Expense	1,582	8,040	45%	6,534
Flushing	6,547	6,547	218%	0
Storage Facilities Expense	5,166	13,047	59%	6,803
Cathodic Protection	221	1,459	-	1,020
Maint of Valves	0	6,990	116%	0
Valve Operation Program	0	3,083	103%	115
Maint of Mains	228	5,808	116%	384
Water Quality Maintenance	85	85	-	725
Maint of Backflow Devices	209	209	21%	0
Backflow Dev Inspection/Survey	0	1,525	25%	503
Maint of Copper Services	88	5,477	110%	6,931
Maint of PB Service Lines	0	17,602	160%	26,847
Maint of Meters	531	1,169	58%	771
Detector Check Assembly Maint	191	191	10%	0
Maint of Hydrants	0	4,503	225%	0
Hydrant Operation	0	2,616	262%	0
Single Service Installation	0	0	-	1,660
TRANSMISSION & DISTRIBUTION	\$15,087	\$87,740	85%	\$64,760
CONSUMER ACCOUNTING				
Meter Reading	\$1,631	\$4,257	39%	\$4,027
Collection Expense - Labor	96	633	32%	568
Uncollectable Accounts	0	247	-	126
Distributed from Novato (3.6%)	1,196	6,523	50%	6,204
CONSUMER ACCOUNTING	\$2,924	\$11,661	45%	\$10,926
WATER CONSERVATION				
Water Conservation Program	\$556	\$3,700	92%	\$108
TOTAL WATER CONSERVATION	\$556	\$3,700	92%	\$108
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (3.2%)	\$2,530	\$20,743	41%	\$23,848
GENERAL & ADMINISTRATIVE	\$2,530	\$20,743	41%	\$23,848
Depreciation (Note 5)	12,933	76,591	51%	74,177
TOTAL OPERATING EXPENSE	\$56,546	\$327,321	60%	\$266,320
OPERATING INCOME/(LOSS)	\$10,223	\$133,897	64%	\$150,242

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2013**

	DECEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest - General Funds	\$20	\$84	-	\$0
Interest - FRC	107	453	15%	0
Interest - Bank of Marin Project Fund	367	1,464	-	1,982
Rents & Leases	0	4,035	101%	3,917
Tax Proceeds - OL-2 G.O. Bond	1,490	1,532	38%	2,802
Tax Proceeds - PR-2 Tax Allocation	20,022	22,092	51%	21,638
Conservation Incentive Rate Fund	0	0	-	1
Other Non-Operating Revenue	(24)	20	2%	2,223
NON-OPERATING REVENUE	\$21,982	\$29,681	54%	\$32,564
NON-OPERATING EXPENSE				
Bank of Marin Loan Interest Expense	\$2,698	\$16,326	51%	\$17,260
PR-3 G.O. Bond Interest Expense	0	0	-	350
OL-2 G.O. Bond Interest Expense	32	191	64%	280
PRE-1 Revenue Bond Interest Exp	342	2,050	51%	2,299
PR-6 Revenue Bond Interest Exp	350	2,100	50%	2,300
Drought Loan Interest Expense	38	225	45%	279
Master Plan Update	1,373	12,049	120%	0
Other Non-Operating Expense	276	14,964	-	294
NON-OPERATING EXPENSE	\$5,108	\$47,905	94%	\$23,062
NET INCOME/(LOSS)	\$27,097	\$115,672	55%	\$159,744
BEGINNING FUND EQUITY		\$4,166,170		\$4,138,453
NET INCOME/(LOSS)	27,097	115,672		159,744
CONTRIBUTED CAPITAL				
Developer 'In-Kind' Contributions	3,472	5,051		(1,451)
Connection Fees	0	0	0%	4,900
ENDING FUND EQUITY		\$4,286,894		\$4,301,645

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2013**

	DECEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Sewer Service Charges	\$14,885	\$88,660	50%	\$78,996
Inspection Fees	0	140	-	0
TOTAL OPERATING REVENUE	\$14,885	\$88,800	50%	\$78,996
OPERATING EXPENSE				
SEWAGE COLLECTION				
Supervision & Engineering	\$930	\$5,826	83%	\$3,731
Inspection	553	988	-	72
Maps & Records	0	77	-	0
Operating Expense	70	631	32%	698
Facilities Location	229	453	45%	211
Maint of Lift Stations	0	419	5%	2,912
Electric Power	589	4,414	44%	4,666
SEWAGE COLLECTION	\$2,371	\$12,808	44%	\$12,291
SEWAGE TREATMENT				
Operating Expense	\$0	\$15,815	105%	\$13,233
Maint of Structures	0	0	0%	277
Maint of Equipment	0	1,176	118%	1,993
Laboratory Direct Labor	0	89	-	0
Lab Expense Distributed from Novato	(0)	56	-	0
Electric Power	1,609	5,926	99%	3,951
SEWAGE TREATMENT	\$1,609	\$23,063	89%	\$19,455
SEWAGE DISPOSAL				
Maint of Pump Stations	\$0	\$1,302	43%	\$5,065
Maint of Storage Ponds	0	0	0%	966
SEWAGE DISPOSAL	\$0	\$1,302	19%	\$6,031
CONTRACT OPERATIONS				
Contract Operations	\$5,311	\$31,869	48%	\$31,128
Equipment Replacements/Upgrades	0	0	0%	0
CONTRACT OPERATIONS	\$5,311	\$31,869	48%	\$31,128
CONSUMER ACCOUNTING				
Collection Expense - County of Marin	\$341	\$341	-	\$341
Distributed from Novato (0.5%)	159	860	43%	1,661
CONSUMER ACCOUNTING	\$499	\$1,200	60%	\$2,001
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (1.0%)	\$820	\$6,726	42%	\$8,180
Liability Insurance	169	1,017	34%	1,352
GENERAL AND ADMINISTRATIVE	\$990	\$7,743	41%	\$9,532
Depreciation (Note 5)	4,747	28,510	58%	20,728
TOTAL OPERATING EXPENSE	\$15,527	\$106,494	54%	\$101,165
OPERATING INCOME/(LOSS)	(\$642)	(\$17,694)	84%	(\$22,169)

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING DECEMBER 31, 2013**

	<u>DECEMBER 2013</u>	<u>YEAR TO DATE ACTUAL</u>	<u>YTD/ BUDGET%</u>	<u>PRIOR YTD ACTUAL</u>
<u>NON-OPERATING REVENUE</u>				
Rents & Leases	\$0	\$500	50%	\$500
Interest - Connection Fee Reserve	0	0	-	89
Interest - General Funds	118	541	54%	420
Interest - Self Insured WC Fund	3	9	-	5
Tax Proceeds - OM-1/OM-3 Tax Alloc	21,338	23,544	51%	23,060
Other Non-Operating Revenue	0	0	-	4
NON-OPERATING REVENUE	<u>\$21,459</u>	<u>\$24,594</u>	51%	<u>\$24,078</u>
<u>NON-OPERATING EXPENSE</u>				
Other Non-Operating Expense	<u>\$294</u>	<u>\$483</u>	-	<u>\$313</u>
NON-OPERATING EXPENSE	<u>\$294</u>	<u>\$483</u>	-	<u>\$313</u>
NET INCOME/(LOSS)	<u>\$20,523</u>	<u>\$6,417</u>	24%	<u>\$1,595</u>
BEGINNING FUND EQUITY		\$1,074,018		\$1,075,231
NET INCOME/(LOSS)	20,523	6,417		1,595
CONTRIBUTED CAPITAL				
Contribution in Aid of Construction	14	63	-	0
Connection Fees	0	30,400	101%	0
ENDING FUND EQUITY		<u>\$1,110,898</u>		<u>\$1,076,826</u>

**NORTH MARIN WATER DISTRICT
ANALYSIS OF WORKER'S COMP, CONNECTION FEE AND CIR FUNDS
FOR PERIOD ENDING DECEMBER 31, 2013**

		NOVATO	WEST MARIN	OCEANA MARIN	RECYCLED
	TOTAL	WATER	WATER	SEWER	WATER
<u>WORKERS' COMPENSATION FUND</u>					
WC Cash Balance 7/1/13	\$2,537	\$0	\$0	\$2,537	\$0
Less: Projected Prior FY Claims Liability	22,476	21,285	697	247	247
Add: Funds borrowed to subsidize operations	213,524	203,678	7,311	0	2,535
WC Reserve Balance 7/1/13	\$193,585	\$182,393	\$6,614	\$2,290	\$2,288
Add: WC Expense Charged to Operations FYTD	157,305	148,077	5,010	1,625	2,592
Interest Earned	598	589	0	9	0
Subtotal	\$351,488	\$331,059	\$11,624	\$3,924	\$4,880
Less: Claims Expense Paid	12,568	11,831	400	130	207
Excess Insurance Premium	24,638	23,193	785	255	406
Administration Fees	6,000	5,648	191	62	99
WC Reserve Balance 12/31/13	\$308,283	\$290,388	\$10,248	\$3,479	\$4,168
Add: Projected Claims Liability	17,446	16,423	556	180	288
Funds borrowed to subsidize operations	(10,804)	0	(10,804)	0	0
WC CASH BALANCE 12/31/13	<u>\$314,925</u>	<u>\$306,810</u>	<u>\$0</u>	<u>\$3,659</u>	<u>\$4,456</u>
<u>CONNECTION FEE FUND</u>					
Connection Fee Cash Balance 7/1/13	\$166,157	\$13	\$166,144	\$0	
Add: funds borrowed to subsidize operations	(52,748)	0	0	(52,748)	
Connection Fee Reserve Balance 7/1/13	\$113,409	\$13	\$166,144	(52,748)	
Add: Connection Fees Collected FYTD	30,400	0	0	30,400	
Interest Earned	453	0	453	0	
Subtotal	\$144,262	\$13	\$166,597	(\$22,348)	
Less: Fees Expended FYTD	383,116	355,429	27,686	0	
Fees transferred to RWS FYTD (Note 15)	1,453,134	1,453,134	0	0	
Connection Fee Reserve Balance 12/31/13	(\$1,691,987)	(\$1,808,550)	\$138,911	(\$22,348)	
Less: Funds borrowed to subsidize operations	(1,830,899)	(1,808,551)	0	(22,348)	
CONNECTION FEE CASH BALANCE 12/31/13	<u>\$138,911</u>	<u>\$0</u>	<u>\$138,911</u>	<u>\$0</u>	
<u>CONSERVATION INCENTIVE RATE FUND</u>					
CIR Cash Balance 7/1/13	\$0	\$0	\$0		
Add funds borrowed to subsidize operations	55,912	0	55,912		
CIR Reserve Balance 7/1/13	\$55,912	\$0	\$55,912		
Add: CIR Charges Billed FYTD	75,885	60,934	14,951		
Regulation 15 Forfeitures	0	0	0		
Interest Earned	0	0	0		
Subtotal	\$131,797	\$60,934	\$70,863		
Less: CIR Funds Expended FYTD ¹	74,289	70,589	3,700		
Bill Adjustments	(7,300)	(9,655)	2,355		
CIR Reserve Balance 12/31/13	\$64,809	\$0	\$64,809		
Less funds borrowed to subsidize operations	64,809	0	64,809		
CIR CASH BALANCE 12/31/13	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		

¹ On September 1, 2009 the Board authorized water conservation expenditures to be charged against the Conservation Incentive Rate Fund

**NORTH MARIN WATER DISTRICT
EQUIPMENT EXPENDITURES
PERIOD ENDING DECEMBER 31, 2013**

t:\accountants\financials\stmtfy14\cpm1213.xls] equip

	DECEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER) UNDER	Notes
1 INFORMATION SYSTEMS					
Administration					
a. Server Software Upgrade		\$6,075	\$9,000	\$2,925	c,1
	\$0	\$6,075	\$9,000	\$2,925	
2 ADMINISTRATION					
a. Phone System		\$0	\$35,000	\$35,000	c,1
	\$0	\$0	\$35,000	\$35,000	
3 ENGINEERING					
a. Multi-Function Wide-Carriage Copier (Used)		\$0	\$12,000	\$12,000	c,1
	\$0	\$0	\$12,000	\$12,000	
4 VEHICLE & ROLLING EQUIPMENT EXPENDITURES					
a. 3/4-ton 2WD Alternate Fuel Pickup w/Svc Body		\$0	\$30,000	\$30,000	c,1
b. 3/4-ton 2WD Alternate Fuel Pickup w/Svc Body		0	30,000	30,000	c,1
c. Propane Powered 5,000 lb Capacity Forklift		0	35,000	35,000	c,1
d. Hybrid 2WD Pickup		0	40,000	40,000	c,1
e. Hybrid 2WD Pickup		0	40,000	40,000	c,1
	\$0	\$0	\$175,000	\$175,000	
TOTAL EQUIPMENT EXPENDITURES	\$0	\$6,075	\$231,000	\$224,925	

Notes:

- (c) Capitalized
(1) Replacement item.

**NORTH MARIN WATER DISTRICT
OVERHEAD ACCOUNT ANALYSIS
FOR PERIOD ENDING DECEMBER 31, 2013**

	YEAR-TO-DATE ACTUAL	ANNUAL BUDGET	YTD/ BUDGET %
<u>Material Handling</u>			
Material Overhead Recovered (15%)	\$28,869	\$112,000	26%
Labor	\$34,088	\$101,000	34%
Materials, Supplies & Expense	1,707	6,000	28%
Correction to Inventory Counts	(2,229)	0	-
Depreciation	2,259	5,000	45%
	<u>\$35,824</u>	<u>\$112,000</u>	32%
Net Material Handling Gain / (Loss)	<u>(\$6,956)</u>	<u>\$0</u>	-
<u>Construction Supplies</u>			
Const Supplies Overhead Recovered (10%)	\$113,719	\$238,000	48%
Labor	\$32,806	\$74,000	44%
Materials, Supplies & Expense	44,502	78,000	57%
Small Tools	7,121	19,000	37%
Depreciation	2,238	5,000	45%
	<u>\$86,666</u>	<u>\$176,000</u>	49%
Net Constr Supplies Gain / (Loss)	<u>\$27,053</u>	<u>\$62,000</u>	44%
<u>Vehicle & Equipment</u>			
Vehicle & Equipment Recovered ¹	\$176,860	\$415,000	43%
Labor	\$33,681	\$102,000	33%
Materials, Supplies & Expense	24,109	57,000	42%
Fuel	56,342	110,000	51%
Depreciation	49,978	108,000	46%
	<u>\$164,111</u>	<u>\$377,000</u>	44%
Net Vehicle & Equip Gain / (Loss)	<u>\$12,750</u>	<u>\$38,000</u>	34%
<u>Payroll</u>			
Overheaded Payroll	\$3,423,143	\$7,203,000	48%
Salary Including Leave Time	\$2,174,709	\$4,555,000	48%
Employer FICA & Medicare Tax	160,182	342,000	47%
Insurance ²	444,292	985,000	45%
Retiree Medical	37,625	77,000	49%
CalPERS Retirement	533,625	1,063,000	50%
Unreconciled Difference	(3,853)		
	<u>\$3,346,579</u>	<u>\$7,022,000</u>	48%
Net Payroll Gain / (Loss)	<u>\$76,563</u>	<u>\$181,000</u> ³	
Total Overhead Gain / (Loss)	<u>\$109,410</u>	<u>\$281,000</u>	39%

¹ Vehicle & Equipment Recovered is the amount charged to projects and operations to recover the expense of owning and operating the asset. The recovery rate is \$6/hr for vehicles 3/4-ton and under \$11/hr for larger vehicles. An additional 50% is charged to developer projects to reflect the fair market value of the asset used.

² Insurance Includes Medical, Dental, Vision, Cafeteria, Life, & Workers' Compensation

³ Projected gain on self-insured worker's compensation gives rise to the budgeted payroll gain.

**NORTH MARIN WATER DISTRICT
EXPENDITURES BY CATEGORY
FOR PERIOD ENDING DECEMBER 31, 2013**

OPERATING EXPENSE	Novato	Recycled	West Marin	Oceana Marin	YTD Total	Annual Budget	YTD Budget %	Prior YTD Actual	% Change
1 Salaries & Benefits	\$2,689,764	\$12,502	\$115,197	\$9,145	\$2,826,608	\$5,906,000	48%	\$2,712,983	4%
2 Water Purchases	3,165,008	102,277	0	0	3,267,285	4,552,000	72%	3,026,521	8%
3 Depreciation	1,220,814	140,341	76,591	28,510	1,466,255	2,879,000	51%	1,352,014	8%
4 Materials, Services & Supplies	527,835	22,374	52,482	49,455	652,146	1,628,000	40%	670,708	-3%
5 Chemicals	260,350	1,132	1,342	0	262,824	445,000	59%	209,880	25%
6 Electric Power	209,428	1,352	24,362	10,341	245,483	391,000	63%	230,724	6%
7 Tools & Supplies (Distrib)	89,697	528	9,935	218	100,378	173,000	62%	86,471	16%
8 Vehicles and Equipment (Distrib)	108,279	1,141	9,968	223	119,610	236,000	51%	109,589	9%
9 Retiree Medical Expenses	76,978	0	0	0	76,978	157,000	49%	82,830	-7%
10 Office Supplies & Postage	51,663	0	0	0	51,663	116,000	45%	45,185	14%
11 Water Conservation Rebates	31,653	0	0	0	31,653	90,000	35%	30,464	4%
12 Insurance & Claims	35,939	0	0	1,017	36,955	101,000	37%	39,916	-7%
13 Overhead Charges (Gain)/Loss	(109,640)	0	0	0	(109,640)	(265,000)	41%	227	-
14 Distributed Costs	(245,343)	10,798	37,445	7,586	(189,514)	(363,000)	52%	(177,956)	6%
15 Total Operating Expense	\$8,112,425	\$292,446	\$327,321	\$106,494	\$8,838,686	\$16,046,000	55%	\$8,396,554	5%
16 Interest Expense & Other*	284,169	180,037	35,356	483	500,545	991,000	51%	516,865	-3%
17 Total Expense	\$8,396,594	\$472,482	\$363,178	\$106,977	\$9,339,230	\$17,037,000	55%	\$8,913,419	5%
<u>Warehouse, Shop & Yard</u>									
18 Salaries & Benefits	\$70,498	\$0	\$0	\$0	\$70,498	\$314,000	22%	\$123,969	-43%
19 Materials, Services & Supplies	179,509	0	0	0	179,509	284,000	63%	205,042	-12%
20 Distributed Costs	(250,007)	0	0	0	(250,007)	(598,000)	42%	(329,010)	-24%
21 Total W/H, Shop & Yard	\$0	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
<u>District Capital Outlay</u>									
22 Salaries & Benefits	\$302,644	\$51,207	\$44,134	\$0	\$397,986	\$767,000	52%	\$402,281	-1%
23 Equipment	6,075	0	0	0	6,075	231,000	3%	87,275	-93%
24 Debt Principal Payments	501,319	305,756	32,925	0	840,001	1,529,000	55%	533,769	57%
25 Materials, Services & Supplies	849,056	361,524	89,141	0	1,299,721	7,611,000	17%	4,674,243	-72%
26 Total District Capital Outlay	\$1,659,094	\$718,487	\$166,201	\$0	\$2,543,782	\$10,138,000	25%	\$5,697,568	-55%
<u>Developer Funded Projects</u>									
27 Salaries & Benefits	\$98,745	\$0	\$3,674	\$0	\$102,419	\$212,000	48%	\$77,230	33%
28 Materials, Services & Supplies	140,273	0	(3,194)	63	137,142	276,000	50%	97,339	41%
29 Total Developer Projects	\$239,018	\$0	\$480	\$63	\$239,561	\$488,000	49%	\$174,569	37%
30 Total	\$10,294,706	\$1,190,970	\$529,858	\$107,040	\$12,122,574	\$27,663,000	44%	\$14,785,556	-18%

*Includes Interfund Interest

**NORTH MARIN WATER DISTRICT
VEHICLE FLEET ANALYSIS
FOR PERIOD ENDING DECEMBER 31, 2013**

Fiscal Year to Date								Vehicle Cost per Mile				
Year	Description	Veh#	Assigned	Mileage	Expense ¹	Recovery ²	Gain/(Loss)	Mileage	Life to Date	FYTD	FY13	FY12
1	1993 Ford F250 4x4	29	Cilia	390	\$578	\$480	(\$98)	139,370	\$0.58	\$1.48	\$1.19	\$0.79
2	1994 GMC C1500	30	STP	384	\$159	\$12	(\$147)	135,544	\$0.31	\$0.42	\$0.72	\$0.94
3	1999 Dodge Ram 1500	32	Engineering	2,110	\$1,290	\$504	(\$786)	72,598	\$0.44	\$0.00	\$0.54	\$0.54
4	2000 Dodge Dakota	40	Pool	2,671	\$1,713	\$1,953	\$240	107,638	\$0.47	\$0.64	\$0.41	\$0.98
5	2001 Dodge Ram 1500	41	On-Call	4,284	\$2,989	\$1,501	(\$1,488)	119,099	\$0.53	\$0.70	\$0.49	\$0.55
6	2001 Dodge Dakota	42	Bynum	2,671	\$2,352	\$2,307	(\$45)	122,321	\$0.35	\$0.88	\$0.69	\$0.45
7	2002 Chev K1500 4x4	47	Engineering	739	\$404	\$407	\$3	105,060	\$0.34	\$0.55	\$0.54	\$0.56
8	2003 Dodge Dakota 4x4	49	Stompe	2,941	\$964	\$1,079	\$115	79,207	\$0.40	\$0.33	\$3.08	\$0.74
9	2003 Chev C1500	51	Pool	4,074	\$2,745	\$3,813	\$1,068	105,177	\$0.38	\$0.67	\$0.69	\$0.56
10	2004 Chev C1500	53	Kurfirist	737	\$2,993	\$4,416	\$1,423	102,407	\$0.43	\$4.06	\$0.69	\$0.69
11	2004 Chev C1500 Xtra Cab	54	Mello	2,914	\$1,328	\$1,125	(\$203)	77,756	\$0.38	\$0.46	\$0.42	\$0.80
12	2005 Honda Civic Hybrid	56	Engineering	3,166	\$855	\$1,559	\$704	62,620	\$0.21	\$0.27	\$0.16	\$0.30
13	2005 Honda Civic Hybrid	57	Clark	5,530	\$990	\$2,027	\$1,037	44,085	\$0.21	\$0.18	\$0.13	\$0.36
14	2005 Ford Ranger	58	Roberto	5,923	\$3,401	\$4,763	\$1,362	98,207	\$0.44	\$0.57	\$0.37	\$0.64
15	2005 Ford Ranger	59	Venegas	7,315	\$667	\$4,505	\$3,838	94,225	\$0.43	\$0.09	\$0.76	\$0.49
16	2006 Chev Colorado	501	Moore	7,373	\$2,545	\$6,606	\$4,061	108,470	\$0.36	\$0.35	\$0.40	\$0.39
17	2007 Chev K2500 4x4	502	Corda, Joe	4,139	\$2,316	\$7,611	\$5,295	64,161	\$0.53	\$0.56	\$0.51	\$0.85
18	2007 Chev Colorado	504	Grisso	6,530	\$1,515	\$2,299	\$784	64,948	\$0.20	\$0.23	\$0.35	\$0.39
19	2008 Ford F250 4x4	505	Arendell	6,132	\$3,243	\$10,209	\$6,966	66,983	\$0.68	\$0.53	\$0.82	\$0.69
20	2008 Ford F250 4x4	506	STP	3,147	\$1,225	\$2,233	\$1,008	37,597	\$0.83	\$0.39	\$0.85	\$0.90
21	2008 Chev Colorado 4x4	509	Lemos	6,567	\$3,376	\$3,537	\$160	67,071	\$0.34	\$0.51	\$0.31	\$0.30
22	2009 Toyota Prius Hybrid	510	Lab	5,592	\$1,071	\$2,513	\$1,442	72,746	\$0.18	\$0.19	\$0.21	\$0.18
23	2010 Ford F150 4x4	511	STP	2,976	\$1,648	\$2,288	\$640	37,935	\$0.44	\$0.55	\$0.37	\$0.40
24	2010 Ford F150	512	Ortiz	6,734	\$3,983	\$3,501	(\$482)	56,618	\$0.47	\$0.59	\$0.41	\$0.58
25	2010 Ford F150	513	LeBrun	3,058	\$2,458	\$2,849	\$391	26,372	\$0.50	\$0.80	\$0.45	\$0.46
26	2012 Ford F250	515	Reed	4,906	\$2,642	\$10,634	\$7,992	9,477	\$0.64	\$0.54	\$0.75	-
27	2012 Ford F250	516	Castellucci	5,246	\$2,937	\$7,866	\$4,928	10,427	\$0.64	\$0.56	\$0.71	-
Total 3/4 Ton & Under				108,249	52,387	92,594	40,207	2,088,119	\$0.42	\$0.48	\$0.51	\$0.55
1	1999 Ford F350 W/Svc Body	19	Pool	620	\$728	\$781	\$53	128,493	\$0.73	\$1.17	\$1.40	\$1.40
2	2002 Int'l 5 Yd Dump	44	Rupp	4,871	\$6,028	\$9,862	\$3,834	79,894	\$1.52	\$1.24	\$2.02	\$2.02
3	1999 Ford F550 3-Yd Dump ³	52	Crew	1,010	\$2,114	\$3,209	\$1,095	75,782	\$0.94	\$2.09	\$5.46	\$5.46
4	1999 Int'l 5 Yd Dump ⁴	55	Crew	989	\$2,651	\$3,358	\$707	67,588	\$1.36	\$2.68	\$2.20	\$2.20
5	2006 Int'l 4300 Crew	503	Reed	1,571	\$4,549	\$7,321	\$2,771	24,948	\$2.67	\$2.90	\$1.82	\$1.82
6	2008 Ford F350 4x4	507	Latanyshyn	6,701	\$6,522	\$8,057	\$1,535	67,717	\$0.87	\$0.97	\$1.15	\$1.15
7	2009 Peterbilt 335 Crew	508	Kehoe	1,512	\$3,767	\$10,489	\$6,722	18,246	\$2.02	\$2.49	\$2.81	\$2.81
8	2012 Int'l 5 Yd Dump	514	Sjblom	3,069	\$3,700	\$8,949	\$5,249	10,934	\$1.68	\$1.21	\$2.50	\$2.50
Total 1 Ton & Over				20,343	\$30,059	\$52,024	\$21,965	473,602	\$1.18	\$1.48	\$1.84	\$1.84

¹ Expense amount shown excludes depreciation (approximately \$60,000 for FY14).

² Recovery is the amount charged to projects and operations to recover the expense of owning and operating the vehicle. Commencing 7/1/07 the recovery rate for vehicles 3/4-ton and under is \$6/hr and the recovery rate for vehicles 1-ton and over is \$11/hr. An additional 50% is charged to developer projects to reflect the fair market value of the vehicle being used.

³ Purchased used in 2004 with 33,500 miles. Mileage shown is total incurred since District purchase.

⁴ Purchased used in 2008 with 30,708 miles. Mileage shown is total incurred since District purchase.

**NORTH MARIN WATER DISTRICT
WATER CONSERVATION PROGRAM DETAIL
FOR PERIOD ENDING DECEMBER 31, 2013**

t:\accountants\financials\stmtfy14\cpm1213.xls\water conservation

Description		COST THRU JUNE 2013	DECEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER) UNDER	TOTAL COST
NOVATO							
a. Residential							
1-7700-01	1 Cash for Grass	\$227,131	\$1,079	\$9,467	\$24,000	\$14,533	\$236,598
1-7700-02	2 Landscape Efficiency Rebates	28,396	44	263	7,500	7,237	28,660
1-7700-03	3 Fixtures Purchases	32,581	0	0	5,000	5,000	32,581
1-7700-06	4 Washing Machine Rebates	306,143	1,749	10,975	20,000	9,025	317,119
1-7700-07	5 Demonstration Garden Improvements	54,377	0	0	500	500	54,377
1-7700-11	6 Toilet Rebate SF	864,964	2,973	14,995	34,000	19,005	879,959
1-7700-12	7 Toilet Rebate MF	18,081	0	92	4,000	3,908	18,173
1-7700-13	8 Residential Audits	214,879	11,895	21,825	50,000	28,175	236,704
1-7700-16	9 Water Waste Ordinance Monitoring	29,922	0	182	10,000	9,818	30,104
1-7700-17	10 Swimming Pool Cover Rebate	226	0	0	0	0	226
1-7700-19	11 ET Controller Rebate	21,375	137	2,914	8,000	5,086	24,289
1-7700-08	12 Administration	932,763	15,448	58,599	125,000	66,401	991,362
1-7700-20	13 New Development Wtr Cons Program	39,228	695	3,553	8,000	4,447	42,781
1-7700-21	14 Demand Offset Rebate Program	1,195	0	0	2,000	2,000	1,195
1-7700-23	15 Grant Administration	637	279	279	0	(279)	916
	16 Admin Exp Distrib to WM Water (3.6%)	(3,997)	(556)	(2,110)	0	2,110	(6,107)
b. Commercial							
1-7701-02	1 Toilet Rebate Program	64,927	100	100	10,000	9,900	65,027
1-7701-03	2 Commercial Audits	6,256	0	394	15,000	14,606	6,650
c. Public Outreach/Information							
1-8672-16	1 Fall Newsletter	38,084	0	1,023	8,000	6,977	39,107
1-8672-17	2 Spring Newsletter	50,469	0	6,407	12,000	5,593	56,876
1-8672-18	3 Summer Newsletter	5,139	2,989	2,989	4,000	1,011	8,128
1-7700-04	4 Public Outreach / H ₂ O Fair	84,932	465	6,488	10,000	3,512	91,420
1-7700-05	5 Marketing	116,667	279	4,806	16,000	11,194	121,473
1-7700-22	6 Public Outreach/Leadership Novato	9,409	0	1,689	0	(1,689)	11,098
d. Large Landscape							
1-8653-02	1 Large Landscape Audits	73,127	290	4,269	10,000	5,731	77,396
1-7702-01	2 Large Landscape Budgets	25,617	514	2,094	3,000	906	27,711
1-7702-02	3 Large Landscape Irrig Efficiency Rebates	11,376	0	2,084	5,000	2,916	13,460
1-8653-01	4 CIMIS Station Maintenance	18,653	0	0	2,000	2,000	18,653
1-7702-03	6 Administration-Large Landscape	22,607	0	455	7,000	6,545	23,062
TOTAL NOVATO WATER CONSERVATION		\$3,295,164	\$38,380	\$153,831	\$400,000	\$246,169	\$3,448,995
WEST MARIN WATER							
2-5166-00	a. Water Conservation Program	\$39,250	\$0	\$1,590	\$2,000	\$410	\$40,840
	b. Administrative Exp distributed from Novato (3.6%)	3,997	556	2,110	2,000	(110)	6,107
		\$43,247	\$556	\$3,700	\$4,000	\$300	\$46,947
TOTAL WATER CONSERVATION EXPENDITURES¹		\$3,338,411	\$38,936	\$157,531	\$404,000	\$246,469	\$3,495,942

¹Excludes \$267,000 (\$33.53/AF) paid to SCWA for water conservation services provided to NMWD.

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING DECEMBER 31, 2013**

t:\finance\je form1.xlt\jvfm misc

Description		COST THRU JUNE 2013	DECEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
1 PIPELINE REPLACEMENTS/ADDITIONS							
a. Main/Pipeline Replacements							
1-7067-20	1 So Novato Blvd-Rowland to Sunset (12"CI @ 1,500')	\$0	\$6,449	\$7,672	\$100,000	\$92,328	\$7,672
1-7130-00	2 STP 18" Transmission Line Assess/Repair (13,200')	10,358	3,104	16,258	0	(16,258)	26,616
1-7134-00	3 Digital to Leveroni Looping (8"@600')	18,535	16,296	88,729	0	(88,729)	107,264
1-7135-00	4 Delong to Cain Looping (8"@400')	0	4,314	110,192	0	(110,192)	110,192
1-7139-00	5 PB Repl-City Measure A, Group 5	37,364	1,302	2,877	0	(2,876)	40,240
1-7142-00	6 Shields Ln 6" Cast Iron (6" @ 120')	0	1,952	16,603	225,000	208,397	16,603
1-7143-00	7 Ashley Ct 2" Thinwall Plastic (6" @ 200')	0	0	364	40,000	39,636	364
1-7144-00	8 Grant/4th 1" Galvanized Steel (6" @ 400')	0	2,446	4,376	100,000	95,625	4,376
	9 Other Pipeline Replacements (60+ years old)	0	0	0	35,000	35,000	0
b. Main/Pipeline Additions							
1-7145-00	1 Zone A Pressure Improvements - Ignacio	0	1,302	15,636	250,000	234,364	15,636
c. PB Service Line Replacements							
1-7123-11	1 Pacheco Valle (42 Svcs)	2,833	0	0	125,000	125,000	2,833
	2 Replace PB in Sync w/City Paving (45 Svcs)	0	0	0	135,000	135,000	0
1-7123-14	3 Clay Ct PB Repl (9 Svcs)	0	930	1,580	33,000	31,420	1,580
1-7123-15	4 Atherton Oaks/Summit Lane (20 Svcs)	0	1,419	2,068	60,000	57,932	2,068
	5 Other PB Replacements	0	0	0	47,000	47,000	0
d. Relocations to Sync w/City & County CIP							
	1 Other Relocations	0	0	0	80,000		
TOTAL PIPELINE REPLACEMENTS/ADDITIONS		69,090	39,513	266,355	1,230,000	883,649	335,444
e. Aqueduct Replacements & Enhancements							
1-7118-01	1 MSN B1-Utility Agreement Costs	170,766	1,269	24,026	0	(24,026)	194,791
1-7118-02	2 MSN B2-Utility Agreement Costs	28,462	523	4,939	0	(4,939)	33,401
1-7118-03	3 MSN B3-Utility Agreement Costs	131,137	9,377	98,893	0	(98,893)	230,030
1-7118-04	4 AEEP Permitting & Design	680,441	2,887	105,167	4,600,000	4,494,833	785,608
1-7118-05	5 AEEP Legal Challenge/Litigation	10,679	0	0	0	0	10,679
1-7118-07	6 AEEP- B1 Construction	67,347	44,508	224,470	0	(224,470)	291,817
1-7118-10	7 MSN Aq Caltrans Reimb - Seg B2 Gunn Dr ^s	7,597	0	33,026	0	(33,026)	40,624
1-7118-17	8 AEEP B1 Betterment & Depreciation Cost	103,188	73,895	225,637	0	(225,637)	328,825
1-7118-18	9 AEEP B2 Betterment & Depreciation Cost	0	0	270	0	(270)	270
1-7118-20	10 AEEP-B3 Advance Tree Removal	0	7,547	9,221	0	(9,221)	9,221
TOTAL AQUEDUCT REPLACEMENTS AND ENHANCEMENTS		\$1,199,617	\$140,005	\$725,649	\$4,600,000	\$3,874,351	\$1,925,266

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING DECEMBER 31, 2013**

t:\finance\je form1.xlt\jvfm misc

Description	COST THRU JUNE 2013	DECEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
2 SYSTEM IMPROVEMENTS						
1-7008-10 a. RTU Upgrades	\$0	\$7,516	\$8,892	\$10,000	\$1,108	\$8,892
1-8677-19 b. Flushing taps at Dead-Ends (12 biennially)	0	3,365	19,952	50,000	30,048	19,952
1-7007-08 c. Detector Check Assembly Repair/Repl (~14/yr)	0	2,532	20,999	150,000	129,001	20,999
1-7090-02 d. Anode Installations (150/yr)	1,618	0	0	30,000	30,000	1,618
1-7132-01 e. Radio Expansion Telemetry Upgrades	0	3,779	6,712	25,000	18,288	6,712
1-7054-04 f. Inaccurate Meter Replacement	0	0	6,484	10,000	3,516	6,484
1-7137-00 g. Backflow Device Upgrade-BMK (15 Svcs)	15,732	0	0	30,000	30,000	15,732
1-7146-00 h. Tank Access Hatch/Level Alarms (10 sites)	0	0	45	35,000	34,955	45
TOTAL SYSTEM IMPROVEMENTS	\$17,350	\$17,192	\$63,084	\$340,000	\$276,916	\$80,434
3 BUILDINGS, YARD, & S.T.P. IMPROVEMENTS						
a. Administration Building						
1-6501-43 1 Electronic Document Management System	\$0	\$0	\$0	\$150,000	\$150,000	\$0
1-6501-41 2 Admin Office/Lab/Yard Remodel Plan	0	0	0	50,000	50,000	0
b. Corp Yard/Warehouse/Construction Office						
1-6502-46 1 SMART Crossing Upgrade (@ Golden Gate Pl)	0	0	0	58,000	58,000	0
c. Stafford Treatment Plant						
1-6600-70 1 Watershed Erosion Control	34,154	0	12,000	25,000	13,000	46,154
1-6600-54 2 Start-Up Flushing Connection	8,539	0	0	225,000	225,000	8,539
1-6600-80 3 Lake Aeration Upgrade	28,088	0	0	25,000	25,000	28,088
TOTAL BUILDING, YARD, & STP IMPROVEMENTS	\$70,782	\$0	\$12,000	\$533,000	\$521,000	\$82,782
4 STORAGE TANKS & PUMP STATIONS						
1-6201-21 a. Atherton Recoat/Mixing System	\$4,324	\$10,184	\$75,495	\$700,000	\$624,505	\$79,820
1-6112-24 b. Lynwood Pump Station Motor Control Center	36,722	0	2,789	190,000	187,211	39,511
1-6141-00 c. Relocate School Rd/Crest P.S.	6,903	0	6,091	100,000	93,909	12,994
TOTAL STORAGE TANKS & PUMP STATIONS	\$47,949	\$10,184	\$84,376	\$990,000	\$905,624	\$132,325
5 RECYCLED WATER						
5-7127-00 a. NBWRA Grant Program Administration	\$870,080	\$0	\$61,663	\$100,000	\$38,337	\$931,743
5-6055-20 b. RW Expansion N Svc Area-Retrofit-Private Property ²	160,192	0	0	0	0	160,192
5-6055-22 d. RW Expansion N Svc Area-Onsite Retrofit-Const	248,322	0	(13,358)	0	13,358	234,964
5-6055-23 e. RW Expansion N Svc Area-Group 2 Site Retrofit	42,819	0	27,866	0	(27,866)	70,685
5-6056-01 f. Expansion to South Svc Area-Non ARRA	1,920	0	0	0	0	1,920
5-6056-11 g. Expansion to South Svc Area-Phase 1A ^{1,2}	1,439,878	1,369	2,013	100,000	97,987	1,441,891
5-6056-12 h. Expansion to South Svc Area-Phase 1B ^{1,2}	3,863,789	20,134	48,898	0	(48,898)	3,912,687
5-6056-13 i. Expansion to South Svc Area-Phase 2 ^{1,3}	1,963,783	7,660	179,572	0	(179,572)	2,143,356
5-6056-14 j. Expansion to South Svc Area-Bolling Circle PS	102,794	0	4,518	0	(4,518)	107,313
5-6056-15 k. Expansion to South Svc Area-Phase 1B-Claims	9,816	13,900	17,068	0	(17,068)	26,884
5-6056-16 l. RW Expansion S Svc Area-PH1A Post Mitigation Monitoring	0	2,760	11,601	0	(11,601)	11,601
5-6056-20 m. RW Expansion S Svc Area-Retrofit-Private Property ^{2,4}	349,653	0	181	0	(181)	349,834
5-6056-21 n. RW Expansion S Svc Area-Retrofit-Govt Property ²	138,542	0	1,000	0	(1,000)	139,543
5-6056-23 o. RW Expansion S Svc Area-Group 2 Site Retrofit	128,457	0	71,708	0	(71,708)	200,165
TOTAL RECYCLED WATER	\$9,320,046	\$45,823	\$412,731	\$200,000	(\$212,731)	\$9,732,777

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING DECEMBER 31, 2013**

t:\finance\je form1.xlt\jvfm misc

Description	COST THRU JUNE 2013	DECEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
6 WEST MARIN WATER SYSTEM						
System Improvements:						
2-6601-32 a. TP Solids Handling & Land Acquisition ⁷	\$183,261	\$8,572	\$9,250	\$200,000	\$190,750	\$192,511
2-6601-35 b. Treatment Plant Control Valve Replacement	6,104	0	0	25,000	25,000	6,104
2-6604-20 c. Gallagher Auxiliary Stream Gauge	299	21,474	65,817	30,000	(35,817)	66,115
2-6130-21 d. Olema PS Flood Protection & RTU Upgrade	0	0	275	100,000	99,725	275
2-7147-00 e. Emergency Generator Connections	0	0	6,030	15,000	8,970	6,030
2-6257-20 f. Pt Reyes Tank #2 & #3 Seismic Piping Upgrade	38,928	53	1,895	65,000	63,105	40,823
2-7087-01 g. Gallagher Well & Pipeline Design	14,631	1,007	65,239	0	(65,239)	79,869
2-7123-13 h. PB Rpl-County Paving-Balboa,Portola,Mesa, 2nd St	57,520	186	186	0	(186)	57,705
TOTAL WEST MARIN WATER SYSTEM	\$300,742	\$31,291	\$148,691	\$435,000	\$286,309	\$449,433
7 OCEANA MARIN SEWER SYSTEM						
8-8672-27 a. Infiltration Repair-FY14	\$0	\$0	\$0	\$15,000	\$15,000	\$0
8-7148-00 b. SCADA RTU Upgrade and Install	0	0	0	35,000	35,000	0
TOTAL OCEANA MARIN SEWER SYSTEM	\$0	\$0	\$0	\$50,000	\$50,000	\$0
TOTAL PROJECT EXPENDITURES	\$11,025,574	\$284,009	\$1,712,886	\$8,378,000	\$6,585,117	\$12,738,461
8 LESS FUNDED BY GRANTS, LOANS & REIMBURSEMENTS						
(Accrued)/Deferred						
a. RW Expansion - South Service Area Grant ^{2,3,4}	(960,891)	0	701,381	1,099,000	397,619	(259,510)
b. RW - South Service Area Loan ¹	(3,330,590)	(20,846)	2,966,438	3,472,000	505,562	(364,152)
c. MSN Aqueduct Caltrans Reimb-Segment B1-B3 ⁵	(206,924)	(11,168)	(8,495)	0	8,495	(215,419)
d. AEEP Segment B1-B3 ⁵	6,308,782	(2,887)	(105,167)	(2,400,000)	(2,294,833)	6,203,615
e. AEEP- B1 Construction ⁶	(40,665)	53,961	21,702	0	(21,702)	(18,964)
h. MSN Aqueduct Caltrans Reimb-Segment B2 Gunn Dr ⁵	(7,597)	12,906	(20,120)	0	20,120	(27,717)
i. AEEP B1 Betterment & Depreciation Cost	(103,188)	(73,895)	(225,637)	0	225,637	(328,825)
j. TP Solids Handling & Land Acquisition ⁷	644,118	(6,429)	(6,938)	(200,000)	(193,062)	637,180
FUNDING BY OTHERS (ACCRUED)/DEFERRED	\$2,303,045	(\$48,358)	\$3,323,164	\$1,971,000	(\$1,352,164)	\$5,626,209
Received						
a. RW Expansion - South Service Area Grant ^{2,3,4}	(1,030,785)	0	(839,454)	(1,099,000)	(259,546)	(1,870,239)
b. RW - South Service Area Loan ¹	(2,005,890)	0	(2,911,791)	(3,472,000)	(560,209)	(4,917,681)
c. MSN Aqueduct Caltrans Reimb-Segment B1-B3 ⁵	0	0	(119,362)	(2,200,000)	(2,080,638)	(119,362)
d. AEEP Segment B1-B3 ⁵	(7,123,441)	0	0	0	0	(7,123,441)
e. AEEP- B1 Construction ⁶	(26,584)	(98,469)	(246,172)	0	246,172	(272,756)
f. AEEP- B2 Construction ⁶	0	0	0	0	0	0
g. AEEP- B3 Construction ⁶	0	0	0	0	0	0
h. MSN Aqueduct Caltrans Reimb-Segment B2 Gunn Dr ⁵	0	(12,906)	(12,906)	0	12,906	(12,906)
i. TP Solids Handling & Land Acquisition ⁷	(781,564)	0	0	0	0	(781,564)
FUNDING BY OTHERS RECEIVED	(\$10,968,264)	(\$111,375)	(\$4,129,685)	(\$6,771,000)	(\$2,641,315)	(\$15,097,949)
NET PROJECT EXPENDITURES	\$2,360,355	\$124,276	\$906,365	\$3,578,000	\$2,591,638	\$3,266,720

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING DECEMBER 31, 2013**

t:\finance\je form1.xdt\jvfm misc

Description	COST THRU JUNE 2013	DECEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
CIP SUMMARY-GROSS EXPENDITURES:						
		Current Month	FYTD Total	FY 13/14 Budget	FYTD/ Budget%	
Novato Water Capital Projects		\$206,894	\$1,151,464	\$7,693,000	15%	
Novato Recycled Water Capital Projects		45,823	412,731	200,000	206%	
West Marin Water Capital Projects		31,291	148,691	435,000	34%	
Oceana Marin Sewer Capital Projects		0	0	50,000	0%	
Gross Capital Improvement Project Outlays		\$284,009	\$1,712,886	\$8,378,000	20%	
CIP SUMMARY-NET EXPENDITURES:						
		Current Month	FYTD Total	FY 13/14 Budget	FYTD/ Budget%	
Novato Water Capital Projects		\$74,436	\$435,306	\$3,093,000	14%	
Novato Recycled Water Capital Projects		24,978	329,306	200,000	165%	
West Marin Water Capital Projects		24,862	141,753	235,000	60%	
Oceana Marin Sewer Capital Projects		0	0	50,000	0%	
Net Capital Improvement Project Outlays		\$124,276	\$906,365	\$3,578,000	25%	

Notes to Capital Improvement Projects Schedule:

- (1) Non-Grant Funded RWS Expansion Costs will be funded by a low-interest rate State Revolving Fund Loan equal to 75% of the project cost, less 25% of the overhead.
- (2) The District will receive ARRA Federal Grant Funding equal to 25% of the project cost less overhead.
- (3) The District will receive Watersmart Federal Grant Funding equal to 25% of the project cost, less overhead.
- (4) The District will receive State Prop 84 Grant Funding equal to project cost less overhead.
- (5) Funding includes a \$7M Bank Loan plus reimbursement from Caltrans for 100% of costs charged to jobs 1.7118.01-1.7118.03, & 1.7118.10.
- (6) Funding provided 75% by Bank of Marin Loan & 25% by connection fees.

North Marin Water District Financial Statement Notes

Note 1 - Restricted Cash

Connection Fee Fund: Cash available from collection of Connection Fees. The fee is charged to developers based upon the estimate of cost necessary to construct capacity to serve the new development. These funds are restricted by law for expansion of the water or sewer facilities within the service area where the development occurs. Funds are disbursed from the Connection Fee Reserve as expenditures are incurred to increase system capacity to serve new development. The fund balance accrues interest monthly.

Wohler Pipeline Financing Fund: In December 2002 the Sonoma County Water Agency sold \$6.8 million (par) of 30-year revenue bonds to finance the Wohler to Forestville Pipeline. NMWD's share of the debt is \$844,050 ($\$6,800,000 \times 11.2 / 90.4$). In January 2003 the District established this designated cash and corresponding reserve account and transferred \$844,050 of FRC money into the fund. The Wohler Pipeline Financing Fund is credited with interest monthly, and is used to pay the revenue bond debt component of the monthly SCWA invoice for water delivery commencing July 2003.

Collector #6 Financing Fund: The Sonoma County Water Agency received a \$15.8 million State Revolving Fund loan commitment at an interest rate of 2.8% repayable over 20 years for construction of Collector #6. NMWD's share of Collector #6 is \$1,950,000 ($\$15,800,000 \times 11.2 / 90.4$). In January 2003 the District established this designated cash and corresponding reserve account and transferred \$1,950,000 of FRC money into the fund. The Collector #6 Financing Fund is credited with interest monthly, and is used to pay the revenue bond debt component of the monthly SCWA invoice for water delivery commencing July 2003.

Revenue Bond Redemption Fund: Comprised of one year of debt service as required by West Marin revenue bond covenants. These funds are restricted for payment of bond principal, interest and administration fees. The fund balance does not accrue interest.

Bank of Marin Project Fund: The District received an \$8 million loan from the Bank of Marin in October 2011 to fund the Aqueduct Energy Efficiency Project. The 20-year, 3.54% annual percentage rate loan requires monthly payments of \$46,067 and will be fully amortized on 10/27/31. In June 2012 the Board authorized reallocating \$1 million of this loan to West Marin Water to repay Novato Water \$223,000 owed for previous loans to fund Long Range Improvement Projects and the remainder to fund the Solids Handling Facility at the Point Reyes Water Treatment Plant. The unexpended fund balance accrues interest monthly.

RWF Replacement Fund: The State Revolving Fund (SRF) loan agreement required the District to agree to establish and maintain a Water Recycling Capital Reserve Fund (WRCRF) for the expansion, major repair, or replacement of the water recycling facilities. The WRCRF is maintained in compliance with the "Policy for Implementing the State Revolving fund for Construction of Wastewater Treatment Facilities" in effect at the time the agreement was signed by the District. The September 2003 Recycled Water Master Plan prepared by Nute Engineering recommended limiting the reserve to fund replacement of the RWF electrical and mechanical equipment (including transmission pumps) as they wear out. The cost of said equipment was \$1,483,000 which, at Nute's recommended 6% interest rate factor and 25-year life, renders an annual funding requirement \$115,000. The fund balance accrues interest monthly.

Tax Receipts held in Marin County Treasury: Balance of tax proceeds collected and disbursed by the County of Marin for repayment of the Olema (OL-2) general obligation bond debt. The County credits interest to these funds quarterly.

STP SRF Loan Fund – Marin County Treasury: The Stafford Treatment Plant State Revolving Fund (SRF) loan agreement requires the District to build a Reserve Fund equal to one year of payments (\$1,044,474) in the Marin County Treasury during the first ten years of the 20-year repayment period. Every January 1 and July 1 the District deposits with the County 10% of the semi-annual SRF payment. The County credits the fund with interest quarterly, and will use the Reserve to pay the last 2 semi-annual SRF loan payments.

RWS North/South SRF Payment Fund: The State Water Resource Control Board Agreements for the seven Clean Water State Revolving Fund Loans made for expansion of the Recycled Water System distribution system require that the District establish a reserve fund equal to one year's debt service.

Note 2 - Designated Cash

Liability Contingency Fund: Established in 1986 when the District first elected to self-insure its general liability risk. This reserve was funded with \$1 million initially and \$200,000 annually thereafter until it reached a balance of \$2 million. In FY98 the West Marin Water System was included in the fund and built-up a proportional reserve of \$74,000 over several years. Commencing FY93, \$1 million of the reserve was made available to fund loans to eligible employees under the District's Employer Assisted Housing Program. In August 2008, \$500,000 was transferred into this reserve from the Self-Insured Workers' Compensation Fund and made available to fund Employer Assisted Housing Program loans. Currently there are \$1,249,200 in Employer Assisted Housing Loans outstanding (see Note 3). In March 2005, \$652,400 was expended from the fund to purchase a home at 25 Giacomini Road in Point Reyes Station. The home is rented to an employee who provides after-hours presence in the community to respond to emergencies. In 2006, \$8,885 was added from the sale of surplus property in West Marin. In October 2013, the District acquired ownership of the home at 15 Gustafson Court in Novato to protect its interest in a \$192,585 Employer Assisted Housing loan. The fund balance does not accrue interest.

Self-Insured Workers' Compensation Fund: Commencing July 2011, the District began self-insuring its workers' compensation liability. The savings accrued through self-insuring the liability is reserved in this fund for possible future claims expense. The District carries a workers' compensation excess policy for claims that exceed \$750,000. See schedule on page 22.

Retiree Medical Benefits Fund: NMWD pays the cost of health insurance for retirees between the ages of 55 and 65 and spouse under any group plan offered by CalPERS. The retiree must be at least 55 and have a minimum of 12 years of NMWD service at the date of retirement. NMWD's contribution toward the chosen plan is capped in the same manner as all other NMWD employees in the same class. Coverage terminates for the spouse when the spouse becomes eligible for Medicare, or for both the retiree and spouse when the retiree becomes eligible for Medicare. When the retiree or spouse becomes eligible for Medicare, NMWD pays up to the couple annuitant rate, which is capped at \$3,830 per year (\$319/month). In August 2003, NMWD transferred \$2.55 million (\$2.3 million for current retirees plus \$250,000 for future retirees) from unrestricted cash into a reserve to fund this obligation. In 2010 the Board directed staff to add \$1,500 per employee annually as a payroll overhead to accrue and accelerate amortization of this liability. In 2013 an Actuarial Analysis calculated NMWD's total actuarial liability at \$4.2 million. This reserve fund earns interest monthly, and currently has a balance of \$3.2 million. Accounting Standards require that the \$4.2M reserve be fully funded in 20 years.

Drought Contingency (Rate Stabilization) Fund: In August 2008, the Board directed staff to establish this reserve with \$135,000 from the Self-Insured Workers' Compensation Fund for the Novato district to draw upon during dry years. A threshold of 3.2 billion gallons of potable consumption was established as a benchmark for 'normal' years. During any fiscal year that water sales volume exceeds 3.2BG, the incremental revenue generated is deposited into the Drought Contingency Reserve. In those years when sales volume falls below the benchmark, funds are withdrawn from the reserve to maintain the budgeted revenue forecast. The goal is to build a reserve equal to 20% (currently \$2,500,000) of budgeted annual water commodity sales. In FY09 \$50,335 was added to the reserve. The fund was fully depleted in FY10. The fund balance accrues interest monthly.

Maintenance Accrual Fund: Established in FY91 to provide a source of maintenance money for replacement of treatment, storage, transmission and distribution facilities as they wear out. The annual contribution from operating reserves was initially \$200,000. Net polybutylene claim settlement proceeds of \$671,060 were closed into the fund in FY93. In FY94 the annual contribution was reduced to \$100,000. The District's goal is to build a reserve equal to 10% of the net book value of Novato's existing plant, currently \$7.0M. Funds are borrowed from the Maintenance Accrual Fund to offset the shortfall in unrestricted Cash & Investments. The fund balance does not accrue interest.

Conservation Incentive Rate Fund: In 2004 and 2005, a Conservation Incentive Tier Rate was enacted in Novato and West Marin respectively. Monies derived from this tier-rate charge are set aside in the

Conservation Incentive Rate Reserve, and used for conservation programs designated by the Board. The fund balance accrues interest monthly.

Operating Reserve Fund: This reserve, comprised of four months of budgeted operating expenditures as recommended by the District's financial advisors, serves to ensure adequate working capital for operating, capital, and unanticipated cash flow needs that arise during the year. The fund balance does not accrue interest.

Note 3 – Employee Loans

Housing Loans: The District's Employer Assisted Housing Program allows up to \$300,000 to be loaned to an employee for a period of up to 15 years for the purchase of a home within the District service territory that will enable the employee to respond rapidly to emergencies affecting the operation of the District. Repayment is due upon sale, termination of employment, or other event as described in the Program. Interest on the loan is contingent upon and directly proportional to the appreciation in value occurring on the purchased property. There are seven employee-housing loans currently outstanding totaling \$1,249,200: a \$250,000 loan dated August 2004, a \$39,200 loan dated September 2004, a \$300,000 loan dated October 2006, a \$140,000 loan dated September 2007, a \$150,000 loan dated November 2007, a \$125,000 loan dated July 2008, and a \$245,000 loan dated June 2010.

Housing Loan Impairment: The Employer Assisted Housing Loans outstanding were written down by \$110,000 at June 30, 2013, representing the impairment in value of the second deeds of trust due to the decline in market value of the homes financed since the purchase date.

Personal Computer Loans: Up to \$3,500 may be loaned to an employee for a period of up to 36 months under the District's Personal Computer Loan Program. Loans are repaid with interest at the rate earned on the District's investment portfolio at the time of the loan plus one percent. Currently there are 2 employee loans outstanding totaling \$1,408.

Note 4 – Purchased Water Capital Component

In 2003 the Sonoma County Water Agency issued \$6.8 million in 30-year 4.75% revenue bonds to finance the Wohler to Forestville pipeline. That same year the Agency received a \$15.8 million 2.8% 20-year State Revolving Fund loan to finance construction of Collector #6. For these two projects the District pays the Agency a debt amortization surcharge incorporated into its purchased water cost. The FY13 Purchased Water Capital Cost Component is \$225,000, which is the District's share of the annual debt service for these projects, and is paid as a \$114.83/MG surcharge, based on budgeted water deliveries. The Purchased Water Capital Component is funded from Restricted Cash Reserves established to amortize this debt (see Note 1 - Wohler Pipeline and Collector #6 Financing Funds).

Note 5 – Depreciation

Assets are assigned a useful life based on consultations with the District Chief Engineer and a survey of other water agencies. Depreciation is computed on a straight-line basis over the estimated useful life of the various classes of property as follows:

<u>Facility</u>	<u>Life (Years)</u>
Aqueduct.....	150
Dam.....	100
STP & RWS Structures.....	40
STP & RWS Mains.....	50
STP & RWS Pumping Equipment.....	25
STP & RWS Water Treatment Equipment.....	20
Storage & Transmission Facilities.....	50
Distribution Facilities.....	50
Buildings.....	35
Office, Laboratory, Construction & Shop Tools & Equipment.....	10
Vehicles 1 ton or greater.....	10
All other vehicles.....	5
Sewer Mains.....	40
Sewer Pumps.....	10

Note 6 - Capitalization Policy

The Government Finance Officers Association *Guide for State and Local Governments* recommends that a capitalization policy incorporate a minimum threshold of \$5,000 and an estimated useful life of at least two years. It also cautions that federal grant and loan requirements prevent the use of capitalization thresholds in excess of \$5,000. Thus NMWD's capitalization threshold is \$5,000.

Note 7 – Bond & Loan Servicing Schedule for Fiscal Year 2013-2014

Service Area	Description	Issue Date	Rate	Original Amount	Payment Due	Final Pmt	FY14		6/30/14 Outstanding Balance
							Interest	Principal	
1 Novato	EDA Loan	1977	5.0%	\$351,770	7/1	7/1/17	\$3,262	\$15,162	\$65,445
2 Novato	SRF Loan - STP	2004	2.39%	\$16,528,850	7/1 & 1/1	7/1/29	\$326,027	\$718,448	\$13,101,376
3 Novato	Bank Marin Loan	2011	3.54%	\$7,000,000	27 th /mo	10/27/31	\$220,209	\$261,833	\$6,254,229
Novato Total							\$549,498	\$995,443	\$19,421,040
4 RW TP	SRF Loan	2006	2.4%	\$4,302,560	6/19	6/19/27	\$77,236	\$196,131	\$3,022,026
5 RW North	SRF Loans (4)	2013	2.6%	\$4,375,605	Varies	Varies	\$93,811	\$188,081	\$4,082,743
6 RW South	SRF Loans (3)	2013	2.2%	\$4,917,681	Varies	Varies	\$41,920	\$176,717	\$4,742,934
Recycled Water Total							\$212,967	\$560,929	\$11,847,703
7 Olema	OL-2 GO Bond	1975	5.0%	\$70,000	1/1	1/1/15	\$382	\$3,731	\$3,921
8 Point Reyes	EDA Loan	1977	5.0%	\$46,000	7/1	7/1/17	\$451	\$2,252	\$9,057
9 PRE	PRE-1 Revenue	1980	5.0%	\$240,000	10/1 & 4/1	4/1/20	\$4,100	\$10,000	\$73,000
10 Point Reyes	PR-6 Revenue	1981	5.0%	\$217,800	7/1 & 1/1	7/1/21	\$4,200	\$9,000	\$75,000
11 WM Water	Bank Marin Loan	2012	3.54%	\$1,000,000	27 th /mo	10/27/31	\$32,324	\$38,434	\$924,422
West Marin Water Total							\$41,457	\$63,417	\$1,085,400
Total							\$803,922	\$1,619,789	\$32,354,143

1. In 1977 the Federal Economic Development Administration issued a 40-year 5% loan of \$351,770 to assist in the funding emergency Novato Water system projects in response to the drought.
2. In April 2004 the California State Department of Water Resources approved a 2.39% 20-year loan for reconstruction of the Stafford Water Treatment Plant. The project was completed in FY09 with repair of the Outlet Tower Sluice Gate. Interest paid during construction totaled \$1,636,378. The loan covenants require an annual reserve fund contribution of \$104,447 (10% of the annual debt service obligation) be deposited into the Marin County Treasury during each of the first ten years of the repayment period. Debt service is funded 25% by Facility Reserve Charges.
3. In October 2011 Bank of Marin made a 20-year 3.54% (APR) loan of \$8 million to fund the District's share of the Aqueduct Energy Efficiency Project. See Note 16, and note to loan 10 below.
4. In August 2006 the California State Department of Water Resources approved a 2.4% 20-year loan of \$4,264,545 for construction of the Deer Island Recycled Water Facility. With the addition of \$38,015 in Construction Period Interest, the loan principal totaled \$4,302,560. The project was completed in June 2007, and the first payment was made June 19, 2008.
5. In July 2011 the California State Department of Water Resources approved a series of four 2.6% 20-year loans which totaled \$4,375,605 for the Recycled Water North Service Area Expansion Project. The projects were completed on October 31, 2012, and the first payment was made in November of 2012.

6. In March 2012 the California State Department of Water Resources approved a series of three 2.2% 20-year loans totaling \$4,552,077 for the Recycled Water South Service Area Expansion Project. The projects were completed on September 4, 2013, and the first payment will be made in December 2013.
7. In June 1973, after petition and creation of an improvement district (OL-1) for the investigation of water service to Olema and the Point Reyes National Seashore Headquarters, Olema voters, by a 92% "yes" vote, approved formation of an improvement district (OL-2) and a bonded debt of \$70,000 to acquire and improve the Olema Water Company owned by W. Robert Phillips and others and to service that area. The Farmers Home Administration purchased the 1975 bond issue in its entirety. On 6/1/91, at the demand of the FHA, the Novato Water District repurchased the remaining \$56,760 balance in the Olema bond debt. The interest rate paid to Novato Water on the OL-2 bond was thereafter reset to the higher of the rate earned by the District treasury or the stated rate of 5%.
8. In 1977 the Federal Economic Development Administration issued a 40-year 5% loan of \$46,000 to assist in the funding emergency West Marin Water system projects, including temporary diversions from Bear Valley Creek and Lagunitas Creek in response to the drought.
9. The Paradise Ranch Estates private water system was created by David Adams and Sons in 1952 to provide water to 85 homes in the PRE subdivision located north of Inverness Park. Problems with water quality and quantity developed and in 1969 the Marin County Health Department issued a boil-water order to all customers of the company. In 1972 the County declared a moratorium on issuance of building permits. A suit by property owners resulted in an agreement reached in Marin Superior Court in late 1978 directing Adams to finance a District feasibility study for the takeover of the system. This culminated in formation of Improvement District PRE-1 and an election authorizing issue of \$240,000 of 5% 40-year revenue bonds, which, in conjunction with a \$720,000 Farmers Home Administration grant, financed system rehabilitation. Service was provided from the Point Reyes System by installation of an additional well, expansion of the treatment plant, and a 6-inch pipeline connection at the Inverness Park pump station extending 1.6 miles along Sir Francis Drake Boulevard to the newly reconstructed Paradise Ranch Estates distribution system. On 4/22/80 the USDA purchased the revenue bond issue in its entirety.
10. In 1981 work commenced on rehabilitating the Point Reyes Inverness Park water system. 18,865 feet of pipeline was either replaced or installed, a 300,000-gallon tank was added in Point Reyes Station and a 100,000-gallon tank was added in Inverness Park. Total cost of these improvements was \$820,015. A 72% grant combined with a \$217,800 5% 40-year revenue bond acquired 8/28/81 by the Farmers Home Administration financed the project.
11. In June 2012 the Board authorized reallocating \$1 million of the Bank of Marin loan to West Marin Water to repay Novato Water \$223,000 owed for loans to fund Long Range Improvement Projects and the remainder to fund the Solids Handling Facility at the Point Reyes Water Treatment Plant. See note to loan 3 above.

Note 8 – Unemployment Insurance Reserve

NMWD uses the "Reimbursable Method" of paying for Unemployment Costs. Under this method, the District reimburses the State Employment Development Department for all unemployment benefits paid on our behalf. The reserve is maintained at an amount equal to the higher of the average claim amount paid over the last 5 years or 52 times the maximum weekly benefit amount (currently $\$450 \times 52 = \$23,400$).

Note 9 – Payroll Benefits

Payroll Benefits payable includes payroll taxes; vacation, sick, and holiday leave; Section 125 payments; cancer, long term care and disability insurance premiums; union dues; and employee benefit fund.

Note 10 - Interest Policy on Inter-District Loans

In the event an improvement district expends all of its Undesignated Funds, it shall borrow funds from that improvement district's Board Designated Fund reserves to meet ongoing requirements. In the event an improvement district expends all of its Board Designated Fund reserves, it may receive a loan from the Novato Improvement District in an amount sufficient to meet its ongoing requirements. Restricted Funds shall not be used to finance ongoing normal operating expenses.

No interest shall be paid by an improvement district on funds borrowed from that improvement district's Board Designated Fund reserves. Interest on loans from the Novato Improvement District shall be paid by the recipient district to the Novato district based upon the outstanding loan balance at the close of the previous accounting period. Interest shall be calculated at the higher of: 1. The weighted average interest rate of Novato improvement district debt (2.75% at 6/30/13); or 2. The average interest rate earned on the District treasury since the close of the previous accounting period; plus \$50 per month.

Note 11 – Budget Augmentations

Note 12 – Prior Period Adjustment

Note 13 – Provision for Pension Related Debt and Side Fund

NMWD participates in the CalPERS 2.5% at age 55 retirement plan. Per CalPERS Actuarial Valuation as of June 30, 2011 (most recent data available) NMWD had an accrued liability of \$33.3 million and assets valued on an actuarial basis at \$26.5 million, rendering an unfunded liability of \$6.8 million (\$33.3 - \$26.5), and a funded ratio of 79.6% ($\$26.5 / \33.3). Using the market value of assets at June 30, 2011, the funded ratio was 71.3%.

In 2003 when NMWD was included in a CalPERS pool of agencies with less than 100 employees, a "side fund" was created by CalPERS to account for the difference between the funded status of the pool and the funded status of NMWD's plan. NMWD is amortizing the CalPERS side fund (\$2.3 M of the \$6.8M unfunded liability at June 30, 2011) on a schedule to be paid off in 2025.

Note 14 – Explanation of Financial Statement Components

The District's financial statement is comprised of four components: 1) Statement of Net Position, 2) Sources and Uses of Funds Statement – All Service Areas Combined, 3) Income Statement and Cash Flow by Service Area, and 4) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Position (page 4) reports the District's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to the District's creditors (liabilities). The difference between assets and liabilities is reported as *net position*. Over time, increases or decreases in the fund balance may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Sources and Uses of Funds Statement – All Service Areas Combined (page 8) compares fiscal year-to-date performance against the Board approved annual budget – presented in the adopted budget format. This Sources and Uses of Funds Statement varies from the income statement in that it includes capital expenditures, debt principal repayment, connection fee revenue, and cash infusions from debt issuance.

The Income Statement and Cash Flow by Service Area (page 9) presents the net income (loss) for the fiscal year-to-date (FYTD) period for each of the District's four service areas. The income and expenses on this report are presented in conformity with Generally Accepted Accounting Principles (GAAP) and comply with Governmental Accounting Standards Board pronouncements. Accordingly, all income and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement measures the success of each service area's operations and

can be used to determine whether the service area has successfully recovered all costs through user fees and other charges.

Also included at the bottom of page 9 is a statement of Cash Flow by Service Area. The primary purpose of this statement is to reconcile in an informative manner the difference between the net income/(loss) for the period of each service area with the resultant change in cash balance that occurred over the same period.

Notes to the Financial Statements (page 31) provide a summary of significant accounting policies and assumptions and other information of value to the financial statement reader.

Other Supplementary Information includes Detail Income Statements presented in accordance with GAAP for each of the four service areas (pages 10, 14, 16, 19). These statements present income and expenditures in close detail for further analysis. Other supplementary schedules of note include the Vehicle Fleet Analysis (page 25), Equipment Expenditures (page 22) and Capital Improvement Project Expenditures (page 27), which show outlays to date, compared with budget authority.

Note 15 –Connection Fee Transfers from Novato Water To Recycled Water

The following Connection Fee (FRC) reserve amounts have been transferred to the Recycled Water fund:

	Expansion Local Share			SRF RWF Loan	Expansion SRF Loan	TOTAL	Transfer Executed
	North	South	NBWA				
FY07			\$29,725			\$29,725	
FY08			\$50,478	\$22,795		\$73,273	
FY09			\$150,455	\$22,795		\$173,250	
FY10	\$133,659		\$75,198	\$22,795		\$231,652	\$133,659
FY11			\$133,319	\$22,795		\$156,114	
FY12	\$233,478	\$265,500	\$115,883	\$22,795		\$637,656	
FY13			\$315,023	\$22,795	\$464,572	\$802,390	\$1,970,400
FY14	\$235,166	\$751,928	\$61,663		\$404,376	\$1,453,134	\$1,453,134
	\$602,303	\$1,017,428	\$931,744	\$136,769	\$868,949	\$3,557,193	\$3,557,193

Note 16 –Debt Service Coverage Ratio

Debt Service Coverage Ratio is the ratio of net income/(loss) plus interest expense, depreciation, and connection fee revenue for the fiscal year to the sum of the fiscal year's principal and interest payments on the District's total debt.

	FY10	FY11	FY12	FY13	FY14 Budgeted
Net Income/(Loss)	(\$3,616,979)	(\$1,156,582)	(\$217,163)	\$2,036,943	\$1,921,000
Depreciation	\$2,659,884	\$2,660,418	\$2,726,598	\$2,784,648	\$2,879,000
Interest Expense	\$694,044	\$710,416	\$654,484	\$778,762	\$912,000
Connection Fees	\$1,796,028	\$387,610	\$1,005,680	\$876,350	\$936,000
Total Available For Debt Service	\$1,532,977	\$2,601,862	\$4,169,599	\$6,476,703	\$6,648,000
Annual Debt Service	\$1,384,506	\$1,385,156	\$1,770,894	\$2,118,314	\$2,441,000
Debt Service Coverage Ratio	1.11	1.88	2.35	3.06	2.72

Bank of Marin Debt Service Coverage Calculation¹	FYTD14	FY14 Budgeted
Change in Net Assets ²	\$2,772,174	\$3,956,000
Interest Expense	\$455,430	\$912,000
Depreciation & Amortization	\$1,466,255	\$2,879,000
Total Available for Debt Service	\$5,093,170	\$7,747,000
Bank of Marin Annual Debt Service	\$552,800	\$552,800
Bank of Marin Coverage Ratio	9.21	14.01

¹ Per the October 27, 2011 Bank of Marin loan agreement, each June 30, beginning June 30, 2012, the Debt Service Coverage Ratio shall not be less than 1.2 to 1. "Debt Service Coverage Ratio" shall mean the ratio of (i) Borrower's change in net assets plus interest, depreciation, and amortization during the fiscal-year period ending on the Determination Date to the sum of the scheduled principal and interest payments on the Loan during the twelve-month period following the Determination Date.

² See page 9

8

NORTH MARIN WATER DISTRICT
MONTHLY PROGRESS REPORT FOR December 2013
January 21, 2014

1.

Novato Potable Water Prod - RR & STP Combined - in Million Gallons - FYTD

Month	FY13/14	FY12/13	FY11/12	FY10/11	FY09/10	14 vs 13 %
July	385	389	371	379	360	-1%
August	360	396	373	368	367	-9%
September	332	346	347	358	335	-4%
October	313	283	249	278	233	10%
November	229	166	183	164	176	38%
December	182	146	156	141	149	25%
FYTD Total	1,800	1,726	1,679	1,689	1,620	4%

West Marin Potable Water Production - in Million Gallons - FY to Date

Month	FY13/14	FY12/13	FY11/12	FY10/11	FY09/10	14 vs 13 %
July	9.3	9.8	9.2	9.9	10.0	-5%
August	9.3	9.7	9.4	9.9	10.6	-5%
September	8.5	8.3	8.7	9.2	9.6	3%
October	8.0	7.4	6.5	7.8	6.9	8%
November	6.8	5.2	5.1	4.9	5.6	31%
December	6.4	4.5	4.9	4.8	4.5	43%
FYTD Total	48.3	44.9	44.0	46.5	47.1	7%

Stafford Treatment Plant Production - in Million Gallons - FY to Date

Month	FY13/14	FY12/13	FY11/12	FY10/11	FY09/10	14 vs 13 %
July	98	49	115	109	152	101%
August	83	83	126	108	150	0%
September	56	72	77	112	155	-22%
October	82	88	113	111	80	-7%
November	5	64	106	95	0	-93%
December	2	0	49	0	0	-
FYTD Total	326	355	586	536	537	-8%

Recycled Water Production - in Million Gallons - FY to Date

Month	FY13/14	FY12/13	FY11/12	FY10/11	FY09/10	14 vs 13 %
July	27.6	11.2	11.0	11.9	12.0	147%
August	26.2	10.5	12.2	11.2	12.9	150%
September	18.6	8.5	9.6	9.5	10.2	119%
October	15.8	0.0	0.0	2.6	2.6	-
November	6.5	0.0	0.0	0.0	0.0	-
December	1.6	0.0	0.0	0.0	0.0	-
FYTD Total	96.4	30.2	32.8	35.2	37.7	219%

2. Stafford Lake Data

	December Average	December 2012	December 2013
Rainfall this month	8.0 Inches	7.9 Inches	0.8 Inches
Rainfall this FY to date	10.2 Inches	16.4 Inches	2.4 Inches
Lake elevation*	184.0 Feet	195.9 Feet	178.8 Feet
Lake storage**	640 MG	1,385 MG	421 MG

* Spillway elevation is 196.0 feet

** Lake storage less 390 MG = quantity available for delivery

Temperature (in degrees)

	Minimum	Maximum	Average
December 2012 (Novato)	31	77	52
December 2013 (Novato)	24	82	69

3. Number of Services

December 31	Novato Water			Recycled Water			West Marin Water			Oceana Marin Swr		
	FY14	FY13	Incr %	FY14	FY13	Incr %	FY14	FY13	Incr %	FY14	FY13	Incr %
Total meters	20,730	20,755	-0.1%	47	9	422%	820	819	0.1%	-	-	-
Total meters active	20,480	20,492	-0.1%	44	4	1000%	776	776	0.0%	-	-	-
Active dwelling units	23,930	23,941	0.0%	0	0	-	812	811	0.1%	229	227	0.9%

4. Oceana Marin Monthly Status Report (December)

Description	December 2012	December 2013
Effluent Flow Volume (MG)	1.111	0.428
Irrigation Field Discharge (MG)	0	0
Treatment Pond Freeboard (ft)	2.8	3.2
Storage Pond Freeboard (ft)	3.7	8.9

5. Developer Projects Status Report (December)

Job No.	Project	% Complete	% This month
2670	Canyon Green	100	5
2763	City Administration Office	90	10

District Projects Status Report - Const Dept (December)

Job No.	Project	% Complete	% This month
7134	Digital to Leveroni Looping	95	5
7139	City Measure A, Group 5 PB Replacement	80	5
8677.19	Flushing Taps at Dead-Ends	50	50

Employee Hours to Date, FY 13/14

As of Pay Period Ending December 31, 2013
Percent of Fiscal Year Passed = 50%

Developer Projects	Actual	Budget	% YTD Budget	District Projects	Actual	Budget	% YTD Budget
Construction	676	1,400	48	Construction	2,375	5,607	42
Engineering	519	1,480	35	Engineering	2,495	3,698	67

6. Safety/Liability

Industrial Injury with Lost Time				Liability Claims Paid	
Lost Days	OH Cost of Lost Days (\$)	No. of Emp. Involved	No. of Incidents	Incurred (FYTD)	Paid (FYTD) (\$)
60	24,960	1	0	2	3,749
0	0	0	0	2	3,069

FY through December 13
FY through December 12

Days without a lost time accident through December 31, 2013= 204 days

7. Energy Cost

FYE	December			Fiscal Year-to-Date thru December		
	Kwh	¢/Kwh	Cost/Day	Kwh	¢/Kwh	Cost/Day
2014 Stafford TP	47,065	17.1¢	\$259	366,491	17.1¢	\$340
Pumping	93,951	14.4¢	\$424	943,543	15.7¢	\$814
Other*	42,735	16.4¢	\$220	278,958	20.6¢	\$315
	183,836	15.6¢	\$868	1,589,907	16.9¢	\$1,465
2013 Stafford TP	78,439	17.1¢	\$432	366,046	15.5¢	\$260
Pumping	N/A	N/A	N/A	698,178	17.7¢	\$636
Other*	29,790	18.8¢	\$187	240,511	21.6¢	\$271
	N/A	N/A	N/A	1,304,735	17.8¢	\$1,150
2012 Stafford TP	61,251	14.0¢	\$295	549,196	16.1¢	\$486
Pumping	86,072	14.8¢	\$386	857,592	14.6¢	\$666
Other*	35,425	16.8¢	\$186	229,118	20.0¢	\$255
	182,748	14.9¢	\$801	1,635,906	15.9¢	\$1,396

*Other includes West Marin Facilities

8. Water Conservation Update

	Month of December 2013	Fiscal Year to Date	Program Total to Date
High Efficiency Toilet (HET) Rebate (\$100 each)	28	143	2,768
Retrofit Certificates Filed	18	153	4,922
Cash for Grass Rebates Paid Out	1	16	538
Washing Machine Rebates	25	166	6,317
Water Smart Home Survey	56	184	1,601

9. Utility Performance Metric

<u>SERVICE DISRUPTIONS</u>	December No. of Customers Impacted
PLANNED	
Duration Between 0.5 and 4 hours	5
Duration Between 4 and 12 hours	
Duration Greater than 12 hours	
UNPLANNED	
Duration Between 0.5 and 4 hours	3
Duration Between 4 and 12 hours	
Duration Greater than 12 hours	

<u>SERVICE LINES REPLACED</u>	December
Polybutylene	6
Copper (Replaced or Repaired)	2

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders December 2013

1/14/2014

Type	Dec-13	Dec-12	Action Taken December 2013
<u>Consumers' System Problems</u>			
Service Line Leaks	0	0	~
Meter Leak Consumer's Side	15	16	Notified Consumer
House Plumbing	0	0	~
Noisy Plumbing	0	0	~
Seepage or Other	0	0	~
House Valve / Meter Off	7	3	Turned Back On
Nothing Found	10	7	Notified Consumer
Low Pressure	0	1	PSI @ 80. Pressure is good.
High Pressure	0	0	~
Water Waster Complaints	0	0	~
Total	32	27	
<u>Service Repair Reports</u>			
Register Replacements	0	0	~
Meter Replacement	0	2	~
Meter Box Alignment	0	0	~
Meter Noise	0	0	~
Dual Service Noise	0	0	~
Box and Lids	2	0	Replaced
Water Off/On Due To Repairs	0	2	~
Misc. Field Investigation	0	3	~
Total	2	7	
<u>Leak NMWD Facilities</u>			
Main-Leak	0	0	~
Mains-Nothing Found	0	0	~
Mains-Damage	0	0	~
Service- Leak	7	11	Repaired
Services-Nothing Found	3	1	Notified Consumer
Service-Damaged	3	0	Repaired
Fire Hydrant-Leak	0	2	~
Fire Hydrants-Nothing Found	0	0	~
Fire Hydrants-Damaged	0	0	~
Meter Replacement	0	0	~
Meters-Leak	0	0	~
Meters-Nothing Found	0	0	~
Meters Damaged	0	0	~
Washer Leaks	5	1	Replaced
Total	18	15	
<u>High Bill Complaints</u>			
Consumer Leaks	11	4	Notified Consumer
Meter Testing	0	0	~
Meter Misread	2	2	Notified Consumer
Nothing Found	18	12	Notified Consumer
Projected Consumption	0	0	~
Excessive Irrigation	0	1	~
Total	31	19	

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders December 2013

1/14/2014

Type	Dec-13	Dec-12	Action Taken December 2013
<u>Low Bill Reports</u>			
Meter Misread	0	0	~
Stuck Meter	0	0	~
Nothing Found	0	0	~
Projected Consumption	0	0	~
Minimum Charge Only	0	0	~
Total	0	0	
<u>Water Quality Complaints</u>			
Algal Bloom/GAC	0	0	~
Taste and Odor	0	0	~
Color	0	0	~
Turbidity	0	0	~
Suspended Solids	0	0	~
Other	0	0	~

Total	0	0	
TOTAL FOR MONTH:	83	68	22%

<u>Fiscal YTD Summary</u>				<u>Change Primarily Due To</u>
Consumer's System Problems	166	247	-33%	Decrease In Service Leaks
Service Repair Report	60	82	-27%	Decrease In Water On/Off for Repairs
Leak Complaints	140	142	-1%	Decrease In Service Leaks
High Bill Complaints	233	342	-32%	Decrease In Nothing Found
Low Bills	0	1	0%	~
Water Quality Complaints	46	22	109%	Increase In Taste & Odor
Total	645	836	-23%	

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders December 2013

1/14/2014

Type	Dec-13	Dec-12	Action Taken December 2013
<u>"In House" Generated and Completed Work Orders</u>			
<u>Check Meter:</u> possible consumer/District leak, high bill, flooded, need read, etc.	211	175	
<u>Change Meter:</u> leaks, hard to read	17	11	
<u>Possible Stuck Meter</u>	0	2	
<u>Repair Meter:</u> registers, shut offs	0	0	
<u>Replace Boxes/Lids</u>	1	3	
<u>Hydrant Leaks</u>	0	0	
<u>Trims</u>	20	8	
<u>Dig Outs</u>	101	52	
<u>Letters to Consumer:</u> meter obstruction, trims, bees, gate access, etc.	0	0	
<u>Misc:</u> locate meter, get meter number, cross connection follow ups, kill service, etc.	0	0	
	350	251	

Bill Adjustments Under Board Policy:

December 13 vs. December 12

Dec-13	31	\$15,454
Dec-12	28	\$11,358

Fiscal Year to Date vs. Prior FYTD

13/14 FYTD	191	\$61,981
12/13 FYTD	228	\$75,964

c:\documents and settings\kyoung\local settings\temporary interr

Customer Service Questionnaire Quarterly Report

Quarter Ending 12/31/13



NMWD

t:\cons srvc\cons acct\cust. quest reports\2013\customer service question. rep dec13.xls\performan

12/31/2013

Response				Response			
Water Quality	Agree	Neutral	Disagree	Pressure	Agree	Neutral	Disagree
Courteous & Helpful	0			Courteous & Helpful	0		
Accurate Information	0			Accurate Information	0		
Prompt Service	0			Prompt Service	0		
Satisfactorily Resolved	0			Satisfactorily Resolved	0		
Overall Experience	0			Overall Experience	0		
	0	0	0		0	0	0
Leak	Agree	Neutral	Disagree	Noisy Pipes	Agree	Neutral	Disagree
Courteous & Helpful	12			Courteous & Helpful	1		
Accurate Information	12			Accurate Information	1		
Prompt Service	12			Prompt Service	1		
Satisfactorily Resolved	12			Satisfactorily Resolved	1		
Overall Experience	12			Overall Experience	1		
	60	0	0		5	0	0
Billing	Agree	Neutral	Disagree	Other	Agree	Neutral	Disagree
Courteous & Helpful	4			Courteous & Helpful	0		
Accurate Information	2	2		Accurate Information	0		
Prompt Service	4			Prompt Service	0		
Satisfactorily Resolved	4			Satisfactorily Resolved	0		
Overall Experience	4			Overall Experience	0		
	18	2	0		0	0	0

Customer Service Questionnaire Quarterly Report
Quarter Ending 12/31/13

t:\cons srvc\cons acct\cust. quest reports\2013\customer service question. rep dec13.xls\comments

Customer Comments	Staff Response to Negative Comments	Issues NMWD Should Address In The Future
<p>Water Quality</p> <p>Leaks Outstanding! Very helpful. Gave me good tips to cut water use. Your employee was excellent. Very prompt service, thank you. Thank you for everything. His service was great as a older citizen his help was great. Thank you.</p> <p>Billing Excellent service. Thank you.</p> <p>Other</p> <p>Noisy Pipes Rich was such an "Angel." So happy with his effort & service.</p>		

MEMORANDUM

To: Board of Directors

January 17, 2014

From: David L. Bentley, Auditor-Controller

Subj: Auditor-Controller's Monthly Report of Investments for December 2013

t:\act\word\invest\14\investment report 1213.doc

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

At month end the District's Investment Portfolio had an amortized cost value (i.e., cash balance) of \$16,153,564 and a market value of \$16,170,720. During December the cash balance increased by \$11,413. No Recycled Water grant and loan funds were received during the month. The market value of securities held increased by \$2,698 during the month. The ratio of total cash to budgeted annual operating expense, excluding the \$6,087,818 unexpended balance of the Bank of Marin loan, stood at 76%, the same as the prior month. This compares to the District's target ratio of 90% of annual operating expense, or \$11.9 million. Receipt of an additional \$856,067 in recycled water grant and loan funds is anticipated.

At December 31, 2013, 69% of the District's Portfolio was invested in California's Local Agency Investment Fund (LAIF), 14% in Time Certificate of Deposits, and 12% in Corporate Medium Term Notes. The weighted average maturity for the portfolio was 147 days, compared to 144 days at the end of November. The LAIF interest rate for the month was 0.26%, the same as the previous month. The weighted average Portfolio rate was 0.36%, compared to 0.35% the previous month. Including interest paid by Black Point Partners on the StoneTree Golf Club Recycled Water Facilities Loan, the District earned \$10,223 in interest revenue during December, with 50% earned by Novato Water, 44% earned by Recycled Water (by virtue of the Black Point Partners loan) and the balance distributed to the other improvement districts.

State Controller John Chiang's December report on California's financial position stated:

"Revenues for the first half of the fiscal year are well ahead of estimates and reflect a surging economy fueled by a boom in technology, rising exports, improving consumer confidence, and a new housing upswing. However, our State's history of boom and bust revenue cycles calls for disciplined spending that emphasizes paying-off debt accumulated throughout the Great Recession. The best way to avoid gut-wrenching cuts tomorrow is to avoid indiscriminate spending today."

**NORTH MARIN WATER DISTRICT
AUDITOR-CONTROLLER'S MONTHLY REPORT OF INVESTMENTS
December 31, 2013**

Type	Description	S&P Rating	Purchase Date	Maturity Date	Cost Basis ¹	12/31/2013 Market Value	Yield ²	% of Portfolio ³
LAIF	State of CA Treasury	A	Various	Open	\$11,177,397	\$11,183,738	0.26%	69%
Time Certificate of Deposit								
TCD	Ally Bank	n/a	9/28/12	10/1/14	\$248,000	\$248,000	0.85%	2%
TCD	Goldman Sachs	n/a	12/5/12	12/5/14	248,000	248,000	0.75%	2%
TCD	GE Capital Retail Bank	n/a	10/11/13	4/13/15	248,000	248,000	0.80%	2%
TCD	Discover Bank	n/a	5/1/13	5/1/15	248,000	248,000	0.50%	2%
TCD	GE Capital Bank	n/a	6/10/13	6/8/15	248,000	248,000	0.50%	2%
TCD	American Express	n/a	8/1/13	8/3/15	248,000	248,000	0.70%	2%
TCD	Compass Bank	n/a	9/4/13	9/4/15	248,000	248,000	0.65%	2%
TCD	Sallie Mae Bank	n/a	10/23/13	10/23/15	248,000	248,000	0.80%	2%
TCD	BMW Bank	n/a	12/11/13	12/11/15	248,000	248,000	0.70%	2%
					\$2,232,000	\$2,232,000	0.59%	14%
Corporate Medium Term Note								
MTN	General Electric	AA+	1/29/13	10/9/15	\$1,002,626	\$1,004,684	0.70%	6%
MTN	Toyota Motor Credit	AA-	5/14/13	7/17/15	1,005,743	1,006,160	0.50%	6%
					\$2,008,370	\$2,010,844	0.60%	12%
Other								
Agency	Marin Co Treasury	AA+	Various	Open	\$473,878	\$473,878	0.22%	3%
Bond	Olema G.O. Bond	A+	5/31/91	1/1/15	3,933	12,274	5.00%	0%
Other	Various	n/a	Various	Open	257,987	257,987	0.00%	2%
TOTAL IN PORTFOLIO					\$16,153,564	\$16,170,720	0.36%	100%

Weighted Avg. Maturity = **147 Days**

LAIF: State of California Local Agency Investment Fund.

MTN: Medium Term Note - Maturity of 5 years or less.

TCD: Time Certificate of Deposit

Agency: West Marin General Obligation Bond Fund tax receipts & STP State Revolving Fund Loan Reserve.

Bond: Annual \$4,113 payment is paid by tax levy on Olema residents.

Other: Comprised of 4 accounts used for operating purposes. US Bank Operating Account, US Bank STP SRF Loan Account, Bank of Marin AEEP Checking Account & NMWD Petty Cash Fund.

1 Original cost less repayment of principal and amortization of premium or discount.

2 Yield defined to be annualized interest earnings to maturity as a percentage of invested funds.


3 Earnings are calculated daily - this represents the average yield for the month ending December 31, 2013.

Interest Bearing Loans	Loan Date	Maturity Date	Original Loan Amount	Principal Outstanding	Interest Rate
Black Point Partners-BPGL	6/30/06	2/28/24	\$3,612,640	\$2,236,317	2.40%
Employee Housing Loans (7)	Various	Various	1,249,200	1,249,200	Contingent
Employee Computer Loans (2)	Various	Various	4,464	1,408	1.52% (avg)
TOTAL INTEREST BEARING LOANS			\$4,866,304	\$3,486,925	

The District has the ability to meet the next six months of cash flow requirements.

9

MEMORANDUM

To: Board of Directors
 From: Chris DeGabriele, General Manager 
 Subject: MMWD and NMWD Interconnection Agreement
t:\gm\2014 misc\interconnection memo to board.doc

January 17, 2014

RECOMMENDED ACTION: Adopt a Resolution Approving the Interconnection Agreement, Authorizing the President to sign same and direct the General Manager to File a Notice of Exemption.

FINANCIAL IMPACT: Approximately \$4.89M Capital Reimbursement and \$100,000 annual Wheeling Charge Revenue

Enclosed is a "clean copy" of the proposed new Interconnection Agreement between North Marin Water District (NMWD) and Marin Municipal Water District (MMWD) (Attachment 1) and a resolution approving same (Attachment 2), authorizing the President to sign and directing the General Manager to file a Notice of Exemption. District legal counsel will be in attendance to answer any questions. Once each agency's consideration and approval of the proposed Agreement is completed, I am hopeful that the Boards of Directors of both NMWD and MMWD will hold a joint meeting to publicly acknowledge and demonstrate the mutual cooperation and coordination that this Interconnection Agreement exemplifies and establishes.

The proposed Agreement has been modified from the March 1993 Intertie Agreement in three principal categories: Substance, Reorganization, and Clean-up, as listed and explained below:

Substance

- Section 1.(b).(4) – Reach 4 is now defined as including the Aqueduct Energy Efficiency Project (AEEP).
- The Purpose of Agreement has been reworded as requested by MMWD.
- Section 3.C. – MMWD's delivery to Nicasio or Lagunitas Creek includes a provision that if MMWD water use restrictions are in place at the time NMWD requests MMWD release water to Lagunitas Creek, NMWD would require its West Marin customers to follow suit under the provisions of NMWD's existing Water Shortage Contingency Plan.
- Section 5.A.3. (c) – Added to reflect that Kastania Pump Station will no longer be operated once the AEEP is operational.
- Section 6.A.1. – New wheeling charges are included (applies to sections 6.B. & 6 C. also).
- Section 6.A.2. – Provides MMWD payment for a portion of the AEEP capital cost.

- Section 7.C. – Subsections 1. & 2. are carryovers from the 2001 Hamilton Agreement; Subsection 3. memorializes the process for NMWD to backfeed Stafford Lake if needed, as determined by MMWD and NMWD.
- Section 7.D. – Enables any number of opportunities for future cooperation and coordination between the two Districts to develop joint projects and or programs for future integrated water supply planning and operations.
- Section 7.E. – Commits NMWD to replace the NM Aqueduct from Redwood Landfill to Novato when necessary and subject to a future agreement.
- Section 7.F. – Enables MMWD and NMWD to cooperate in a future agreement for a potential MMWD pipeline from Redwood Landfill to Kastania.
- Section 8.G. – The term, as requested by MMWD, extends to June 30, 2040, same as the existing Agreement.

Reorganization

- Recitals are moved to the front of the Agreement as requested by MMWD.
- Section 7.A. – This was previously the 1993 Intertie Agreement Section 37 and part of Miscellaneous Provisions and has been updated with current information.

Clean-Up

- Clean-up items included in the proposed new Interconnection Agreement include:
 - Section 1. – Definitions have been updated.
 - Section 3.A.2 – carried over from the Hamilton Agreement.
 - Section 4. – Ownership of Facilities has changed over time and is now updated.
 - Section 5. – Operation and Maintenance is updated with current information.
 - Section 6. B., C. & D. – are updated with current info.
 - Section 8.A. – The CEQA obligation is updated to reflect current facts.
 - Section 8.B. – Termination of Existing Agreements reflects the fact that the Intertie Agreement and Hamilton Agreement are no longer necessary, and are being terminated.
 - Exhibit A – Has been updated to schematically depict current status of facilities in place and the planned AEEP project.

RECOMMENDATION: Board adopt the resolution approving the Interconnection Agreement, authorize the Board President to sign the agreement, and direct the General Manager to file a Notice of Exemption.

INTERCONNECTION AGREEMENT

between

**North Marin Water District
and
Marin Municipal Water District**

_____, 2014

TABLE OF CONTENTS

<u>Section Numbers</u>		<u>Page</u>
	Recitals.....	1
1	Definitions	2
2	Purpose of Agreement.....	6
3	Water Delivery Provisions.....	6
4	Ownership of Facilities.....	8
5	Operation and Maintenance	9
6	Payment and Exchange Provisions	10
7	Cooperation Provisions.....	12
8	Miscellaneous Provisions.....	14
Exhibit A	Schematic of Intertie Facilities	17

INTERCONNECTION AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 2014 by and between NORTH MARIN WATER DISTRICT, a public body, herein called "North Marin," and MARIN MUNICIPAL WATER DISTRICT, a public body, herein called "Marin Municipal."

RECITALS

- A. From time to time there exists surplus capacity in the North Marin water system.
- B. From time to time there exists surplus capacity in the Marin Municipal water system.
- C. Pursuant to the existing agreement between Marin Municipal and Sonoma Agency, Sonoma Agency delivers Marin Municipal's Russian River water to the North Marin Aqueduct at the Kastania meter station, North Marin's metered turnout. It is expected that pursuant to any amendment to said agreement deliveries will continue to the same location.
- D. Pursuant to the existing agreement between North Marin, Sonoma Agency, Forestville County Water District, Valley of the Moon Water District and the Cities of Cotati, Petaluma, Rohnert Park, Santa Rosa, Windsor and Sonoma, Sonoma Agency delivers North Marin's Russian River water to the North Marin Aqueduct. It is expected that pursuant to any amendment to said agreement deliveries will continue to the same location.
- E. During certain times of the year it is anticipated there will be surplus capacity in the North Marin Aqueduct.
- F. North Marin owns certain pipeline and construction easements which contain the North Marin Aqueduct and which were planned to accommodate a second aqueduct.
- G. Marin Municipal desires to utilize finished water reservoir storage available in North Marin's water system, including the Atherton, Lynwood, Palmer Drive and Amaroli Tanks, to balance pump operations upstream and downstream of Reach 3. North Marin desires to augment deliveries to finished water storage reservoirs in the south end of its water system from Reach 1, 2 and 3.
- H. Marin Municipal has the capability of releasing water from its reservoirs into Nicasio or Lagunitas Creek for the benefit of North Marin which extracts water from stream side wells located downstream.
- I. Caltrans is widening US Highway 101 between Novato and Petaluma, the Marin-Sonoma Narrows Project, that requires relocation of the North Marin Aqueduct adjacent to the highway.

- J. The existing North Marin Aqueduct and Kastania Pump Station average monthly capacity of 18 mgd is insufficient to deliver the combined full amount of water included in the North Marin and Marin Municipal contracts with Sonoma Agency. As of the effective date of this agreement average daily combined flow delivery entitlements in the summer months totals 32.7 mgd (19.9 mgd for North Marin and 12.8 mgd for Marin Municipal).
- K. Under current conditions the electric motor driven pumps at the Kastania Pump Station must remain in service at all times during the summer months if North Marin and Marin Municipal are to meet the needs of their customers.
- L. The State of California has found that greenhouse gas emissions (GHG) are a major factor contributing to climate change and has promulgated laws and regulations requiring a reduction in GHG emissions.
- M. Elimination of the Kastania Pump Station will reduce GHG emissions by at least 300 tons per year.
- N. North Marin is constructing the Aqueduct Energy Efficiency Project (AEEP) to upsize the North Marin Aqueduct from Kastania Pump Station to Redwood Landfill Road, including the North Marin Aqueduct sections requiring relocation due to the Caltrans US Highway 101 Marin-Sonoma Narrows Project. The AEEP will enable elimination of the Kastania Pump Station while maintaining the existing North Marin Aqueduct average monthly delivery capacity of 18 mgd.
- O. North Marin operates its Stafford Lake Water Treatment facility during summer months to utilize local water supply and partially offset North Marin's Russian River water deliveries, thereby increasing surplus capacity in the North Marin Aqueduct.

NOW, THEREFORE, in consideration of these recitals and the mutual promises made herein, North Marin and Marin Municipal agree as follows:

1. DEFINITIONS

As used herein, the terms:

- (a) "Annually", "per annum" or "fiscal year" means a twelve month period commencing July 1 and ending June 30.
- (b) "Intertie Facilities" means all the interconnecting facilities of Marin Municipal and North Marin through which water can flow for the benefit of one or the other party including all attached and appurtenant facilities such as valves, meters, blow-offs, control cables and devices, cathodic protection equipment, and electrical services and comprised of the following principal components shown on the schematic diagram attached hereto and marked "Exhibit A":

- (1) Reach 1, consisting of approximately 4,300 feet of 18-inch and 16-inch pipeline extending from Big Rock Ridge north to the Main Gate Road;
- (2) Reach 2, consisting of approximately 11,100 feet of 30-inch pipeline extending north from Main Gate Road to a point near the Highway 101 and Highway 37 interchange where said 30-inch pipeline connects with a 24-inch and 36-inch pipeline at a connection called the Wye;
- (3) Reach 3 contains two parallel pipeline systems; one owned by North Marin called the North Marin Intertie consisting of approximately 4,980 feet of 24-inch pipeline extending from the westerly end of Branch 2 north to Redwood Blvd and Sunset Parkway and approximately 14,300 feet of 28.5-inch pipeline north of said intersection to a point of connection with the 28.5-inch North Marin Aqueduct at the San Marin Control Station; and the other owned by Marin Municipal called the Novato Bypass consisting of approximately 20,100 feet of 36-inch pipeline extending from the Wye north to a point of connection with the 28.5-inch North Marin Aqueduct immediately north of the San Marin Control Station;
- (4) Reach 4, called the North Marin Aqueduct consisting of approximately 17,000 feet of 28.5-inch pipeline extending from the northern terminus of Reach 3 to Redwood Landfill Road (Reach 4a) and approximately 24,000 feet of 28.5 inch pipeline extending from Redwood Landfill Road to the Sonoma Agency pipeline near Kastania Pump Station (Reach 4b); Reach 4b will be upsized to a 42-inch pipeline as part of the AEEP, enabling elimination of Kastania Pump Station operation;
- (5) "Hamilton Bypass" means the 36-inch pipeline that parallels Reach 1 extending from Big Rock Ridge north to the Main Gate Road;
- (6) "Pacheco Tanks" means the two tanks on Big Rock Ridge at the terminus of the Hamilton bypass;
- (7) Branch 1, consisting of approximately 3,190 feet of 18-inch, 12-inch and 8-inch pipeline connecting to Reach 1 at Bolling Drive and extending south and then easterly to Air Base Tank;
- (8) Branch 2, consisting of 1,492 feet of 24-inch pipeline extending from the Wye north then westerly across Highway 101 to a connection with a 24-inch pipeline; the North Marin Intertie;
- (9) Lynwood, Amaroli and Palmer Tanks including pipelines connecting same to Branch 2 and Reach 2;
- (10) Atherton Tank including pipelines connecting same to Reach 3;

- (11) Kastania, including Kastania Tank and Kastania Pump Station;
 - (12) Pacheco Valle Interconnection (Reach 1);
 - (13) Hamilton Main Gate Road Interconnection (where Reach 1 meets Reach 2);
 - (14) Bel Marin Keys Interconnection (Reach 2);
 - (15) Wye Interconnection (on Branch 2 where Reach 2 meets Reach 3);
 - (16) San Marin Interconnection (where Reach 3 meets Reach 4).
- (c) "Other interconnections" means other interconnections or facilities in place or from time to time constructed and added to either the Marin Municipal or North Marin water system which the parties hereto mutually agree are needed to effectively carry out the provisions of this agreement.
 - (d) "North Marin Aqueduct" means Intertie Facility (b) (4) or Reach 4, North Marin's pipeline extending south from the Sonoma Agency pipeline near Kastania Pump Station to the San Marin Control Station in Novato.
 - (e) "Marin Municipal's Russian River water" means water furnished and delivered by Sonoma Agency to Marin Municipal at Kastania.
 - (f) "Marin Municipal Water System" means all the reservoirs, both raw water and finished water, pumps, aqueducts, pipelines, treatment plants, and other appurtenant facilities owned and operated by Marin Municipal for the purpose of providing water service to its customers.
 - (g) "mgd" means millions of gallons per day, a rate of flow.
 - (h) "North Marin's Russian River water" means water furnished and delivered by Sonoma Agency to North Marin at Kastania.
 - (i) "North Marin Water System" means all the reservoirs, both raw water and finished water, pumps, aqueducts, pipelines, treatment plants, and other appurtenant facilities owned and operated by North Marin for the purpose of providing water service to its customers.
 - (j) "Novato Bypass" means Marin Municipal's 36-inch pipeline extending from the Wye north to a point just north of North Marin's San Marin Control Station.
 - (k) "Point(s) of delivery" means any point or points from time to time mutually agreed to by the parties which are located within, are part of, or are connected to, the Intertie Facilities or other point or points of delivery mutually agreed to by the parties. As of the date of this agreement, the following points of delivery exist:

- (1) Pacheco Valle: the point of interconnection between the most southerly 18-inch segment of Marin Municipal's Reach 1 pipeline and North Marin's 18 inch and 14-inch Pacheco Valle pipeline, near Pacheco Valle.
 - (2) Main Gate Road: two points of interconnection: one being south, between Hamilton Bypass and the most northerly 18-inch segment of the North Marin portion of the Reach 1 pipeline located near the Hamilton School and the second being to the north, between Marin Municipal's 30 inch Reach 2 pipeline and the Lanham Village distribution system.
 - (3) Bel Marin Keys: the point of interconnection between Marin Municipal's 30-inch Reach 2 pipeline and North Marin's 16-inch Bel Marin Keys pipeline.
 - (4) San Marin Control Station: the point of interconnection between Reach 4 facilities and Reach 3 facilities.
 - (5) Nicasio Creek: the downstream end of the pipe located at the base of Seeger Dam (Nicasio Lake) used to release water to Nicasio Creek.
 - (6) Lagunitas Creek: the downstream end of the pipe located at the base of Peters Dam (Kent Lake) used to release water to Lagunitas Creek.
 - (7) The Wye: the point of interconnection between Reach 2 and Reach 3 facilities.
- (l) "Release" means, the release of water to North Marin's West Marin Service Area, at either the Lagunitas Creek or Nicasio Creek points of delivery from Kent or Nicasio Lakes.
 - (m) "Replacement cost" means the cost associated with, or the act of, acquisition of material and installation of same for the correction of irreparable wear or other deterioration of parts or elements of a given structure or facility.
 - (n) "Sonoma Agency" means Sonoma County Water Agency, a public body.
 - (o) "Summer months" means May, June, July, August and September.
 - (p) "Surplus capacity" means the capacity of any facility of the water system of one of the parties hereto which said party solely and conclusively determines is in excess of the needs of its customers.
 - (q) "Caltrans" mean the State of California Department of Transportation.

- (r) "Restructured Agreement for Water Supply" means the agreement between North Marin and a number of water providers in Sonoma County and the Sonoma Agency that became effective on June 23, 2006.
- (s) "Supplemental Water Supply Agreement" means the agreement between Marin Municipal and the Sonoma Agency dated January 9, 1996.
- (t) "Intertie Agreement" means the agreement between Marin Municipal and North Marin dated March 11, 1993.
- (u) "Hamilton Agreement" means the agreement entitled "Agreement for Water Service Boundary Reorganization at the Former Hamilton Air Base, Novato, California" between Marin Municipal and North Marin dated December 18, 2001.

2. PURPOSE OF AGREEMENT

The purpose of this agreement is to provide the basis for and mechanism whereby Marin Municipal and North Marin can each, as a first priority, continue to meet the needs of their respective customers, and simultaneously, to the extent feasible, utilize their respective water systems and surplus system capacity in a coordinated manner for the benefit of the customers of both Districts.

3. WATER DELIVERY PROVISIONS

A. North Marin's Delivery of Marin Municipal's Russian River Water

- 1. North Marin shall deliver Marin Municipal's Russian River water through the North Marin Water System at such point or points of delivery, at such times and at such rates of flow as determined by Marin Municipal, subject, however, to the availability of surplus capacity and provided such deliveries may be made in a manner that will not prevent North Marin from meeting its contractual obligations to Sonoma Agency and will normally not lower the water level in North Marin's Atherton, Palmer Drive, Lynwood or Amaroli Tanks below operating levels determined by North Marin.
- 2. North Marin will endeavor in good faith to produce 1,300 AF of treated potable water at its Stafford Lake water treatment facility during the period of May 15 through September 15 each calendar year.

B. Marin Municipal's Delivery of North Marin's Russian River Water

Marin Municipal shall deliver North Marin's Russian River water through the Marin Municipal Water System at such point or points of delivery, at such time and at such rates of flow as determined by North Marin, subject to the availability of surplus capacity and provided such deliveries may be made in

a manner that will not prevent Marin Municipal from meeting its contractual obligations to Sonoma Agency.

C. Marin Municipal's Delivery to Nicasio or Lagunitas Creek

On North Marin's request, when flow in Lagunitas Creek is determined by North Marin to be low or when the dry year condition described in State Water Resources Control Board Order 95-17 occurs, Marin Municipal shall release to Nicasio Creek or Lagunitas Creek for North Marin's benefit up to 250 acre-feet per year. Said water shall be used by North Marin within its Inverness-Point Reyes Annexation Territory as same is recorded in Volume 2118 of the official Records of Marin County at Page 304 through 314. Additional amounts of water may be released by Marin Municipal upon North Marin's request subject to the availability of surplus water, as determined solely by Marin Municipal. Whether releases of requested water are made from Seeger Dam / Nicasio Lake or Peters Dam / Kent Lake shall be determined by Marin Municipal. All deliveries made by Marin Municipal pursuant to this section shall be over and above those releases that Marin Municipal must make to meet instream flow and water rights requirements as ordered by the State Water Resources Control Board.

In addition, if in any year that North Marin requests water under this Section and Marin Municipal has requested voluntary or mandatory water use reductions of its customers in eastern Marin County, North Marin shall require its customers in its Inverness-Point Reyes Annexation Territory to reduce water use by an equal or greater percentage, using the methodology included in North Marin's "Water Shortage Contingency Plan for West Marin Service Area", dated August 23, 2002, or any subsequent Plan.

D. Marin Municipal Deliveries to North Marin at the Pacheco Valle, Main Gate Road and Bel Marin Keys Interconnections

At North Marin's request and subject to availability of supply and capacity in Marin Municipal's Water System, Marin Municipal shall deliver to North Marin such quantities of water as North Marin requires to augment supply to the south end of its water system at its Pacheco Valle, Main Gate Road and Bel Marin Keys interconnections. Prior to said deliveries of water to North Marin, North Marin, at its expense, shall install metering facilities acceptable to Marin Municipal.

E. Risk of Loss

Risk of loss and responsibility for the handling and control of all water delivered hereunder shall pass from the party making the delivery to the party receiving the delivery at the point of delivery or release thereof. The parties agree to exercise due diligence in inspecting their various pipelines and appurtenances and to take steps to guard against unreasonable loss of water.

F. Water Quality

The quality of water delivered by North Marin to Marin Municipal shall be equivalent to the quality of water served by North Marin in its potable Novato area water system. The quality of water delivered by Marin Municipal to North Marin, with the exception of water delivered pursuant to Section 3.C. hereof, which shall be untreated water, and water from Sonoma Agency delivered through the Marin Municipal Water System upstream of the Ignacio pump station, shall be equivalent to the quality of water leaving Marin Municipal's Ignacio Pump Station, including any fluoridation and corrosion control treatment conducted by Marin Municipal.

G. Meters for Deliveries to Marin Municipal

Meters used to measure deliveries made to Marin Municipal shall be tested for accuracy at least once annually by Marin Municipal at Marin Municipal's expense. North Marin shall be provided with a report of said test. North Marin shall have the right to make additional tests at any time at its expense. A meter shall be recalibrated if it is found to be inaccurate by more than two percent and in such event delivery data and corresponding payments or exchanges of water will be adjusted by the amount above or below said two percent accuracy standard as appropriate from the last date that the meter was known to be operating properly or, if such date cannot be determined, from a date midway between the date the meter was last tested and the date correct readings again commenced. However, under no circumstances shall the adjustment period exceed one year. North Marin shall read such meters and make an accounting to Sonoma Agency and Marin Municipal.

H. Meters for Deliveries to North Marin

Meters used to measure deliveries made to North Marin, excluding deliveries at Kastania, Nicasio Creek or Lagunitas Creek, shall be tested for accuracy at least once annually by North Marin at North Marin's expense. Marin Municipal shall be provided with a report of said test. Marin Municipal shall have the right to make additional tests at any time at its expense. A meter shall be recalibrated if it is found to be inaccurate by more than two percent and in such event delivery data and corresponding payments or exchanges of water will be adjusted by the amount above or below said two percent accuracy standard as appropriate from the last date that the meter was known to be operating properly or, if such date cannot be determined, from a date midway between the date the meter was last tested and the date correct readings again commenced. However, under no circumstances shall the adjustment period exceed one year. North Marin shall read such meters and make an accounting to Sonoma Agency and Marin Municipal.

4. OWNERSHIP OF FACILITIES

- A. Marin Municipal owns the portion of Reach 1 south of the Pacheco Valle Interconnection, including the valve that connects the North Marin and Marin Municipal Water Systems at that point, the Hamilton Bypass Pipeline,

Reach 2, including the valves that connect it to the Main Gate Road Interconnection and the Novato Bypass pipeline in Reach 3, Pacheco Tanks and the Ignacio Pump Station.

- B. North Marin owns Branches 1 and 2, the portion of Reach 1 north of the Pacheco Valle Interconnection, all other pipelines in Reach 3 and Reach 4, Air Base Tank, the Lynwood, Atherton, Palmer Drive and Amaroli Tanks and the San Marin Control Station.
- C. Sonoma Agency owns, operates and maintains Kastania Tank and the Kastania Pump Station.

5. OPERATION AND MAINTENANCE

A. Operation of Facilities

- 1. Marin Municipal shall be responsible for the operation, maintenance, repair and replacement of the facilities it owns. Control of flow in Reach 3 shall be dictated by Atherton, Lynwood and Palmer Drive Tank levels such that the hydraulic grade line in Reach 4 at the point of connection with Reach 3 does not fall below operation levels of these tanks as determined by North Marin. North Marin shall inform Marin Municipal prior to modifying the minimum operation levels of the tanks that dictate the control of flow in Reach 3.
- 2. North Marin shall be responsible for operation, maintenance, repair and replacement of the facilities it owns and shall coordinate the operation of the Kastania Pump Station, subject to Section 5.A.3 below.
- 3. Operation of Kastania Pump Station

The Kastania Pump Station, constructed to benefit both Marin Municipal and North Marin, shall be operated as follows:

- (a) North Marin shall have the right to use the pump station to meet the needs of its customers including backfeeding water from the North Marin Aqueduct to Stafford Lake. Before backfeeding any water North Marin shall consult with Marin Municipal and Sonoma Agency and will make every reasonable attempt to develop a plan of operation that will minimize disruption of deliveries of Marin Municipal's Russian River water.
- (b) Marin Municipal shall have the right to use the capacity of the Kastania Pump Station to the extent that surplus capacity exists in North Marin's system to transfer water to Marin Municipal.
- (c) Once Reach 4b is upsized to a 42-inch pipeline as part of the AEEP and the AEEP is operational, Kastania Pump Station will no longer be operated and Sections 5.A.3 (a) and (b) will no longer be in effect.

B. Standards of Maintenance

The party assigned responsibility for operation, maintenance, repair and replacement of the Intertie Facilities shall at all times keep said facility in good repair and working order throughout the term of this Agreement.

6. PAYMENT AND EXCHANGE PROVISIONS

A. Payment for Delivery of Marin Municipal's Russian River Water

1. Marin Municipal shall pay North Marin a wheeling charge for all Marin Municipal's Russian River water delivered pursuant to Section 3. On the effective date of this agreement the wheeling charge shall be \$12.00 per acre-foot as the base charge, plus an additional \$4.00 per acre-foot set aside charge. Together the total wheeling charge shall be \$16.00 per acre-foot, \$4.00 per acre-foot of which shall be allocated and credited to Marin Municipal's share of the future replacement costs of the North Marin Aqueduct, including the escalation as described below. The wheeling charge and set aside charge shall be increased on July 1 of each subsequent year, beginning July 1, 2014, to reflect the change in the Engineering News Record Construction Cost Index for the San Francisco Bay area for the preceding 12 months (the "escalator"). The escalator on the wheeling and set aside charges shall be no greater than 4% per year and no less than 2% per year.
2. In recognition of North Marin's investment in the AEEP, Marin Municipal shall pay to North Marin \$480,000 within 30 days from the date the Interconnection Agreement is executed and shall make annual payments to North Marin in the amount of \$245,000 each July 1, from 2014 through 2032 as fair compensation for the AEEP capital cost. The parties agree that the AEEP project's actual costs, exclusive of those costs paid by Caltrans, are subject to verification and will be trued up such that Marin Municipal's share of the final actual costs of the AEEP are equal to 51 percent and North Marin's share of the final actual costs of the AEEP are equal to 49 percent. After those final actual AEEP costs are verified by the parties, the adjustment to Marin Municipal's annual payment on a going forward basis will be jointly reviewed and considered during the 6-month period immediately following such joint verification and Marin Municipal's future annual payments of \$245,000 will be adjusted to reflect actual costs incurred by North Marin for the AEEP Project. Marin Municipal's adjusted annual payments will be memorialized in a letter jointly prepared and affirmed by signature of the parties, and the parties will be bound by such letter without the need to further amend this agreement.

B. Payment for Delivery of North Marin's Russian River Water

North Marin shall pay Marin Municipal a wheeling charge for all North Marin's water delivered pursuant to Section 3. On the effective date of this agreement the wheeling charge shall be \$3.00 per acre-foot. The wheeling charge shall

be increased on July 1 of each subsequent year, beginning July 1, 2014, to reflect the change in the Engineering News Record Construction Cost Index for the San Francisco Bay area for the preceding 12 months (the "escalator"). The escalator on the wheeling charge shall be no greater than 4% per year and no less than 2% per year.

Payment for water delivered to North Marin pursuant to Section 3.D., Pacheco Valle, Main Gate Road, and Bel Marin Keys Interconnections, will be by exchange, as provided in Section 6.D., below.

In addition, for each acre-foot of water delivered to North Marin pursuant to Section 3.D., Pacheco Valle, Main Gate Road and Bel Marin Keys Interconnections, North Marin shall pay Marin Municipal the wheeling charge.

For all such water delivered to North Marin downstream of Ignacio Pump Station, North Marin shall pay Marin Municipal a charge per acre-foot equal to the total annual out-of-pocket cost of energy consumed and treatment chemicals provided by Marin Municipal at the Ignacio Pump Station divided by the total volume of water pumped during the same period.

C. Compensation for Nicasio or Lagunitas Creek Deliveries and Other Water Delivered by Marin Municipal

For each acre-foot of water delivered by Marin Municipal to North Marin pursuant to Section 3.C., Lagunitas or Nicasio Creek, North Marin shall pay Marin Municipal \$190 / acre-foot. This charge shall be increased on July 1 of each subsequent year, beginning July 1, 2014, to reflect the change in the Engineering News Record Construction Cost Index for the San Francisco Bay area for the preceding 12 months (the escalator). The escalator shall be no greater than 4% per year and no less than 2% per year.

D. Exchange Deliveries by North Marin

On the terms and conditions set forth in this sub paragraph 6. D. North Marin shall deliver to Marin Municipal water referred to as "exchange water" equal to the quantity of water delivered to North Marin pursuant to Sections 3.D. At the end of each fiscal year North Marin shall subtract from its reporting to Sonoma Agency of Marin Municipal use of Russian River water for the month of June of said fiscal year an amount of water equal to the total amount of water delivered to North Marin under the terms of said Section.

E. Payment of North Marin's Expenses for Operating Intertie Facilities

Annual expenses incurred by North Marin in operating, maintaining, repairing and replacing the Intertie Facilities it owns shall be, unless expressly provided for in this agreement, the responsibility of and paid by North Marin.

F. Payment of Marin Municipal's Expenses for Operating Intertie Facilities

Annual expenses incurred by Marin Municipal in operating, maintaining, repairing, and replacing the Intertie Facilities it owns shall be, unless expressly provided for in this agreement, the responsibility of and paid by Marin Municipal.

G. Billing and Payment

The party delivering water pursuant to this agreement for which a unit charge in dollars per acre-foot is assessed shall bill not more frequently than monthly for same and the receiving party shall pay the amount of such billing within 30 days of receipt of same. For all other charges due under this agreement, the billing party shall prepare a bill which the receiving party shall pay within 30 days of receipt of same. Notwithstanding any dispute between the parties hereto, the receiving party shall pay all bills when due and shall not withhold all or any part of any payment pending the final resolution of such dispute. In the event of a dispute, the receiving party may pay its bills under protest and if the resolution of the dispute results in a refund, said refund shall be paid within 30 days.

7. COOPERATION PROVISIONS

A. General

Upon request, the parties will support and assist the efforts of each other to maintain and enhance the reliability of their water supplies from Sonoma Agency, provided said support and assistance, as determined by said party, will not have an adverse impact on its customers nor be in conflict with law, regulation or the established policies of said party.

B. Corrosion Protection

North Marin maintains an extensive cathodic protection system for the North Marin Aqueduct. Marin Municipal shall consult North Marin in designing the cathodic protection system for its existing or any future Intertie Facilities and agrees to design and install a system at its sole cost that will be fully compatible with North Marin's system and not contribute to the deterioration of the North Marin Aqueduct.

C. Stafford Lake Treatment Plant Operations

1. North Marin will endeavor in good faith to produce 2,000 acre-feet of treated potable water at its Stafford Lake water treatment facility each year through the term of this agreement.
2. Notwithstanding the cooperative pledge of Section 3.A.2 and Section 7.C.1, the parties acknowledge and agree that there may be periods when insufficient inflow to Stafford Lake or other operational constraints may prevent North Marin from meeting the Stafford Lake Water

treatment facility potable water production goals stated in Section 3.A.2 and Section 7.C.1.

3. In such periods when insufficient inflow to Stafford Lake prevents North Marin from meeting the Stafford Lake water treatment facility goals pursuant to Section 3.A.2 or Section 7.C.1 of this agreement, Marin Municipal may request North Marin to backfeed Marin Municipal's Russian River water into Stafford Lake pursuant to a Stafford Lake Agreement in form similar to that executed on February 20, 2009 and updated with then current and pertinent Diversion, Delivery and Payment provisions. Before backfeeding any water, North Marin shall consult with Marin Municipal and Sonoma Agency and will make every reasonable attempt to develop a plan of operation that will minimize disruption of deliveries of Marin Municipal's Russian River water.

D. Joint Projects and/or Programs for Future Integrated Water Supply Operations

North Marin and Marin Municipal will evaluate and consider joint project(s) and/or program(s) for future integrated water supply operations. The parties will jointly determine which party will be the lead agency for purposes of environmental review pursuant to the California Environmental Act ("CEQA"). For each proposed joint project or program, the parties will share costs of the project and environmental review in proportion to each district's respective share of the water supply capacity or yield from the proposed project and/or program, regardless of which party is the lead agency.

E. Future Replacement of the North Marin Aqueduct

North Marin will replace the North Marin Aqueduct, including Reach 4a, when necessary due to condition or other factors, at a time yet to be determined. Said replacement may be solely a North Marin project or combined projects of North Marin, and Marin Municipal, as jointly determined by the parties. Marin Municipal's share of the costs for future replacement of the North Marin Aqueduct shall be the subject of a future agreement between the parties.

F. Option for Marin Municipal to Make Use of North Marin's Existing Easements and for Future Marin Municipal Pipeline.

1. North Marin has pipeline easements for the North Marin Aqueduct. These easements were originally acquired by North Marin with the plan that a second North Marin aqueduct would eventually be constructed. If Marin Municipal elects and North Marin consents to locate facilities in right-of-ways in which North Marin has existing easements, North Marin will cooperate in efforts by Marin Municipal to obtain property interests Marin Municipal deems necessary for installation and operation of said facilities. To the extent any existing easement held by North Marin is utilized by Marin Municipal, said utilization shall be the subject of a future agreement between the parties.

2. If Marin Municipal develops a pipeline project that would be parallel to Reach 4A and that would include an interconnection to the North Marin Aqueduct at or above Reach 4A, upon execution and implementation of the agreement between the parties identified in this paragraph, North Marin will support the proposed project and the interconnection will be completed upon Marin Municipal's determination to interconnect. The terms of that agreement will address the following: the location of the proposed project and the appropriate time of the interconnection to accommodate the shutdown of the North Marin Aqueduct, environmental review, engineering, construction, operation, maintenance and replacement of the facilities, and indemnification. Approval of said agreement shall not be unreasonably withheld. The project will be subject to CEQA documentation for which Marin Municipal will be the lead agency. North Marin will be a responsible agency under CEQA, but nothing in this section shall affect North Marin's legal responsibilities under CEQA.

8. MISCELLANEOUS PROVISIONS

A. California Environmental Quality Act

Pursuant to the California Environmental Quality Act, North Marin is designated as the lead agency for any environmental documentation that may be required for this Agreement. North Marin is the lead agency for the AEEP, for which the Final EIR was certified and the project approved on July 19, 2011.

B. Termination of Existing Agreements

The "Intertie Agreement" and the "Hamilton Agreement" are hereby terminated.

C. Method and Place of Giving Notice and Making Payments

All notices shall be in writing and notices and payments may be given by personal delivery or by mail. Notices and payments sent by mail shall be addressed as follows:

North Marin: North Marin Water District
 Attn: General Manager
 P. O. Box 146
 Novato, CA 94948-0146

Marin Municipal: Marin Municipal Water District
 Attn: General Manager
 220 Nellen Avenue
 Corte Madera, CA 94925

Changes may be made in the addresses of the persons to whom notices and payments are to be given by giving notice pursuant to this section.

D. Third Party Beneficiaries

No third party beneficiaries are intended or established by this agreement.

E. Representation by Counsel

North Marin and Marin Municipal each were represented by independent counsel in the negotiation and execution of this agreement. For the purposes of interpretation of this agreement, neither party shall be deemed to have been the drafter of this agreement.

F. Mediation

Any dispute occurring under this Agreement shall first be reviewed by the parties, who shall meet and attempt in good faith to resolve the dispute through negotiation. In the event that the parties cannot resolve any such dispute between them, then, upon 30-days' notice, the parties shall submit such dispute to mediation by a mutually acceptable neutral mediator. If any such dispute is not resolved through mediation, unless the parties agree in writing upon an alternative form of and forum for dispute resolution, each party shall have the right to pursue any remedies it may have in law or in equity. Any such litigation concerning claims and disputes related to this Agreement shall be filed in the Superior Court in and for Marin County, and each Party hereby waives its right to move to change venue.

G. Severability

If any one or more sections, provisions, promises or conditions of this agreement is declared null and void or voidable for any reason by a final judgment or order of a court of competent jurisdiction, it is hereby declared to be the intention of both parties and agreed that each and all of the other sections, provision, promises and conditions of this agreement shall be and remain in full force and effect.

H. Term of Agreement

The term of this agreement shall extend from the date of execution hereof until June 30, 2040 or the expiration of the Restructured Agreement for Water Supply, together with any renewals thereof or of a successor agreement to the Restructured Agreement for Water Supply, whichever shall occur later.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the date first above written.

NORTH MARIN WATER DISTRICT

President, Board of Directors

ATTEST:

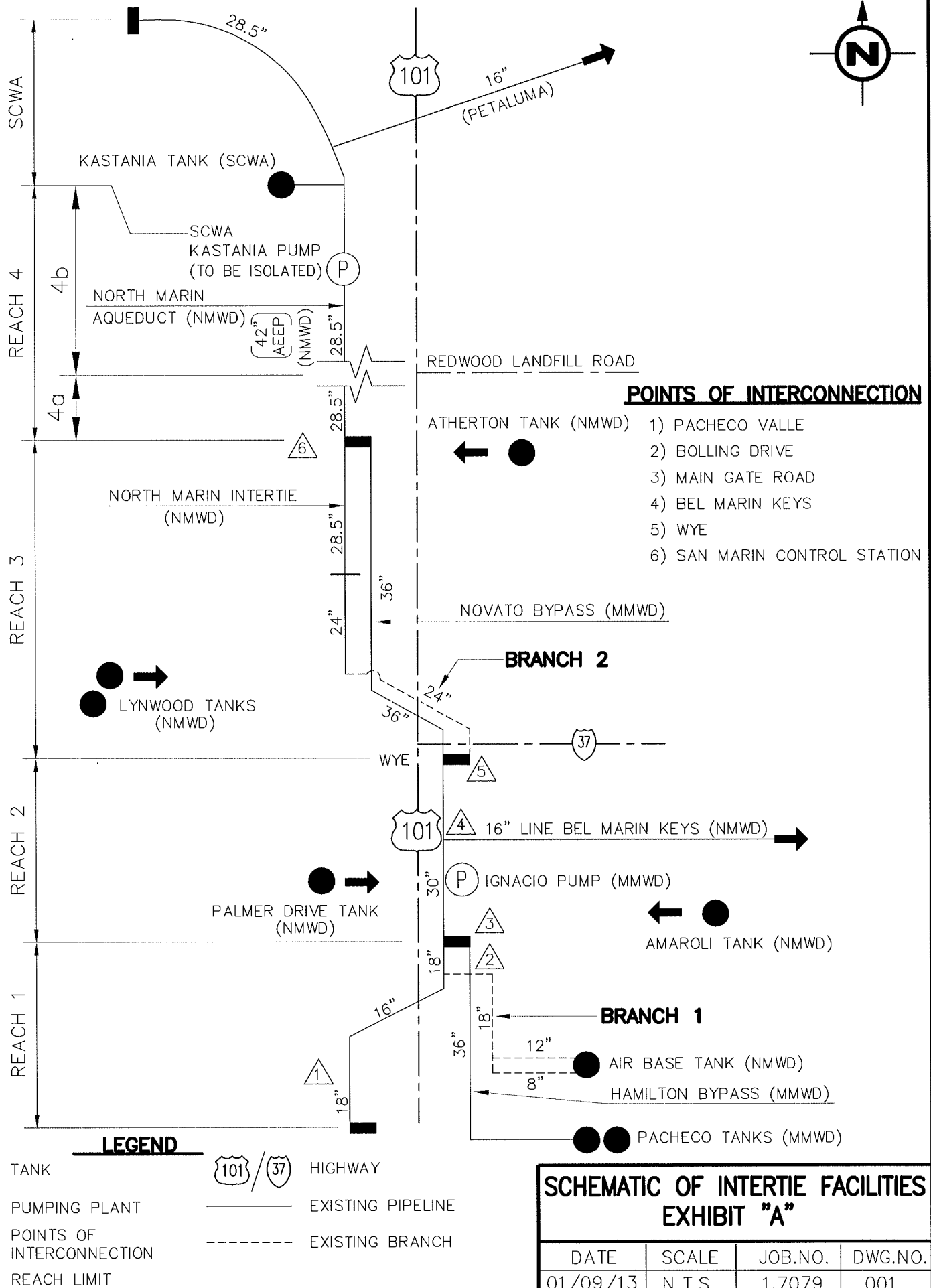
Secretary

MARIN MUNICIPAL WATER DISTRICT

President, Board of Directors

ATTEST:

Secretary



**DRAFT
RESOLUTION 14-XX**

**RESOLUTION OF THE BOARD OF DIRECTORS OF
NORTH MARIN WATER DISTRICT AUTHORIZING THE EXECUTION OF THE
INTERCONNECTION AGREEMENT BETWEEN NORTH MARIN WATER DISTRICT AND
MARIN MUNICIPAL WATER DISTRICT, MAKING FINDINGS PURSUANT TO THE
CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND DIRECTING THE FILING OF A
NOTICE OF EXEMPTION**

WHEREAS, the North Marin Water District and Marin Municipal Water District entered into an Intertie Agreement on March 11, 1993, which agreement runs until June 30, 2040, and which agreement provides for certain exchanges of water, payments therefore, and mutual beneficial uses of certain facilities; and

WHEREAS, the North Marin Water District and Marin Municipal Water District wish to replace said existing Intertie Agreement with a new Interconnection agreement; and

WHEREAS, it is the purpose of this agreement to provide the basis for mechanism whereby Marin Municipal Water District and North Marin Water District can each, as a first priority, continue to meet the needs of their respective customers, and simultaneously, to the extent feasible, utilize their respective water systems and surplus system capacity in a coordinated manner for the benefit of the customers of both Districts; and

WHEREAS, the new Interconnection Agreement has been negotiated between North Marin Water District and Marin Municipal Water District and meets the purpose stated; and

WHEREAS, approval of the Interconnection Agreement by the North Marin Water District is a Project as defined by the California Environmental Quality Act (CEQA); and

WHEREAS, North Marin Water District, the designated lead agency for the Project environmental review has determined that the Project is exempt from CEQA pursuant to Statutory Exemption 15273 and Categorical Exemption 15302.

NOW THEREFORE BE IT RESOLVED that the Board of Directors of North Marin Water District hereby finds, determines and declares and orders as follows:

1. The foregoing recitations are true and correct.

2. The Interconnection Agreement revises the 1993 Intertie Agreement financial terms for wheeling charges, and for paying capital costs for the Aqueduct Energy Efficiency Project (AEEP), and which financial terms are Statutorily Exempt from CEQA pursuant to Section 15273 of the Public Resources Code Guidelines for Implementation of CEQA.
3. The Interconnection Agreement revises the 1993 Intertie Agreement terms regarding Marin Municipal Water District and North Marin Water District cooperation in utilization of their respective water systems for which there is no expansion of capacity, and which cooperation is Categorically Exempt from CEQA pursuant to Section 15302 of the Public Resources Code Guidelines for Implementation of CEQA.
4. North Marin Water District is the lead agency for the AEEP, for which the Final EIR was certified and the project approved on July 19, 2011.
5. The proposed project could not have significant affect on the environment.
6. The Interconnection Agreement between North Marin Water District and Marin Municipal Water District is hereby approved and the President of the Board of Directors is hereby authorized to execute said agreement on behalf of North Marin Water District.
7. The General Manager of North Marin Water District is hereby directed to file a Notice of Exemption with the Marin County Clerk stating that this Board of Directors has considered the project to be exempt from CEQA and has determined to approve said Interconnection Agreement.

* * * * *

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the twenty-first day of January 2014 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

Katie Young, District Secretary
North Marin Water District

(SEAL)

NOTICE OF EXEMPTION

To: ☐ Office of Planning and Research
1400 Tenth Street
Sacramento, CA 95814

From: North Marin Water District
999 Rush Creek Place
P. O. Box 146
Novato, CA 94948-0146

☒ County Clerk
County of Marin
3501 Civic Center Drive
San Rafael, CA 94903

Project Title: Interconnection Agreement Between North Marin Water District and Marin Municipal Water District

Project Location - Specific: The water service territories of North Marin Water District and Marin Municipal Water District

Project Location - City:

Project Location - County: Marin

Description of Nature, Purpose, and Beneficiaries of Project:

There presently exists an Intertie Agreement between North Marin Water District and Marin Municipal Water District entered into on March 11, 1993 which runs until June 30, 2040. The proposed project consists of a new Interconnection Agreement between North Marin Water District and Marin Municipal Water District. The term of the agreement would extend from early January 2014 through June 30, 2040. The proposed project includes:

Provisions for water delivery between the Districts and payment and exchange provisions for same,

Provisions defining operation, maintenance and ownership of certain facilities, and

Continued release of small amounts of exchange water from Marin Municipal reservoirs into Lagunitas Creek during certain years.

Name of Public Agency Approving Project: North Marin Water District

Name of person or Agency Carrying Out Project: North Marin Water District

Exempt Status: (Check One)

- ☐ Ministerial (Sec. 21080(b)(1); 15268);
☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));
☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
☒ Categorical Exemption (Sec. 15302(c))
☒ Statutory Exemption (Sec. 15273)

Reasons Why Project Is Exempt:

1. The Interconnection Agreement revises the 1993 Intertie Agreement financial terms for wheeling charges and for paying capital costs for the Aqueduct Energy Efficiency Project (AEEP), and which financial terms are Statutorily Exempt from CEQA pursuant to Section 15273 of the Public Resources Code Guidelines for Implementation of CEQA.

2. The Interconnection Agreement revises the 1993 Intertie Agreement terms regarding Marin Municipal Water District and North Marin Water District cooperation in utilization of their respective water systems for which there is no expansion of capacity, and which cooperation is Categorical Exempt from CEQA pursuant to Section 15302 of the Public Resources Code Guidelines for Implementation of CEQA.
3. North Marin Water District is the lead agency for the AEEP, for which the Final EIR was certified and the project approved on July 19, 2011.

Lead Agency Contact Person: Chris DeGabriele, General Manager

Telephone: (415) 897-4133

If filed by applicant:


2. Has a Notice of Exemption been filed by the public Agency approving the project? Yes No
x ☐


Signature: _____ Date: _____ Title: _____

Date received for filing at OPR:

10

MEMORANDUM

To: Board of Directors  January 17, 2014

From: Drew McIntyre, Chief Engineer 
Carmela Chandrasekera, Associate Engineer

Re: Approve California Department of Public Health Prop 50 Grant Funding Agreement for the Gallagher Well Pipeline Project

R:\Folders by Job No\7000 jobs\7087\7087.01\BOD memos\7087.01 memo re funding agmt Jan 2014.doc

RECOMMENDED ACTION: Board augment the FY 13-14 West Marin Capital Improvement Projects, and adopt a resolution authorizing signature of CDPH funding agreement

FINANCIAL IMPACT: \$0 (100% grant funded)

Background

District staff submitted an application on March 5, 2013 for Prop 50 grant funding administered by California Department of Public Health (CDPH) in the amount of \$1,486,000 for construction of a ~ one mile length of the 12-inch pipeline to connect Gallagher Well to NMWD's existing West Marin water system. The new pipeline will be supported from the existing Gallagher Ranch bridge to span Lagunitas Creek. The bulk of the pipeline will be installed within Marin County right of way along Pt. Reyes – Petaluma Rd. (see Attachment 1 for the project area).

As discussed with the Board at the January 7, 2014 meeting, the District received notice (Letter of Commitment, Attachment 2) from CDPH on December 27, 2013 that the Gallagher Well Pipeline project is eligible for grant funding under Prop 50 (Safe Drinking Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002) in the amount of \$1,486,000. There are no District matching fund requirements for this grant and, based on the current project cost estimate, it is anticipated that this grant amount will fully fund the Gallagher Well Pipeline project.

Prior to CDPH executing the funding agreement, NMWD is required to approve the attached Resolution authorizing the General Manager to execute said funding agreement and act as the overall grant administrator for NMWD. Key project milestones are summarized in the following table:

Deadlines	Action Item
March 5, 2005	Preliminary project expenses incurred after this date are eligible for reimbursement
Jan. 27, 2014	Return executed Letter of Commitment (Attachment 2)
Jan. 27, 2014	Return executed Funding Agreement
90 days post Funding Agreement approval	Submit first claim for reimbursement
120 days post Funding Agreement approval	Commence construction
Dec. 31, 2014	Project completion

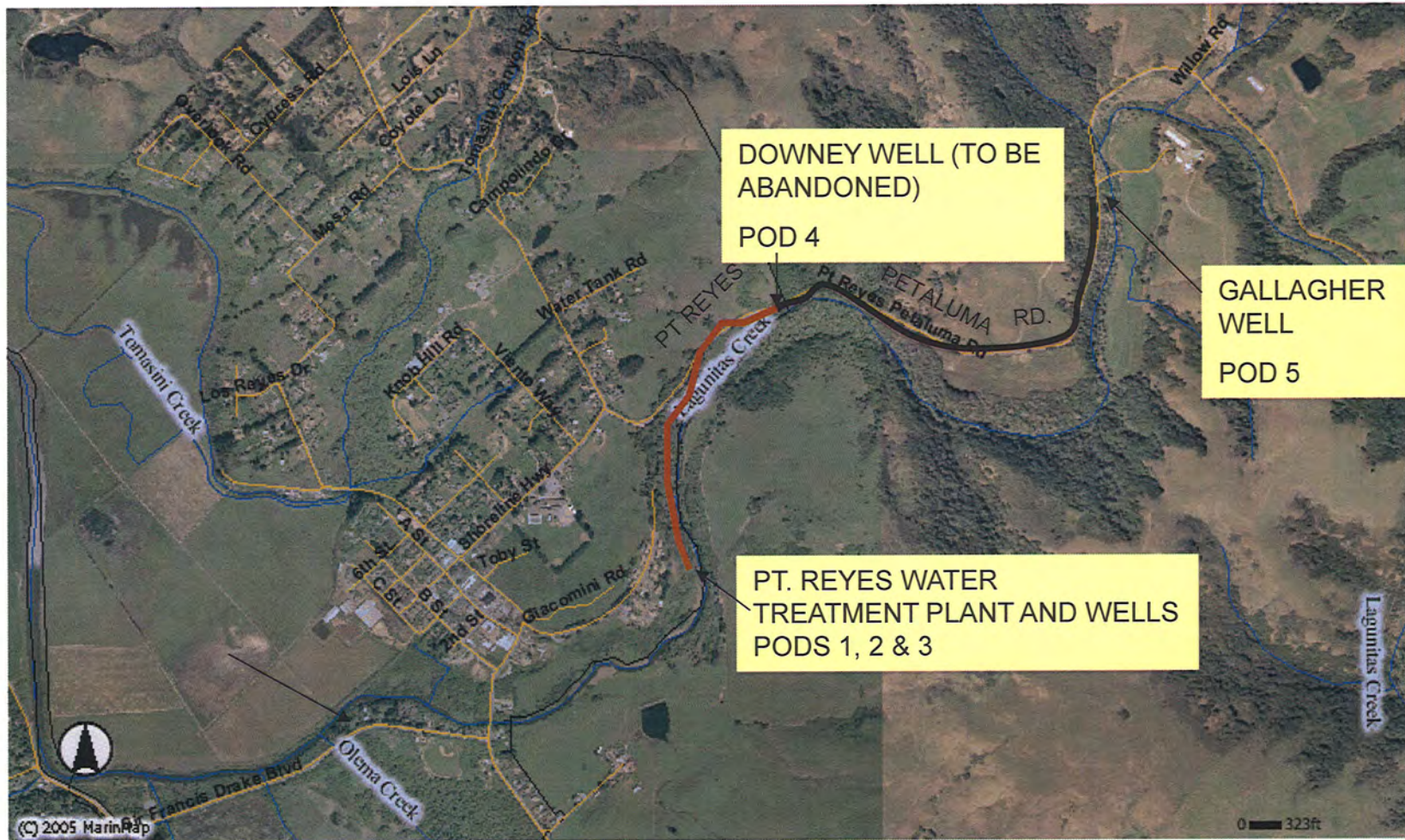
District staff is making final changes in the plans and specifications for the project and will be returning to the Board for approval to advertise following receipt of the CDPH executed Funding Agreement.

RECOMMENDATION

The Board:

- augment the FY 13-14 West Marin Capital Improvement Project budget by an additional \$1,486,000 for said project,
- authorize the General Manager to act as grant administrator, and
- adopt attached funding resolution (Attachment 3)

GALLAGHER WELL & PIPELINE PROJECT



LEGEND:

NEW 12" MAIN -

EX. 6" MAIN -

Proposition 50
Chapter 4a.1
Letter of Commitment (LOC) Attachment

Application for funding under the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 has been reviewed by the California Department of Public Health (CDPH) and the Department of Water Resources (DWR). CDPH has determined that Project number **P50-2110006-262**, as proposed by the Applicant, **North Marin Water District** is eligible for a grant in the amount of **\$1,486,000**.

Funding is contingent upon compliance by **North Marin Water District** with the following terms and conditions and subject to the availability of funds. Compliance shall be determined at the sole discretion of CDPH or its authorized representative. Items must be submitted to CDPH as directed.

CDPH understands that the total Project cost is **\$1,486,000**. **North Marin Water District** is responsible for providing any difference between the grant amount and the total Project cost to ensure a fully funded Project.

I. All items under this Section I must be submitted prior to the issuance of a Funding Agreement for signature by the authorized representative of North Marin Water District. CDPH has deemed all requirements under this Section I as satisfied:

1. Submit a draft resolution, which has been reviewed and approved by CDPH and by **North Marin Water District** governing body, designating (an) official(s) with legal authority to:
 - a. sign the Funding Agreement;
 - b. approve claims for reimbursement;
 - c. sign the Budget and Expenditure Summary form (copy enclosed);
 - d. sign the Final Release form (copy enclosed); and
 - e. sign a certification that the Project is complete and ready for final inspection.

Person(s) signing the Budget and Expenditure Summary and Project Completion Certification must be a registered engineer(s) or person(s) approved by CDPH.

2. Submit a written designation of the Grant Administrator for **North Marin Water District**.

II. Before any funds may be disbursed under terms of the Funding Agreement, the following items must be provided:

1. Evidence that a separate checking account or a separate ledger has been established to account for funds received from CDPH.

Please indicate the name and address of the financial institution, exact name of account holder, and the account name and number. If this bank account is not used solely to account for funds received from CDPH, a ledger must be established within the accounting system for **North Marin Water District** identifying the Project number and Proposition 50 Funding Agreement number.

2. Submit an initial Project budget of eligible Project costs approved by CDPH on the CDPH Budget and Expenditure Summary form.

III. General Requirements

1. This LOC is not an authorization to begin construction. Unless prior written approval from CDPH is received, initiation of construction of this Project prior to the execution of a Proposition 50 Funding Agreement may affect CDPH participation in reimbursement of eligible costs.
2. **North Marin Water District** may be reimbursed only for such eligible Project costs consisting of eligible construction expenses incurred on or after the date of this LOC, and eligible preliminary expenses incurred after March 5, 2005.
3. If **North Marin Water District** is required to provide matching funds, **North Marin Water District** may use only eligible Project costs incurred after October 28, 2003 to satisfy matching fund requirements.
4. Reimbursements will not occur prior to the execution of a Funding Agreement.

Note: Pursuant to Government Code Section 8546.7, the contracting parties shall be subject to the examination and audit of the State or any agent thereof, and the State Auditor.

The signed LOC shall be submitted to:

California Department of Public Health
Division of Drinking Water and Environmental Management
Anne Novak
Project Support Unit
1616 Capitol Avenue
P.O. Box 997377, MS 7408
Sacramento, CA 95899-7377

The signature of the authorized representative for **North Marin Water District** below indicates the acceptance of the terms and conditions of this LOC as well as intent to proceed with this Project as proposed. This LOC does not constitute an obligation to enter into the Funding Agreement. **The authorized representative for North Marin Water District must sign this LOC at the space provided below and return it within thirty (30) calendar days of receipt to CDPH. Failure to sign and return this LOC within the timeframe specified will result in a bypass of this Project.**

Signature: _____ Date: _____

Print Name: _____

Title: _____

Address: _____

[street]

[city]

[state]

[zip code]

RESOLUTION NO. 14-

RESOLUTION AUTHORIZING SIGNATURE OF A FUNDING AGREEMENT AND RELATED DOCUMENTS FOR FUNDING UNDER THE PROPOSITION 50, THE WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002 (PROPOSITION 50)

WHEREAS, on July 17, 2013, North Marin Water District submitted an application to the California Department of Public Health (hereinafter referred to as the "State") for funding in the amount of \$1,486,000; and

WHEREAS, on December 27, 2013, a Letter of Commitment was issued by State to North Marin Water District, establishing the conditions for funding under the Proposition 50 Program for project number P50-2110006-262 (hereinafter referred to as the "Project") in the amount of \$1,486,000, subject to terms and conditions; and

WHEREAS, on January 21, 2014, the governing entity of North Marin Water District adopted a Project budget totaling \$1,486,000; and

WHEREAS, North Marin Water District affirms and designates any balance between total Project cost and the Proposition 50 grant amount as "Supplier's Cost" to be the responsibility of North Marin Water District to ensure a fully funded Project; and

WHEREAS, prior to State executing said Funding Agreement, North Marin Water District is required to adopt a resolution authorizing an officer to execute said Funding Agreement and amendments, designating a person or persons to approve Claims for Reimbursement, designating a person or persons (registered engineer) to sign the Budget and Expenditure Summary, designating a person or persons (registered engineer) to sign Certification of Project Completion, and designating a person to sign the Final Release form.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that the General Manager, is hereby authorized to sign The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) Funding Agreement and any amendments thereto; and

BE IT FURTHER RESOLVED AND ORDERED, that the General Manager, is hereby authorized to approve Claims for Reimbursement for the Project; and

BE IT FURTHER RESOLVED AND ORDERED, that the General Manager, a registered engineer, is hereby authorized to execute the Budget and Expenditure Summary for the Project; and

BE IT FURTHER RESOLVED AND ORDERED, that the General Manager, is hereby authorized to sign the Final Release Form for the Project; and

BE IT FURTHER RESOLVED AND ORDERED, that the General Manager, a registered engineer, is hereby authorized to certify that the Project is complete and ready for final inspection; and

BE IT FURTHER RESOLVED AND ORDERED, the authority granted hereunder shall be deemed retroactive. All acts authorized hereunder and performed prior to the date of this

Resolution are hereby ratified and affirmed. State is authorized to rely upon this Resolution until written notice to the contrary, executed by each of the undersigned, is received by State. State shall be entitled to act in reliance upon the matters contained herein, notwithstanding anything to the contrary contained in the formation or governance documents of North Marin Water District or in any other document.

* * *

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the 21st day of January, 2014, by the following vote:

AYES:

NOES:

ABSENT:


EXCUSED:

(SEAL)

Katie Young, Secretary
North Marin Water District

11

MEMORANDUM

To: Board of Directors
From: Chris DeGabriele, General Manager 
Subj: Preparing for Dry Year Conditions
t:\gm\bod misc 2014\dry year conditions 012114.docx

January 17, 2014

RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None at this time

General

The Board of Supervisors has requested Marin County water suppliers collectively present a current water supply status report at their board meeting on Tuesday, January 28th (see letter, Attachment 1). A 20-minute presentation is being developed by the eight water districts and coordinated by Marin Municipal's General Manager. The water districts involved include: Marin Municipal, North Marin, Bolinas Community Public Utility District, Inverness PUD, Muir Beach Community Services District, Coast Springs Water Company, Estero Mutual Water Company, and Stinson Beach County Water District.

West Marin Water System

Water bills for West Marin are scheduled to be mailed on February 13th. Pursuant to the District's Water Shortage Contingency Plan (Plan) for the West Marin Service Area, when a dry year on Lagunitas Creek is enacted under the January 1st water year classification, NMWD is to notify customers by a bill message. That message will be included on the February 13th bills and read:

"There are dry year conditions on Lagunitas Creek which may trigger implementation of water shortage contingency measures. Final determination will be made on April 1st. Please use water wisely."

It's noted that Lagunitas Creek stream flows are now at 20cfs pursuant to dry year requirements. Normal year stream flow requirements on Lagunitas Creek for this period are 25cfs.

NMWD staff has verbally inquired of Inverness Public Utility District (IPUD) whether they may need water prior to enactment of West Marin Water use restrictions. Restrictions on deliveries to IPUD pursuant to the West Marin Plan would go in effect on July 1st. IPUD will need

water in January/February while their membrane filtration units are being replaced. But IPUD has declined any other delivery.

Novato Water System

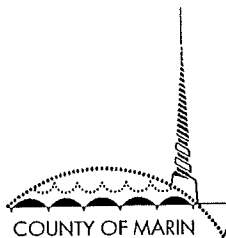
The winter *WaterLine* newsletter was mailed to Novato customers on Wednesday, January 15th and the Sonoma Marin Saving Water Partnership initiated a winter time public outreach campaign on January 8th. A Technical Advisory Committee Ad Hoc meeting is scheduled for January 21st, wherein Sonoma County Water Agency and the Water Contractors will collaborate on drought related current activities and a path forward. More information should be available at Tuesday's Board meeting.

North Marin has offered Marin Municipal the opportunity to back feed Russian River surplus water into Stafford Lake for their use later this summer. We expect a response from Marin Municipal prior to Tuesday's Board meeting.

Additionally, Water Conservation staff has made outreach to the City of Novato and Novato Unified School District to alert them of possible water use restrictions for large turf landscape this summer.

To date there has been no declaration of water shortage emergency from Sonoma County Water Agency.

The Board will continue to be appraised at each meeting on the status of dry year conditions as the year progresses.



BOARD OF SUPERVISORS

January 13, 2014

2ND VICE PRESIDENT
Susan L. Adams
1ST DISTRICT

VICE PRESIDENT
Katie Rice
2ND DISTRICT

PRESIDENT
Kathrin Sears
3RD DISTRICT

Steve Kinsey
4TH DISTRICT

Judy Arnold
5TH DISTRICT

Matthew H. Hymel
COUNTY ADMINISTRATOR
CLERK OF THE BOARD

Marin County Civic Center
3501 Civic Center Drive
Suite 329
San Rafael, CA 94903
415 473 7331 T
415 473 3645 F
415 473 6172 TTY
www.marincounty.org/bos

Chris DeGabriele
North Marin Water District
PO Box 146
Novato, CA 94948-0146

Dear Mr. DeGabriele,

As we enter this new year following one in which so little rain fell, it is natural for residents and businesses to be concerned about the reliability of our county's water supply during this extended drought period. For that reason, our Board would like to invite you and the other public and private water system entities to collectively present a current status report at the regular meeting of the Marin County Board of Supervisors on Tuesday, January 28, at 10:30 a.m. A brief update would allow our Board and the public to understand your agency's current supply capabilities and challenges, as well as any timeline for taking drought-related actions later this year if winter rains do not arrive in sufficient amounts. Many of our residents also are interested in information about the kinds of water conservation measures they should be adopting right now.

We have asked the Marin Municipal Water District's General Manager, Krishna Kumar, to help organize a coordinated presentation of no more than 20 minutes, followed by a public comment and question period. While the County of Marin does not have any direct responsibilities for water supply, we understand the value of accurate information being communicated at a time when public anxiety may be increasing. We also want to understand the challenges facing our water supply agencies, so that we can consider what ways our Board can best support our community and those responsible for providing our water.

If your agency is interested in participating in this report to our Board, please contact Mr. Krishna Kumar at 945-1460, or kkumar@marinwater.org, to facilitate and coordinate your presentation. We will also be asking our Agricultural Commissioner to update the Board on the state of water supply for our agricultural producers.

I want to thank you in advance for considering this request. The Board of Supervisors believes that an informed public can prepare and respond more effectively, and this request is a reflection of that view. If you wish to discuss this request, please contact my Aide, Maureen Parton, at 415-473-7593, during normal business hours.

Sincerely,

Kathrin Sears
President, Marin County Board of Supervisors

12

MEMORANDUM

To: Board of Directors
From: Chris DeGabriele, General Manager *CD*
Subject: Ethics Training for Board of Directors
t:\gm\bod misc 2014\ethics training memo.doc

January 17, 2014

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

Effective January 1, 2006, state law (Assembly Bill No. 1234) requires that all local agencies that provide compensation, salary or stipend to, or reimburses the expenses of, members of a legislative body must provide ethics training to local agency officials by January 1, 2007 and every two years after. You are required to complete the training this year.

NMWD's Directors completed AB 1234 Compliance Training for Special Districts in 2012 using the Fair Political Practices Commission (FPPC) free online Ethics Training Course which is available again this year. The FPPC website is <http://www.fppc.ca.gov/index.php>. Click on the "Ethics" tab at the top of the page and chose "Local Ethics Training" from the drop-down menu. You will then be directed to the appropriate Ethics Training Course. Attachment 1 explains the self-serve training program. At the end of the course, you will be instructed to print out a Proof of Participation Certificate. It is the Directors' obligation to provide the original certificate to the District Secretary for recordkeeping. Please do so by April 1, 2014.

Please note that to satisfy AB 1234 requirement, the Proof of Participation Certificate must reflect that the public official spent two hours or more reviewing the materials presented in the online course. If the certificate reflects less than two hours, the participant should have on file additional certificates demonstrating that the official has satisfied the entire two-hour requirement. The Training Time is recorded on the Proof of Participation Certificate that is kept on file.

This year, District officers (General Manager, Secretary, Chief Engineer and Auditor-Controller) will also take the aforementioned ethics training.

13

DISBURSEMENTS - DATED JANUARY 9, 2014

Date Prepared: 1/7/14

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

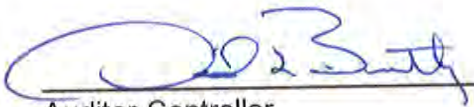
Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 12/31/13	\$113,095.89
EFT*	US Bank	Federal & FICA Taxes	48,845.47
EFT*	State of California	State Taxes & SDI	8,406.73
1	Aberegg, Michael	Drafting services: Inn Marin Meter Change & Fire Hydrants (Bal Remaining on Contract \$16,983)	440.00
2	AirGas NCN	Replacement Charging Station for Atmosphere Testers (STP)	223.79
3	AT&T	December Internet Service @ PRTP	70.00
4	Baker, Steven	Novato "Washer Rebate" Program	50.00
5	Bay Alarm	Quarterly Fire Alarm Monitoring System Fee	322.08
6	Belanyi, Barbara	Novato "Washer Rebate" Program	50.00
7	Berberich, Rhonda	Novato "Washer Rebate" Program	50.00
8	Bold & Polisner	November Legal Services: AEEP Caltrans Reimb B-3 (\$562), Electronic Bid Proposal (\$19), Brown Act (\$35), Dutra Project (\$93), Employer Asst Housing (\$46), Gustafson Ct. Acquisition (\$120), MMWD Intertie Agreement (\$995), Regulation 6 (\$18) & RW South Ph 1B (\$13,603)	15,490.50
9	Brown, Mara	Novato "Toilet Rebate" Program	300.00
10	Bruce Enterprises Parking Area	Restriping Road (San Marin Dr., Novato Blvd & Sunset)	900.00
11	Buckeye Nursery	Plants for Recycle Pipeline Area	190.95
12	Building Supply Center	Igniting Torch, Pipe Nipple, Hack Saw (\$30)	67.23


Seq	Payable To	For	Amount
13	Business Card	Supplies for Lab (\$11), Credit Card Gateway (\$26), Gloves for Const (12) (\$42), Insurance for Xmas Party (\$173), NBWA Conf (Baker & Fraites) (\$170), Supplies for Retirement Party (\$87), STP Radio Transmission Phone Switch (2) (\$303), Seeds for Wetland Mitigation Project (\$121), Super Shuttle (DeGabriele) (\$42), Ads for AEEP Reaches A-D/MSN B3 Aqueduct Relocation (\$420), AEEP B3 Tree Removal (\$172), WAC/TAC Leaders Breakfast (\$48), Service Award (\$108) (Corda) & Trailer Winch (\$54) (STP) (Less Credit for Cancelled ACWA Conference \$662)	1,117.09
14	CalPERS Retirement System	Pension Contribution 12/31/13	49,797.29
15	CalPERS Health Benefits	January Health Insurance Premium (Employees \$54,161, Retirees \$10,706 & Employee Contribution \$9,454)	74,322.43
16	Charles Asso, Leonard	Prepare Biological Site assessment for Point Reyes Treatment Plant Solids Handling Project (Bal Remaining on Contract \$4,279)	8,571.90
17	Cole-Parmer Instrument	Pump Cables (2) (50')	194.02
18	Costco Wholesale	Coffee (\$80) (14 lbs) & Dishwasher Detergent	106.42
19	DeGabriele, Chris	December Mileage Reimbursement	124.30
20	Dell Computers	Replacement PC (Grisso)	833.80
21	Disney Construction	Progress Pymt#10: Construct Recycled Water South Phase 1B (Balance Remaining on Contract \$663)	99,439.40
22	Ed Aiona Photography	Photograph Documentation of MSN B-1 Aqueduct Relocation Construction Project (Balance Remaining on Contract \$690)	200.00
23	Encore Events	Rental of Linens for Holiday Party	264.32
24	Environmental Science Assoc	Progress Pymt#30: CEQA Construction Task for RW South Project (Balance Remaining on Contract \$24,147)	466.25
25	Fisher Scientific	Iron (Lab)	26.15
26	Furst, Cheryl	Novato "Washer Rebate" Program	50.00

Seq	Payable To	For	Amount
27	Golden Gate Petroleum	Gasoline (\$3.48/gal) & Diesel (\$3.86/gal)	3,113.71
28	Golobe & Son Paving	Re-paving of Point Reyes Tank Road (1/6 cost)	2,700.00
29	Grainger	Telemetry Cable Splices (2) (\$43), Face Shields (3) & TM Cable Splice Crimpers	107.10
30	Gudelj, Stephen	Novato "Washer Rebate" Program	50.00
31	Harris and Associates	Pipeline Inspection Testing Services for MSN B-1 Reach E Project (Balance Remaining on Contract \$85,936)	15,860.00
32	Hertz Equipment Rental	Dump Truck Rental (11/13/13-12/13/13)	1,362.50
33	International Fire	Annual Fire Extinguisher Service	1,725.85
34		Cafeteria Plan: Insured Medical Reimbursement	239.00
35	KP Promotions	Jacket w/Embroidery (Moore)	59.95
36	Kuehn, Phyllis	Novato "Cash for Grass" Program	400.00
37		Childcare Reimbursement	416.66
38	MSC Industrial Supply	Heat Cable (STP)	78.71
39	Mutual of Omaha	Jan Group Life Ins Premium	715.87
40	Neller, Jennifer	Novato "Washer Rebate" Program	50.00
41	Novato, City of	Adjust Tracer Wire Box to Grade @ Redwood Blvd & Olive	575.00
42	Pace Supply	Double Check Detector (\$977), Popper Repair Kits (6), Meter Box (\$160), Concrete Extension (\$101), 2" Copper Pipe (180) (\$2,874), Nipples (5) & Test Cocks (6)	4,340.97
43	Pittman, Lloyd	Novato "Cash for Grass" Program	400.00
44	Red Wing Shoe Store	Safety Boots (Reed & Breit)	352.05
45	Sebastopol Bearing & Hydraulic	Air Hoses (STP) & Hydraulic Hose (18') (\$105)	170.73
46	Sequoia Safety Supply	Safety Vests (2)	46.83
47	SHI International	MS Project Software	395.48
48	Silverado Avionics	Microphones for Truck Radios (2)	202.61

Seq	Payable To	For	Amount
49	Sonoma County Water Agency	July - September Conservation Program	14,112.75
50	Souza, Paul	Novato "Washer Rebate" Program	50.00
51	Tanner, Roy	Novato "Washer Rebate" Program	50.00
52	USA BlueBook	Beakers (12) & Chlorine Injector (\$343) (STP)	420.04
53	US Postal Service	Meter Postage	1,000.00
54	Verizon Wireless	Cellular Charges: Data (\$188) & Airtime (\$138) (19)	256.52
55	Whitley, James	Novato "Washer Rebate" Program	50.00
56	White & Prescott	Engineering Services: AEEP Easement Support B2 Reach A (Balance Remaining on Contract \$32,805)	1,040.00
57	Winzer	Washers, Hitch Pins, Sanding Discs & Zip ties for Auto Shop	302.84
58	Yates, James	Refund Overpayment on Account	80.00
TOTAL DISBURSEMENTS			<u>\$474,741.18</u>

The foregoing payroll and accounts payable vouchers totaling \$474,741.18 are hereby approved and authorized for payment.

 1/6/14
 Auditor-Controller Date

 1/7/2014
 General Manager Date

DISBURSEMENTS - DATED JANUARY 16, 2014

Date Prepared: 1/14/14

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

Seq	Payable To	For	Amount
P/R*	Employees	Final Paycheck (Moore)	\$5,697.15
EFT*	US Bank	Federal & FICA Taxes (Moore)	2,776.92
EFT*	State of California	State Taxes & SDI (Moore)	568.10
1	Able Tire & Brake	Tires (10) ('01 Dodge Dakota-\$245, '09 Peterbilt Cab-\$1,524 & '10 F150-\$778)	2,547.82
2	Ackerman, Gerald	Retiree Exp Reimb (2014 Health Ins)	1,088.28
3	Allen, William	Novato "Toilet Rebate" Program	100.00
4	Athens Administrators	Replenish Workers' Comp Account Cost (Bynum)	5,523.66
5	AT&T	Telephone Charges: Leased Lines	957.96
6	Automation Direct	Network Cards for RTU's (2)	402.00
7	Baccei, Michael	Exp Reimb: Plumbing Services @ 15 Gustafson Ct.	188.50
8	Bakalar, Michael	Retiree Exp Reimb (2014 Health Ins)	547.80
9	Bay Area Barricade Service	Striping Paint (120-17 oz cans) (\$499) & Posts (20) (66") (\$400)	898.87
10	Bradbery, Ronald	Retiree Exp Reimb (2014 Health Ins)	97.68
11	Butti, Lou	Retiree Exp Reimb (Jan Health Ins)	349.23
12	Calif Public Health Services	Recycled Water Fees (7/1/12 - 6/30/13) (\$4,813), FY 14 Small Water System Fee (Point Reyes) (\$4,590) & D1 Recertification Fee (Baccei) (\$170) (9/13-9/16) (Budget \$0)	9,573.20
13	CalTrans	Sept - November 2013 AEEP Betterments (Progress Payment #4)	73,895.29
14	California State Disbursement	Wage Assignment Order	1,018.50
15	CalPERS Retirement System	Pension Contribution (Moore-Final Paycheck)	613.67

Seq	Payable To	For	Amount
16		Cafeteria Plan: Uninsured Medical Reimbursement	600.00
17		Vision Reimbursement	100.45
18	DeLeon, Petrona	Novato "Washer Rebate" Program	50.00
19	Dell Computers	Replacement PC's @ STP (4)	3,280.40
20	Derby, Richard	Retiree Exp Reimb (2014 Health Ins)	1,088.28
21	Diggs, James	Retiree Exp Reimb (Jan Health Ins)	1,017.68
22	Digital Prints & Imaging	Vellum Paper (10-24" x 36") (Lab)	130.07
23	Environmental Management	Refund Security Deposit on Hyd Meter Less Final Bill	770.55
24	Eyler, John	Retiree Exp Reimb (2014 Health Ins)	1,088.28
25	Fisher Scientific	Zinc Standard, Pipettes (2,400) (\$181) & Sulfate Standard (Lab)	244.72
26	Franklin, Craig	Novato "Toilet Rebate" Program	200.00
27	Fuentes, Grace	Novato "Washer Rebate" Program	50.00
28	Glasser, Rebecca	Novato "Washer Rebate" Program	50.00
29	Grainger	Network Cable Ends (100)	14.52
30	Groeniger	3" X 5" Couplings (3) (\$286) & 12" Clamp (\$416)	701.55
31	Hale, Larry	Retiree Exp Reimb (2014 Health Ins)	547.80
32	Hertz Equipment Rental	Loader Rental (1 Day)	92.65
33	Huntsman, Daniel	West Marin "Toilet Rebate" Program	200.00
34	Johnstone, Daniel	Retiree Exp Reimb (2014 Health Ins)	1,088.28
35	Journey Ford/Lincoln	Taillight Assembly (\$101), Brake Pads & Rotors (\$194) ('10 F150)	295.13
36	Kehoe, Theresa	Exp Reimb: Notary Seal for 2014	32.96
37	Knapp, Jane	Novato "Washer Rebate" Program	50.00
38	Lincoln Life	Deferred Compensation PPE 1/15/14	12,087.49

Seq	Payable To	For	Amount
39	County of Marin	2013 Annual Encroachment Permit	490.00
40	Matchette, Tim	Retiree Exp Reimb (Jan Health Ins)	349.23
41	McAghon, Andrew	December Sludge Removal (3 yds)	840.00
42	McMaster-Carr Supply	Toilet Fittings (2) (Construction Office)	31.11
43	Microtech Scientific	Lauryl Sulfate Broth (Lab)	173.04
44	Mohn, Cristina	Novato "Washer Rebate" Program	50.00
45	MSC Industrial Supply	Utility Pumps (2) (STP)	486.26
46	Musante, Ron	Novato "Washer Rebate" Program	50.00
47	National Fire Protection Assoc	Membership Dues (McIntyre) (2/14-1/15) (Budget \$170)	165.00
48	Nationwide Retirement Solution	Deferred Compensation PPE 1/15/14	1,025.00
49	Nelson, John O.	Retiree Exp Reimb (2014 Health Ins)	1,088.28
50	North Marin Auto Parts	Spray Paint (4 - 12 oz. cans), Distributor Cap & Rotor, Exhaust Pipes (3), Light Plug, Latex Gloves (6), Toggle Switch Covers (2), Wiper Blades (8) (\$130), Air Filters (5) (\$57), Oil Filters (5) (\$19), Motor Oil (35 qts) (\$187), Power Steering Stop Leak, Air Brake Hand Seals, Mirror & Brake Lining Measuring Gauge	644.50
51	North Bay Gas	Carbon Dioxide (\$125) (Const), Nitrogen (\$625) (STP), Breathing Air (\$203) (STP) & December Cylinder Rental (\$117)	1,069.81
52	Novato Sanitary District	Recycled Water for Sept & Oct 2013	26,223.16
53	Novato Chevrolet	Transmission Filler Kit (\$89) ('08 Chevy Colorado) & Fluid Brake Shoe Kit & Drums (\$89) ('07 Chevy Colorado)	464.20
54	Office Depot	'AA' Batteries (72)	59.17
55	O'Reilly Auto Parts	Washer Fluid, Brake Cleaner, Glass Cleaner, Upholstery Protector & Anti-Freeze (\$111)	210.44
56	Pace Supply	Test Cocks (18) (\$95) & Meter Gaskets (400) (\$85)	181.18

Seq	Payable To	For	Amount
57	PES Environmental	Consulting Services: Gallagher Well & Pipeline Project Hydraulic Design Plan (Balance Remaining on Contract \$4,861)	21,308.11
58	Peterson Trucks	Batteries ('07 Intl 4300)	216.39
59	PG&E	Power/Bldgs/Yard (\$2,503), Rectifier/Controls (\$407), Pumping (\$17,486), Treatment (\$157) & Other (\$538)	21,091.50
60	Phillips & Associates	January O&M of O.M. Wastewater Treatment System	5,311.43
61	Pianzola, Zenir	Refund Overpayment on Account	686.07
62	Pini Hardware	Hearing Protection, Batteries, Electrical Supplies (\$76) (STP), Plumbing Supplies (STP) (\$252), Plumbing Supplies (Apartment). Tie Downs (3) (\$45), Super Glue, PVC Cap, Pipe Insulation, Cable Ends, Conduit for Radio Antennas, Electrical Outlet & Covers & Wire for Gopher Netting	474.17
63		Cafeteria Plan: Childcare Reimbursement	658.84
64	Red Wing Shoe Store	Safety Boots (Rupp)	152.05
65	Roberts, Renee	Retiree Exp Reimb (Jan Health Ins)	349.23
66		Cafeteria Plan: Childcare Reimbursement	220.00
67	Rogers, Caroline	Novato "Toilet Rebate" Program (\$100) & Refund Alternative Compliance Reg 15 Deposit (\$315)	415.00
68	Roundtree, Philip	Novato "Toilet Rebate" Program	100.00
69	Schallock, Arron	Novato "Washer Rebate" Program	50.00
70	Shirrell Consulting Services	December Dental Expense	5,035.00
71	Smail, John	Retiree Exp Reimb (2014 Health Ins)	97.68
72	Smalley, Gayle	Retiree Exp Reimb (2014 Health Ins)	547.80
73	Soiland	Asphalt Recycling (6 tons)	20.00
74	Sonosky, Norma	Retiree Exp Reimb (2014 Health Ins)	97.68
75	South Bay Foundry	5 1/2" Caps (\$663) (51)	1,041.91

Seq	Payable To	For	Amount
76	Streakwave Wireless	RTU Radios (6)	452.15
77	Telderer, Ann	Novato "Toilet Rebate" Program	100.00
78	Tomassini, Ron	Novato "Washer Rebate" Program	50.00
79	T & T Valve & Instrument	Influent Valve Positioner (STP)	2,048.68
80	Ultra Scientific	Mineral Sample (Lab)	216.00
81	USA BlueBook	Mechanical Seat for Pump (STP)	96.24
82	US Bank	December Safekeeping Fee Treasury Securities	95.75
83	Vasconcellos, Joan	Retiree Exp Reimb (2014 Health Ins)	547.80
84	Velloza, Richard	Retiree Exp Reimb (2014 Health Ins)	1,088.28
85	Verizon California	Telephone Charges - Leased Lines	966.54
86	VWR International	Forceps (2) (Lab)	21.00
87		Vision Reimbursement	348.95
88	Williams, Jane	Novato Washer Rebate" Program	50.00
TOTAL DISBURSEMENTS			<u>\$228,180.07</u>

The foregoing payroll and accounts payable vouchers totaling \$228,180.07 are hereby approved and authorized for payment.


Auditor-Controller

1/13/14
Date


General Manager

1/13/2014
Date

MEMORANDUM

To: Board of Directors
From: Dianne Landeros, Accounting/HR Supervisor
Subj: Annual Sick Leave Buy-Back
t:\aclword\personnel\sick leave buyback 2013.docx

January 17, 2014

RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: \$21,568 in 2013

Employees accrue one day of sick leave each month. In 1970 the District adopted a policy to recognize employees who do not use much sick leave by allowing them to annually sell back unused sick leave in excess of 90 days at 50% of their pay rate. This buy-back policy provides an incentive for employees to use their sick leave benefit judiciously, and rewards those who do so, while simultaneously reducing the District's accrued sick leave liability.

In 2013 nine employees had accrued sick leave in excess of 90 days. One chose to retain his accrued sick leave with the plan to convert it to additional service credit at retirement. Eight elected to convert their eligible sick leave to cash, at a District cost of \$21,568.

NORTH MARIN WATER DISTRICT

Cost Of Annual Sick Leave Buy-back Benefit

District policy allows buy-back of accrued sick leave in excess of 90 days @ 50% of value.

Paid for Calendar Year	Gross (Base) Pay	FICA, W.C. + & Unemp Ins ¹	= Overhead Cost	% of Overhead Payroll ¹	Days Purchased	Employees Participating	Cost per day
1989	\$12,628	\$1,269	\$13,897	0.54%	145.5	14	\$95.51
1990	\$11,068	\$1,261	\$12,328	0.46%	126.0	13	\$97.84
1991	\$10,772	\$1,270	\$12,042	0.40%	104.2	12	\$115.52
1992	\$11,909	\$1,464	\$13,373	0.42%	116.4	12	\$114.88
1993	\$13,726	\$1,581	\$15,307	0.47%	130.9	12	\$116.95
1994	\$14,608	\$1,613	\$16,221	0.51%	151.5	14	\$107.07
1995	\$15,387	\$1,434	\$16,821	0.54%	160.6	16	\$104.76
1996	\$13,295	\$1,222	\$14,517	0.48%	140.0	14	\$103.69
1997	\$9,451	\$910	\$10,361	0.32%	93.2	11	\$111.20
1998	\$8,059	\$786	\$8,845	0.27%	73.8	8	\$119.93
1999	\$8,013	\$846	\$8,859	0.26%	74.8	8	\$118.51
2000	\$10,081	\$1,040	\$11,122	0.32%	91.0	10	\$122.16
2001	\$11,379	\$1,164	\$12,543	0.34%	95.9	12	\$130.78
2002	\$11,505	\$1,201	\$12,706	0.33%	94.4	11	\$134.57
2003	\$12,818	\$1,910	\$14,728	0.36%	88.5	9	\$166.46
2004	\$14,700	\$2,443	\$17,143	0.39%	113.8	11	\$150.63
2005	\$10,575	\$1,588	\$12,163	0.23%	66.0	6	\$184.29
2006	\$12,006	\$1,588	\$13,594	0.24%	78.3	8	\$173.62
2007	\$16,214	\$1,816	\$18,030	0.31%	95.8	9	\$188.30
2008	\$13,606	\$726	\$14,332	0.24%	69.5	6	\$206.22
2009	\$10,472	\$731	\$11,203	0.17%	61.6	5	\$181.81
2010	\$15,978	\$1,155	\$17,133	0.27%	84.5	8	\$202.68
2011	\$16,155	\$1,037	\$17,192	0.27%	83.9	8	\$204.96
2012	\$14,071	\$1,006	\$15,077	0.23%	64.4	6	\$234.22
2013	\$19,402	\$2,166	\$21,568	0.31%	85.7	8	\$251.55
Average:	\$12,715	\$1,329	\$14,044	0.35%	99.6	10	\$149.53

¹ Tax rates and payroll amounts used are from December of each respective year.
Workers' comp rate used is average rate in effect.

MEMORANDUM

To: Board of Directors

January 17, 2014

From: David L. Bentley, Auditor-Controller

Subj: Information – Renewal of Oceana Marin Liability Insurance
t:\actword\insurance\11\om liability ins purchase 14.docx

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: \$2,485 Expense for Oceana Marin Sewer vs. \$3,000 Budgeted

The 2014 premium for Oceana Marin sewer improvement district's \$1 million liability insurance policy is up 22% (\$452) from 2013. This coverage is provided via the California Sanitation Risk Management Authority (CSRMA), a Joint Powers Authority that also provides coverage for the sanitary districts in Novato, Central Marin, Las Gallinas, San District's 1&5, Sausalito-Marin City, San Rafael, and the Sewerage Agency of Southern Marin. \$3,000 was budgeted for this purchase.

Note from the attached chart that Oceana Marin's insurance premium decreased significantly in 2010, and continues at a moderate level. CSRMA changed carriers this year to Allied World Assurance Company based on their more competitive proposal than the prior carrier. The new policy retains the limit of \$1 million per occurrence and \$3 million aggregate, but includes a \$1,000 deductible, compared to no deductible with the previous policy.

Allied World Assurance Company carries an A.M. Best Rating of A XV. The A indicates excellent financial strength, and the XV indicates financial size is the largest rated (>\$2 billion statutory surplus).

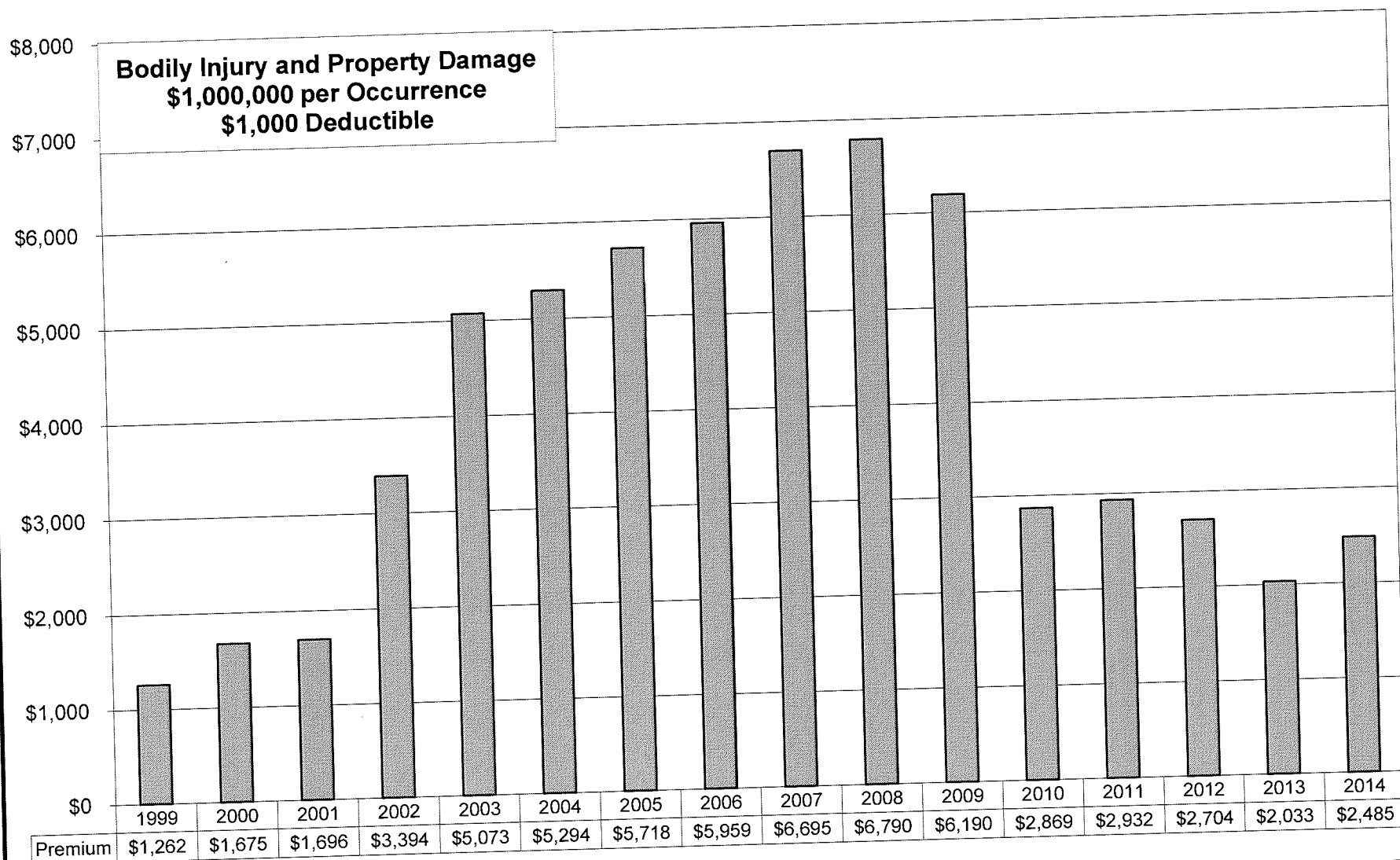
The premium cost for each of Oceana Marin's 229 dwelling units is \$11 per year. CSRMA reports that the average cost of the 560 sewer overflow claims incurred over the first decade of this century was \$20,048¹, which equates to \$88 per Oceana Marin customer absent insurance. In February 2008 a sewer main in Oceana Marin ruptured, and CSRMA reimbursed the Oceana Marin district \$50,370 for clean-up costs. Since 1999, when the District initially purchased liability insurance for Oceana Marin, and including the 2014 premium, annual premium payments total \$62,768.

¹ CSRMA 2010/2011 Long Range Action Plan, page 29 - <http://www.csrma.org/docs/agenda-eb-100429.pdf>

1/3/14

Oceana Marin Liability Insurance Premium

Renews January 1



MEMORANDUM

To: Board of Directors
From: Alicia Manzoni, Consumer Services Supervisor 
Subject: Information – Meter Reading Accuracy
\\nmwdsrv1\administration\cons srvc\letters\dmc summary 2012.doc

January 17, 2014

RECOMMENDED ACTION: None

FINANCIAL IMPACT: None

North Marin Water District's Field Service Representatives read 128,890 meters from December 1, 2012 to November 30, 2013. When tallying misreads versus meters read over the past 12 months, we found that the reading error rate was 0.12% (157 misreads) or, stated positively, a 99.88% accuracy rate.

In comparison to other water utilities, East Bay Municipal Utility District claims their accuracy rate is 99.99%, San Jose Water reports 99.90% and City of Petaluma staff 99.50%.

Our FSR's do make an effort to read each meter accurately. We strive to be accurate and our FSR's do a great job.

	2010	2011	2012	2013
Meters Read ¹	127,815	129,363	126,626	128,890
Misreads	64	210	150	157
Accuracy Rate	99.95%	99.84%	99.88%	99.88%

¹ Varies based on cycles included from year to year.

Bob Misk

RECEIVED

OCT 26 2013

North Marin Water District

Novato Theater, Inc.
936-B Seventh Street #132
Novato, CA 94945

October 22, 2013

North Marin Water District Board of Directors
North Marin Water District
999 Rush Creek Place
Novato, CA 94945

Dear Board:

As per my discussion with Chris DeGabriele, the Novato Theater, Inc. is in the process of soliciting funds to rebuild the theater. I am pleased to report that we have raised over \$700,000 to date from hundreds of Novato businesses and citizens. With these monies, we have purchased the building, developed the design, began the soft demo and abatement, as well as construction planning and preparation. We are pleased to have Dan McDonald, as our architect and Arntz Construction, as our contractor, both local professionals. The total project cost at completion and to open the theater door is 3.2 million.

As part of the restoration, we must install a fire line to serve the fire sprinkler system. Since the existing water main on Scoan Lane is only a 2 inch pipeline, a 6 inch diameter lines must be installed from Machin Ave. to the rear of the theater.

We are exploring the opportunity of creating Public/Private Partnerships with other public agencies and Districts along with the City of Novato. Therefore, I am asking the Board and Management to explore the partnership idea. As an example, the District could provide the labor and the Theater would pay for all the materials necessary to install the water system.

With everyone working together, we can make this dream come to life for the Novato Community. (Enclosed is a copy of our Business Plan).



J. Dietrich Stroeh

cc: Chris DeGabriele
Novato Theater Board



Almighty Father, whose command is over all and
whose love never fails, make me aware of
Thy presence and obedient to Thy will.

Keep me true to my best self,
guarding me against dishonesty in purpose and
deed and helping me to live so that I can face
my fellow Marines, my loved ones,
and Thee without shame or fear.
Protect my family.

Give me the will to do the work of a Marine and to accept
my share of responsibilities with vigor and enthusiasm.
Grant me the courage to be proficient in my daily performance.

Keep me loyal and faithful to my superiors and to
the duties my Country and the Marine Corps have
entrusted to me. Help me to wear my uniform with
dignity, and let it remind me daily of the traditions
which I must uphold.

If I am inclined to doubt, steady my faith;
if I am tempted, make me strong to resist;
if I should miss the mark, give me courage to try again.

Guide me with the light of truth and grant me wisdom
by which I may understand the answer to my prayer.

In Loving Memory

William Harvey Melson **"Bill"**

Born

October 25, 1919

Died

December 31, 2013

Funeral Service

Thursday, January 9, 2014

11:00 a.m.

Parent-Sorensen Mortuary and Crematory
Petaluma, California

Officiating

His loving family

Luncheon to follow

Volpi's Ristorante & Bar
124 Washington Street
Petaluma, California

Marin, Sonoma water agencies call for conservation as drought continues

Posted:

marinij.com

Marin and Sonoma water agencies have begun urging customers to conserve water in the face of the worst drought the region has seen in at least a century.

The Marin Municipal, North Marin and Sonoma County water agencies and seven other municipal and regional water systems that use its Russian River water launched their first wintertime conservation campaign this week with the theme "The Drought is On; Turn the Water Off."

Usually such campaigns are for summer months.

"But because of the dry year we want to promote conservation now as well," said Libby Pischel, Marin Municipal Water District spokeswoman.

Water managers say that Lake Sonoma, the centerpiece of the region's water supply, has about a year's worth of water left before the Sonoma County Water Agency would be forced to ration the supply to client cities and districts and their 600,000 customers.

The Marin Municipal Water District serves about 190,000 people between Sausalito and San Rafael and gets 25 percent of its water from Sonoma, the balance coming from local reservoirs on Mount Tamalpais. The North Marin Water District, which provides water to Novato and West Marin to 60,000 people, gets 80 percent of its water from Sonoma and the rest from Stafford Lake.

Coming out of a record dry year in 2013, officials are hoping to extend the Lake Sonoma supply as long as possible before it reaches a critical level.

The campaign will feature ads online in local broadcast and print outlets urging residents to conserve water, cutting down landscape irrigation, car washing, and other outdoor activities and publicizing existing programs to replace indoor appliances and fixtures with more efficient models.

This builds on an earlier campaign, over the summer, urging residents to take the "20 gallon challenge," reducing their usage by that much every day. This new call, however, is much more urgent given the dire lack of precipitation in the rainy season so far.

Marin just experienced its driest year on record. In 2013, 10.68 inches of rain were recorded at Lake Lagunitas, where the Marin Municipal Water District — which has data dating to 1879 — keeps its official weather gauge.

The previous record low was set in 1929 when 19.06 inches of rain fell. The annual

average is 52 inches per year.

Forecasters say there is a glimmer of hope for later this year, with some early signs that warming water in the Pacific may generate the condition known as "El Niño" that normally means wetter weather on the West Coast.

In the short term, however, the North Bay has little prospect of rain. The National Weather Service said this week that a weak weather system will move into the Pacific Northwest over the next few days, bringing a dusting of snow to the Sierra and rain to the upper Sacramento Valley as early as Saturday, but that is unlikely to generate much precipitation in Marin and Sonoma.

The wintertime conservation campaign is intended to save water now and get customers accustomed to drought conditions going into the summer, when demand peaks and Lake Sonoma will be under the most strain should the winter remain dry, said Grant Davis, general manager of the Sonoma County Water Agency.

The worst-case scenario, he said, would be to see water levels drop so low that the cities such as Novato can't get the water they need and flows in the river falls so low as to damage habitat for wildlife. "And that is a real possibility ... we have to plan for that," he said.

Information on the drought situation and tips for conserving water are available at wateroff.org.

Distributed by MCT Information Services. IJ reporter Mark Prado contributed to this report.

The Press Democrat

Mendocino County declares drought emergency

By GLENDA ANDERSON THE PRESS DEMOCRAT on January 8, 2014, 9:02 AM

Mendocino County Supervisors Tuesday unanimously declared a drought emergency, the first step in managing the county's dwindling water supplies as rainfall continues to bypass the North Coast.

"It's just really scary to see where we are with the water supply," said Supervisor Carre Brown.

The emergency declaration includes creation of a committee to evaluate the drought's effects on local water sources and draft a plan to lessen its impacts.

Wells are drying up and Lake Mendocino, a primary source of water in the Ukiah and Hopland valleys, is close to an all-time low following a year of record low rainfall. Just 7.67 inches of rain fell in the upper reaches of the Russian River last year.

The city of Willits, which has its own reservoirs, plans to impose mandatory water reductions.

Supervisor John Pinches, the newly appointed board chairman, voted for the emergency drought declaration but criticized county and water officials for failing to have acted to avert the problem.

There's a flurry of activity and discussion whenever there's a drought, then people forget about it when it rains," he said.

"How many times do we have to knock ourselves on the head before we get it?" Pinches asked. "Folks, we've got to come up with another water supply."

Pinches has long promoted finding new water sources. His ideas include tapping into Boy Scout camp reservoir near Willits and a much maligned proposal to build a pipeline from the Eel River at Dos Rios to a yet-to-be-built reservoir.

Pinches supports a decades-long effort to get the dam at Lake Mendocino raised, which could nearly double the amount of water it holds. But he says it would only fix part of the problem.

A dam-raising feasibility study has been in the works for years but funding to complete the study is inadequate and it's in danger of being shelved.

A bigger reservoir would allow the county to better weather a drought, but it wouldn't provide much more usable water for county residents and farmers, Pinches said, noting that Sonoma County holds the rights to about 80 percent of the lake's water.

In the years since the major drought of 1976-1977, Mendocino County's water has declined, Pinches said. Federal agencies have altered flow regimes in the Eel and Russian rivers during that time, changes largely aimed at reviving endangered fish populations.

Another, temporary reduction recently was made in the water diversion that shunts water from the Eel River, through the Potter Valley Power Plant and into the Russian River above Lake Mendocino. The

Eel River diversion historically has provided a majority of the water in Lake Mendocino and the Russian River in summer months.

Supervisor Dan Hamburg said people should be prepare for the possibility of a worsening in drought conditions.

"Nobody's mentioned the elephant in the room, which is climate change," he said. "I'm afraid the new normal is low rainfall."

Mendocino County Supervisors Tuesday unanimously declared a drought emergency, the first step in managing the county's dwindling water supplies as rainfall continues to bypass the North Coast.

"It's just really scary to see where we are with the water supply," said Supervisor Carre Brown.

The emergency declaration includes creation of a committee to evaluate the drought's effects on local water sources and draft a plan to lessen its impacts.

Wells are drying up and Lake Mendocino, a primary source of water in the Ukiah and Hopland valleys, is close to an all-time low following a year of record low rainfall. Just 7.67 inches of rain fell in the upper reaches of the Russian River last year.

The city of Willits, which has its own reservoirs, plans to impose mandatory water reductions.

Supervisor John Pinches, the newly appointed board chairman, voted for the emergency drought declaration but criticized county and water officials for failing to have acted to avert the problem.

There's a flurry of activity and discussion whenever there's a drought, then people forget about it when it rains," he said.

"How many times do we have to knock ourselves on the head before we get it?" Pinches asked. "Folks, we've got to come up with another water supply."

Pinches has long promoted finding new water sources. His ideas include tapping into Boy Scout camp reservoir near Willits and a much maligned proposal to build a pipeline from the Eel River at Dos Rios to a yet-to-be-built reservoir.

Pinches supports a decades-long effort to get the dam at Lake Mendocino raised, which could nearly double the amount of water it holds. But he says it would only fix part of the problem.

A dam-raising feasibility study has been in the works for years but funding to complete the study is inadequate and it's in danger of being shelved.

A bigger reservoir would allow the county to better weather a drought, but it wouldn't provide much more usable water for county residents and farmers, Pinches said, noting that Sonoma County holds the rights to about 80 percent of the lake's water.

In the years since the major drought of 1976-1977, Mendocino County's water has declined, Pinches said. Federal agencies have altered flow regimes in the Eel and Russian rivers during that time, changes largely aimed at reviving endangered fish populations.

The Press Democrat

Sonoma County Water Agency launches conservation effort

By SEAN SCULLY THE PRESS DEMOCRAT on January 8, 2014, 6:03 PM

Sonoma and Marin county water agencies have begun urging customers to conserve water in the face of the worst drought the region has seen in at least a century.

The Sonoma County Water Agency and the nine municipal and regional water systems that use its water launched their first-ever wintertime conservation campaign on Wednesday with the theme "The Drought is On; Turn the Water Off."

Water managers say that Lake Sonoma, the centerpiece of the region's water supply, has about a year's worth of water left before the Water Agency would be forced to ration the supply to client cities and districts and their 600,000 customers. Coming out of a record dry year in 2013, they are hoping to extend that Lake Sonoma supply as long as possible before it reaches a critical level.

"We're very concerned; we want to take a proactive approach ... The more we can do now, the less dire an impact it will have on us if this continues," said David Guhin, utilities director for the city of Santa Rosa, the largest water system reliant on Lake Sonoma.

The campaign will feature ads online in local broadcast and print outlets urging residents to conserve water, cutting down landscape irrigation, car washing, and other outdoor activities and publicizing existing programs to replace indoor appliances and fixtures with more efficient models.

This builds on an earlier campaign, over the summer, urging residents to take the "20 gallon challenge," reducing their usage by that much every day. This new call, however, is much more urgent given the dire lack of precipitation in the rainy season so far.

Santa Rosa ended 2013 with just 8.71 inches of rain, according to Press Democrat records. The normal rainfall is 32.22 inches. According to Water Agency data, last year was the driest in 119 years of record keeping, well below the severe drought years of 1976 and 1932.

Water levels have fallen so low in Lake Mendocino near Ukiah that the Water Agency has received state permission to slash flows into the upper Russian River to preserve what little is left for next summer. That is forcing cities north of Dry Creek, which are upstream of Lake Sonoma and thus cannot draw water from Lake Sonoma, to make plans for mandatory water conservation; the Mendocino County Board of Supervisors cleared the way for those measures Tuesday by declaring a "drought emergency."

In Napa County, reservoirs also are dwindling and the cities are eyeing their allocations from the State Water Project nervously. State water managers have warned that they will be able deliver as little as 5 percent of the normal allocation from the huge network of reservoirs that supplies much of Northern and Central California, though not Sonoma and Mendocino counties.

Forecasters say there is a glimmer of hope for later this year, with some early signs that warming water in the Pacific may generate the condition known as "El Niño" that normally means wetter weather on the West Coast.

In the short term, however, the North Coast has little prospect of rain. The National Weather Service

said Wednesday that a weak weather system will move into the Pacific Northwest over the next few days, bringing a dusting of snow to the Sierras and rain to the upper Sacramento Valley as early as Saturday, but that is unlikely to generate much precipitation in the North Bay.

The winter-time conservation campaign is intended to save water now and get customers accustomed to drought conditions going into the summer, when demand peaks and Lake Sonoma will be under the most strain should the winter remain dry, said Grant Davis, general manager of the water agency.

The worst case scenario, he said, would be to see water levels drop so low that the cities can't get the water they need and flows in the river falls so low to damage habitat for wildlife. "And that is a real possibility ... we have to plan for that," he said.

Water managers say existing conservation efforts, including subsidizing water-efficient home fixtures, programs developed in the wake of droughts in the '70s and '80s, already have led to a dramatic reduction in regional water consumption, despite a surging population. Guhin said the city estimates the efficiency measures save about 1.4 billion gallons per year in Santa Rosa's system alone.

But residential demand accounts for about three-quarters of all water use in Santa Rosa, with the rest being for commercial and industrial users. The city, hoping to replicate the success in residential conservation on the commercial side, hired a consultant late last year to do "water audits" for businesses and help owners use water more efficiently.

The municipal water systems and regional districts participating in the campaign are the cities of Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Windsor, and the North Marin, Valley of the Moon, and Marin Municipal Water Districts.

"We hope this campaign will create a buzz in the local coffee shops and get our community to not only talk about saving water, but take action by following some easy water saving tips," said Jake McKenzie, Rohnert Park city council member, in a release announcing the campaign. "Every drop of water matters at this point."

Information on the drought situation and tips for conserving water are available at wateroff.org.

You can reach Staff Writer Sean Scully at 521-5313 or sean.scully@pressdemocrat.com. On Twitter @BeerCountry.

Sonoma and Marin county water agencies have begun urging customers to conserve water in the face of the worst drought the region has seen in at least a century.

The Sonoma County Water Agency and the nine municipal and regional water systems that use its water launched their first-ever wintertime conservation campaign on Wednesday with the theme "The Drought is On; Turn the Water Off."

Water managers say that Lake Sonoma, the centerpiece of the region's water supply, has about a year's worth of water left before the Water Agency would be forced to ration the supply to client cities and districts and their 600,000 customers. Coming out of a record dry year in 2013, they are hoping to extend that Lake Sonoma supply as long as possible before it reaches a critical level.

"We're very concerned; we want to take a proactive approach ... The more we can do now, the less dire an impact it will have on us if this continues," said David Guhin, utilities director for the city of Santa

ess Sarah Pol-
s. Actor Windel
ebrooks is 35.

Top diets: U.S. News and World Report's annual rank-
ings of the top diet plans is out. On the No. 1 spot again
was the Dietary Approaches to Stop Hypertension diet.

from one of our staff
photographers.
MONTEREYHERALD.COM

also moved to Chile
France and Portugal.
See the photos
REFORMER.COM

Powerball: 34
Today's estimated
jackpot: \$70 million

Please Save Water This Winter!

Thank you for doing your part!



Turn off your irrigation
system for the
winter and water
only as needed.



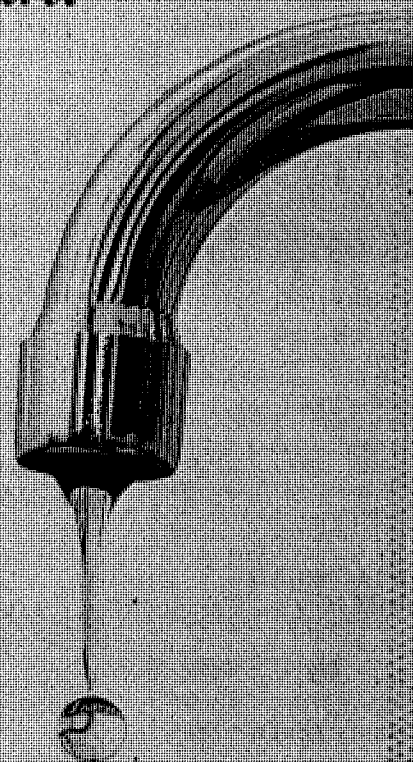
Fix dripping faucets,
running toilets
and other leaks.



Replace old toilets,
clothes washers and
irrigation controllers with new
water-efficient models.
MMWD has rebates to help
you make the switch.



If you see water
running down the street,
let us know by emailing
conservation@marinwater.org
or calling 945-1520.



**MARIN MUNICIPAL
WATER DISTRICT**

220 Nellen Avenue
Corte Madera, CA 94925
marinwater.org
(415) 945-1455

Visit our website at **marinwater.org**
to learn more ways to conserve.