



NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
 June 20, 2017 – 7:00 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
7:00 p.m.	CALL TO ORDER	
	1.	APPROVE MINUTES FROM REGULAR MEETING , June 6, 2017
	2.	GENERAL MANAGER'S REPORT
	3.	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.
	4.	STAFF/DIRECTORS REPORTS
	5.	PUBLIC HEARING/ADOPT <ol style="list-style-type: none"> a. Proposed FY18 Equipment Budget b. FY18 & FY19 Novato Capital Improvement Projects Budget c. FY18 Proposed Novato Water Operations Budget d. FY18 Proposed Recycled Water System Budget
	6.	MONTHLY PROGRESS REPORT
	CONSENT CALENDAR The General Manager has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.	
	7.	Consent – Approve Advertisement for San Mateo Tank Rehabilitation
	8.	Consent – Approve Annual Water Quality Report – Novato
	9.	Consent – Approve Annual Water Quality Report – Point Reyes
	10.	Approve: Oceana Marin Sewer Service Charge Increase Ordinance - First Reading
	INFORMATION ITEMS	
	11.	Second Review – FY18 West Marin Water and Oceana Marin Sewer Budgets
	12.	North Bay Water Reuse Authority Update – May 22, 2017

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
	13.	MISCELLANEOUS Disbursements Single Audit FY17 Final Payment – Novato & West Marin EDA Loans <u>News Articles:</u> In Loving Memory: Dietrich Stroeh Jury sees \$1 billion shortfall in Marin public pensions Fluoridation to continue in Marin’s water Marin Voice: Agencies wise to invest in future benefits costs today California ordering inspections at aging dams after crisis PPIC Report Validates Local Drought Planning and Storage Investments
	14.	CLOSED SESSION: Conference with Real Property Negotiators (David Bentley & Drew McIntyre) regarding 42 Spinoso Way, Novato, CA (Government Code Section 54956.8)
8:15 p.m.	15.	ADJOURNMENT

1

DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
June 6, 2017

CALL TO ORDER

President Petterle called the regular meeting of the Board of Directors of North Marin Water District to order at 7:00 p.m. at the District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Michael Joly, and Stephen Petterle. Also present were General Manager Drew McIntyre, District Secretary Katie Young, Auditor-Controller David Bentley and Chief Engineer Rocky Vogler. Director John Schoonover was absent.

J.D. Brosnon, The Covello Group, District employees Pablo Ramudo (Water Quality Supervisor), Robert Clark (Maintenance/Operations Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

Director Fraites asked that the Board consider adjourning the meeting in memory of the passing of Dietrich Stroeh, long time Novato Resident and water professional. On motion of Director Fraites seconded by Director Baker, the Board made approved adjourning the meeting in memory of the passing of Dietrich Stroeh a.k.a. Mr. Water by the following vote:

AYES: Director Baker, Fraites, Joly, and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Schoonover

MINUTES

On motion of Director Baker, seconded by Director Fraites the Board approved the minutes from the previous meeting as presented by the following vote:

AYES: Director Baker, Fraites, Joly, and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Schoonover

1 **GENERAL MANAGER'S REPORT**

2 **Grossi Ranch**

3 Mr. McIntyre advised the Board that on May 19th he and Robert Clark went back to the
4 Grossi Marindale Ranch with Scott Stephens of Miller Pacific Engineering Group to meet with Ralph
5 and Jim Grossi. He stated that the visit was to go to the erosion sites and have Miller Pacific
6 propose a modification plan for implementation this summer to reduce erosion and sediment
7 transfer into the lake.

8 **North Bay Water Reuse Authority Meeting**

9 Mr. McIntyre informed the Board that he and Director Baker and Rocky Vogler attended the
10 meeting on May 22nd and will provide the Board with an update at a future meeting.

11 **Potter Valley Project Relicensing**

12 Mr. McIntyre advised that on June 1st the Federal Energy Regulatory Commission, FERC,
13 issued a scoping document related to PVP relicensing and he will be attending another meeting in
14 Ukiah on June 28th. He noted that comments on the document are due by August 4th.

15 **OPEN TIME**

16 President Petterle asked if anyone in the audience wished to bring up an item not on the
17 agenda and there was no response.

18 **STAFF/DIRECTORS REPORTS**

19 President Petterle asked if staff or Directors wished to bring up an item not on the agenda
20 and the following items were discussed:

21 Mrs. Young advised the Board that she will not be at the next Board meeting on June 20th
22 and Engineering Secretary Eileen Mulliner will be here in her stead. She reminded the Board that
23 the Pt. Reyes Board meeting is on June 27th at 7pm at the Dance Palace and Mr. McIntyre will
24 provide Board members with a ride if they would like. She advised the Board that she will send a
25 reminder email.

26 Director Baker provided staff and the other Board members with an update on Director John
27 Schoonover's health.

28 **CONSENT CALENDAR**

29 On the motion of Director Fraites, seconded by Director Baker the Board approved the
30 following items on the consent calendar by the following vote:

31 AYES: Director Baker, Fraites, Joly, and Petterle

1 NOES: None

2 ABSTAIN: None

3 ABSENT: Director Schoonover

4 **GROUP LIFE INSURANCE**

5 The District's benefit package includes a life insurance policy for regular employees with a
6 benefit equal to their annual salary. The group life benefit also includes an accidental death and
7 dismemberment policy (AD&D) that offers double indemnity in the event of accidental death and
8 defined lump sum payments if there is loss of sight or appendage. The Board authorized the
9 Auditor-Controller to renew the contract with Mutual of Omaha for the District's Group Life and
10 Accidental Death and Dismemberment Insurance at a rate of \$2,28 per \$1,000 of payroll for a one-
11 year period commencing August 1,2017 .

12 **RENEW AGREEMENT WITH WORKERS' COMPENSATION THIRD-PARTY ADMINISTRATOR**

13 Six years ago the District returned to self-insuring its workers' compensation liability, and
14 employed Athens Administrators of Concord, CA to provide third-party administration (TPA) claims
15 service for \$1,000 per month for a three-year period. The Board authorized the Auditor-Controller to
16 renew the TPA agreement with Athens Administrators for a three-year period for a flat fee of \$1,000
17 per month.

18 **FY18 INSURANCE PURCHASE**

19 The District requested proposals for insurance coverage for the coming fiscal year from two
20 brokers: 1) Gallagher Insurance Services in San Francisco, who has won our business for the past
21 five years; and 2) Special District Risk Management Authority (SDRMA), who advised that they
22 cannot provide insurance outside of their pooled programs. The Board approved the purchase of
23 insurance for \$138,351 - included in the FY2017/18 Operations Budget.

24 **HAMILTON COTTAGES WATER SERVICE AGREEMENT**

25 The Board approved a Water Service Agreement with Hamilton Cottages. The Hamilton
26 Cottages project proposes to construct 16 single family homes for seniors upon a 1.5-acre vacant
27 parcel located on the south side of Hamilton Parkway across from Bristol Lane. New water facilities
28 required include 700 feet of 6-inch PVC main, 2 new commercial fire hydrants, sixteen (16) 1-inch
29 meters, one (1) 2-inch meter with a reduced pressure back flow preventer and 1 .5-inch and 1-inch
30 recycled water meters, All lots will receive normal pressure Zone 1 water service. Total water
31 demand is 19 equivalent dwelling units.

1 **AMENDMENT CONTRACT WITH LEONARD CHARLES AND ASSOCIATES (CEQA**
2 **DOCUMENTATION FOR PRE #4A WATER TANK REPLACEMENT)**

3 The Board authorized the General Manager to amend the agreement with Leonard Charles
4 & Associates in the additional amount of \$8,210 for the PRE #4A Tank Replacement project CEQA
5 documentation.

6 **DISPOSAL OF SURPLUS EQUIPMENT**

7 The Board authorized staff to send equipment including a 2005 Ford Ranger pickup, 2008
8 F350 and a 2000 Bobcat to auction with 1st Capitol Auction for disposal of the surplus equipment.

9 **ACTION CALENDAR**

10 **RECYCLED WATER EXPANSION PROJECT CENTRAL SERVICE AREA – HIGHWAY 101**
11 **CROSSING: REJECT BID PROTEST AND AWARD CONSTRUCTION CONTRACT (ANVIL**
12 **BUILDERS)**

13 Mr. Vogler advised the Board that the Recycled Water Expansion Project Central Service
14 Area – Highway 101 Crossing received two bids. He stated that Anvil Builders was the low bidder at
15 \$746K and Ghilotti Construction submitted a bid of \$791K. He advised the Board that The Covello
16 Group reviewed the bids and found Anvil Builders bid to be responsive.

17 Mr. Vogler advised the Board that staff received a bid protest from Ghilotti Construction. He
18 stated that the protest letter asserted that Anvil's bid was non-responsive on various grounds, and
19 that Ghilotti's was therefore the lowest responsive bidder. He informed the Board that The Covello
20 Group reviewed the bid protest and the protest was forwarded to District legal counsel Carl Nelson
21 who reviewed the plans and specs of the project and the bid documents and found no merit to the
22 protest. Mr. Vogler recommended the Board reject the bid protest from Ghilotti Construction.

23 Director Joly asked if staff receives a lot of bid protests. Mr. Vogler responded that the
24 District periodically receives bid protests but that in this particular case there was nothing of merit.

25 Director Baker expressed concern regarding Anvil Builders experience. Mr. Vogler advised
26 that the construction manager called all of the references and is confident in their work.

27 President Petterle suggested staff look into the City of San Francisco's project delivery
28 process and the concept of design and build which can provide a higher quality project at a lower
29 price.

30 Mr. McIntyre reminded the Board that for the bulk of the work for this project is the
31 trenchless pipeline installation under HWY101 and the subcontractor, Pacific Boring, is the same
32 firm that completed all the HWY101 trenchless work on the Aqueduct Energy Efficiency Project and
33 has completed many other trenchless projects all over California.

1 Director Joly inquired about the 12% difference in the engineers estimate vs the contractor.
2 Mr. Vogler responded that the percentage was reasonable and that both bids were lower than the
3 engineer's estimate.

4 On motion of Director Fraites, seconded by Director Baker the Board rejected Ghilotti
5 Construction's bid protest of Anvil Builders and approved award of the contract to Anvil Builders,
6 authorizing the General Manager to execute an agreement with Anvil Builders by the following vote:

7 AYES: Director Baker, Fraites, Joly, and Petterle

8 NOES: None

9 ABSTAIN: None

10 ABSENT: Director Schoonover

11 **RESPONSE LETTER TO MARIN LAFCO SPHERE OF INFLUENCE UPDATE**

12 Mr. McIntyre provided the Board with a draft response letter to the Marin LAFCo regarding
13 the 2017 Draft Sphere of Influence Update. In addition to some miscellaneous comments and
14 clarifications, the draft letter also provides specific comments on the designated State Route 1 (just
15 North of Point Reyes Station service territory) and Old Dillon Beach Community Sphere of Influence
16 expansions. He stated that the LAFCo report reaffirms that non-jurisdictional lands included in an
17 expanded Sphere of Influence does not provide any guarantees that the territory will be annexed or
18 provided outside service agreements. Mr. McIntyre advised the Board that most of the seven
19 customers outside of the service area have water service agreements but not all.

20 President Petterle asked how the areas along the Petaluma River and outside of the District
21 boundary play into the Sphere of Influence. Mr. McIntyre responded that LAFCo has shown an
22 interest in that area as well and it is included in the update.

23 On motion of Director Baker, seconded by Director Fraites, the Board authorized sending
24 the comment letter to Marin LAFCo regarding the draft Sphere of Influence Update by the following
25 vote:

26 AYES: Director Baker, Fraites, Joly, and Petterle

27 NOES: None

28 ABSTAIN: None

29 ABSENT: Director Schoonover

1 **INFORMATION ITEMS**

2 **RECYCLED WATER CENTRAL CONSTRUCTION MANAGEMENT PROGRESS REPORT NO. 2**
3 **(COVELLO)**

4 JD Brosnan provided the Board with the Progress Report No. 2 for the Recycled Water
5 Central Construction Project. He stated that even with the rain delays the project is still on track to
6 be completed on time.

7 Director Joly inquired about the gas pipeline that was hit during the project. Mr. Brosnan
8 responded that Mountain Cascade nicked the gas line with an excavator. He stated that the gas leak
9 was repaired as quickly as possible.

10 Director Baker asked if any claims might be submitted for this incident. Mr. Brosnan stated
11 that no claims have been filed to date but there may be claims of damages and Mountain Cascade
12 will be responsible for those costs.

13 **QUARTERLY PROGRESS REPORT – WATER QUALITY REPORT**

14 Pablo Ramudo provided the Board with the 3rd Quarter Water Quality progress report. He
15 advised that Stafford Treatment Plant started production for the season on March 15th. Total
16 organic carbon (TOC) removal remained above the 25% requirement of the Enhanced Surface
17 Water Treatment Rule. He noted that the TOC concentration was very low in the raw water at 3
18 mg/L. He stated that of the 245 routine samples collected for compliance with the Total Coliform
19 Rule, there were no coliform positive samples this quarter and chlorine residual concentrations
20 throughout the distribution system were good. Mr. Ramudo advised the Board that this year the
21 District performed a limited flushing program that started in February and continued through March.
22 He stated that this year Zone 2 and upper zones were flushed as well as dead ends. He noted that
23 Zone 1 was flushed last year and remained relatively free of sediments.

24 Mr. Ramudo stated that in Pt. Reyes raw water quality was good throughout the quarter and
25 that water quality parameters affected by salt water fell slightly throughout the quarter. He informed
26 the Board that Gallagher well was used as a source of water only during the first two weeks of
27 January. He noted that the raw water quality was good throughout the quarter; however this well
28 also showed the presence of coliform bacteria so the District was able to use the Coast Guard Wells
29 during this time. He advised the Board that extensive testing of the potable water produced at the
30 Point Reyes Treatment Plant and distributed throughout the entire system showed that there were
31 no coliform bacteria present and disinfection remained optimal.

1 **INITIAL REVIEW FY18- WEST MARIN WATER AND OCEANA MARIN SEWER BUDGETS**

2 Mr. Bentley provided the Board with the initial review of both the West Marin Water and
3 Oceana Marin Sewer Budgets. Proposed for the West Marin Water System customers is a 5% rate
4 increase. He noted that the proposed for the Oceana Marin Sewer System customers is a 10% rate
5 increase. Mr. Bentley reminded the Board that the Oceana Marin Sewer connection fee was
6 increased last year with a 2-phased approach and the fee increased from \$15,200 to \$22,600
7 effective September 1, 2016, and will increase to \$30,000 effective July 1, 2017.

8 Mr. Bentley advised the Board that in West Marin, annual 5% increases are included in the
9 5-year financial plan for FY19 and beyond to help pay for \$5.85 million in Capital Improvement
10 Projects scheduled over the next five years as the District moves forward with replacement of the
11 tank that was destroyed in the Vision Fire, an additional well at the Gallagher site, addition of a
12 Treatment Plant Solids Handling Facility, Replacement of PRE Tank #1, and Upgrade of the
13 Treatment Plant. He stated that in Oceana Marin, the Nute 2015 Master Plan update presented to
14 the Board in January 2016 identified \$3.1 million in needed improvements to the system and annual
15 10% increases are included in the 5-year financial plan to help pay for CIP program.

16 Mr. Bentley informed the Board that the Rate Comparison surveys completed showed that in
17 West Marin the District is still at the bottom of the list in terms of cost, but in Oceana Marin the
18 District has one of the highest rates, noting that its expensive to run a small sewer system.

19 Mr. Bentley informed the Board that there will be a second review of the West Marin and
20 Oceana Marin Budgets at the next meeting with approval of the budgets at the meeting in Pt. Reyes
21 Station on June 27th.

22 Mr. McIntyre advised the Board that he attends the Oceana Marin Homeowners meeting two
23 times a year and at the last two meeting he has reviewed the Nute 2015 Master Plan to keep the
24 customers aware of the need for continued rate increases.

25 **NBWA MEETING – JUNE 2, 2017**

26 Director Fraites provided a summary of the North Bay Water Association meeting held on
27 June 2nd. He stated that there were two excellent presentations given on replantation of oak trees in
28 the rural areas and climate change.

29 **WAC/TAC MEETING – JUNE 5, 2017**

30 Mr. McIntyre provided a summary of the Water Advisory Committee Meeting held on June
31 5th. He stated that the reservoirs are in great condition for water supply and that on May 19th the
32 Water Agency received the Temporary Urgency Change Petition, an annual request which
33 mandates reduction in flow in the upper and lower Russian River from May 1st to October 15th.

1 Mr. McIntyre stated that the Water Agencies Fish Flow EIR received 450 comments and the
2 final report will most likely be available in early 2018.

3 **MISCELLANEOUS**

4 The Board received the following miscellaneous items: Disbursements, Draft EIR State
5 Route 1 Lagunitas Creek Bridge Project Letter, Closing Bills Erroneous Amounts, and Marin
6 Retirement Health Care Benefits.

7 The Board also received the following news articles: Annual Water Hike continues to fund
8 large projects, Editorial: Pension plan needs to choose reality over risk, Marin Voice: Are Marin
9 voters running out of generosity toward tax increases?, Marin watchdog growls over public sector
10 retiree health costs, Kent Lake water flow study to look at fish impact, MMWD sets water rate hike
11 for July 1; second hike subject to hearing, Local register concerns about bridge project, Marin IJ
12 Editorial: MMWD needs to keep its promise on 2019 rates, and President of bridge board dies at 80.

13 **CLOSED SESSION**

14 President Petterle adjourned the Board into closed session at 8:36 p.m. In accordance with
15 California Government Code Section 54957 for Public Employee Performance Evaluation (One),
16 Title: General Manager.

17 **OPEN SESSION**

18 Upon returning to regular session at 8:52 p.m., President Petterle stated that during the
19 closed session the Board had discussed the issue and no reportable action had been taken.

20 **ADJOURNMENT**

21 President Petterle adjourned the meeting in memory of Dietrich Stroeh at 8:53 p.m.

22 Submitted by
23
24

25 Katie Young
26 District Secretary
27
28

2

3

4

5

5a

MEMORANDUM

To: Board of Directors

June 16, 2017

From: David L. Bentley, Auditor-Controller Subj: Public Hearing/Approve - Proposed FY18 Equipment Budget
t:\aclwordtbudget\18\equip budget fy18 hearing.docx**RECOMMENDED ACTION: Approve****FINANCIAL IMPACT: \$210,000 Outlay**

Presented for your third and final review, public hearing and approval is the proposed FY 2017/18 (FY18) Equipment Budget. There have been no changes since the Board's last review of the Equipment Budget on May 16.

The proposed budget totals \$210,000, down \$35,000 from the adopted FY17 Equipment Budget (\$245,000). FY17 estimated actual expenditures are forecast to come in at \$208,000.

Significant purchases include \$105,000 for replacement of Lab's 19-year-old metals analyzer. The analyzer is no longer supported by the manufacturer and repair components are becoming impossible to find. Purchase of rolling stock includes \$63,000 for purchase of a hybrid SUV and a ½-ton pickup.

Accompanying this memo is a chart showing ten years of equipment purchases history (Attachment A). Following the Proposed Equipment Expenditure Budget is the 5-Year Vehicle and Equipment Replacement Plan (Attachment B).

Recommendation:

Approve the FY18 Equipment Budget as presented.

EQUIPMENT EXPENDITURES**Fiscal Year 2017/2018 Budget**

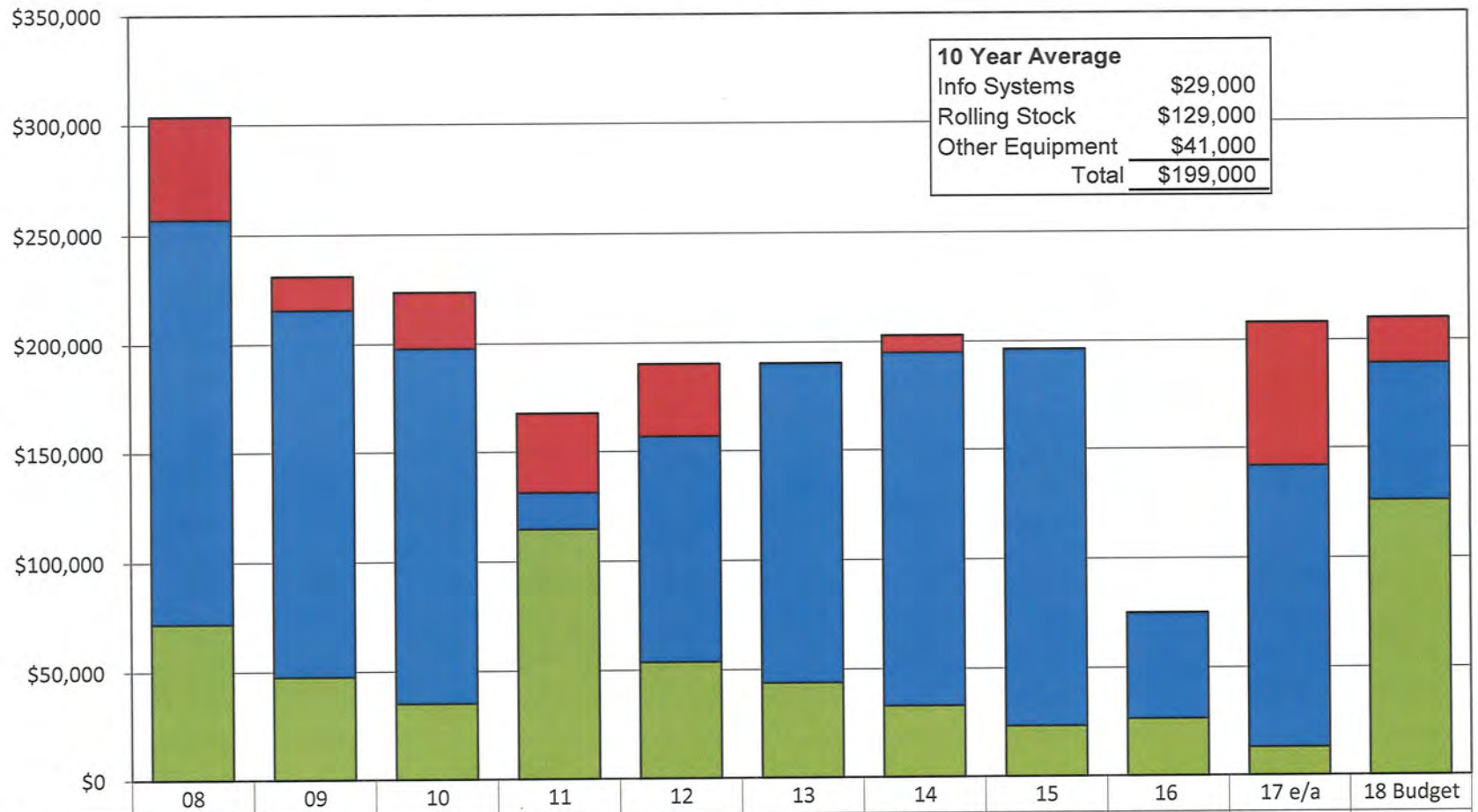
		Proposed	Description
1 ADMINISTRATION			
a.	Virtual Server	\$6,000	4th server to complete upgrade to virtual server environment allowing configuration flexibility, quick disaster recovery, redundant hardware & the ability to add server functions without additional hardware.
		\$6,000	
2 CONSTRUCTION/MAINTENANCE			
a.	Fittings & Hose for Emergency Hose Trailer	\$6,000	Additional fittings & 500' of 1" hose for Hose Trailer
		\$6,000	
3 OPERATIONS/MAINTENANCE			
a.	Replacement Closed Circuit TV System	\$15,000	Upgraded computer & software to run the STP surveillance system. Existing system is obsolete and cannot be serviced.
b.	Replacement Incubator	\$15,000	Existing 20-year-old incubator is near the end of its service life and has problems maintaining temperature when at capacity. The replacement will add capacity and reliability to the lab's core function of microbiology testing.
c.	Metals Analyzer	\$105,000	Replace 18-year-old metals analyzer as it is no longer supported and repair components are nearly impossible to find.
		\$135,000	
4 VEHICLE & ROLLING EQUIPMENT EXPENDITURES			
			<u>Rolling Stock to be Replaced & Auctioned</u>
a.	Hybrid 4x4 SUV	\$35,000	'06 Chev Colorado Crew-Cab w/136,000 miles
b.	1/2 Ton Pickup w/Tool Box & Radio	\$28,000	'04 Chev C1500 w/122,000 miles
		\$63,000	
Total		\$210,000	

	Adopted Budget	Estimated Actual	Proposed Budget
RECAP	2016/17	2016/17	2017/18
Equipment	\$97,000	\$79,000	\$147,000
Rolling Stock	\$148,000	\$129,000	\$63,000
	\$245,000	\$208,000	\$210,000

6/8/17

t:\excel\budget\18\equip18.xlsxcha

10 Year History of Equipment Purchases



5-Year Vehicle and Equipment Replacement Plan

Updated 4/13/2017

FY17/18	New Item Description	Replacement Item Description	Cost
1	Hybrid 4X4 SUV	#49 to Eng, #501 to Auction	\$35,000
2	1/2 Ton Pickup w/Tool Box and Radio	#53 Chevy C1500 PU	\$28,000
3			
Total			\$63,000

Note: #53, & #501 will be auctioned.

FY18/19	New Item Description	Replacement Item Description	Cost
1	1/2 Ton Pickup w/Tool Box and Radio	#59 Ford Ranger	\$30,000
2	1/2 Ton 4x4 Pickup w/Tool Box and Radio	#47 2002 Chevy 4x4	\$30,000
3	Backhoe 4X4 diesel W Enclosed Cab	#77 2004 John Deere Backhoe	\$125,000
4			
Total			\$185,000

Note: #47, #59 & #77 will be auctioned

FY19/20	New Item Description	Replacement Item Description	Cost
1	1/2 Ton Pickup w/Tool Box and Radio	#54 Ford Ranger	\$30,000
2	Hybrid Car w/ Radio	#510 2009 Toyota Prius	\$30,000
3	5 Yard Diesel Dump truck	#44 2002 International Dump	\$125,000
4			
Total			\$185,000

Note: #44, #54, & #510 will be auctioned

FY20/21	New Item Description	Replacement Item Description	Cost
1	Hybrid Car w/ Radio	#56 2005 Honda Civic	\$30,000
2	Hybrid Car w/ Radio	#57 2005 Honda Civic	\$30,000
3	5 Yard Diesel Dump truck	#52 1999 Ford F450 3 YD Dump	\$125,000
4			
Total			\$185,000

Note: #56 & #57 will be auctioned

FY21/22	New Item Description	Replacement Item Description	Cost
1	1/2 ton V6 2WD w/Tool Box and Radio	#502 2007 Chevy 2500 4x4	\$35,000
2	1/2 Ton 4x4 Pickup w/Tool Box and Radio	#509 2008 Chevy 4x4	\$35,000
3	1/2 ton V6 2WD w/Tool Box and Radio	#505 2008 Ford 3/4 ton 4X4	\$35,000
4	Hybrid 4X4 SUV	#512 2010 Ford 1/2 ton move to pool	\$65,000
5			
Total			\$170,000

Note: #502, #505 and #509 will be auctioned.

x:\fleet\equipment replacement plan\5 year plan.xls\17-18 dlb

5b

MEMORANDUM

To: Board of Directors

June 16, 2017

From: David L. Bentley, Auditor-Controller

Subj: Public Hearing/Approve – FY18 & FY19 Novato Water CIP Budget

t:\aclword\budget\16\cip hearing.docx

RECOMMENDED ACTION: Approve**FINANCIAL IMPACT:** \$11.8 million FY18 & \$10.7 million FY19 Gross Expenditure Budget Proposed for Consideration

Presented for your final review, public hearing and approval is the proposed Fiscal Year 2017-18 (FY18) and FY2018-19 (FY19) Capital Improvement Projects (CIP) budget. One change has been made to the proposed budget since the Board's last review on May 16. The Office/Yard Building Renovation project has been increased from \$6 million to \$12 million, to be expended over a 3 year period. This increase is based upon staff's discount of architect Noll and Tam's \$18 million estimate of the cost of the option approved by the Board at its May 2 meeting. The funds would be borrowed, leaving the internally funded, or "pay-go" expenditure over the coming two fiscal years unchanged at \$6.8 million.

Below is a summary identifying the significant projects (\$500,000 or more) proposed to be undertaken over the next two fiscal years. An explanation of each FY18 project is incorporated into the detail listing attached.

Project	FY18	FY19
San Mateo 24" Inlet/Outlet Pipe (2,200')	\$50,000	\$1,000,000
San Mateo Tank Recoat	1,900,000	0
AMI Meter Retrofit (Installation) ¹	4,700,000	0
Office/Yard Building Renovation ²	1,500,000	6,000,000
SCWA CIP	1,477,000	1,990,000
Other Projects	2,165,000	1,685,000
Gross Project Outlay	\$11,792,000	\$10,675,000
Less Loan/Grant/SCWA Rate Funding	(7,677,000)	(7,990,000)
Net Project Outlay (internally funded)	\$4,115,000	\$2,685,000

The CIP plan, when viewed over the current fiscal year and the next five years, averages \$2.5 million annually in internally funded projects, which is the cap approved by the Board in 2012. The proposed FY18 budget includes 22 projects, down from 25 approved for FY17.

RECOMMENDATION:

Approve the FY18 & FY19 Capital Improvement Projects Budget as presented.

¹ \$5.5M AMI Meter Retrofit to be funded by an SRF or bank loan.

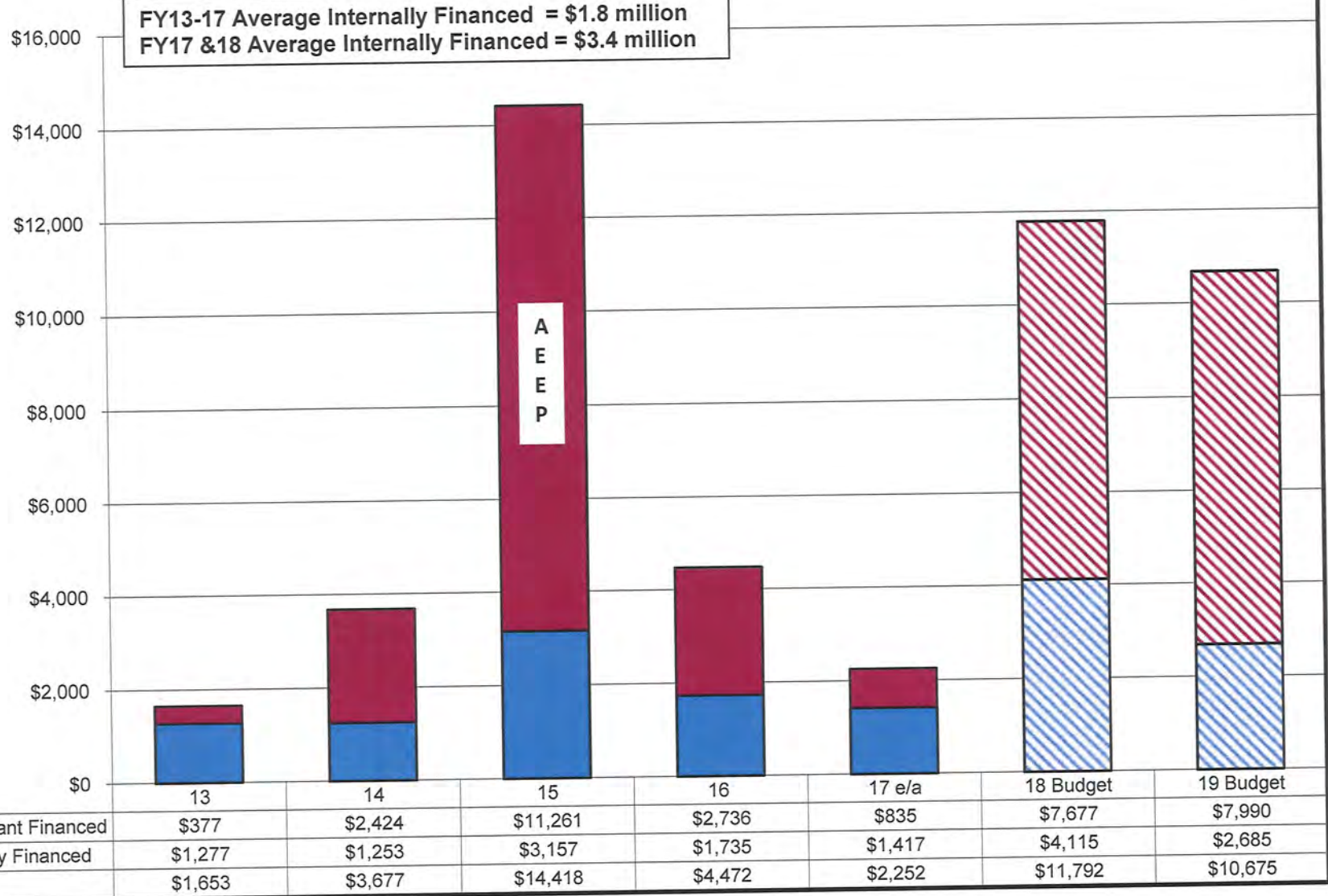
² \$12M Office/Yard Building Renovation to be funded by a bank loan.

6/8/17

t:\acexcel\budget\18\5 yr cip fy18.xlsx\5 yr ip

Novato Potable Water Capital Improvement Project Expenditures

Thousands



CAPITAL IMPROVEMENT PROJECTS

6/8/17

t:\acell\excel\budget\18\5 yr cip fy18.xlsx\5 yr ip

		FY18	FY19	FY18 Project Description
1. PIPELINE REPLACEMENTS/ADDITIONS				
a. Main/Pipeline Replacements				
1.7161.00	1 Ridge Road 6" ACP (8"@1,400')	\$325,000		Install 1,400' of 8" water main from Ridge Rd PS to Forest Rd to replace 6" ACP that shows a high level of degradation.
	2 Center Road 6" CIP (8"@1,200')	\$175,000		Replace 60+ year-old cast iron main that has exhibited excessive corrosion and a history of multiple breaks - Tamalpais to Ormond Ct.
	3 Replace Shady Ln Service Saddles		\$100,000	
	4 Other Main Replacements (60+ years old)		\$150,000	
		\$500,000	\$250,000	
b. Main/Pipeline Additions				
1.7150.00	1 San Mateo 24" Inlet/Outlet Pipe (2,200')	\$50,000	\$1,000,000	Multiyear project to install 2,200' of 24" pipe from San Mateo Tank to the end of Palmo Way to improve northern Zone 2 fire flow.
	2 Other Main/Pipeline Additions		\$175,000	
		\$50,000	\$1,175,000	
c. Polybutylene Service Line Replacements				
1.7139.xx	1 Replace PB in Sync w/City Paving (30 Srvcs)	\$70,000	\$70,000	PB service replacement coordinated with City Overlay Program.
1.7123.xx	2 Other PB Replacements (80 Services)	\$180,000	\$180,000	PB replacement for yet-to-be identified locations.
		\$250,000	\$250,000	
d. Relocations to Sync w/City & County CIP				
1.8737.xx	2 Other Relocations	\$80,000	\$80,000	Relocate facilities for yet to be identified City/County Projects.
		\$80,000	\$80,000	
		\$880,000	\$1,755,000	

CAPITAL IMPROVEMENT PROJECTS

6/8/17

t:\acell\budget\18\5 yr cip fy18.xlsx\5 yr ip

		FY18	FY19	FY18 Project Description
2. SYSTEM IMPROVEMENTS				
1.8677.20	a. Flushing Taps at Dead-Ends (12 biennially)	\$50,000		Ongoing replacement program.
1.7007.10	b. DCA Repair/Replace (~14/yr)	\$190,000	\$190,000	Detector Check Assembly replacements.
1.7090.03	c. Anode Installations (150/yr)	\$30,000	\$30,000	Place anodes on copper laterals for corrosion protection.
1.7132.03	d. Radio Telemetry	\$25,000		Install radio transmitters to replace leased lines.
1.7157.00	f. Automate Zone Valve (Slowdown Ct)	\$100,000		To provide real-time operation of Zone 2 pressure and flow when STP goes on & off.
1.7158.00	g. Advanced Meter Information Retrofit (Note 1)	\$4,700,000		Pilot Program/Install - AMI System.
1.7136.00	h. Facilities Security Enhancements		\$25,000	
		<u>\$5,095,000</u>	<u>\$245,000</u>	
3. BUILDING, YARD, STP IMPROVEMENTS				
	a. Administration Building			
1.6501.43	1 Electronic Document Management System	\$150,000		Manage digital document creation, storage, retrieval & expiration.
1.6501.44	2 Office/Yard Building Renovation (Note 2)	\$1,500,000	\$6,000,000	50-year-old building requires significant upgrading.
		<u>\$1,650,000</u>	<u>\$6,000,000</u>	
	b. Corp Yard/Warehouse/Construction Office			
	1 Other Yard Improvements	\$30,000	\$30,000	Misc as required
		<u>\$30,000</u>	<u>\$30,000</u>	
	c. Stafford Treatment Plant			
1.6600.69	1 Dam Concrete Repair	\$50,000		Repair West face of Stafford Dam.
	2 Coat Concrete Clearwells (Both Units)	\$490,000		Existing concrete walls in STP Actifloc clarifier and finished water clear wells are showing signs of exposed aggregate due to low pH treated water. New protective coating will stop the deterioration.
	3 Other Treatment Plant Improvements		\$75,000	
		<u>\$540,000</u>	<u>\$75,000</u>	
		<u>\$2,220,000</u>	<u>\$6,105,000</u>	

CAPITAL IMPROVEMENT PROJECTS

6/8/17

t:\acell\excel\budget\18\5 yr cip fy18.xlsx\5 yr ip

		FY18	FY19	FY18 Project Description
4.	STORAGE TANKS/PUMP STATIONS			
	a. Tank Construction			
	1 Old Ranch Rd Tank Replace (50,000 gal)		\$100,000	
		\$0	\$100,000	
	b. Tank Rehabilitation			
1.6221.21	1 San Mateo Recoat (5 MG)	\$1,900,000		Tank recoat and chlorine mixing system.
	2 Hydropneumatic Tank Repairs	\$30,000	\$30,000	Inspect/Repair the 7 tanks in compliance with State Code.
	3 Cherry Hill #2 Recoat (0.2 MG)		\$250,000	
		\$1,930,000	\$280,000	
1.6112.24	c. Lynwood P.S. Motor Control Center	\$100,000		Move motor controls above-ground.
1.6117.27&	d. San Marin & Lynwood PS Can Rehab	\$30,000		Inspection and rehab of pump barrels.
1.6141.00	e. Crest PS (Design/Const) /Reloc School Rd PS	\$60,000	\$200,000	Design phase of Crest zone pump station.
		<u>\$2,120,000</u>	<u>\$580,000</u>	

CAPITAL IMPROVEMENT PROJECTS

6/8/17

t:\acell\cellbudget\18\5 yr cip fy18.xlsx\5 yr ip

	FY18	FY19	FY18 Project Description
5. SONOMA COUNTY WATER AGENCY (NMWD Share of CIP Program) (Note 3)			
a. Collector 6 Liquefaction Mitigation	\$37,000	\$36,000	Funding Source: Common Facilities Fund
b. Collectors 3 & 5 Liquefaction Mitigation	\$50,000	\$653,000	Funding Source: Common Facilities Fund
c. Collector 6 Valves Vault	\$38,000		Funding Source: Common Facilities Fund
d. Emergency Wells (Hazard Reliability Water Supply)		\$41,000	Funding Source: Common Facilities Fund
e. Isolation Valve Seismic Hazard Mitigation	\$19,000		Funding Source: Common Facilities Fund
f. Mark West Creek Crossing Seismic Mitigator	\$72,000		Funding Source: Common Facilities Fund
g. Mirabel Chlorine Building Water Supply	\$13,000		Funding Source: Common Facilities Fund
h. Mirabel Dam Bladder Replacement	\$12,000	\$248,000	Funding Source: Common Facilities Fund
i. Mirabel Maintenance Building	\$52,000		Funding Source: Common Facilities Fund
j. Mirabel Surge Tanks		\$37,000	Funding Source: Common Facilities Fund
k. PDS1 & PDS2 (Wohler Sub) Rollup Doors & :	\$20,000		Funding Source: Common Facilities Fund
l. pH Pump Replacement	\$19,000		Funding Source: Common Facilities Fund
m. Replace River Diversion Structure MCC	\$45,000		Funding Source: Common Facilities Fund
n. River Diversion Structure Seismic Mitigation	\$31,000	\$345,000	Funding Source: Common Facilities Fund
o. Russian River Crossing Seismic Mitigation	\$39,000		Funding Source: Common Facilities Fund
p. SCADA Software and Hardware	\$46,000		Funding Source: Common Facilities Fund
q. SCADA Upgrade	\$77,000		Funding Source: Common Facilities Fund
r. System-wide Meter Replacements	\$12,000		Funding Source: Common Facilities Fund
s. Wohler Motor Replacements	\$46,000		Funding Source: Common Facilities Fund
t. Bennett Valley Fault Crossing	\$37,000	\$43,000	Funding Source: Pipeline Fund
u. Ely Booster Station Flood Protection	\$22,000		Funding Source: Pipeline Fund
v. Hwy 101 HOV Lane (Lakeville to Old Redwood Hwy)		\$31,000	Funding Source: Pipeline Fund
w. Petaluma River Crossing (PF)		\$27,000	Funding Source: Pipeline Fund
w. Santa Rosa Creek Crossing	\$25,000	\$496,000	Funding Source: Pipeline Fund
y. Sonoma Booster Pump Station Upgrade	\$765,000	\$21,000	Funding Source: Pipeline Fund
z. Sonoma Creek Crossing (Lawndale/Madrone		\$12,000	Funding Source: Pipeline Fund
	<u>\$1,477,000</u>	<u>\$1,990,000</u>	
GROSS PROJECT OUTLAY	<u>\$11,792,000</u>	<u>\$10,675,000</u>	

CAPITAL IMPROVEMENT PROJECTS

6/8/17

t:\acell\excel\budget\18\5 yr cip fy18.xlsx\5 yr ip

	FY18	FY19	FY18 Project Description
LESS FUNDED BY LOANS/GRANTS/OTHER			
a. Advanced Meter Information Retrofit (Note 1)	(\$4,700,000)	\$0	Funded by SRF or Bank Loan
b. Office/Yard Building Refurbish (Note 2)	(\$1,500,000)	(\$6,000,000)	Funded by Bank Loan
c. Sonoma County Water Agency CIP (Note 3)	(\$1,477,000)	(\$1,990,000)	Funded by Wholesale Water Rate or SCWA Bond Issue
	<u>(\$7,677,000)</u>	<u>(\$7,990,000)</u>	
NET PROJECT OUTLAY	<u>\$4,115,000</u>	<u>\$2,685,000</u>	
Total Number of District Projects	22	17	
STUDIES & SPECIAL PROJECTS			
1.4055.00 a. Stafford Lake Sanitary Survey			
1.4057.00 b. Local Water Supply Enhancement Study	\$150,000		
1.7039.02 c. Novato Water Master Plan Update (every 5 yrs)	\$45,000		
1.4058.00 d. Cost of Service Study Peer Review	\$30,000		
1.4059.00 e. Stafford Lake Water Rights Update	\$50,000	\$50,000	
1.4060.00 f. STP Efficiency Improvements	\$75,000		
1.4063.0 g. Novato Asset Management Study	\$75,000		
Urban Water Management Plan (every 5 yrs)		\$20,000	
	<u>\$425,000</u>	<u>\$70,000</u>	
NOVATO POTABLE WATER DEBT SERVICE			
a. EDA Loan	\$18,000	\$0	
b. STP SRF Loan	\$1,044,000	\$1,044,000	
c. AEEP Bank Loan	\$482,000	\$482,000	
d. Advanced Meter Info Retrofit Loan (Note 1)		\$322,000	
e. Admin Building Renovation Loan (Note 2)		\$774,000	
TOTAL DEBT SERVICE	<u>\$1,544,000</u>	<u>\$2,622,000</u>	
NET PROJECT OUTLAY & DEBT SERVICE	<u>\$5,659,000</u>	<u>\$5,307,000</u>	

Note 1 - \$5.5M Advanced Meter Info Retrofit to be funded by SRF or Bank Loan

Note 2 - \$12M Office/Yard Renovation is proposed to be funded by 20 year 3.5% Bank Loan

Note 3 - SCWA CIP Projects to be funded by wholesale water rate or SCWA Bond Issue.

5c

MEMORANDUM

To: Board of Directors

June 16, 2017

From: David L. Bentley, Auditor-Controller

Subj: Public Hearing/Approve – FY18 Proposed Novato Water Operations Budget
t:\act\word\budget\18\ops review fy18 hearing.docx

RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: \$28.2 Million Expenditure Plan for FY18

The Public Hearing to consider the FY2017/2018 (FY18) Novato Potable Water budget was advertised in the June 14 edition of the Novato Advance (Attachment A).

Budget Changes since the Last Review

1. A staff review of the proposed West Marin Water and Oceana Marin Sewer budgets identified \$12,000 in labor cost that was more appropriately allocated to Novato, thereby increasing Novato Potable Water operating expense.
2. \$15,000 was added to administration salaries to account for overlapping coverage during transition as new hires are brought on-board in advance of retiring employees' departure.
3. A softening of the workers' compensation insurance market, as evidenced by proposals just received, will reduce labor cost by \$35,000.
4. Correction of a budgeting formula error in the calculation of connection fee revenue allocated to pay Recycled Water debt service resulted in a \$166,000 savings to the Novato Potable Water Fund, with a commensurate offsetting decrease in Recycled Water Income.

The net change adds \$174,000 to Novato Potable Water's projected June 30, 2018 cash balance.

Budget Summary

The fiscal year 2017/18 (FY18) budget proposed herein projects a net "bottom line" cash deficit of \$491,000. The 5% rate increase effective June 1, 2017 is factored into the budget, adding \$770,000 to FY18 budgeted revenue.

FY18 water sales volume is budgeted at 2.3 BG, consistent with the FY17 projected sales volume, but significantly below the 2.7 BG regularly budgeted prior to the drought. The first decade of this century saw an average annual potable water demand of 3.5 BG.

Looking simply at operating revenue (water sales) less operating expenditures, the

proposed FY18 budget projects a net operating income of \$522,000, which compares to this year's projected net operating income of \$692,000. Total budgeted outlay, which includes capital improvement projects and debt service, is budgeted at \$28.2 million, up 11% from the FY17 budget.

Budget Detail

Water Sales - Water sales volume is budgeted at 2.3 BG, which is in line with the current fiscal year estimated actual, and 18% below the 10-year average. The chart on page 6 of the budget document shows a 10-year history of billed consumption.

The adopted 5% rate increase is structured as a 5% increase in the commodity rate and 5% increase in the fixed service charge. The median residential customer will see an average monthly increase of \$2.75. The increase is projected to generate \$830,000 in additional revenue next fiscal year.

Other Revenue – Connection Fee revenue is budgeted at \$780,000. The Novato Village 48-unit senior apartment project at 801 State Access Road in Hamilton has an agreement already approved by the Board that includes \$680,000 in connection fees which we anticipate receiving this summer. The Connection Fee budget projection compares with \$973,000 of Connection Fee revenue collected during the current fiscal year.

The wheeling charge to Marin Municipal Water District is budgeted at \$91,000 (\$18.18/AF for 5,000 AF, or 1.6 BG). In addition, MMWD will pay the annual fixed AEEP capital contribution of \$245,000 in accord with the terms of the 2014 Interconnection Agreement. The combination of these two payments is almost a 7-fold increase over the prior annual wheeling charge, and represents compensation for MMWD's beneficial enjoyment of the AEEP. Funds in the District's treasury are budgeted to earn an average interest rate of 1.0%. Miscellaneous Revenue includes income from the rental of the Point Reyes home (\$35,000), the Little Mountain cell phone tower lease (\$18,000), Indian Valley Golf Club lease (\$11,000), two grazing leases (\$2,700), rental of the District's security apartment (\$12,000), and rental of the Pacheco Valle tennis courts (\$2,700).

Other Sources of Funds – A State Revolving Fund loan of \$4.7 million is included for the FY18 work on the AMI project (total project cost spread over 3 fiscal years is estimated at \$5.5 million)

and a \$1.5 million loan is anticipated to commence work for renovation of the District headquarters buildings.

Operating Expenditures

Total Operating Expenditures are projected to increase 2% (\$377,000) from the FY17 budget. Details of some of the individual components of the Operating Expenditure Budget follow.

Source of Supply is budgeted to increase 4% (\$175,000) from this year's budget. The volume of water purchased from the Sonoma County Water Agency is forecast at 1.7 BG, a 50 MG decrease from the current budget. SCWA's wholesale water rate will increase 6.8% to \$2,720/MG on July 1. Including Stafford production at 750 MG (2,300 acre-feet), total budgeted potable production is 2.5 BG.

Water Treatment is budgeted to increase 6% (\$118,000) from this year's budget. Power cost is budgeted at 19.7¢/kWh, up 3% per kWh, consistent with the Photovoltaic Power Purchase Agreement. Normal rainfall is assumed for next winter allowing the Stafford Treatment Plant to produce 750 MG (2,300 AF).

Transmission and Distribution is budgeted to decrease 1% (\$39,000), due in part to the FY17 budget including employment of a new Chief Engineer to assume the department-head duties as the Assistant General Manager/Chief Engineer transitioned into the role of the General Manager.

General Administration again includes a series of studies. Six are included in the FY18 Administrative Budget, totaling \$425,000, a decrease of \$30,000 from the FY17 budget, as follows:

	Project	Cost	Description
1	Local Water Supply Enhancement Study	\$150,000	Increase Local Yield (\$200K total)
2	Novato Master Plan Update	\$45,000	5-Year Update
3	Cost of Service Study Peer Review	\$30,000	Outside Review of Water Rate Structure
4	Stafford Lake Water Rights Update	\$50,000	Legal Review and Update of Entitlements
5	STP Efficiency Improvements	\$75,000	Increase Finished Water Throughput
6	Novato Asset Management Study	\$75,000	Formalize Asset Replacement Program
		<u>\$425,000</u>	

Staffing - The proposed budget includes a staffing level of 55.2 full-time equivalent (FTE) employees, down 0.5 FTE (1%) from the current year budget. A 3% spot adjustment is included for the Operations/Maintenance Superintendent, the Water Conservation Coordinator, and the District Secretary. Promotion of a Distribution and Water Treatment Plant Operator to Senior Distribution and Water Treatment Plant Operator is also included. The proposed staffing level of 55.2 FTE is down 3.9 FTE (7%) from the level adopted in the FY08 budget.

<u>FTE Staffing</u>	<u>FY18</u>	<u>FY17</u>	<u>Reason for Change</u>
Administration	8.0	8.0	
Consumer Services	6.0	6.0	
Construction/Maintenance	12.0	12.0	
Engineering	8.2	8.7	Overlapping Staff Reduction
Maintenance	10.0	10.0	
Operations	6.0	6.0	
Water Quality	<u>5.0</u>	<u>5.0</u>	
	<u>55.2</u>	<u>55.7</u>	

Temporary staffing is proposed to decrease by 440 hours (5%), to 8,346 hours, budgeted as follows:

<u>Temporary Staffing Hours</u>	<u>FY18</u>	<u>FY17</u>
Administration	416	416
Customer Accounting	1,750	1,750
Construction/Maintenance	1,760	1,760
Engineering	1,000	1,000
Maintenance	1,220	1,220
Operations	700	700
Water Conservation	1,000	1,440
Water Quality	<u>500</u>	<u>500</u>
	<u>8,346</u>	<u>8,786</u>

For budgeting purposes, a 3.5% cost-of-living salary increase, based on the projected increase in the consumer price index, has been factored into the budget effective October 1, 2017, in accordance with the Memorandum of Understanding, pushing up the total FY18 overheaded payroll cost by \$118,000 (1.8%).

The District's average CalPERS retirement contribution rate will increase 0.7% (to 20.6%) from the amount budgeted last year. All employees now pay 100% of the CalPERS employee contribution. The CalPERS Board is scheduled to approve 2018 group health

insurance rates later in June. For budgeting purposes, a 5.5% increase in group health insurance rates effective January 1, 2018 is assumed, which is the average rate of increase over the past 10 years, and which would increase budgeted labor cost by \$24,000. The cost for first dollar worker's compensation insurance decreased over 40%, which decreases labor cost but also decreases the anticipated gain arising from self-insurance. Staff believes this is a temporary softening of the market, and that workers' compensation insurance premiums will rise again as the market experiences swings back in the other direction.

Total budgeted operating expenditures are up \$378,000 (2%) compared to the adopted FY17 budget. An analysis of the significant differences between the FY17 budget and the proposed FY18 operating budget follows, listed in decreasing order of magnitude.

Component	Increase/ (Decrease) vs. FY17 Budget	FY18 % Change
Purchased Water Cost	\$170,000	4%
Materials, Services & Supplies	106,000	3%
Labor	57,000	1%
Distributed G&A & Overheads	51,000	7%
Vehicle Expense	-6,000	-3%
Net Decrease	<u>\$378,000</u>	<u>2%</u>

Staff Recommendation:

- 1) Approve the FY17/18 Novato Operating Budget as presented;
- 2) Authorize the General Manager to pay demands arising from execution of the budgeted expenditure plan.

Proposed
BUDGET

Public Hearing/Approve

**Novato Potable Water
Operating Budget**

FISCAL YEAR

2017-18

NORTH MARIN WATER DISTRICT

999 RUSH CREEK PLACE, NOVATO, CA

TABLE OF CONTENTS
NORTH MARIN WATER DISTRICT
NOVATO POTABLE WATER
PROPOSED 2017/18 OPERATING BUDGET

Budget Summary	1
Operating Budget Detail	2
 <u>Supplemental Information</u>	
Source and Use of Funds Pie Chart.....	5
Novato Water - Billed Consumption History	6
Novato Water - Operating Expense History	7

NOVATO POTABLE WATER
BUDGET SUMMARY
Fiscal Year 2017/18

	<i>Proposed Budget 2017/18</i>	<i>Estimated Actual 2016/17</i>	<i>Adopted Budget 2016/17</i>
OPERATING INCOME			
1 Water Sales	\$17,366,000	\$16,513,000	\$17,550,000
2 Wheeling & Misc Service Charges	352,000	324,000	340,000
3 Total Operating Income	\$17,718,000	\$16,837,000	\$17,890,000
OPERATING EXPENDITURES			
4 Source of Supply	\$4,833,000	\$4,759,000	\$4,658,000
5 Pumping	350,000	285,000	323,000
6 Operations	695,000	745,000	744,000
7 Water Treatment	2,169,000	2,010,000	2,051,000
8 Transmission & Distribution	3,061,000	2,764,000	3,100,000
9 Consumer Accounting	647,000	596,000	627,000
10 Water Conservation	440,000	312,000	460,000
11 General Administration	2,201,000	1,963,000	2,055,000
12 Depreciation Expense	2,800,000	2,711,000	2,800,000
13 Total Operating Expenditures	\$17,196,000	\$16,145,000	\$16,818,000
14 NET OPERATING INCOME (LOSS)	\$522,000	\$692,000	\$1,072,000
NON-OPERATING INCOME/(EXPENSE)			
15 Interest Revenue	\$100,000	\$100,000	\$52,000
16 Miscellaneous Revenue	133,000	139,000	132,000
17 Interest Expense	(452,000)	(466,000)	(481,000)
18 Miscellaneous Expense	(20,000)	(\$2,000)	(20,000)
19 Total Non-Operating Income/(Expense)	(\$239,000)	(\$229,000)	(\$317,000)
20 NET INCOME/(LOSS)	\$283,000	\$463,000	\$755,000
OTHER SOURCES/(USES) OF CASH			
21 Add Depreciation Expense	\$2,800,000	\$2,711,000	\$2,800,000
22 Connection Fees	780,000	973,000	779,000
23 Caltrans AEEP Capital Contribution	0	17,000	0
24 MMWD AEEP Capital Contribution	245,000	245,000	245,000
25 Loans	6,200,000	0	6,000,000
26 Capital Equipment Expenditures	(210,000)	(208,000)	(245,000)
27 Capital Improvement Projects	(10,315,000)	(2,252,000)	(8,341,000)
28 Debt Principal Payments	(1,093,000)	(1,078,000)	(1,063,000)
29 Connection Fee Transfer to RWS	(1,751,000)	(1,879,000)	(1,328,000)
30 Working Capital Increase/(Decrease)	2,570,000	(2,570,000)	0
31 Total Other Sources/(Uses)	(\$774,000)	(\$4,041,000)	(\$1,153,000)
32 CASH INCREASE/(DECREASE)	(\$491,000)	(\$3,578,000)	(\$398,000)

NOVATO POTABLE WATER OPERATING BUDGET DETAIL**Fiscal Year 2017/18**

	Proposed Budget 17/18	Estimated Actual 16/17	Adopted Budget 16/17	Actual 15/16	Actual 14/15	Actual 13/14	Actual 12/13	Actual 11/12
STATISTICS								
1 Active Meters	20,560	20,545	20,560	20,535	20,498	20,505	20,492	20,490
2 Avg Commodity Rate/1,000 Gal (Net)	\$5.65	\$5.35	\$5.36	\$5.25	\$4.87	\$4.81	\$4.32	\$4.05
3 Potable Consumption (BG)	2.30	2.30	2.50	2.15	2.44	2.95	3.02	2.82
OPERATING INCOME								
4 Water Sales	\$17,280,000	\$16,657,000	\$17,620,000	\$15,489,903	\$16,101,706	\$18,385,017	\$16,626,526	\$14,220,429
5 Bill Adjustments	86,000	(144,000)	(70,000)	(64,461)	(82,790)	(95,470)	(104,567)	(58,770)
6 Sales to MMWD	0	0	0		0	432,294	0	0
7 Wheeling Charges-MMWD	91,000	75,000	88,000	90,217	119,144	100,527	251,980	58,802
8 Miscellaneous Service Revenue	261,000	249,000	252,000	277,479	276,388	265,496	223,619	197,752
9 TOTAL OPERATING INCOME	\$17,718,000	\$16,837,000	\$17,890,000	\$15,793,138	\$16,414,448	\$19,087,864	\$16,997,558	\$14,418,213
OPERATING EXPENSE								
SOURCE OF SUPPLY								
11 Supervision & Engineering	\$20,000	\$10,000	\$18,000	\$10,586	\$11,641	\$9,698	\$9,103	\$9,064
12 Operating Expense - Source	10,000	10,000	10,000	11,928	11,044	10,497	6,821	11,488
13 Maintenance/Monitoring of Dam	62,000	30,000	63,000	22,796	11,635	19,438	38,295	25,716
14 Maintenance of Lake & Intakes	17,000	7,000	18,000	6,299	511	11,701	14,481	10,377
15 Maintenance of Watershed	49,000	41,000	43,000	17,325	15,151	17,015	23,405	8,188
16 Water Purchased for Resale to MMWD	0	0	0	0	0	253,539	0	0
17 Water Quality Surveillance	25,000	1,000	26,000	3,137	7,467	13,713	12,776	16,385
18 Contract Water - SCWA	4,650,000	4,660,000	4,480,000	3,997,030	4,333,100	5,698,211	5,135,330	5,047,469
19 TOTAL SOURCE OF SUPPLY	\$4,833,000	\$4,759,000	\$4,658,000	\$4,069,101	\$4,390,549	\$6,033,812	\$5,240,211	\$5,128,687
PUMPING								
20 Operating Expense	\$3,000	\$0	\$3,000	\$0	\$237	\$0	\$0	\$0
21 Maintenance of Structures/Grounds	27,000	32,000	34,000	26,347	51,544	46,502	24,115	29,042
22 Maintenance of Pumping Equipment	68,000	15,000	66,000	13,507	51,013	27,696	35,637	50,797
23 Electric Power - Pumping	252,000	238,000	220,000	212,207	213,909	255,711	263,471	204,927
24 TOTAL PUMPING	\$350,000	\$285,000	\$323,000	\$252,061	\$316,703	\$329,909	\$323,223	\$284,766
OPERATIONS								
25 Supervision & Engineering	\$169,000	\$231,000	\$164,000	\$256,231	\$241,264	\$219,520	\$187,986	\$185,838
26 Operating Expense	358,000	332,000	401,000	304,897	244,900	274,893	264,400	255,272
27 Maintenance Expense	58,000	47,000	79,000	34,755	37,667	79,906	101,036	105,545
28 Telemetry Equipment/Controls Maint	93,000	117,000	83,000	68,674	86,544	62,223	44,349	67,936
29 Leased Line Expense	17,000	18,000	17,000	17,704	17,986	17,675	17,921	18,930
30 TOTAL OPERATIONS	\$695,000	\$745,000	\$744,000	\$682,261	\$628,361	\$654,217	\$615,692	\$633,521

NOVATO POTABLE WATER OPERATING BUDGET DETAIL

Fiscal Year 2017/18

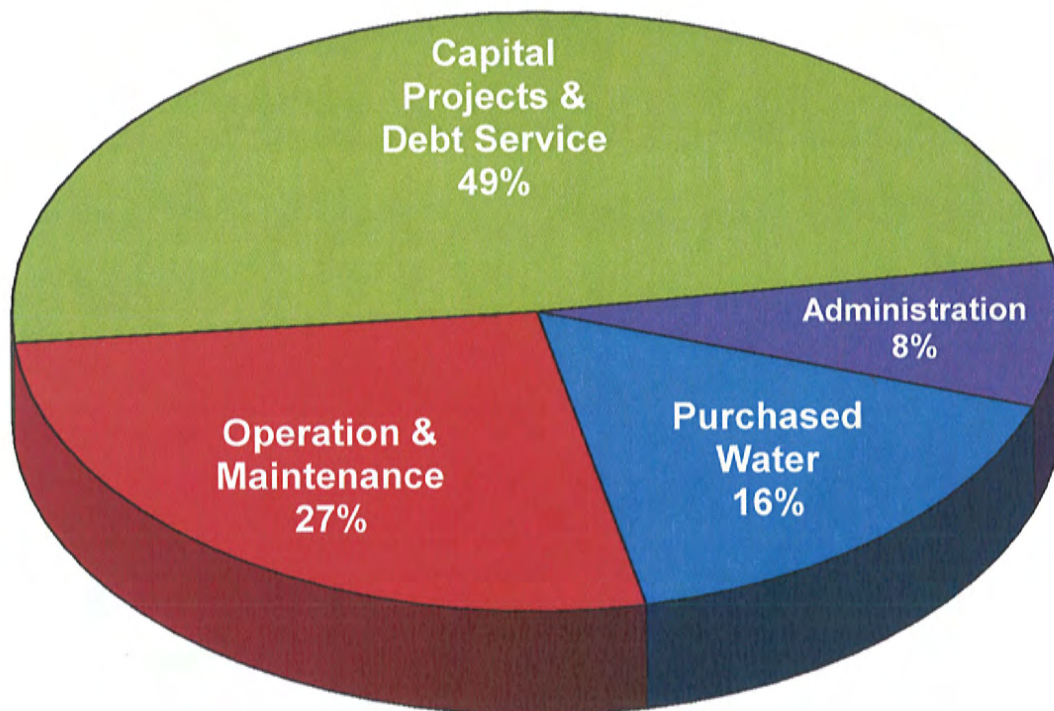
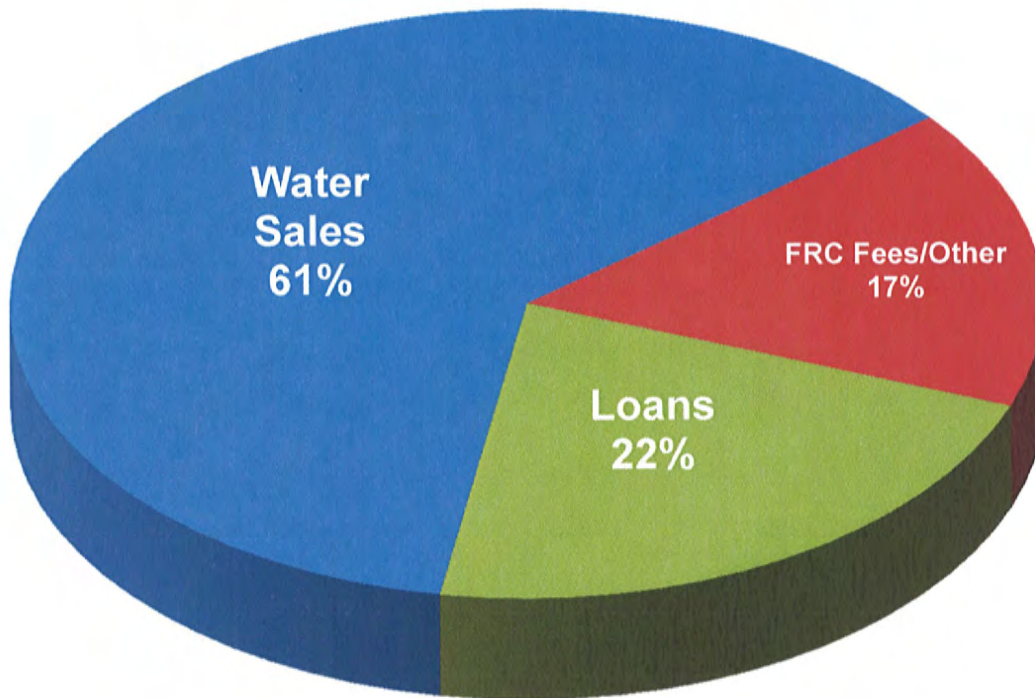
		Proposed Budget 17/18	Estimated Actual 16/17	Adopted Budget 16/17	Actual 15/16	Actual 14/15	Actual 13/14	Actual 12/13	Actual 11/12
WATER TREATMENT									
31	Supervision & Engineering	\$105,000	\$125,000	\$92,000	\$130,358	\$112,433	\$111,096	\$112,612	\$100,916
32	Operating Expense	371,000	323,000	296,000	313,024	333,020	285,050	308,301	206,957
33	Purification Chemicals	425,000	270,000	425,000	378,562	358,907	316,762	400,627	253,797
34	Sludge Disposal	102,000	104,000	84,000	90,043	72,720	66,085	103,196	100,861
35	Maintenance of Structures/Grounds	75,000	90,000	88,000	68,351	79,728	60,148	52,242	82,839
36	Purification Equipment Maintenance	177,000	218,000	159,000	150,989	104,290	137,838	137,793	136,782
37	Electric Power - Treatment	138,000	127,000	134,000	113,223	120,592	135,637	112,767	114,184
38	Laboratory Expense (net)	776,000	753,000	773,000	705,212	691,990	655,315	602,901	568,124
39	TOTAL WATER TREATMENT	\$2,169,000	\$2,010,000	\$2,051,000	\$1,949,762	\$1,873,680	\$1,767,931	\$1,830,439	\$1,564,460
TRANSMISSION & DISTRIBUTION									
40	Supervision & Engineering	\$591,000	\$567,000	\$749,000	\$559,007	\$562,934	\$486,544	\$427,430	\$423,813
41	Maps & Records	171,000	160,000	141,000	110,877	108,956	77,995	106,669	96,058
42	Operation of T&D System	607,000	571,000	629,000	509,160	404,243	511,708	460,489	478,959
43	Storage Facilities Expense	175,000	141,000	158,000	150,066	167,362	134,352	87,843	140,564
44	Maintenance of Valves & Regulators	211,000	157,000	220,000	189,372	151,691	91,709	117,299	132,239
45	Maintenance of Mains	130,000	147,000	133,000	215,077	149,898	72,176	86,906	49,922
46	Backflow Prevention Program	303,000	162,000	170,000	150,298	156,590	147,878	102,338	84,714
47	Maintenance of Copper Services	177,000	162,000	182,000	142,083	202,193	141,987	175,880	190,698
48	Maintenance of PB Service Lines	453,000	489,000	458,000	532,436	432,820	411,357	483,006	443,509
49	Maintenance of Meters	105,000	63,000	106,000	100,402	100,401	94,418	93,360	135,900
50	Detector Check Assembly Maint	63,000	93,000	73,000	54,586	65,749	52,369	7,581	38,361
51	Maintenance of Hydrants	75,000	52,000	81,000	34,311	25,655	22,154	28,531	33,980
52	TOTAL TRANSMISSION & DISTRIB	\$3,061,000	\$2,764,000	\$3,100,000	\$2,747,675	\$2,528,492	\$2,244,647	\$2,177,332	\$2,248,717
CONSUMER ACCOUNTING									
53	Meter Reading & Collection	\$245,000	\$185,000	\$222,000	\$189,262	\$166,919	\$182,216	\$180,030	\$170,589
54	Billing & Accounting	274,000	288,000	265,000	281,010	269,054	256,653	247,897	282,702
55	Contract Billing	18,000	17,000	18,000	17,160	16,946	17,561	18,110	18,231
56	Postage & Supplies	55,000	57,000	63,000	58,903	60,032	61,791	64,497	63,359
57	Credit Card Fees	31,000	31,000	25,000	24,592	23,893	14,149		
58	Lock Box Service	11,000	11,000	11,000	10,944	10,080			
59	Uncollectible Accounts	14,000	15,000	17,000	15,382	14,818	19,500	23,230	26,685
60	Office Equipment Expense	15,000	9,000	22,000	23,091	16,743	23,905	8,290	8,690
61	Distributed to Other Operations	(16,000)	(17,000)	(16,000)	(16,959)	(16,233)	(15,276)	(13,961)	(15,726)
62	TOTAL CONSUMER ACCOUNTING	\$647,000	\$596,000	\$627,000	\$603,385	\$562,252	\$560,499	\$528,093	\$554,530

NOVATO POTABLE WATER OPERATING BUDGET DETAIL**Fiscal Year 2017/18**

	Proposed Budget 17/18	Estimated Actual 16/17	Adopted Budget 16/17	Actual 15/16	Actual 14/15	Actual 13/14	Actual 12/13	Actual 11/12
WATER CONSERVATION								
63 Residential	\$361,000	\$254,000	\$381,000	\$320,620	\$410,154	\$362,499	\$222,637	\$213,883
64 Commercial	19,000	1,000	19,000	3,711	5,352	2,605	1,169	1,414
65 Public Outreach/Information	40,000	19,000	40,000	32,287	34,148	51,638	28,477	41,251
66 Large Landscape	20,000	38,000	20,000	24,877	10,747	12,702	13,966	13,780
TOTAL WATER CONSERVATION	\$440,000	\$312,000	\$460,000	\$381,495	\$460,401	\$429,444	\$266,249	\$270,328
GENERAL & ADMINISTRATION								
67 Director's Expense	\$41,000	\$33,000	\$33,000	\$34,222	\$30,400	\$25,300	\$14,400	\$15,000
68 Legal Fees	17,000	20,000	13,000	20,488	9,956	20,906	10,112	7,098
69 Human Resources	31,000	33,000	30,000	25,036	33,977	28,386	35,917	21,860
70 Auditing Services	17,000	16,000	17,000	18,770	18,380	21,050	20,600	28,900
71 Consulting Services/Studies	425,000	205,000	455,000	138,735	107,015	0	53,327	34,731
72 General Office Salaries	1,362,000	1,442,000	1,337,000	1,309,502	1,191,792	1,184,164	1,214,210	1,252,684
73 Office Supplies	47,000	36,000	47,000	37,709	36,877	46,174	37,232	22,743
74 Employee Events	12,000	12,000	12,000	10,143	7,379	7,227	6,204	5,931
75 Other Administrative Expense	17,000	14,000	13,000	10,427	13,390	13,240	18,150	17,254
76 Election Cost	0	0	0	250	0	250	0	250
77 Dues & Subscriptions	69,000	61,000	60,000	59,271	53,296	47,842	45,607	49,260
78 Vehicle Expense	8,000	9,000	8,000	8,112	8,112	8,112	8,112	8,118
79 Meetings, Conf & Training	237,000	169,000	205,000	139,858	136,863	117,425	112,402	97,626
80 Telephone, Water, Gas & Electricity	49,000	50,000	41,000	42,458	38,580	33,328	32,995	26,172
81 Building & Grounds Maintenance	55,000	59,000	54,000	63,344	48,891	35,642	41,194	36,438
82 Office Equipment Expense	118,000	103,000	95,000	87,141	97,868	90,231	82,349	92,674
83 Insurance Premiums & Claims	117,000	85,000	118,000	140,366	102,073	72,192	76,473	113,556
84 Retiree Medical Benefits	172,000	170,000	173,000	168,935	175,580	159,691	166,699	160,725
85 (Gain)/Loss on Overhead Charges	(39,000)	(120,000)	(122,000)	(89,626)	(85,682)	(222,710)	(136,354)	(297,783)
86 G&A Distributed to Other Operations	(169,000)	(146,000)	(155,000)	(126,771)	(113,218)	(76,538)	(77,443)	(101,630)
87 G&A Applied to Construction Projects	(385,000)	(288,000)	(379,000)	(359,689)	(353,998)	(389,569)	(392,205)	(327,881)
TOTAL GENERAL & ADMINISTRATION	\$2,201,000	\$1,963,000	\$2,055,000	\$1,738,681	\$1,557,531	\$1,222,343	\$1,369,981	\$1,263,726
88 Depreciation Expense	\$2,800,000	\$2,711,000	\$2,800,000	\$2,577,081	\$2,507,124	\$2,445,634	\$2,417,032	\$2,372,380
TOTAL OPERATING EXPENSE	\$17,196,000	\$16,145,000	\$16,818,000	\$15,001,502	\$14,825,093	\$15,688,436	\$14,768,252	\$14,321,115
NET OPERATING INCOME/(LOSS)	\$522,000	\$692,000	\$1,072,000	\$791,636	\$1,589,355	\$3,399,428	\$2,229,306	\$97,098

**NOVATO POTABLE WATER
FISCAL YEAR 2017-18**

SOURCE OF FUNDS = \$28.2 MILLION



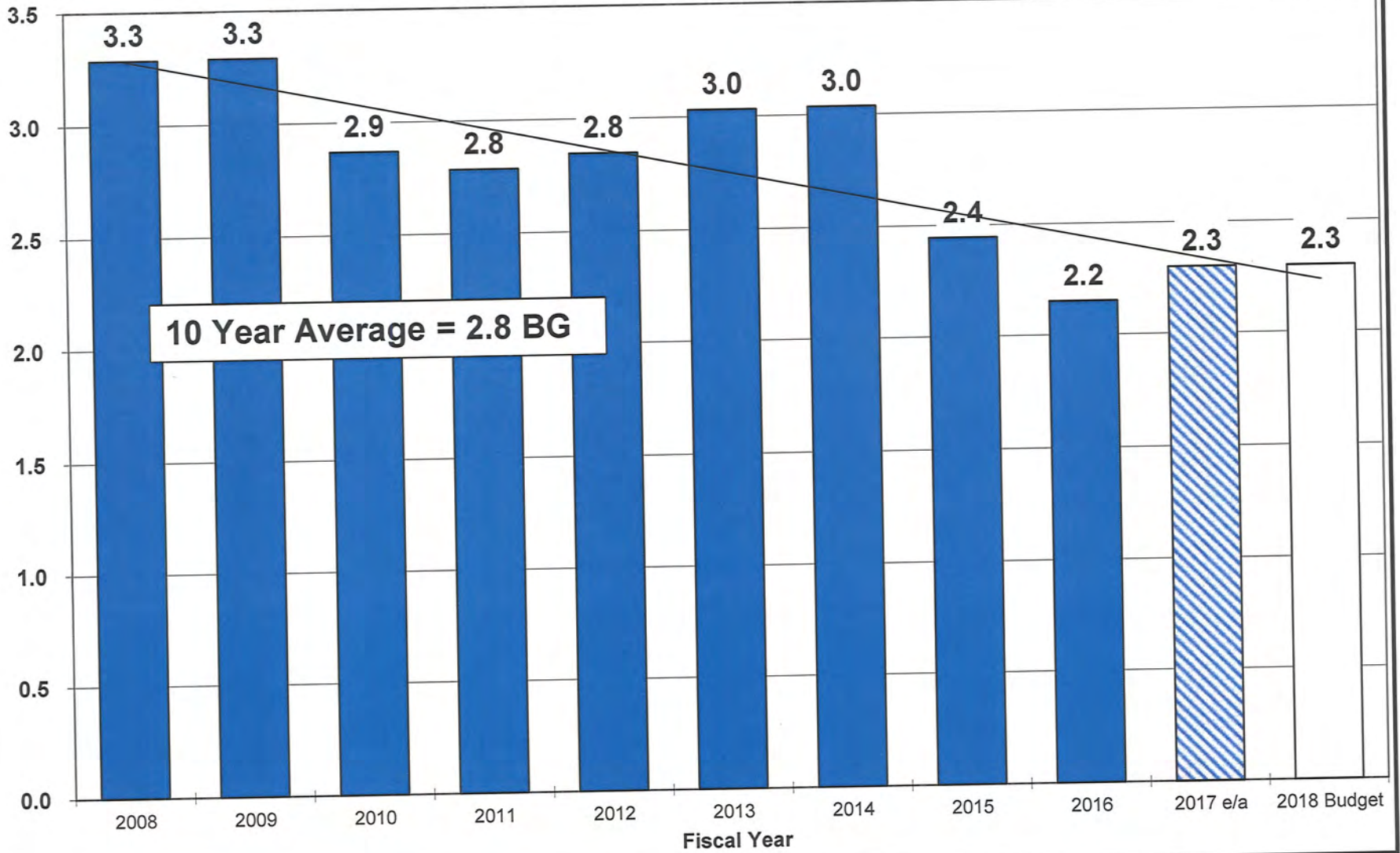
USE OF FUNDS = \$28.2 MILLION

6/8/17

t:\acexcel\budget\18[sales18.xlsx]stat rpt data

Novato Water Billed Consumption 10 Year History

Billion
Gallons



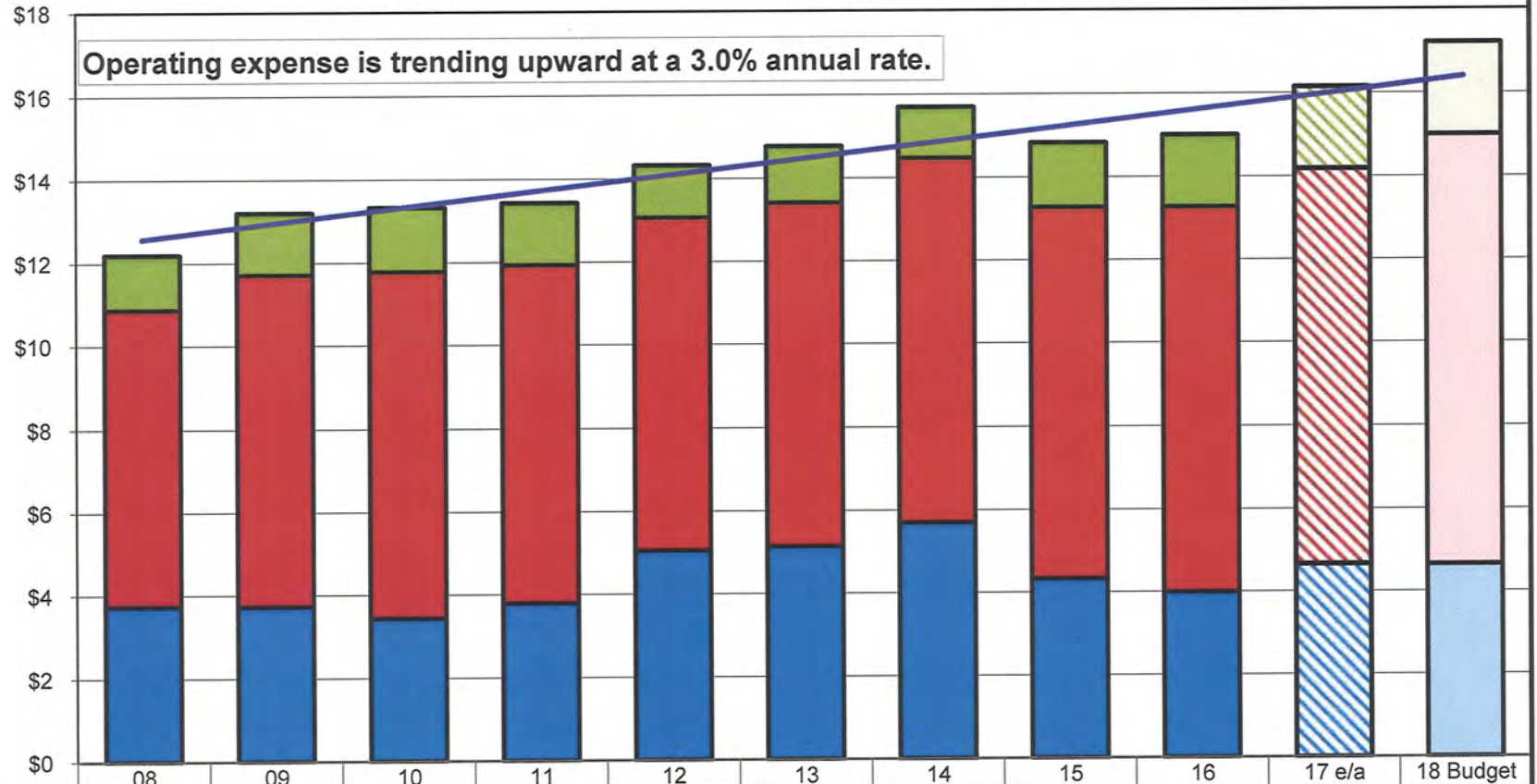
6/8/17

t:\acell\budget\18\detail18.xlsx\op exp history

Million \$

Novato Water Operating Expense History

Operating expense is trending upward at a 3.0% annual rate.



Fiscal Year

5d

MEMORANDUM

To: Board of Directors
 From: David L. Bentley, Auditor-Controller
 Subj: Public Hearing/Approve – FY18 Novato Recycled Water System Budget
 t:\aclword\budget\18\rw18 hearing.docx

June 16, 2017

RECOMMENDED ACTION: Approve**FINANCIAL IMPACT:** \$7.8 Million FY18 Expenditure Plan**Budget Changes since the Last Review**

1. Correction of a budgeting formula error in the calculation of connection fee revenue allocated from the Novato Potable Water Fund to pay Recycled Water debt service resulted in a \$166,000 decrease in Recycled Water Income, and a commensurate offsetting cash increase in Novato Potable Water Fund.
2. A softening of the workers' compensation insurance market, as evidenced by proposals just received, will reduce labor cost by \$1,000.

The net change reduces the Recycled Water Funds projected June 30, 2018 cash balance by \$167,000.

The FY 2017/18 (FY18) Recycled Water System (RWS) budget projects demand of 160MG next fiscal year (see chart of historical water use attached), an increase from FY17 as the Central expansion project will bring on new customers. Consistent with the potable water rate increase, a 5% commodity rate and bimonthly service charge increase was enacted effective June 1, 2017. The increase is projected to generate \$45,000 in additional revenue next fiscal year.

Operating expenses (excluding depreciation) are budgeted to increase 4% (\$34,000) from the existing FY17 budget. The FY18 budget projects purchase of 110MG (\$154,000) of tertiary treated water from Novato Sanitary District and 45MG (\$63,000) from Las Gallinas Valley Sanitary District, both at \$1,400/MG. The Deer Island Plant is budgeted to produce 5MG during the summer to keep it in good running order, and will continue to serve as a backup facility.

The \$15.6M project to expand recycled water distribution facilities to central Novato will be completed in FY18, with \$6.4M anticipated to be expended over the 12-month period. The project is funded with a 1% \$6.6M State Revolving Fund loan, along with \$5.8M in federal and state grants and a \$1.7M contribution from Marin Country Club for their share of the expansion.

The RWS is budgeted to receive \$1.75M in Connection Fee monies from the Novato potable water system in FY18 to pay for the expansion loan debt service, the \$80,000 cost of

NBWRA's grant administration, and the District's local share obligation of the Central Expansion project. With the Connection Fee monies, the proposed budget projects a cash surplus next fiscal year of \$428,000.

Staff Recommendation:

- 1) Approve the FY18 Novato Recycled Water System Budget as presented;
- 2) Authorize the General Manager to pay demands arising from execution of the budgeted expenditure plan.

CAPITAL IMPROVEMENT PROJECTS

5/25/17

t:\acexcel\budget\18\5 yr cip fy18.xlsx\5 yr ip

		FY17 Budget	FY17 Est Actual	FY18	FY19	FY20	FY21	FY22
6.	RECYCLED WATER							
5.7127.00	a. NBWRA Grant Program Administration	\$80,000	\$80,000	\$80,000	\$20,000	\$20,000	\$20,000	\$20,000
5.6058.10	b. Expansion to Central Area (Note 4)	\$7,500,000	\$7,700,000	\$6,365,000				
5.7155.00	c. Deer Island Wet Well Drain	\$0	\$9,000					
5.7162.01	d. PG&E Power to Reservoir Hill Tank	\$0	\$30,000					
	e. Upgrade Auto-fill Valve at Reservoir Tank			\$50,000				
5.7162.xx	f. Other Recycled Water Expenditures	\$100,000	\$0	\$50,000	\$100,000	\$100,000	\$100,000	\$100,000
		<u>\$7,680,000</u>	<u>\$7,819,000</u>	<u>\$6,545,000</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$120,000</u>

LESS FUNDED BY LOANS/GRANTS/OTHER

d. RW Sys Expansion (Note 4)	(\$6,987,000)	(\$6,451,000)	(\$5,333,000)	\$0				
NET PROJECT OUTLAY	<u>\$693,000</u>	<u>\$1,368,000</u>	<u>\$1,212,000</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$120,000</u>

Novato Recycled Water Debt Service

f. Deer Island Facility SRF Loan	\$273,000	\$273,367	\$273,000	\$273,000	\$273,000	\$273,000	\$273,000	\$273,000
g. RW North Expansion SRF Loan	\$282,000	\$279,840	\$282,000	\$282,000	\$282,000	\$282,000	\$282,000	\$282,000
h. RW South Expansion SRF Loan	\$332,000	\$333,632	\$332,000	\$332,000	\$332,000	\$332,000	\$332,000	\$332,000
i. RW Central Expansion SRF Loan (Note 4 - Net of MCC)			\$256,000	\$256,000	\$256,000	\$256,000	\$256,000	\$256,000
	<u>\$887,000</u>	<u>\$886,839</u>	<u>\$1,143,000</u>	<u>\$1,143,000</u>	<u>\$1,143,000</u>	<u>\$1,143,000</u>	<u>\$1,143,000</u>	<u>\$1,143,000</u>

Note 4 - \$15.6M RW Central Expansion funded by \$2.5M Federal Grant, \$6.6M SRF Loan (\$1.3M will be paid by Marin Country Club), \$3.3M SRF Grant & \$2.4M local contribution. Debt Service paid from FRC Funds.

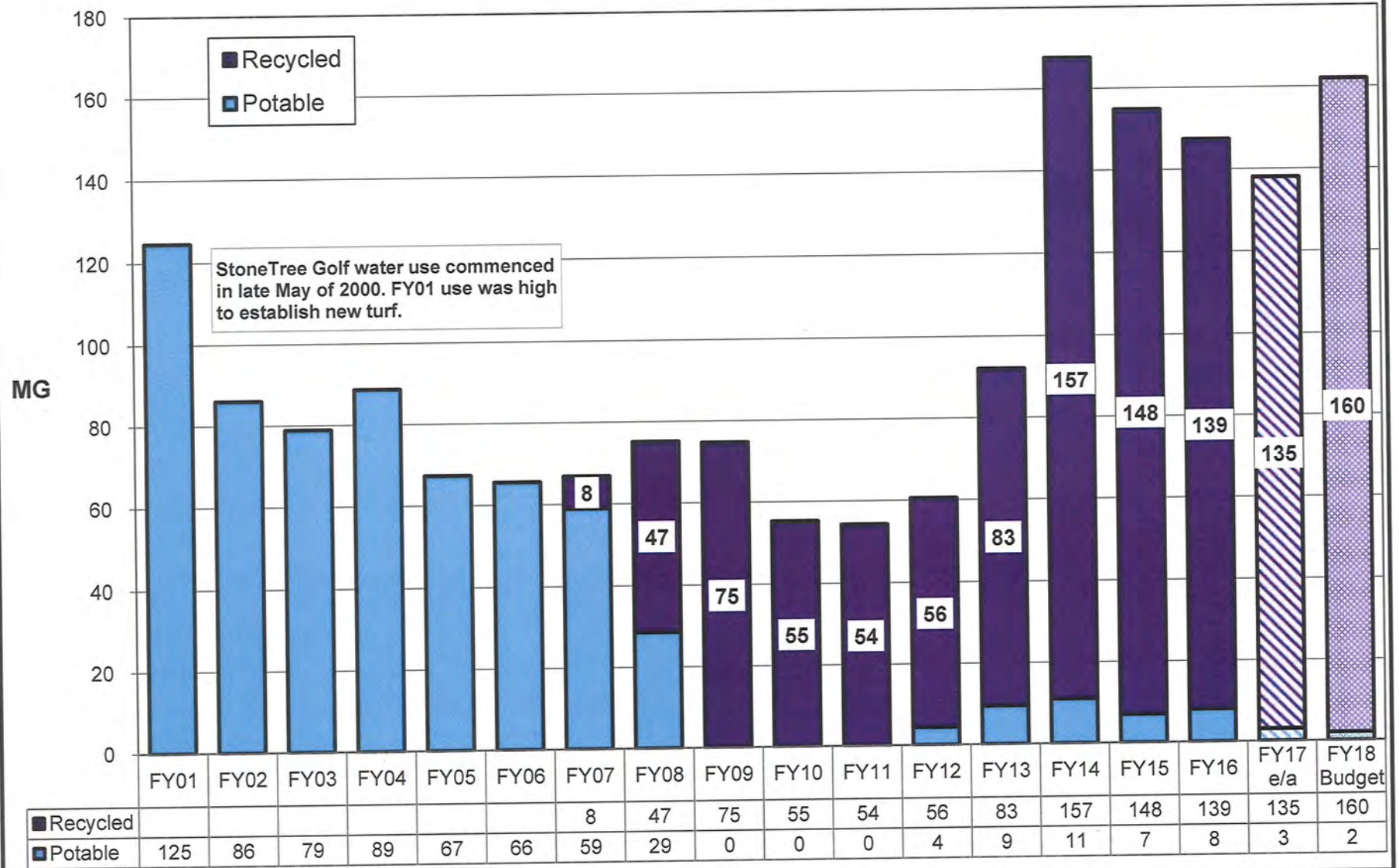
NOVATO RECYCLED WATER
BUDGET SUMMARY
Fiscal Year 2017/18

	<i>Proposed Budget 2017/18</i>	<i>Estimated Actual 2016/17</i>	<i>Adopted Budget 2016/17</i>
# BASIC DATA			
1 Active Meters	55	44	44
2 Commodity Rate	\$5.52	\$5.26	\$5.26
3 Consumption (MG)	160	130	140
OPERATING INCOME			
4 Recycled Water Sales	\$884,000	\$684,000	\$737,000
5 Bimonthly Service Charge	34,000	29,000	29,000
6 Total Operating Income	\$918,000	\$713,000	\$766,000
OPERATING EXPENDITURES			
7 Purchased Water - NSD	\$154,000	\$115,000	\$126,000
8 Purchased Water - LGVSD	63,000	\$33,000	63,000
9 Pumping	6,000	4,000	6,000
10 Operations	62,000	55,000	57,000
11 Water Treatment	24,000	15,000	25,000
12 Transmission & Distribution	33,000	58,000	32,000
13 Consumer Accounting	1,000	1,000	1,000
14 General Administration	58,000	60,000	57,000
15 Depreciation	480,000	472,000	480,000
16 Total Operating Expenditures	\$881,000	\$813,000	\$847,000
17 NET OPERATING INCOME (LOSS)	\$37,000	(\$100,000)	(\$81,000)
NON-OPERATING INCOME/(EXPENSE)			
18 Interest Revenue	\$10,000	\$3,000	\$6,000
19 Stone Tree Golf Interest Payments	34,000	40,000	39,000
20 Deer Island SRF Loan Interest Expense	(58,000)	(63,000)	(63,000)
21 Distrib System SRF Loans Interest Exp	(191,000)	(197,000)	(201,000)
22 Total Non-Operating Income/(Expense)	(\$205,000)	(\$217,000)	(\$219,000)
23 NET INCOME/(LOSS)	(\$168,000)	(\$317,000)	(\$300,000)
OTHER SOURCES/(USES) OF FUNDS			
24 Add Depreciation Expense	\$480,000	\$472,000	\$480,000
25 Fed Grant/SRF Loan - Central Expansion	5,333,000	6,451,000	6,987,000
26 Connection Fees Transferred from Novato	1,751,000	1,879,000	1,328,000
27 Stone Tree Golf Principal Repayment	217,000	211,000	212,000
28 Capital Improvement Projects	(6,545,000)	(7,819,000)	(7,680,000)
29 Deer Island SRF Loan Principal Payments	(215,000)	(210,000)	(210,000)
30 Distrib System SRF Loan Principal Pmts	(425,000)	(413,000)	(412,000)
31 Total Other Sources/(Uses)	\$596,000	\$571,000	\$705,000
32 CASH INCREASE/(DECREASE)	\$428,000	\$254,000	\$405,000

6/9/17

t:\excel\lwr use\recycled\bpgl use.xls\data

Recycled Water Production History



6

NORTH MARIN WATER DISTRICT
MONTHLY PROGRESS REPORT FOR *May 2017*
June 20, 2017

1.

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

Month	FY16/17	FY15/16	FY14/15	FY13/14	FY12/13	17 vs 16 %
July	345	227	319	385	389	52%
August	330	235	301	360	396	40%
September	315	210	276	332	346	50%
October	222	299	221	313	283	-26%
November	156	145	173	229	166	7%
December	169	145	129	182	146	16%
January	139	130	137	168	151	7%
February	136	111	121	119	148	22%
March	160	149	195	154	211	7%
April	140	152	217	177	240	-8%
May	230	200	185	283	346	15%
FYTD Total	2,341	2,003	2,275	2,702	2,822	17%

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

Month	FY16/17	FY15/16	FY14/15	FY13/14	FY12/13	17 vs 16 %
July	7.9	6.6	8.6	9.3	9.8	20%
August	7.4	7.0	8.5	9.3	9.7	6%
September	6.4	6.4	7.8	8.5	8.3	-1%
October	5.2	6.5	5.4	8.0	7.4	-21%
November	4.2	4.7	4.6	6.8	5.2	-11%
December	3.7	3.9	4.7	6.4	4.5	-5%
January	3.6	3.7	4.4	5.9	5.0	-5%
February	3.3	3.8	3.9	4.4	4.4	-12%
March	4.4	4.2	5.2	5.0	5.4	4%
April	4.8	4.9	4.7	5.0	6.0	-2%
May	6.8	6.5	5.7	7.3	8.5	6%
FYTD Total	57.6	58.2	63.5	75.8	74.2	-1%

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

Month	FY16/17	FY15/16	FY14/15	FY13/14	FY12/13	17 vs 16 %
July	70	108	83	98	49	-35%
August	90	79	61	83	83	14%
September	97	38	26	56	72	153%
October	94	50	0	82	88	90%
November	64	58	8	5	64	10%
December	0	0	0	2	0	-
January	0	0	0	0	21	-
February	0	0	24	0	57	-
March	39	0	95	0	61	-
April	61	49	104	0	67	24%
May	122	111	82	75	105	9%
FYTD Total	636	493	482	401	665	29%

Recycled Water Production* - in Million Gallons - FY to Date

Month	FY16/17	FY15/16	FY14/15	FY13/14	FY12/13	16 vs 15 %
July	27.1	21.3	21.8	27.6	11.2	27%
August	26.0	26.2	26.0	26.2	10.5	-1%
September	23.5	15.7	19.2	18.6	8.5	50%
October	8.3	15.8	9.4	15.8	0.0	-47%
November	1.2	3.2	3.7	6.4	0.0	-62%
December	0.4	0.8	1.6	1.6	0.0	-54%
January	0.3	0.2	0.8	1.2	0.0	77%
February	0.0	0.6	0.8	1.8	0.0	-
March	0.5	0.3	9.5	1.2	1.4	91%
April	2.7	11.0	14.1	8.3	8.8	-75%
May	22.9	20.2	21.1	23.0	17.3	13%
FYTD Total*	112.9	115.3	127.9	131.6	57.6	-2%

*Excludes potable water input to the RW system: FYTD17=1.4MG; FYTD16=8.0MG; FYTD15=6.9MG; FYTD14=10.6MG.

2. Stafford Lake Data

	May Average	May 2016	May 2017
Rainfall this month	0.6 Inches	0.4 Inches	0.0 Inches
Rainfall this FY to date	26.7 Inches	22.5 Inches	42.1 Inches
Lake elevation*	192.2 Feet	193.5 Feet	194.2 Feet
Lake storage**	112.4 MG	1,216 MG	1,262 MG

* Spillway elevation is 196.0 feet

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

Temperature (in degrees)

	Minimum	Maximum	Average
May 2016 (Novato)	51	96	64
May 2017 (Novato)	49	101	65

3. Number of Services

May 31	Novato Water			Recycled Water			West Marin Water			Oceana Marin Swr		
	FY17	FY16	Incr %	FY17	FY16	Incr %	FY17	FY16	Incr %	FY17	FY16	Incr %
Total meters installed	20,776	20,765	0.1%	49	48	2.1%	787	786	0.1%	-	-	-
Total meters active	20,539	20,529	0.0%	45	44	2.3%	781	779	0.3%	-	-	-
Active dwelling units	23,996	23,976	0.1%	0	0	-	830	824	0.7%	231	230	0.4%

4. Oceana Marin Monthly Status Report (May)

Description	May 2016	May 2017
Effluent Flow Volume (MG)	0.392	0.443
Irrigation Field Discharge (MG)	0	1.148
Treatment Pond Freeboard (ft)	5.4	5.6
Storage Pond Freeboard (ft)	8.0	9.0

5. Developer Projects Status Report (May)

Job No.	Project	% Complete	% This month
1.2774.00	Mt. Burdell Place	99	2
1.2803.00	Novato Children's Center	100	5

Employee Hours to Date, FY 16/17

As of Pay Period Ending May 31, 2017

Percent of Fiscal Year Passed = 92%

Developer Projects	Actual	Budget	% YTD Budget	District Projects	Actual	Budget	% YTD Budget
Construction	1,322	1,400	94%	Construction	1,982	4,658	43%
Engineering	756	1,480	51%	Engineering	3,291	4,032	82%

6. Safety/Liability

FY 17 through May

FY 16 through May

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) (\$)
107	\$53,024	2	2	5	\$4,147
17	\$6,416	3	3	5	\$50,790

Days without a lost time accident through May 30, 2017 = 300 days

7. Energy Cost

FYE	May			Fiscal Year-to-Date thru May		
	Kwh	¢/Kwh	Cost/Day	Kwh	¢/Kwh	Cost/Day
2017 Stafford TP	78,217	19.2¢	\$484	601,007	19.1¢	\$342
Pumping	112,497	20.4¢	\$821	1,068,798	20.4¢	\$653
Other*	38,496	28.7¢	\$381	451,062	23.9¢	\$322
	229,211	21.4¢	\$1,691	2,120,867	20.8¢	\$1,315
2016 Stafford TP	64,786	18.6¢	\$389	555,792	18.5¢	\$306
Pumping	107,943	21.1¢	\$784	1,011,647	18.4¢	\$558
Other*	39,196	28.6¢	\$386	426,293	22.8¢	\$291
	211,925	21.7¢	\$1,534	1,993,732	19.4¢	\$1,154
2015 Stafford TP	70,637	18.1¢	\$412	625,817	17.9¢	\$335
Pumping	103,765	18.0¢	\$623	1,167,147	16.5¢	\$574
Other*	38,148	26.7¢	\$339	433,390	21.1¢	\$272
	212,550	19.6¢	\$1,388	2,226,354	17.8¢	\$1,180

*Other includes West Marin Facilities

8. Water Conservation Update

	Month of May 2017	Fiscal Year to Date	Program Total to Date
High Efficiency Toilet (HET) Rebates	19	189	3,726
Retrofit Certificates Filed	32	253	5,806
Cash for Grass Rebates Paid Out	6	55	881
Washing Machine Rebates	3	53	6,755
Water Smart Home Survey	15	355	2,875

9. Utility Performance Metric

SERVICE DISRUPTIONS (No. of Customers Impacted)	May 2017	May 2016	Fiscal Year to Date 2017	Fiscal Year to Date 2016
PLANNED				
Duration Between 0.5 and 4 hours	4	6	186	162
Duration Between 4 and 12 hours			3	73
Duration Greater than 12 hours				1
UNPLANNED				
Duration Between 0.5 and 4 hours	3	74	68	163
Duration Between 4 and 12 hours	1		17	32
Duration Greater than 12 hours			2	1
SERVICE LINES REPLACED				
Polybutylene	5	5	78	129
Copper (Replaced or Repaired)	0	1	15	15

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders May 2017

6/6/2017

Type	May-17	May-16	Action Taken May 2017
<u>Consumers' System Problem</u>			
Service Line Leaks	27	34	Notified Consumer
Meter Leak Consumer's Side	0	0	~
House Plumbing	0	0	~
Noisy Plumbing	0	0	~
Seepage or Other	0	0	~
House Valve / Meter Off	3	2	Notified Consumer
Nothing Found	8	7	Notified Consumer
Low Pressure	0	1	~
High Pressure	0	0	~
Water Waster Complaints	0	0	~
Total	38	44	
<u>Service Repair Reports</u>			
Register Replacements	0	0	~
Meter Replacement	1	4	Replaced
Meter Box Alignment	0	0	~
Meter Noise	0	0	~
Dual Service Noise	0	0	~
Box and Lids	1	1	Replaced
Water Off/On Due To Repairs	9	10	Notified Consumer
Misc. Field Investigation	2	2	Notified Consumer
Total	13	17	
<u>Leak NMWD Facilities</u>			
Main-Leak	0	0	~
Mains-Nothing Found	0	0	~
Mains-Damage	0	0	~
Service- Leak	8	8	Repaired
Services-Nothing Found	3	3	Notified Consumer
Service-Damaged	0	0	~
Fire Hydrant-Leak	1	2	Repaired
Fire Hydrants-Nothing Found	0	0	~
Fire Hydrants-Damaged	0	0	~
Meter Replacement	0	0	~
Meter Leak	0	0	~
Meters-Nothing Found	0	0	~
Meters Damaged	0	0	~
Washer Leaks	6	3	Repaired
Total	18	16	
<u>High Bill Complaints</u>			
Consumer Leaks	5	6	Notified Consumer
Meter Testing	0	0	~
Meter Misread	1	5	Notified Consumer
Nothing Found	9	10	Notified Consumer
Projected Consumption	0	0	~
Excessive Irrigation	0	0	~
Total	15	21	

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders May 2017

6/6/2017

Type	May-17	May-16	Action Taken May 2017
<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>			
Taste and Odor	1	2	Customer reported bad taste in water. (Wild Horse Valley Rd) Backflow from a garden hose caused the bad taste. Customer discovered the problem before scheduled appointment.
Color	3	1	Customer reported discolored water. (Railroad Ave) Disturbed sediments in the main due to recent repair done by NMWD on nearby valve. Discoloration cleared quickly and all lab results were normal. Customer was notified. Customer reported rust color in water. (Marion Ave) Rust color was due to corrosion from galvanized pipe connected to copper or brass pipe. All lab results were normal. Customer was notified of results. Customer reported discolored water. (Marion Ave) Disturbed sediments in the main due to recent repair done by NMWD on nearby valve. Discoloration cleared quickly and all lab results were normal. Customer was notified.
Turbidity	0	0	~
Suspended Solids	1	1	Customer reported black flakes in the water. (Diablo Ave) No flakes were found during sampling. Results were normal for NMWD supply. Customer was notified of results.
Other	0	3	~
Total	5	7	
TOTAL FOR MONTH:	89	105	-15%
<u>Fiscal YTD Summary</u>			
Consumer's System Problems	337	379	-11%
Service Repair Report	113	111	2%
Leak NMWD Facilities	171	241	-29%
High Bill Complaints	604	275	120%
Low Bills	3	1	200%
Water Quality Complaints	49	44	11%
Total	1,277	1,051	22%
			Change Primarily Due To
			Decrease In House Valve/Meter Off
			Increase In Water Off/On For Repairs
			Decrease In Service Leaks
			Increase In Nothing Found
			Increase In Nothing Found
			Increase In Taste and Odor

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders May 2017

6/6/2017

<u>Type</u>	<u>May-17</u>	<u>May-16</u>	<u>Action Taken May 2017</u>
<u>"In House" Generated and Completed Work Orders</u>			
<u>Check Meter:</u> possible consumer/District leak, high bill, flooded, need read, etc.	238	214	
<u>Change Meter:</u> leaks, hard to read	6	5	
<u>Possible Stuck Meter</u>	0	0	
<u>Repair Meter:</u> registers, shut offs	0	0	
<u>Replace Boxes/Lids</u>	0	2	
<u>Hydrant Leaks</u>	0	0	
<u>Trims</u>	18	49	
<u>Dig Outs</u>	38	59	
<u>Letters to Consumer:</u> meter obstruction, trims, bees, gate access, etc. get meter number, kill service, etc.	0	0	
	<u>300</u>	<u>329</u>	

Bill Adjustments Under Board Policy:

May 17 vs. May 16

May-17	23	\$7,455
May-16	17	\$6,052

Fiscal Year to Date vs. Prior FYTD

16/17 FYTD	421	\$137,767
15/16 FYTD	215	\$77,771

c:\users\kyounglap\data\local\microsoft\windows\temporary inter

MEMORANDUM

To: Board of Directors

June 16, 2017

From: David L. Bentley, Auditor-Controller

Subj: Auditor-Controller's Monthly Report of Investments for May 2017

t:\aclword\invest\17\investment report 0517.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 \$11,229,297 and a market value of \$11,214,616. During May the cash balance increased by \$128,345. The market value of securities held decreased \$14,681 during the month. The ratio of total cash to budgeted annual operating expense stood at 74%, the same as the prior month.

At May 31, 2017, 23% of the District's Portfolio was invested in California's Local Agency Investment Fund (LAIF), 29% in Time Certificates of Deposit, 18% in Federal Agency Securities, 18% in US Treasury Notes, and 7% in the Marin County Treasury. The weighted average maturity of the portfolio was 264 days, compared to 288 days at the end of April. The LAIF interest rate for the month was 0.93%, compared to 0.88% the previous month. The weighted average Portfolio rate was 0.96%, compared to 0.97% the previous month. Including interest paid by The Bay Club on the StoneTree Golf Recycled Water Facilities Loan, the District earned \$23,816 in interest revenue during May, with 79% earned by Novato Water, 14% earned by Recycled Water (by virtue of the StoneTree Golf Loan) and the balance distributed to the two West Marin districts.

**NORTH MARIN WATER DISTRICT
AUDITOR-CONTROLLER'S MONTHLY REPORT OF INVESTMENTS
May 31, 2017**

Type	Description	S&P Rating	Purchase Date	Maturity Date	Cost Basis ¹	5/31/2017 Market Value	Yield ²	% of Portfolio
LAIF	State of CA Treasury	AA-	Various	Open	\$2,612,092	\$2,609,940	0.93% ³	23%
Time Certificate of Deposit								
TCD	Capital One Bank	n/a	6/10/15	6/12/17	\$248,000	\$248,000	0.90%	2%
TCD	American Express Bank	n/a	7/8/15	7/10/17	248,000	248,000	1.15%	2%
TCD	Capital One National Assoc	n/a	8/5/15	8/7/17	248,000	248,000	1.20%	2%
TCD	American Express Centurion	n/a	10/7/15	10/10/17	248,000	248,000	1.20%	2%
TCD	BMW Bank	n/a	12/14/15	12/11/17	248,000	248,000	1.20%	2%
TCD	Wells Fargo Bank	n/a	3/23/16	3/23/18	248,000	248,000	1.10%	2%
TCD	Mercantil Commerce Bank	n/a	6/17/16	6/15/18	248,000	248,000	1.00%	2%
TCD	Customers Bank	n/a	6/24/16	6/25/18	248,000	248,000	1.20%	2%
TCD	Merrick Bank	n/a	7/19/16	7/19/18	249,000	249,000	1.00%	2%
TCD	BMO Harris Bank	n/a	8/18/16	8/17/18	248,000	248,000	1.05%	2%
TCD	Ally Bank	n/a	10/4/16	9/28/18	248,000	248,000	1.15%	2%
TCD	Everbank	n/a	11/17/16	11/15/18	248,000	248,000	1.20%	2%
TCD	Investors Bank	n/a	12/16/16	12/17/18	248,000	248,000	1.35%	2%
					\$3,225,000	\$3,225,000	1.13%	29%
US Treasury Notes								
Treas	1,000 - 1.375%	n/a	11/17/16	12/31/18	\$1,005,143	\$1,001,914	1.05%	9%
Treas	1,000 - 1.50%	n/a	1/10/17	2/28/19	1,004,636	1,003,867	1.23%	9%
					\$2,009,778	\$2,005,781	1.14%	18%
Federal Agency Securities								
FICO	0.86% MTN	n/a	4/22/16	5/11/18	\$1,008,820	\$1,004,019	0.85%	9%
FNMA	0.875% MTN	n/a	7/19/16	7/19/18	999,254	995,523	0.97%	9%
					\$2,008,074	\$1,999,542	0.91%	18%
Other								
Agency	Marin Co Treasury	AAA	Various	Open	\$791,261	\$791,261	0.32%	7%
Other	Various	n/a	Various	Open	583,092	583,092	0.50%	5%
TOTAL IN PORTFOLIO					\$11,229,297	\$11,214,616	0.96%	100%

Weighted Average Maturity = **264 Days**

LAIF: State of California Local Agency Investment Fund.

TCD: Time Certificate of Deposit, Treas: US Treasury Notes with maturity of 5 years or less.

FHLB: Federal Home Loan Bank, FICO: Financing Corporation, FNMA: Federal National Mortgage Association

Agency: STP State Revolving Fund Loan Reserve.

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 May 31, 2017.

Interest Bearing Loans		Loan Date	Maturity Date	Original Loan Amount	Principal Outstanding	Interest Rate
StoneTree Golf Loan		6/30/06	2/28/24	\$3,612,640	\$1,554,433	2.40%
Employee Housing Loans (5)		Various	Various	934,200	934,200	Contingent
TOTAL INTEREST BEARING LOANS				\$4,546,840	\$2,488,633	

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

t:\accountants\investments\17\0517.xls]mo rpt

7

MEMORANDUM

To: Board of Directors June 16, 2017

From: Rocky Vogler, Chief Engineer *R/V*
Carmela Chandrasekera, Associate Engineer *huak*

Subject: Budgeted FY18 San Mateo Tank Rehabilitation - Approve Bid Advertisement
R:\Folders by Job No\5000 jobs\6221.21\BOD Memos\6221.21 BOD Memo Approve Bid Advertisement.doc

RECOMMENDED ACTION: Board authorize bid advertisement of the San Mateo Tank Rehabilitation project.

FINANCIAL IMPACT: \$1.6 Million (included in FY18 CIP budget)

Background

The FY17 and FY18 Capital Improvement Project budgets include an item to rehabilitate the 5 million gallon San Mateo Tank to include: (1) complete interior/exterior re-coating, (2) installation of a new mixing system, (3) miscellaneous improvements to comply with current AWWA guidelines, and (4) roof rafter repairs. San Mateo Tank has been in service for over 50 years and has never been recoated. Staff hired Tank Industry Consultants (TIC), a reputed nationwide coating consulting firm to inspect and provide a tank roof structural evaluation. In addition, TIC was tasked to review NMWD standard tank coating template specifications and drawings that will be used for this project. The TIC inspection and analysis determined that the roof of the San Mateo Tank did not need major structural repairs but recommended that the bowed roof rafters be straightened and installation of braces. The tank exterior contains lead based paint and removal and disposal in accordance with regulations will be required.

The following project schedule identifies estimated key dates.

SCHEDULE

Advertise Project	June 23, 2017
Pre-Bid Meeting	July 11, 2017
Bid Opening	July 27, 2017
Board Authorization of Award	August 8, 2017
Notice of Award	August 9, 2017
Notice to Proceed	August 23, 2017
Construction Complete (240 days)	April 20, 2018

The project will be advertized in the Marin IJ and on the NMWD website with electronic plans and specifications available to the prospective bidders for free download. The Engineer's Estimate for the rehabilitation contract is \$1.6 Million.

Approved by GM *DR*

Date *6/16/17*

Project Description

A project description and cost estimate for the San Mateo Tank Rehabilitation project is provided as Attachment A. The total cost for this work including design, construction, inspection, construction administration, etc. is currently estimated at \$2.02 Million and includes a 10% contingency with an approximate 8-month schedule duration for rehabilitation. The two year (FY 17 and 18) CIP budget is \$2.02 Million.

To ensure quality application of the tank's protective coating systems, the services of a certified coating inspector are recommended. The scope of services would include inspecting coating removal, conducting surface assessment prior to coating, overseeing the surface preparation, monitoring coating mixing, inspecting the application, and documenting all daily tasks performed. In addition, labor compliance inspection and environmental monitoring during exterior lead based paint removal by outside consultants may be required. Authorization for agreement for these additional service contract(s) will be brought to the Board for consideration at a subsequent meeting.

RECOMMENDATION

The Board authorize bid advertisement of the San Mateo Tank Rehabilitation Project.

**NORTH MARIN WATER DISTRICT
WATER SYSTEM IMPROVEMENTS/SPECIAL PROJECTS
PROJECT SUMMARY**

COMPLETED BY: Carmela Chandrasekera
DATE: 6/12/2017
SERVICE AREA: ☒ NOVATO

Job No.	6221.21	Job Title:-San Mateo Tank Rehabilitation Project						
Facility No. 6201		Facility Type (Pipelines, Pump Stations, etc.): TANK						
Description: - Recoat interior and exterior of San Mateo Tank. Perform roof repairs. A tank mixing system will be added. A second shell manway will be added and the overflow pipe to drain connection will be modified to include air gap. The half-height staff gauge will be replaced and three - Interior work consists of removing existing coating, none of which is anticipated to be disposed of as hazardous waste due to high zinc or lead levels, and surface preparation to SSPC-SP10, white metal blast. New interior coating consists of a single coat of NSF 61 approved 100% solids epoxy. - Exterior work consists of complete coating removal and replacement. Lead abatement will be required. New exterior coating consists of a 2-coat system of epoxy primer & acrylic topcoat. - Dehumidification equipment is mandated for the interior recoating of this job. - Coating inspection is to be provided under the lead of an outside consultant. environmental monitoring shall be conducted during exterior lead-based paint removal. -A new cathodic protection system will be installed.								
Project Justification: Due to deteriorated original (circa 1965) interior and exterior coatings, and updated construction standards; this tank is scheduled for recoating and repairs.								
Baseline Cost Estimate		Initial (6/12/17)	Updated	Expended to Date	Baseline Schedule	Start	Finish (Est.)	Finish (Actual)
1	Project Dev.	\$13,000		\$13,000	Project Dev.	7/1/2016	12/31/2016	
2	Design	\$22,000		\$22,000	Design	1/1/2017	6/30/2017	
3	Env. Compliance Inspector	\$5,000						
4	Rehabilitation Contract	1,600,000			Const.	9/1/2017	5/1/2018	
5	Labor Compliance	\$20,000						
6	Outside Coating Inspection	\$40,000						
7	NMWD Const	\$10,000						
8	NMWD Maint	\$20,000						
9	NMWD Operations	\$10,000						
10	Materials	\$10,000						
11	Legal + Misc.	\$10,000			Closeout		6/30/2018	
12	Const. Admin. (eng. Labor+veh)	\$50,000						
13	Paving tank pad and access road	\$20,000						
14	Project Closeout	\$6,000						
15	SubTotal	\$1,836,000						
16	Project Contingency (10%)	\$183,600						
Total		\$2,020,000	0	\$35,000				

8

MEMORANDUM

To: Board of Directors
From: Pablo Ramudo, Water Quality Supervisor *PR*
Subject: Annual Water Quality Report- Novato
P:\LAB\WQ Supv\CCR\2016\Memo to board re 2016 CCR novato.doc

June 16, 2017

RECOMMENDED ACTION: Approve Text for 2016 Annual Water Quality Report – Novato
FINANCIAL IMPACT: \$1950 (Included in FY 2016/2017 Budget)

The Safe Drinking Water Act requires water suppliers to publish and distribute a report of water quality information to its customers annually. The report contains details and results of monitoring for various contaminants throughout the previous year, a description of the sources of water and treatment regimes, as well as general information about water and its constituents. Customers who normally receive a paper bill will also receive an insert informing them that the report is available on our website and that a paper copy can be requested. Customers who receive an electronic bill will be sent an email with a link to the report on our website. We will initially order 750 printed copies of the report to mail to customers who request it and to have available to customers in our lobby. Additional copies will be ordered if necessary.

RECOMMENDATION

Approve text and design for the Annual Water Quality Report (2016 Consumer Confidence Report) for Novato subject to any comments received from the Board of Directors.

Approved by GM

Date



6/15/17



NORTH MARIN WATER DISTRICT

2016 ANNUAL WATER QUALITY REPORT • NOVATO EDITION • PUBLISHED JUNE 2017

In 2016, water provided by North Marin Water District met or surpassed every federal and state drinking water standard.

This brochure is a snapshot of water quality monitoring performed in 2016. Included are details about where your water comes from, what it contains, and how it compares to regulatory standards. If you have any questions regarding this Water Quality Report, contact Pablo Ramudo, Water Quality Supervisor, (415) 761-8929 or (800) 464-6693.



This report is available on our website: www.nmwd.com

North Marin Water District's Stafford Lake Water Treatment Plant produces about 20% of the water needed for Novato. This facility is designed to produce water which meets or exceeds strict state and federal standards for water quality. The water treatment process starts with chlorine dioxide and polymers prior to filtration through layers of garnet sand and anthracite. The water then passes through granular activated charcoal to remove any remaining impurities before adjusting the pH to 8.3 for corrosion control and the addition of a small amount of chlorine for disinfection.

Most of Novato's water supply is purchased as treated water from Sonoma County Water Agency (SCWA).

The SCWA water supply is collected from gravel beds 80 feet below and adjacent to the Russian River. The quality of this naturally filtered water is excellent, making additional treatment unnecessary. Water from additional SCWA wells in the Santa Rosa plain can be blended with the Russian River well water to augment water supply. Before delivering the water to Novato, SCWA adds small amounts of chlorine and sodium hydroxide to ensure purity and to adjust the pH to 8.3.

The Stafford Lake water supply blends with the SCWA water supply in the Novato water distribution system. The percentage from each source can vary by day and by season.

Este informe contiene información muy importante sobre su agua potable.
Tradúzcalo o hable con alguien que lo entienda bien. Para más información, llame al (415) 761-8929.

TABLE 1 Report on Detected Constituents with a Primary Drinking Water Standard (PDWS)					SONOMA COUNTY WATER AGENCY		STAFFORD WATER TREATMENT PLANT	
CONSTITUENT	UNITS	PHG / [MRDLG] (MCLG)	MCL / [MRDL] (PDWS)	TYPICAL SOURCE	Average	Range	Average	Range
Fluoride	mg/l	1.0	2.0	Erosion of natural deposits	0.11	0.10 - 0.17	0.13	0.12 – 0.13
Nitrate (as N)	mg/l	10	10	Soil runoff from fertilizers, leaching from septic systems and sewage	ND	ND	ND	ND
Radioactivity Gross Alpha	pCi/l	0	15	Erosion of natural deposits	ND	ND	ND (1)	ND (1)
Hexavalent chromium*	ug/L	0.02	10	Erosion of natural deposits; release of industrial chemicals	ND	ND	ND(2)	ND(2)
DISTRIBUTION SYSTEM WATER								
Chlorine, Free	mg/l	[4.0]	[4.0]	Drinking water disinfectant added for treatment	Average = 0.52 Range = ND – 1.60			
Total Coliform Bacteria	% of samples positive	0	>5% of monthly samples positive	Naturally present in the environment	All samples negative for coliform bacteria/ 956 samples collected in 2016			
Total Trihalomethanes (2)	µg/l	n/a	80	By-product of drinking water disinfection	Highest Location Running Annual Average = 54 Range =11 – 66			
Total Haloacetic Acids (2)	µg/l	n/a	60	By-product of drinking water disinfection	Highest Location Running Annual Average = 11 Range = ND - 15			
Copper	µg/l	170	(AL 1300)	Internal corrosion of household plumbing systems	30 samples collected, none above the action level 90th percentile = 79, Range = ND - 130 (3)			
Lead	µg/l	2	(AL 15)	Internal corrosion of household plumbing systems	30 samples collected, none above the action level 90th Percentile = ND, Range = ND - 24 (3)			
TABLE 2 Constituents With Aesthetic Concerns and/or a Secondary Drinking Water Standard					SONOMA COUNTY WATER AGENCY		STAFFORD WATER TREATMENT PLANT	
CONSTITUENT	UNITS	SMCL	TYPICAL SOURCE		Average	Range	Average	Range
Color	PCU	15	Naturally-occurring organic materials		ND	ND - 3.5	ND	ND
Odor	TON	3	Naturally-occurring organic materials		ND	ND	ND	ND
Chloride	mg/l	500	Runoff / leaching of natural deposits		5.2	23-May	62	50 – 70
Sulfate	mg/l	500	Leaching of natural deposits, treatment chemicals		13	2.2 – 14	9.1	7.8 – 11
Turbidity	NTU	5	Soil runoff		0.04	ND – 0.05	0.13	0.10 – 0.19
Total Dissolved Solids	mg/l	1000	Runoff / leaching of natural deposits		130	71 – 260	210	180 – 240
Sodium	mg/l	n/a	Naturally-occurring and treatment chemicals		8.6	ND - 9.5	31	29 – 33
Hardness (4)	mg/l	n/a	Leaching of natural deposits		100	40 – 110	100	96 – 110
Radon	pCi/l	n/a	See "Radon in Air," back page		230	170 – 380	n/a	n/a
Specific Conductance	µmhos/cm	1600	Substances that form ions in water		240	230 – 270	360	350 – 380
Manganese	µg/l	50	Leaching from natural deposits		ND	ND –76	ND	ND
TABLE 3 Unregulated with no established maximum								
CONSTITUENT	UNITS	Primary Standard MCL/ [NL]	State PHG or Federal (MCLG)	TYPICAL SOURCES	System Range	System Average	Meets MCL or NL (YES/NO)	
Chromium	ug/L	50	(100)	Erosion of natural deposits; release of industrial chemicals	0.21 – 0.50	0.34	Yes	
Hexavalent Chromium*	ug/L	10	0.02	Erosion of natural deposits; release of industrial chemicals	0.10 – 0.40	0.25	Yes	
Chlorate	ug/L	[800]	NA	Byproduct of drinking water disinfection	130 - 240	180	Yes	
Strontium	ug/L	NA	NA	Erosion of natural deposits; release of industrial chemicals	260 – 240	200	Yes	
Vanadium	ug/L	[50]	NA	Erosion of natural deposits; release of industrial chemicals	0.31 - 1.0	.65	Yes	

*Hexavalent chromium is regulated by the State of California, the results of routine monitoring appear in table 1. Hexavalent chromium is not regulated by the federal government but is currently being assessed for future regulation with special monitoring that is taking place in 2014 and 2015. The results of this special monitoring are summarized in Table 3.

LEGEND

PHG (Public Health Goal): The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

MCLG (Maximum Contaminant Level Goal): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency (EPA).

MCL (Maximum Contaminant Level): The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs (SMCL) are set to protect the odor, taste, and appearance of drinking water. MCLs and SMCLs are set by the California and/or U.S. EPA.

PDWS (Primary Drinking Water Standard): MCLs and MRDLs, for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.

AL (Action Level): The concentration of a contaminant that, if exceeded, triggers treatment or other requirements that a water system must follow.

TT (Treatment Technique): A required process intended to reduce the level of a contaminant in drinking water.

NTU (Nephelometric Turbidity Units): A measure of suspended material in water.
90th Percentile: Compliance based on highest value after eliminating the highest 10% of values.

MRDL (Maximum residual disinfectant level): The level of a disinfectant added for water treatment that may not be exceeded at the consumer’s tap.

MRDLG (Maximum residual disinfectant level goal): The level of a disinfectant added for water treatment below which there is no known or exposed risk to health. MRDLGs are set by the U.S. EPA.

NL (Notification Level): The notification level for some unregulated contaminants.

mg/l = milligrams per liter (parts per million) -equivalent to 4 drops of water in the average sized bathtub.

µg/l = micrograms per liter (parts per billion) -equivalent to 50 drops in an olympic size swimming pool

µmhos/cm = micromhos per centimeter

ND = Not Detected

n/a = Not Applicable

PCU = platinum cobalt units

pCi/l = picocuries per liter

- (1) 2012 Data
- (2) Compliance based on a four-quarter runnin average at each distribution system monitoring location
- (3) 2014 Data
- (4) Average hardness shown in mg/L equates to 5.5 - 5.8 grains per gallon.

Concerning Lead and Drinking Water

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. There is no lead in drinking water produced by NMWD and there are no district owned lead service lines within our system, however lead can leach into drinking water from materials and components associated with customers’ service lines and home plumbing. NMWD is responsible for providing high quality drinking water to your meter, but cannot control the variety of materials used in home plumbing components. When water in your household plumbing has been sitting for several hours, you can minimize the potential for lead exposure by running your tap water for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at www.epa.gov/safewater/lead.

A Message From the United States Environmental Protection Agency

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells.

As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive materials, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include:

- **Microbial Contaminants**, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- **Inorganic Contaminants**, such as salts and metals, that can be naturally occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- **Pesticides and Herbicides**, that may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.
- **Organic Chemical Contaminants**, including synthetic and volatile organic chemicals, that are by-products of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, agricultural applications and septic systems.
- **Radioactive Contaminants**, that can be naturally-occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (USEPA) and the California Department of Public Health (CDPH) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. DHS regulations also establish limits for contaminants in bottled water that provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline (1-800- 426-4791).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800- 426-4791).

Cryptosporidium & Giardia

Monitoring performed by NMWD on untreated water in Stafford Lake has intermittently shown the presence of cryptosporidium, a microbial pathogen found in surface waters throughout the U.S. NMWD's filtration is designed and operated to remove cryptosporidium, but 100% removal cannot be guaranteed. Should you be concerned? Healthy individuals should not be concerned. However, immuno-compromised people are at greater risk. We suggest immuno-compromised individuals consult their physician regarding appropriate precautions.

Radon in Air

Radon is a radioactive gas that can move from decomposed granite soils into a home through cracks and holes in the foundation. Radon can also get into indoor air when running tap water for showering and other household activities. In most cases, radon from tap water is a small source of radon in air. Radon is a known human carcinogen. It can lead to lung cancer. Drinking water containing radon may also cause increased risk of stomach cancer. The SCWA water was tested for Radon and showed an average of 160 and a range of 99 – 320 pCi/L (picocuries per liter). There is no federal regulation for radon levels in drinking water. Exposure over a long period of time to air transmitting radon may cause adverse health effects. If you are concerned about radon in your home, **test the air in your home!** Testing is inexpensive and easy. For additional information, call your state radon program or call EPA's Radon Hotline (800-SOS-RADON).

Notice To Kidney Dialysis Patients

Chlorine dioxide is used as a pre-oxidant in water produced from Stafford Water Treatment Plant. Customers undergoing kidney dialysis treatment are advised to use sufficient pre-treatment to ensure chlorine dioxide does not pose a threat to the dialysis process.

Drinking Water Source Assessment for SCWA Groundwater Supply

In January 2001, a Drinking Water Source Assessment for all of the SCWA's water sources was conducted to identify if any potential sources of contamination exist.

The SCWA source water is extracted from groundwater via 6 Rainey Collector Wells and 7 conventional wells located at Wohler and Mirabel, and three wells in the Santa Rosa Plain. The aquifer is recharged by subsurface flows and Russian River water filtering down through the gravel riverbed.

Most of the SCWA water supply comes from wells at Wohler and Mirabel adjacent to the Russian River. These sources are considered to be most vulnerable from wastewater treatment and gravel mining in the area. However, no contaminants associated with these activities were detected in the drinking water.

The SCWA also operates three groundwater wells on the Santa Rosa Plain near Occidental Road, Todd Road and Sebastopol Road. These sources are considered to be most vulnerable from animal feeding operations. However, no contaminants associated with this activity were detected in the drinking water.

A copy of the complete assessment may be reviewed at the California Department of Public Health, Drinking Water Field Operations Branch, 50 D Street, Suite 200, Santa Rosa, CA 95404. You may request a summary of this assessment be sent to you by contacting the Office Representative at 707-576-2145 (voice) or 707-576-2722 (fax).

Drinking Water Source Water Assessment For Stafford Lake

An assessment of watershed activities, which may affect the Stafford Lake source of supply, was performed in 2002 as required by the U.S. Environmental Protection Agency. The watershed activities identified with the highest potential for contamination of Stafford Lake are animal feeding/ waste disposal at the existing stable and dairy operations on the watershed. These activities increase the potential to introduce microbial contaminants and nutrients to Stafford Lake. NMWD actively works with the stable and dairy owners to control their operations and reduce potential contaminants. The Stafford Lake source water is routinely monitored by NMWD to insure the controls are effective.

A copy of the complete assessment is on file at the North Marin Water District office at 999 Rush Creek Place, Novato.

9

MEMORANDUM

To: Board of Directors
From: Pablo Ramudo, Water Quality Supervisor *PR*
Subject: Annual Water Quality Report- Point Reyes
P:\LAB\WQ Supv\CCR\2016\Memo to board re 2016 CCR PR.doc

June 16, 2017


RECOMMENDED ACTION: Approve Text for 2016 Annual Water Quality Report – Point Reyes

FINANCIAL IMPACT: \$500 (Included in FY 2016/2017 Budget)

The Safe Drinking Water Act requires water suppliers to publish and distribute a report of water quality information to its customers annually. The report contains details and results of monitoring for various contaminants throughout the previous year, a description of the sources of water and treatment regimes, as well as general information about water and its constituents. Customers who normally receive a paper bill will also receive an insert informing them that the report is available on our website and that a paper copy can be requested. Customers who receive an electronic bill will be sent an email with a link to the report on our website. We will initially order 100 printed copies of the report to mail to customers who request it and to have available to customers in our lobby. Additional copies will be ordered if necessary.

RECOMMENDATION

Approve text and design for the Annual Water Quality Report (2016 Consumer Confidence Report) for Point Reyes subject to any comments received from the Board of Directors.

Approved by GM Date 6/15/17



NORTH MARIN WATER DISTRICT

2016 ANNUAL WATER QUALITY REPORT • POINT REYES AREA EDITION • PUBLISHED JUNE 2017

In 2016, water provided by North Marin Water District met or surpassed every federal and state drinking water standard.

This brochure is a snapshot of water quality monitoring performed in 2016. Included are details about where your water comes from, what it contains, and how it compares to regulatory standards. If you have any questions regarding this Water Quality Report, contact Pablo Ramudo, Water Quality Supervisor, (415) 761-8929 or (800) 464-6693



This report is available on our website: www.nmwd.com

North Marin Water District's water is pumped from 3 wells adjacent to Lagunitas Creek. Two of these wells are located in Point Reyes Station and one well is located a mile and a half west of Point Reyes Station at the Gallagher ranch. Testing shows that the quality of the water at each of the wells is excellent. Iron and manganese are the principal contaminants found, and although they do not have any negative effects on health, they can affect the color of the water. For this reason, we treat and filter the water to completely remove both of these metals. Chlorine is added as a disinfectant.

Due to their proximity to Lagunitas Creek and Tomales Bay, the two wells in Point Reyes Station are prone to salt water intrusion during very high tides. Once the

salty water is in the aquifer that feeds the wells it can take many months for salinity to return to normal. We typically take steps to minimize the amount of salty water that is drawn into our wells, but the problem has been worsening in the last few years due to sea level rise and a changing bay. The Gallagher well is beyond the reach of the tides and is not affected by saltwater intrusion. A new pipeline to this well, completed in 2014, has given NMWD the ability to draw on this alternate source during occurrences of salinity intrusion in order to provide drinking water that is free from the effects of increased salts.

NMWD is committed to supplying safe water that meets or surpasses strict state and federal standards and achieves the highest standards of customer satisfaction.

Este informe contiene información muy importante sobre su agua potable.
Tradúzcalo o hable con alguien que lo entienda bien. Para más información, llame al (415) 761-8929.

North Marin Water District — Point Reyes Water Service Area
Report of Detected Constituents of Concern

CHEMICAL	UNITS	PHG / [MRDLG] (MCLG)	MCL / [MRDL] (PDWS)	POINT REYES TREATMENT PLANT	POINT REYES DISTRIBUTION SYSTEM	TYPICAL SOURCE OF CHEMICAL
Total Trihalomethanes (1)	µg/l	n/a	80	n/a	Highest Running Annual average = 37 Range = 21 – 46	By-product of drinking water disinfection
Haloacetic Acids (1)	µg/l	n/a	60	n/a	Highest Running Annual average = 15 Range = 2.1 – 22	By-product of drinking water disinfection
Lead (2 rounds of testing)	µg/l	2	(Action level 15)	ND	90th Percentile = 10 one sample of 10 above the action level	Internal corrosion of household water plumbing system and fixtures
Copper (2 rounds of testing)	µg/l	170	(Action level 1300)	ND	90th Percentile = 0.700 none of 10 samples above the action level.	Internal corrosion of household water plumbing system and fixtures
Fluoride	mg/l	1.0	2.0	Average = 0.11 Range = 0.10 - 0.12	n/a	Erosion of natural deposits
Hexavalent Chromium (2)	ug/l	0.02	10	ND	n/a	Erosion of natural deposits; release of industrial chemicals
Chlorine, free	mg/l	[4.0]	[4.0]	n/a	Average = 0.49 Range = 0.03 - 0.93	Drinking water disinfectant
Coliform Bacteria	# of positive samples per month	0	2 or more positive monthly samples	n/a	One sample positive (93 samples collected)	Naturally present in the Environment

1) Compliance is based on a four-quarter running average at each distribution system monitoring location
2) 2013 data

LEGEND

PHG (Public Health Goal): The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

MCLG (Maximum Contaminant Level Goal): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency (USEPA).

MCL (Maximum Contaminant Level): The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs (SMCL) are set to protect the odor, taste, and appearance of drinking water. MCLs are set by the California and/or USEPA.

PDWS (Primary Drinking Water Standard): MCLs (or MRDLs), for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.

MRDLG (Maximum Residual Disinfectant Level Goal): The level of a disinfectant added for water treatment below which there is no known or exposed risk to health. MRDLGs are set by the USEPA.

MRDL (Maximum Residual Disinfectant Level): The level of a disinfectant added for water treatment that may not be exceeded at the consumer's tap.

Action Level: The concentration of a contaminant that, if exceeded, triggers treatment or other requirements that a water system must follow.

90th Percentile = Compliance based on highest value after eliminating the highest 10% of values.

Abbreviations

mg/l = milligrams per liter (parts per million)- equivalent to 4 drops of water in the average sized bathtub.

µg/l = micrograms per liter (parts per billion)- equivalent to 50 drops in an Olympic sized swimming pool.

NTU = Nephelometric Turbidity Units, a measure of suspended material in water

pCi/l = picocuries per liter (a measure of radiation)

n/a = not applicable

ND = Not Detected at testing limit

µmhos/cm = micromhos per centimeter

PCU = platinum cobalt units

North Marin Water District — Point Reyes Water Service Area
Report on Constituents of Interest

CONSTITUENT	UNITS	MCL or (SMCL)	POINT REYES AVERAGE	POINT REYES RANGE	TYPICAL SOURCES
Chloride	mg/l	(500)	28	15 – 60	Runoff/leaching from natural deposits; seawater influence
Color	PCU	(15)	ND	ND	Naturally-occurring organic materials
Hardness	mg/l	n/a	120	100 – 140	Generally found in ground and surface water
Manganese	ug/l	(50)	ND	ND	Leaching from natural deposits
Specific Conductance	µmhos/cm	(1600)	330	280 – 410	Substances that form ions when in water; seawater influence
pH	n/a	(8.5)	7.2	7.1 – 7.2	
Total Dissolved Solids	mg/l	(1000)	190	160 – 210	Runoff/leaching from natural deposits
Turbidity	NTU	5	0.07	0.04 – 0.07	Soil runoff
Sodium	mg/l	n/a	23	13 – 43	Generally found in ground and surface water; seawater influence



Capital Improvement Projects

West Marin System improvements recently completed include the construction of seismic upgrades to the piping connections for the Point Reyes Water Storage Tanks.

Major ongoing projects include: (1) permitting and design for a solids handling facility at the Point Reyes Water Treatment Plant, (2) permitting and design for construction of a new 80,000 gallon tank in Paradise Ranch Estates to replace the 25,000 gallon (aka PRE Tank 4a) destroyed by fire years ago, and (3) replacement of the greensand filter media at the Point Reyes Water Treatment Plant."



Concerning Lead and Drinking Water

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with private service lines and home plumbing. North Marin Water District is responsible for providing high quality drinking water to your meter, but cannot control the variety of materials used in home plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap water for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at www.epa.gov/safewater/lead.

A Message From the United States Environmental Protection Agency

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells.

As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive materials, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include:

- **Microbial Contaminants**, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- **Inorganic Contaminants**, such as salts and metals, that can be naturally occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- **Pesticides and Herbicides**, that may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.
- **Organic Chemical Contaminants**, including synthetic and volatile organic chemicals, that are by-products of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, agricultural applications and septic systems.
- **Radioactive Contaminants**, that can be naturally-occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (USEPA) and the California Department of Public Health (CDPH) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. DHS regulations also establish limits for contaminants in bottled water that provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline (1-800- 426-4791).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/ Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800- 426-4791).

Source Water Assessment

An Assessment of watershed activities, which may affect the Point Reyes source of supply, was completed in July 2002 as required by the US Environmental Protection Agency. The activities identified with the highest potential for contamination of the Point Reyes groundwater supply are salt water intrusion and activities associated with the operation of the US Coast Guard housing wastewater system and maintenance facility area. These activities increase the potential to introduce chemical and microbial contaminants into the local groundwater. The Point Reyes groundwater is routinely monitored by NMWD. No contaminants have been detected with the exception of occasional increases in salt concentrations. Water produced at the Point Reyes water treatment plant meets federal and state water quality requirements.

A copy of the complete assessment is on file at the North Marin Water district office at 999 Rush Creek Place, Novato.

Radon In Air

Radon is a radioactive gas that can move from decomposed granite soils into a home through cracks and holes in the foundation. Radon can also get into indoor air when running tap water for showering and other household activities. In most cases, radon from tap water is a small source of radon in air. Radon is a known human carcinogen. It can lead to lung cancer. Drinking water containing radon may also cause increased risk of stomach cancer. There is no federal regulation for radon levels in drinking water. Exposure over a long period of time to air transmitting radon may cause adverse health effects. If you are concerned about radon in your home, **test the air in your home!** Testing is inexpensive and easy. For additional information, call your state radon program or call EPA's Radon Hotline (800-SOS-RADON).

Board of Directors

Stephen Peterle
President

Rick Fraites
Vice President

Jack Baker

John C. Shoonover

Michael Joly

The Board of Directors meets on the first and third Tuesday of the month, 7:00 pm at NMWD Administrative office, 999 Rush Creek Place, Novato, CA 94945.

On June 27, 2017, the Board will meet at 7:00 pm in Point Reyes Station to review the Point Reyes budget and Point Reyes water issues.




10

MEMORANDUM

To: Board of Directors

June 16, 2017

From: David L. Bentley, Auditor-Controller Subj: Oceana Marin Sewer Service Charge Increase Ordinance – First Reading
(Introduction of Ordinance and Waive Reading of Ordinance)

t:\ac\word\budget\wm\18\om ordinance 1st reading.docx

RECOMMENDED ACTION: Approve Reading of Proposed Ordinance – (Read title only)**FINANCIAL IMPACT:** None at this time

Pursuant to Health and Safety Code Section 5471(a), collecting the Oceana Marin Sewer Service Charge on the property tax roll requires action by ordinance rather than resolution. The ordinance must be read at two consecutive Board meetings (Attachment 1).

To provide adequate time for the County to post the sewer service charge on the property tax bills before they are mailed in late July, the first reading of the Ordinance should occur at the Board's June 20 meeting. The second reading authorizing enactment of the proposed charge would then be adopted at the conclusion of the public hearing in Point Reyes Station at the June 27 meeting, and the Board will be asked to approve changes to Regulation 109c, Oceana Marin Sewer Service – Rates and Charges, at that time (draft revisions to Regulation 109 are shown on Attachment 2).

The sewer service fee increase to \$86 per month is proposed to be effective July 1, 2017. The fiscal year 2016/2017 fee would total \$1,032 (\$86 x 12) per dwelling unit.

Recommended Action:

Approve reading of proposed Ordinance No. 35– (read title only).

**DRAFT
ORDINANCE NO. 35**

**ORDINANCE OF THE BOARD OF DIRECTORS OF
NORTH MARIN WATER DISTRICT
ELECTING TO HAVE OCEANA MARIN SEWER CHARGES BE COLLECTED ON THE TAX
ROLL OF THE COUNTY OF MARIN, STATE OF CALIFORNIA
COMMENCING FISCAL YEAR 2017-18**

Section 1. The Board of Directors hereby finds, determines and declares as follows:

- a. The District has previously developed and instituted a Sewer Service Charge Program to finance the services and facilities furnished by the District in its Improvement Districts No. OM-1 and OM-3 which are herein referred to as Oceana Marin; and
- b. The Board of Directors has reviewed the present sewer service charge and has determined that the sewer service rate should be \$1,032 per equivalent dwelling unit for fiscal year 2017-18;

Section 2. In adopting this Ordinance, the Board of Directors finds that:

- a. Written notices of the proposed increase in the sewer service charge were sent by first class U.S. mail to every customer in Improvement Districts No. OM-1 and OM-3 prior to the Public Hearing conducted on June 27, 2017 to consider said report and rate increase effective July 1, 2017.
- b. The District prepared and filed a sewer service charge report with the District Secretary.
- c. On June 8, 2017 and June 22, 2017, the District Secretary published a notice of Public Hearing and of the filing of said report in the Point Reyes Light, a newspaper of general circulation printed and published in the County.
- d. At the Public Hearing conducted on June 27, 2017, all written protests against the proposed increase in the sewer service charge, including those provided in person, by facsimile, email and U.S. mail, were considered and tallied, and the District was not presented with protests by a majority of the owners of the identified parcels affected by this change.
- e. The amount of the charge imposed does not exceed the proportional cost of the service attributable to the properties receiving service and the charge is only

imposed on those properties actually receiving service or for those which service is immediately available.

- f. This action is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15273 (a) (1-4) of the District CEQA Guidelines.

Section 3. Section c. of that certain Regulation entitled "Regulation 109 – Oceana Marin Sewer Service – Rates and Charges," passed by the Board of Directors of the North Marin Water District on June 21, 1977, as amended, and attached as Exhibit 1 hereto, is hereby amended to read as follows and is hereby adopted:

"c. Sewer Service Rate

For Fiscal Year 2017-18, a sewer service rate of \$1,032 per equivalent unit per year shall be paid by the owner of the land served. In the case of new construction, said rate shall commence when connection is made to the District sewage facility. Upon written notice by the owner in the event a structure is demolished by fire or otherwise removed from the land, an appropriate adjustment shall be made taking into account the reduced use but excluding any adjustment for infiltration inflow. An appropriate portion of the charges collected during the period that no structure existed shall be refunded. The refund period, however, shall not be greater than one year and shall be measured from the date that the District receives written notice from the owner."

Section 4. The District does hereby elect, pursuant to Section 5473 of the Health and Safety Code of the State of California, to have the sewer service charge, pursuant to its Regulation 109, passed and adopted by the Board of Directors of the North Marin Water District on June 21, 1977, as amended, collected on the tax roll of the County of Marin, State of California, in the manner pursuant to Sections 5471 through 5473.11 of the Health and Safety Code of the State of California.

Section 5. The Secretary shall cause this ordinance to be published in the manner described in Section 31105 of the Water Code.

Section 6. The Secretary of North Marin Water District is hereby directed to file a copy of said report with the Treasurer-Tax Collector of Marin County on or before July 15, 2017, upon which shall be endorsed, over the Secretary's signature, a statement that the report has been adopted by the Board of Directors of the North Marin Water District.

Section 7. The Treasurer-Tax Collector of Marin County shall, upon receipt of said report,

enter the amounts of the charges against the respective lots or parcels as they appear on the assessment roll for the fiscal year 2017-2018.

* * * * *

I hereby certify that the foregoing is a true and complete copy of an ordinance duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the 27th day of June 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

Katie Young, Secretary
North Marin Water District

DRAFT
NORTH MARIN WATER DISTRICT
REGULATION 109
OCEANA MARIN SEWER SERVICE - RATES AND CHARGES

a. Applicability

This regulation applies to sewer service within Improvement Districts No. OM-1 and OM-3 of North Marin Water District which are herein referred to as Oceana Marin.

b. Sewage Facilities Connection Charge

A sewage facilities connection charge of \$22,600 for each dwelling unit shall be paid prior to the commencement of sewer service. Effective July 1, 2017 the sewage facilities connection charge shall increase to \$30,000. For connection of service to structures projected to generate flows in excess of that generated by a typical single family home in Oceana Marin, the District shall calculate the number of equivalent dwelling units and resulting connection charge. In no event shall the connection charge be less than the amounts noted above. All revenues derived by the District from said sewage facilities connection charge shall be used only for the construction and reconstruction (including, without limitation, enlargement, modification and replacement) and operation and maintenance of the sewage facilities serving said lots or for other purposes authorized by Section 5474.9 of the Health & Safety Code, but shall not be used for acquisition or construction of new local street sewer or laterals. With the exception of property annexed after April 17, 1973, said charge shall not be payable for any lot in Units 3 or 4 of Oceana Marin Subdivision heretofore or hereafter connected to said facilities by reason of the substantial payment for said facilities heretofore made by the owners of said lots.

c. Sewer Service Rate

For Fiscal Year 2016~~2017-17~~18, a sewer service rate of ~~\$936~~\$1,032 per equivalent unit per year shall be paid by the owner of the land served. In the case of new construction, said rate shall commence when connection is made to the District sewage facility. Upon written notice by the owner in the event a structure is demolished by fire or otherwise removed from the land, an appropriate adjustment shall be made taking into account the reduced use but excluding any adjustment for infiltration inflow. An appropriate portion of the charges collected during the period that no structure existed shall be refunded. The refund period, however, shall not be greater than one year and shall be measured from the date that the District receives written notice from the owner.

11

MEMORANDUM

To: Board of Directors

June 16, 2017

From: David L. Bentley, Auditor-Controller Subj: Second Review – FY18 West Marin Water and Oceana Marin Sewer Budgets
t:\acl\word\budget\wm\18\wm18 2nd review.docx**RECOMMENDED ACTION:** Additional Review & Provide Direction to Staff**FINANCIAL IMPACT:** None at this time. Upon adoption, the FY18 Budgets would see:

West Marin Water System Rate Increase	\$40,000
West Marin Water System Expenditure Plan	\$1,289,000
Oceana Marin Sewer System Rate Increase	\$22,000
Oceana Marin Sewer System Expenditure Plan	\$409,000

Following for your second review are the budgets for the West Marin Water and Oceana Marin Sewer proposed for FY 2017/18 (FY18). Proposed for the West Marin Water customers is a 5% rate increase. Proposed for the Oceana Marin Sewer customers is a 10% rate increase.

CHANGES SINCE THE INITIAL REVIEW

Since the last meeting the General Manager convened a meeting of department heads to review the proposed operating budgets for both West Marin Water and Oceana Marin Sewer which resulted in the following:

West Marin Water

- A \$20,000 reduction in Materials, Services and Supplies was identified, as well a reallocation of \$5,000 in staff time to Novato Potable Water & \$2,000 in savings pertaining to a reduced workers' compensation insurance and other overhead costs resulted in a total operating expense reduction of \$27,000.

Oceana Marin Sewer

- An \$8,000 reduction in Materials, Services and Supplies was identified, as well a reallocation of \$7,000 in staff time to Novato Potable Water & \$2,000 in savings pertaining to a reduced workers' compensation insurance and other overhead costs resulted in a total operating expense reduction of \$17,000.

INCREASE PROPOSAL DETAIL**Water Rates**

A 5% increase is recommended in both the commodity rate and the bimonthly service

charge, which would increase to \$31.50 bimonthly for the typical customer with a 5/8" meter. The proposed West Marin Water increase would total \$32 annually (\$2.67 per month) for the typical residential customer. If enacted, the proposed increase is expected to generate \$40,000 in additional revenue next fiscal year.

Annual 5% increases are included in the 5-year financial plan for FY19 and beyond (see page 4) to help pay for \$5.85 million in Capital Improvement Projects scheduled over the next five years as the District moves forward with replacement of the tank that was destroyed in the Vision Fire (\$625,000), an additional well at the Gallagher site (\$300,000), addition of a Treatment Plant Solids Handling Facility (\$1,350,000), Replacement of PRE Tank #1 (\$250,000), and Upgrade of the Treatment Plant (\$2,800,000). The financial plan anticipates borrowing \$3.4 million to construct these projects over the coming five years.

Sewer Rates

The Oceana Marin Sewer System held a cash balance of \$459,000 at April 30, 2017. The Nute 2015 Master Plan update presented to the Board in January 2016 identified \$3.1 million in needed improvements to the system. The Five-Year Financial Plan includes incorporates \$1.2 million over the 5-year period. A 10% (\$8/month) increase is proposed for FY18, which will generate an additional \$22,000 per year. Annual 10% increases are included in the 5-year financial plan for FY19 and beyond to help pay for CIP program.

The Sewer Service Charge is collected on the Property Tax roll and must be adopted by ordinance, which requires readings at two Board meetings and publication twice. The Oceana Marin letter noticing and inviting customers to the public hearing was mailed on May 12, 2017.

Connection Fees

The West Marin Water connection fee was last increased in August 2009. In November 2014 the Board reviewed this charge based on the updated West Marin Water Master Plan, and found the existing connection fee adequate.

The Oceana Marin Sewer connection fee was increased last year with a 2-phased approach. The fee increased from \$15,200 to \$22,600 effective September 1, 2016, and will increase to \$30,000 effective July 1, 2017, all in an effort to finance the capital improvements recommended in the aforementioned Nute Master Plan update.

One new connection is budgeted for both West Marin Water and Oceana Marin Sewer next fiscal year.

BUDGETED SYSTEM IMPROVEMENT PROJECTS

Significant Improvement Projects budgeted for the coming year, from page 1 of the budget package, include:

Water

- \$550,000 to complete the bulk of the work on the \$625,000 replacement of PRE Tank #4A burned in the Vision Fire.
- \$75,000 to replace the green-sand filter media in the second of two treatment plant filters (\$75,000 was expended in FY17 to replace the media in the first filter).

Sewer

- \$40,000 is included for continued infiltration repair work to prevent rainwater from infiltrating into the collection system.
- \$80,000 is included to design and install an 8th trench in the disposal field.
- \$50,000 is included to commence the \$400,000 project to dredge and reline the treatment and storage ponds.

Future Projects

The West Marin Water 5-Year Financial Plan includes a \$1.3 million Treatment Plant Solids Handling Facility to be constructed over a two-year period commencing in FY19. Rehabilitation of Coast Guard Well #2 is also scheduled for FY19 at a cost of \$275,000. Rehabilitation of the Water Treatment Plant, budgeted at \$2.8 million, is scheduled for FY22.

For Oceana Marin Sewer, \$40,000 is budgeted each year into the future to continue infiltration repair work. \$500,000 is included commencing in FY20 to install the first of a 3-phase project to construct a parallel force main, estimated to cost \$1.3 million at completion.

WEST MARIN WATER SYSTEM OPERATING BUDGET

You will note from page 3 of the budget that the proposed West Marin Water System Budget projects a cash deficit next fiscal year of \$380,000. This deficit assumes 100% of the \$675,000 Capital Improvement Project Budget is expended, which typically does not occur. The proposed budget projects one new service to be added to the system each year into the future, in line with the slow growth we have seen recently.

FY18 water sales volume is budgeted to increase 3% compared with the current year estimated actual. Unlike the current fiscal year, FY18 will not include mandatory water use

restrictions. The West Marin system is projected to consume 62 million gallons (MG) next year, compared to 60MG estimated for the current fiscal year. Average annual consumption over the past decade is 74MG. The forecast assumes water sales volume will rise to 65MG in FY20 and remain static into the future as conservation programs (including water rate increases) continue to induce more efficient use of water. Historical consumption data is shown on page 6.

Operating expenditures, before depreciation, are budgeted to decrease 4% from the FY17 adopted budget, a decrease of \$22,000, and to increase 6% from the FY17 estimated actual expense. A graphical history of operating expenditures is included on page 7.

OCEANA MARIN SEWER OPERATING BUDGET

The proposed Oceana Marin Sewer Budget shown on page 8 includes an \$8/month (10% - to \$86/month) increase in the sewer service charge. One new connection is budgeted for next fiscal year, which is Oceana Marin's average over the past five years. Operating expenditures, before depreciation and the proposed \$25,000 Vulnerability Study, are budgeted to increase 1% from the FY17 adopted budget, and to decrease 6% from the FY17 estimated actual expense. A graphical history of Oceana Marin operating expenditures is shown on page 11.

A public hearing to consider the proposed water and sewer rate increases and to adopt the budgets is scheduled for June 28 in Point Reyes Station.

Proposed
BUDGET

Second Review

**West Marin Water
&
Oceana Marin Sewer**
FISCAL YEAR
2017-18

NORTH MARIN WATER DISTRICT

999 RUSH CREEK PLACE, NOVATO, CA

TABLE OF CONTENTS

WEST MARIN WATER & OCEANA MARIN SEWER

PROPOSED 2017/18 BUDGETS

Capital Improvement Projects

West Marin Water/Oceana Marin Sewer 5-Year Plan	1
---	---

West Marin Water

Proposed FY18 Budget	3
5-Year Financial Plan	4
<u>Supplementary Charts and Schedules</u>	
Historical Water Consumption	6
Historical Operating Expenditures	7

Oceana Marin Sewer

Proposed FY18 Budget	8
5-Year Financial Plan	9
<u>Supplementary Charts and Schedules</u>	
Operating Expenditures	11

CAPITAL IMPROVEMENT PROJECTS

5/25/17

t:\acexcel\budget\18\5 yr cip fy18.xlsx\5 yr ip

		FY17 Budget	FY17 Est Actual	FY18	FY19	FY20	FY21	FY22
7. WEST MARIN WATER SYSTEM								
2.6263.20	a. Replace PRE Tank #4A (25K gal w/82K gal)	\$450,000	\$75,000	\$550,000				
	b. Green Sand Filter Media Replace	\$75,000	\$75,000	\$75,000				
2.6609.20	c. New Gallagher Well #2	\$100,000	\$0		\$100,000	\$200,000		
	d. PB Replace in Sync w/ County Paving			\$50,000		\$50,000		\$50,000
2.6601.32	e. TP Solids Handling (Note 5)				\$600,000	\$700,000		
	f. Abandon Downey Well				\$50,000	\$100,000		
	g. Rehab Coast Guard Well #2				\$275,000			
	h. PRE Tank #1 Replacement						\$250,000	
	i. Treatment Plant Modifications Design/Construct (Note 6)							\$2,800,000
	j. Other West Marin Water System Expenditure	\$0	\$18,000					
		\$625,000	\$168,000	\$675,000	\$1,025,000	\$1,050,000	\$250,000	\$2,850,000
8. OCEANA MARIN SEWER SYSTEM								
8.8672.28	a. Infiltration Repair	\$40,000	\$35,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
8.7163.00	b. Design/Install 8th Disposal Trench (300')	\$50,000	\$0	\$80,000				
8.7085.02	c. Tahiti Way Lift Pumps Rebuild (2) (every 5 yrs)	\$20,000	\$40,000	\$20,000				\$20,000
8.7164.00	d. Tahiti Way Power Relocation	\$20,000	\$0	\$20,000				
8.7165.00	e. North St Lift Station Communication Upgrade	\$30,000	\$30,000					
8.7166.00	f. ACP Sewer Reline (6"@ 3,000')	\$50,000	\$0					\$50,000
8.7167.00	g. Dosing Siphon Repairs	\$0	\$57,000					
	h. Pond Dredging & Relining			\$50,000	\$350,000			
	i. Parallel Force Main (1st of 3 Segments)					\$100,000	\$300,000	\$100,000
		\$210,000	\$162,000	\$210,000	\$390,000	\$140,000	\$340,000	\$210,000

CAPITAL IMPROVEMENT PROJECTS

5/25/17

t:\acexcel\budget\18\5 yr cip fy18.xlsx\5 yr ip

	FY17 Budget	FY17 Est Actual	FY18	FY19	FY20	FY21	FY22
LESS FUNDED BY LOANS/GRANTS/OTHER							
e. WM Treatment Plant Solids Handling (Note 5)				(\$600,000)			
g. WM TP Modific Design/Construct (Note 6)							(\$2,800,000)
	\$0	\$0	\$0	(\$600,000)	\$0	\$0	(\$2,800,000)
SUMMARY - NET PROJECT OUTLAY							
West Marin Water	\$625,000	\$168,000	\$675,000	\$425,000	\$1,050,000	\$250,000	\$50,000
Oceana Marin Sewer	\$210,000	\$162,000	\$210,000	\$390,000	\$140,000	\$340,000	\$210,000
NET PROJECT OUTLAY	\$835,000	\$330,000	\$885,000	\$815,000	\$1,190,000	\$590,000	\$260,000
Total Number of District Projects	11	11	8	6	6	3	6
STUDIES & SPECIAL PROJECTS							
2.4061.00 f. Digitize West Marin Water Facility Maps	\$35,000	\$17,000	\$10,000				
8.4062.00 h. Oceana Marin Vulnerability Study			\$25,000				
	\$35,000	\$17,000	\$35,000	\$0	\$0	\$0	\$0
WEST MARIN WATER DEBT SERVICE							
j. EDA Loan	\$3,000	\$3,000	\$2,000	\$0			
k. PRE-1 Revenue Bond	\$15,000	\$14,000	\$14,000	\$14,000	\$14,000	\$0	
l. PR-6 Revenue Bond	\$13,000	\$12,000	\$13,000	\$13,000	\$12,000	\$13,000	\$12,000
m. TP Solids Handling Bank Loan	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000
n. TP Solids Handling Add'l Bank Loan (Note 5)				\$42,000	\$42,000	\$42,000	\$42,000
o. TP Modifications Loan (Note 6)							\$197,000
	\$102,000	\$100,000	\$100,000	\$140,000	\$139,000	\$126,000	\$322,000
NET PROJECT OUTLAY & DEBT SERVICE	\$937,000	\$430,000	\$985,000	\$955,000	\$1,329,000	\$716,000	\$582,000

Note 5 - \$1.25M WM Water Solids Handling Facility partially funded by bank loan (\$660,000 remaining). Additional \$600K to be borrowed in FY19 to complete project.

Note 6 - \$2.8M WM TP Project funded by debt and /or grant funds.

WEST MARIN WATER
BUDGET SUMMARY
Fiscal Year 2017/18

	Proposed Budget 2017/18	Estimated Actual 2016/17	Adopted Budget 2016/17
OPERATING INCOME			
1 Water Sales	\$810,000	\$743,000	\$771,000
2 Misc Service Charges	7,000	7,000	7,000
3 Total Operating Income	\$817,000	\$750,000	\$778,000
OPERATING EXPENDITURES			
4 Source of Supply	\$15,000	\$13,000	\$22,000
5 Pumping	45,000	36,000	37,000
6 Operations	53,000	61,000	42,000
7 Water Treatment	147,000	130,000	147,000
8 Transmission & Distribution	126,000	129,000	140,000
9 Consumer Accounting	26,000	29,000	23,000
10 Water Conservation	10,000	6,000	20,000
11 General Administration	95,000	86,000	108,000
12 Depreciation Expense	195,000	192,000	190,000
13 Total Operating Expenditures	\$712,000	\$682,000	\$729,000
14 NET OPERATING INCOME (LOSS)	\$105,000	\$68,000	\$49,000
NON-OPERATING REVENUE/(EXPENSE)			
15 PR-2 County Tax Allocation	\$53,000	\$51,000	\$48,000
16 Miscellaneous Revenue	4,000	4,000	4,000
17 Interest Revenue	12,000	16,000	6,000
18 Bond & Loan Interest Expense	(31,000)	(34,000)	(34,000)
20 Total Non-Operating Income/(Expense)	\$38,000	\$37,000	\$24,000
21 NET INCOME/(LOSS)	\$143,000	\$105,000	\$73,000
OTHER SOURCES/(USES) OF FUNDS			
22 Add Depreciation Expense	\$195,000	\$192,000	\$190,000
23 Connection Fees	23,000	31,000	23,000
24 Capital Improvement Projects	(675,000)	(168,000)	(625,000)
25 Bond & Loan Principal Payments	(66,000)	(67,000)	(67,000)
26 Total Other Sources/(Uses)	(\$523,000)	(\$12,000)	(\$479,000)
27 CASH INCREASE/(DECREASE)	(\$380,000)	\$93,000	(\$406,000)

WEST MARIN WATER

5-Year Financial Forecast

	Actual 2014/15	Actual 2015/16	Est Actual 2016/17	Projected 2017/18	Projected 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22
# BASIC DATA								
1 Active Meters	778	780	781	782	783	784	785	786
2 Avg Commodity Rate/1,000 Gal	\$8.74	\$9.62	\$9.57	\$10.20	\$10.72	\$11.28	\$11.85	\$12.46
3 Potable Consumption (MG)	64	57	60	62	64	65	65	65
INCOME								
4 Commodity Charge	\$562,195	\$544,743	\$574,000	\$632,000	\$686,000	\$733,000	\$770,000	\$810,000
5 Bimonthly Service Charge	166,938	168,775	169,000	178,000	187,000	196,000	206,000	216,000
6 Connection Fee	22,800	0	31,000	23,000	23,000	23,000	23,000	23,000
7 PR-2 County Tax Allocation	45,378	49,365	51,000	53,000	55,000	57,000	59,000	61,000
8 Interest	5,027	10,025	16,000	12,000	9,000	8,000	1,000	3,000
9 Miscellaneous	10,572	11,377	11,000	11,000	11,000	11,000	11,000	11,000
10 TOTAL INCOME	\$813,571	\$784,285	\$852,000	\$909,000	\$971,000	\$1,028,000	\$1,070,000	\$1,124,000
EXPENDITURES								
11 Operating Expenditures	\$469,147	\$462,242	\$483,000	\$498,000	\$494,000	\$509,000	\$524,000	\$540,000
12 Water Purchased from MMWD	6,651	0	0	0	0	0	0	0
13 Miscellaneous	3,363	596	1,000	5,000	5,000	5,000	5,000	5,000
14 Bond & Loan Debt Service	104,576	99,555	101,000	100,000	140,000	139,000	126,000	322,000
15 TOTAL EXPENDITURES	\$583,737	\$562,393	\$585,000	\$603,000	\$639,000	\$653,000	\$655,000	\$867,000
NET INCOME	\$229,834	\$221,892	\$267,000	\$306,000	\$332,000	\$375,000	\$415,000	\$257,000
OTHER SOURCES/(USES)								
16 Capital Improvement Projects	(\$1,279,605)	(\$215,749)	(\$168,000)	(\$675,000)	(\$1,025,000)	(\$1,050,000)	(\$250,000)	(\$2,850,000)
17 Grant/Loan Proceeds	1,177,912	0	0	0	600,000	0	0	2,800,000
18 Net Change in Working Capital	99,793	(9,894)	0	0	0	0	0	0
19 INCREASE (DECREASE) IN CASH	\$227,934	(\$3,751)	\$99,000	(\$369,000)	(\$93,000)	(\$675,000)	\$165,000	\$207,000
CASH BALANCE								
20 Operating Reserve	\$188,241	\$245,289	\$356,000	\$639,000	\$645,000	\$0	\$150,000	\$372,000
21 System Expansion Reserve	823,221	762,422	751,000	99,000	0	0	0	0
22 Liability Contingency Reserve	99,000	99,000	99,000	99,000	99,000	69,000	99,000	99,000
23 Bond Redemption Reserve	30,000	30,000	30,000	30,000	30,000	30,000	15,000	0
24 TOTAL CASH BALANCE	\$1,140,462	\$1,136,711	\$1,236,000	\$867,000	\$774,000	\$99,000	\$264,000	\$471,000
25 Depreciation Expense	\$157,937	\$189,039	\$192,000	\$195,000	\$206,000	\$223,000	\$241,000	\$245,000

WEST MARIN WATER NOTES

KEY

West Marin Water includes the communities of Point Reyes Station, Inverness Park, Olema, Bear Valley, Silver Hills and Paradise Ranch Estates (PRE).

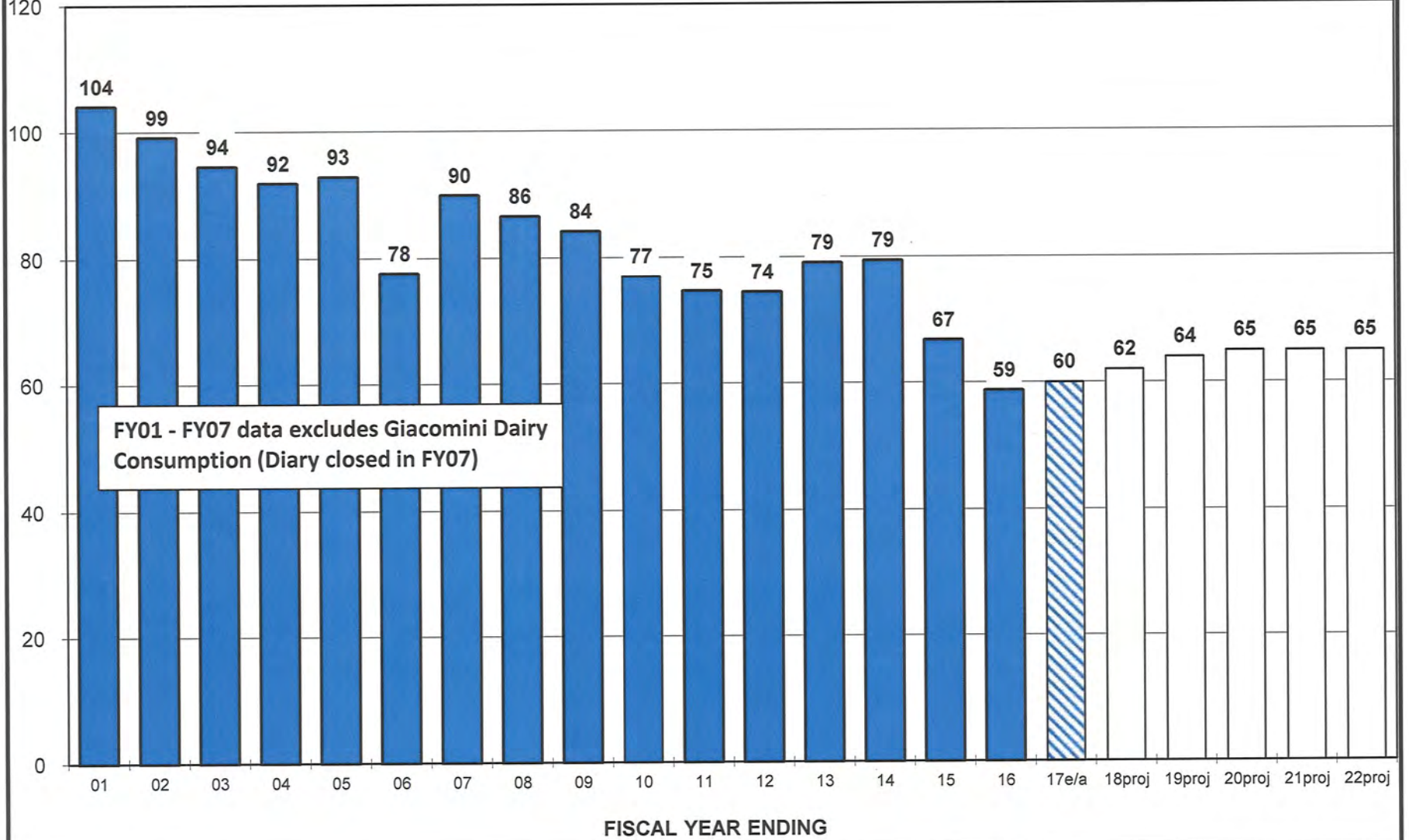
- 1 Assumes annual increase of 1 connection per year.
- 2 Commodity rate and Bimonthly Service Charge increases of 5% are proposed effective 7/1/17. Annual 5% Commodity and Bimonthly Service Charge increases shown thereafter. Note that the FY2015/16 Average Commodity Rate included a drought surcharge.
- 3 Consumption projection assumes 60MG in FY17, 62MG in FY18, 64MG in FY19, and 65MG annually thereafter.
- 4 Average Commodity Rate multiplied by Potable Consumption.
- 5 Bimonthly service charge shown to increase 5% annually after FY17. Details of the rate increase structure to be determined at annual budget hearings.
- 6 The connection fee was set at \$22,800 per equivalent dwelling unit effective August 1, 2010.
- 7 County tax allocation enacted subsequent to Prop 13 to compensate for O&M tax revenue previously received. PR-2 County Tax allocation is projected to increase 3% per year.
- 8 Projected available funds invested at 1.00%
- 9 Turn-on, set-up, backflow device, Horizon CATV site lease & other miscellaneous income.
- 11 3% annual increase in Operating Expenditures assumed after FY17. FY17 & FY18 include \$17K & \$18K respectively to Digitize WM Water Facility Maps.
- 14 Comprised of three 40-year 5% bonds all purchased by the Farmers Home Administration: 1) 1975 OL-2 \$70,000 GO bond paid off in 2015; 2) 1980 PRE-1 \$240,000 revenue bond fully amortized in 2020; 3) 1981 PR-6 \$217,800 revenue bond fully amortized in 2021; plus an Economic Development Administration \$46,000 5% 40-year loan paid off in 2017. FY19 includes debt service on \$600K loan to finance completion of Solids Handling Facility, and FY22 includes debt service on \$2.8M to finance the TP Rehab.
- 15 Total Expenditures excludes depreciation.
- 16 Capital Improvement Projects. See 5-year Capital Improvement Projects Plan.
- 17 FY19 \$600,000 loan to complete the Solids Handling and PRE Storage projects; FY20 \$2.8M for Treatment Plant Rehabilitation.
- 20 Operating Reserve should be comprised of a minimum of 4 months of operating expenditures as recommended by the District's financial advisors.
- 21 System Expansion Reserve is composed of connection fee revenue and unexpended Bank of Marin loan funds.
- 22 Liability Contingency Reserve - \$90,000 is West Marin Water's pro-rata share (3.6%) of the District's \$2.5 million liability contingency fund, available to pay liability claims arising within the West Marin water system. \$8,885 was added in Dec 2006 from sale of 2 surplus parcels in Inverness Park.
- 23 Bond Redemption Reserve is comprised of one year of Revenue Bond debt service (\$30K) for PR-6 & PRE-1 bonds as required by bond covenant plus tax receipts held in the Marin County treasury.

5/26/17

t:\acexcel\budget\wm\wm consumption.xls\wm cons

West Marin Potable Water Billed Consumption Net of Giacomini Dairy

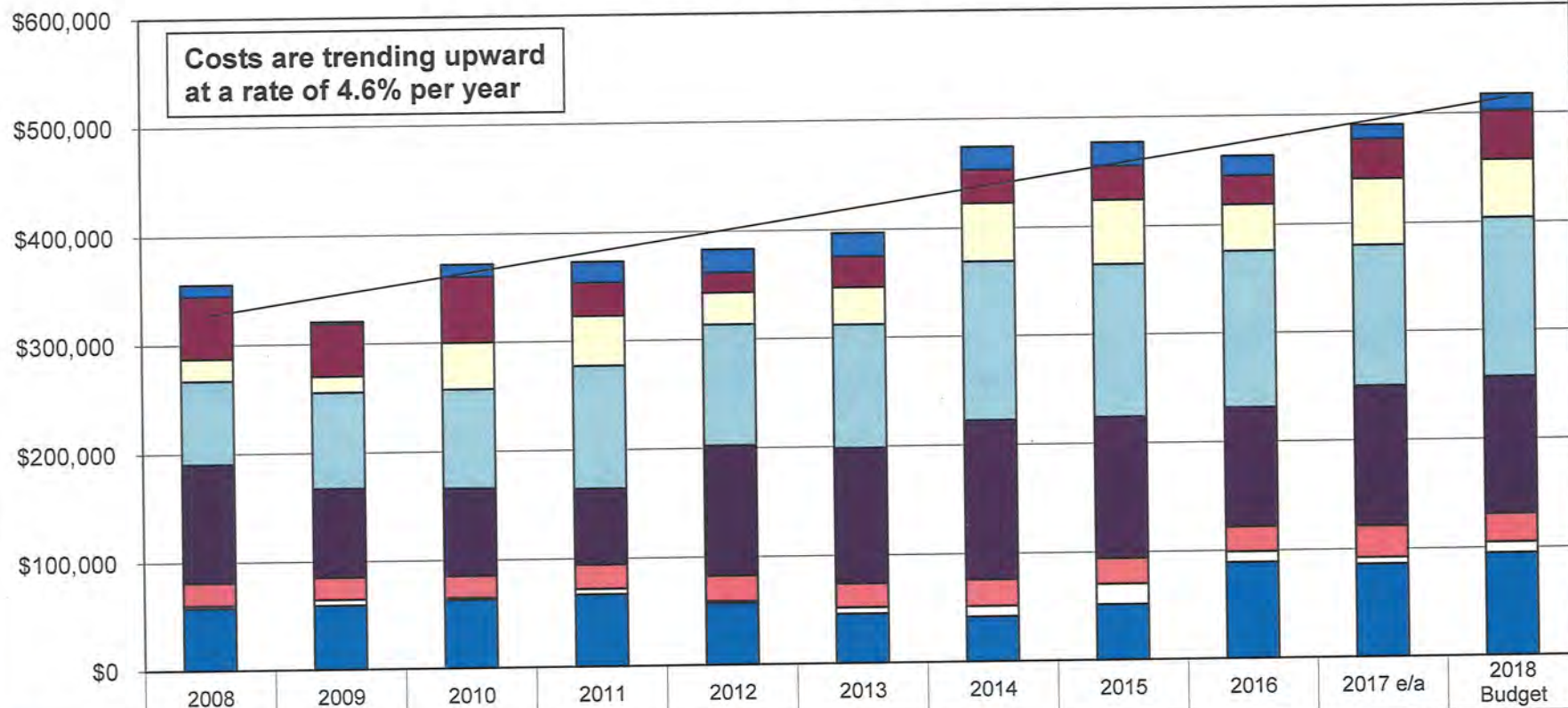
MG
120



6/9/17

t:\administration\excel\budget\wmlwmhist.xls wml wtr

West Marin Water Operating Expenditures



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 e/a	2018 Budget
Source	\$11,106	\$2,319	\$11,364	\$18,907	\$21,495	\$22,161	\$21,183	\$21,862	\$18,290	\$13,000	\$15,000
Pumping	\$57,375	\$47,801	\$60,516	\$31,092	\$18,226	\$28,195	\$30,514	\$30,657	\$26,199	\$36,000	\$45,000
Operations	\$20,340	\$14,970	\$42,962	\$45,965	\$29,609	\$34,466	\$53,916	\$59,531	\$43,184	\$61,000	\$53,000
Treatment	\$76,588	\$87,871	\$90,739	\$112,531	\$111,205	\$113,619	\$146,415	\$141,132	\$144,473	\$130,000	\$147,000
T & D	\$109,186	\$82,386	\$81,052	\$70,274	\$120,093	\$124,721	\$146,566	\$129,737	\$109,484	\$129,000	\$126,000
Cons Acctg	\$21,045	\$20,285	\$20,232	\$22,108	\$23,367	\$21,947	\$24,334	\$23,457	\$22,646	\$29,000	\$26,000
Wtr Consv	\$2,187	\$5,338	\$1,883	\$5,266	\$2,008	\$5,857	\$9,791	\$18,960	\$9,986	\$6,000	\$10,000
G & A	\$57,828	\$59,500	\$63,234	\$66,880	\$56,945	\$45,861	\$41,561	\$51,463	\$88,982	\$86,000	\$95,000
Total	\$355,655	\$320,470	\$371,982	\$373,023	\$382,948	\$396,827	\$474,280	\$476,799	\$463,244	\$490,000	\$517,000

OCEANA MARIN SEWER
BUDGET SUMMARY
Fiscal Year 2017/18

	Proposed Budget 2017/18	Estimated Actual 2016/17	Adopted Budget 2016/17
OPERATING INCOME			
1 Monthly Sewer Service Charge	\$239,000	\$216,000	\$214,000
2 Misc Service Charges	0	1,000	0
3 Total Operating Income	\$239,000	\$217,000	\$214,000
OPERATING EXPENDITURES			
4 Sewage Collection	\$54,000	\$53,000	\$50,000
5 Sewage Treatment	57,000	60,000	58,000
6 Sewage Disposal	32,000	45,000	33,000
7 Consumer Accounting	2,000	2,000	2,000
8 General Administration	54,000	26,000	27,000
9 Depreciation Expense	51,000	43,000	47,000
10 Total Operating Expenditures	\$250,000	\$229,000	\$217,000
11 NET OPERATING INCOME (LOSS)	(\$11,000)	(\$12,000)	(\$3,000)
NON-OPERATING REVENUE/(EXPENSE)			
12 OM-1/OM-3 Tax Allocation	\$56,000	\$54,000	\$52,000
13 Interest Revenue	4,000	6,000	2,000
14 Miscellaneous Revenue	0	0	0
15 Miscellaneous Expense	0	(1,000)	
16 Total Non-Op Income/(Expense)	\$60,000	\$60,000	\$54,000
NET INCOME/(LOSS)	\$49,000	\$48,000	\$51,000
OTHER SOURCES/(USES) OF FUNDS			
17 Add Depreciation Expense	\$51,000	\$43,000	\$47,000
18 Connection Fees	30,000	30,000	30,000
19 Capital Improvement Projects	(210,000)	(162,000)	(210,000)
20 Total Other Sources/(Uses)	(\$129,000)	(\$89,000)	(\$133,000)
21 CASH INCREASE/(DECREASE)	(\$80,000)	(\$41,000)	(\$82,000)

OCEANA MARIN SEWER

5-Year Financial Forecast

#		Actual 2014/15	Actual 2015/16	Est Actual 2016/17	Projected 2017/18	Projected 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22
1	BASIC DATA								
1	Number of Connections	229	230	231	232	233	234	235	236
2	Monthly Service Charge	\$68.00	\$71.00	\$78.00	\$86.00	\$95.00	\$105.00	\$116.00	\$128.00
	INCOME								
3	Monthly Service Charge	\$186,864	\$195,461	\$216,000	\$239,000	\$265,000	\$294,000	\$326,000	\$362,000
4	OM-1/OM-3 Tax Allocation	48,360	52,609	54,000	56,000	58,000	60,000	62,000	64,000
5	Connection Fees	15,200	32,198	30,000	30,000	30,000	30,000	30,000	30,000
6	Interest Revenue	2,323	3,638	6,000	4,000	3,000	1,000	2,000	0
7	Miscellaneous Revenue/(Expense)	203	370	1,000	1,000	1,000	1,000	1,000	1,000
8	TOTAL INCOME	\$252,950	\$284,276	\$307,000	\$330,000	\$357,000	\$386,000	\$421,000	\$457,000
9	OPERATING EXPENDITURES	\$132,624	\$159,131	\$189,000	\$195,000	\$201,000	\$207,000	\$213,000	\$219,000
	OTHER SOURCES (USES)								
10	Capital Improvement Projects/Other	(63,023)	(7,547)	(162,000)	(210,000)	(390,000)	(140,000)	(340,000)	(210,000)
11	Net Change in Working Capital	4,004	1,864						
12	INCREASE (DECREASE) IN CASH	\$61,307	\$119,462	(\$44,000)	(\$75,000)	(\$234,000)	\$39,000	(\$132,000)	\$28,000
13	TOTAL CASH BALANCE	\$344,202	\$464,000	\$420,000	\$345,000	\$111,000	\$150,000	\$18,000	\$46,000
14	Depreciation Expense	\$49,860	\$48,193	\$43,000	\$51,000	\$62,000	\$82,000	\$89,000	\$106,000

OCEANA MARIN SEWER

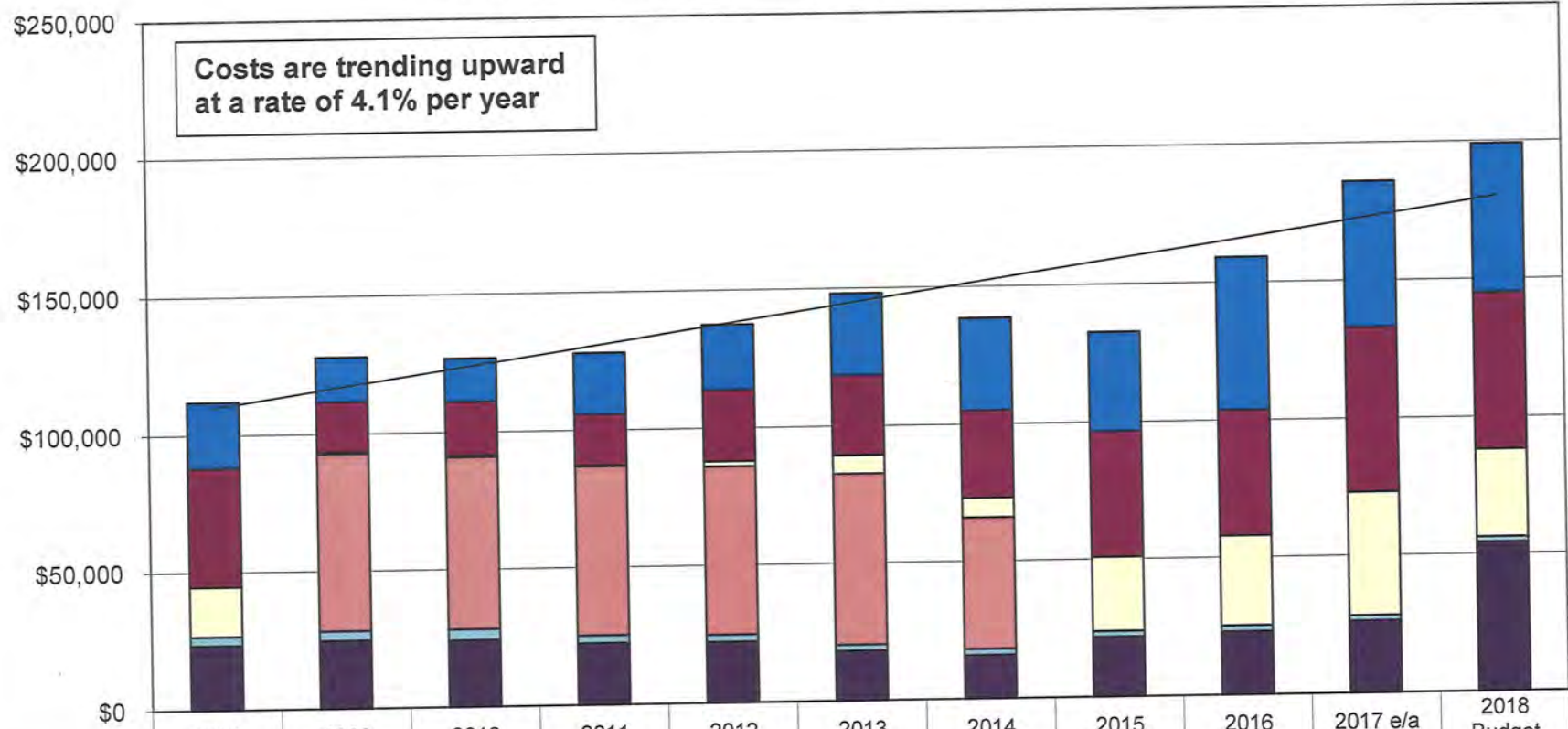
NOTES

KEY

- 1 Assumes 1 connection per year, which is the average over the last 5 years. Capacity is estimated at 294 dwelling units.
- 2 Proposed 10% annual increases to build cash to fund the \$350,000 Pond Relining project commencing in FY18 and Phase 1 of the \$500,000 Parallel Force Main project commencing in FY20.
- 4 County tax allocation enacted subsequent to Prop 13 to compensate for O&M tax revenue previously received. OM-1/IOM-3 County Tax allocation is projected to increase 3% per year.
- 5 Connection fee to increase to \$30,000 on 7/1/17. Assumes connections occur in OM-3 Units 1 or 5 which are subject to the connection fee.
- 6 Projected available funds invested at 1.00%
- 9 Operating expenditures projected to increase 3% annually after FY17. Excludes depreciation expense.
- 10 Capital Improvement Projects. See 5-year Capital Improvement Projects Plan.
- 13 Cash available for operation, maintenance and improvements

6/9/17

Oceana Marin Operating Expenditures



12

MEMORANDUM

To: Board of Directors
From: Drew McIntyre, General Manager 
Subject: North Bay Water Reuse Authority Board Meeting – May 22, 2017
r:\folders by job no\7000 jobs\7127 nbwra\board memos\7127 nbwra update 5_22_17.doc

June 16, 2017

RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None

Supplemental information is provided as follows using item numbers referenced in the attached meeting agenda and draft minutes (Attachment 1). A complete agenda packet is available via www.nbwra.org.

2. Roll Call

NMWD Board was represented by Director Baker.

6b. Financial Reports

With participation of two new Phase 2 member agencies, NMWD FY 16/17 budget will decrease from \$58,229 to \$48,550.

9. Proposed Revisions to the Memorandum of Understanding

The fourth amended Memorandum of Understanding is expected to be presented to the NBWRA Board at the August 28, 2017 meeting. Proposed changes primarily center around Phase 2 related topics, however some additional changes will be made in the MOU regarding exit strategy for Phase 1 member agencies. Staff is planning on bringing the draft MOU to the Board for consideration at the July 18th meeting.

10. Program Development, Federal, and State Advocacy Update

Joaquin Esquivel was appointed to the State Water Resources Control Board by Governor Brown in March of this year. Ginger Bryant reports that Mr. Esquivel has worked with NBWRA at the federal level and is familiar with the organization. Note that Marin resident Steve Moore, who has been a Board member since 2012, was recently elected Vice Chair. The Chair continues to be Felicia Marcus.

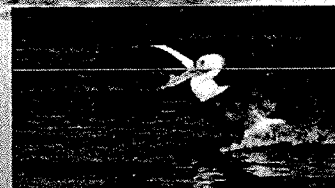
12. Review of Water Management Program

Ginger Bryant continues to work on a new program that would be separate from Title XVI funding and focus on regional water issues beyond recycled water such as surface water supplies, storage, groundwater, storm water and habitat enhancement. The first grant applications to be submitted under this new program are for a North Bay Watershed Basin Study and Drought Contingency Plan (grant applications funded by Sonoma County Water Agency).



NORTH BAY WATER REUSE PROGRAM

Expanding Water Supplies with Regional Reuse



BOARD OF DIRECTORS MEETING

AGENDA

**Monday, May 22, 2017
9:30 AM**

**Novato City Hall Council Chambers
901 Sherman Avenue, Novato, CA 94945**

Members and Consultants unable to attend in person may call in: 1 (602) 567-4030 (Local dial in), 1 (888)227-0011 (Toll Free), Access code: **1988**
<https://Conferencing2.brwncaid.com/conference/1988>

- 1. Call to Order (1 minute)**
- 2. Roll Call (1 minute)**
- 3. Public Comment (3 minutes)**
(Any member of the public may address the Board at the commencement of the meeting on any matter within the jurisdiction of the Board. This should not relate to any item on the agenda. It is the policy of the Authority that each person addressing the Board limit their presentation to three minutes. Non-English speakers using a translator will have a time limit of six minutes. Any member of the public desiring to provide comments to the Board on an agenda item should do so at the time the item is considered. It is the policy of the Authority that oral comments be limited to three minutes per individual or ten minutes for an organization. Speaker's cards will be available in the Boardroom and are to be completed prior to speaking.)
- 4. Introductions (2 minutes)**
- 5. Board Meeting Minutes of March 27, 2017 (2 minutes)**
(The Board will consider approving the minutes from the March 27, 2107 Board meeting.)
- 6. Report from the Chair (10 minutes)**
(The Chair will report on the following items.)
 - 6.a Consultant Progress Reports**
 - 6.b Financial Reports**

**Action
Pages 5 – 8**

**Information and
Discussion
Pages 11 – 20
Pages 21 – 32**

**North Bay Water Reuse Authority • c/o Sonoma County Water Agency, 404 Aviation Boulevard, Santa Rosa, CA 95403
707-235-8965 • NBWRA.org**

County of Marin • Las Gallinas Valley Sanitary District • Novato Sanitary District • Marin Municipal Water District • North Marin Water District • Sonoma County Water Agency
City of Petaluma • Sonoma Valley County Sanitation District • County of Napa • Napa Sanitation District • City of American Canyon

- Information and Discussion
Pages 34 – 35
7. **Board Information Requests (2 minutes)**
(The Board will be provided with a brief update on their information requests.)
- Action
Pages 36 – 39
8. **Proposed FY2017/18 Title XVI Program Budget (10 minutes)**
(The Board will consider approving the FY2017/18 Title XVI Program Budget.)
- Discussion
Pages 40 – 117
9. **Proposed Revisions to the Memorandum of Understanding (20 minutes)**
(The Board will review proposed revisions to the Memorandum of Understanding.)
- Information
Pages 118 – 129
10. **Program Development, Federal, and State Advocacy Update (15 minutes)**
(The Board will be updated on Program Development, Federal and State Advocacy activities.)
- Information
Pages 130 – 135
11. **Engineering, Environmental, and Public Involvement Services Report (10 minutes)**
(The Board will be updated on Engineering, Environmental, and Public Involvement Services activities)
- Information and Discussion
Pages 136 – 141
12. **New Water Management Program (15 minutes)**
(The Board will be updated on and discuss a proposed New Water Management Program.)
- Discussion
Page 142 – 143
13. **Items for Future Discussion and Action (5 minutes)**
(The Board will consider items for future discussion and action.)
- Information
Page 144
14. **Comments from Chair and Board Members (5 minutes)**
(The Chair and Board members may make brief announcements or reports on his or her own activities, pose questions for clarification, and/or request that items be placed on a future agenda. Except as authorized by law, no other discussion or action may be taken.)
- Page 145
15. **Adjournment (1 minute)**

Next Board Meeting
Monday, July 24, 2017, 9:30 A. M., Novato City Hall

(In compliance with the Americans with Disabilities Act of 1990, if you need special assistance to participate in a Board meeting, or you need a copy of the agenda, or the agenda packet, in an appropriate alternative format, please contact the Program Manager at (510) 410-5923. Notification of at least 48 hours prior to the meeting or time when services are needed will assist in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service. A copy of all the documents constituting the agenda packet is available for public inspection prior to the meeting at 404 Aviation Boulevard, Santa Rosa, CA 95403. Any person may request that a copy of the agenda or the agenda packet be mailed to them for a fee of \$.10 per page plus actual mailing costs. If you wish to request such a mailing, please contact Chuck Weir, Weir Technical Services, 3026 Ferndale Court, Pleasanton, CA 94588, 510-410-5923, chuckweir@sbcglobal.net. The agenda for each meeting is also available on-line at www.nbwra.org and will be available at the meeting.)

North Bay Water Reuse Authority • c/o Sonoma County Water Agency, 404 Aviation Boulevard, Santa Rosa, CA 95403
707-235-8965 • NBWRA.org

County of Marin • Las Gallinas Valley Sanitary District • Novato Sanitary District • Marin Municipal Water District • North Marin Water District • Sonoma County Water Agency
City of Petaluma • Sonoma Valley County Sanitation District • County of Napa • Napa Sanitation District • City of American Canyon

North Bay Water Reuse Authority
Board of Directors Meeting
Minutes
May 22, 2017

1. Call to Order

Chair Rabbitt called the meeting to order at 9:36 a.m. on Monday, May 22, 2017. Consultants and others who were unable to attend participated via telephone, 1 (602) 567-4030, access code 1998; and the internet at: <https://Conferencing2.brwnncald.com/conference/1988>

2. Roll Call

PRESENT:	David Rabbitt, Chair	Sonoma County Water Agency
	Jill Techel, Vice Chair	Napa Sanitation District
	Jack Baker	North Marin Water District
	Rabi Elias	Las Gallinas Valley Sanitary District
	Jack Gibson	Marin Municipal Water District
	David Glass	City of Petaluma
	Susan Gorin	Sonoma Valley County Sanitation District
	Steve Hartwig	City of American Canyon
	Bill Long	Novato Sanitary District
	Brad Wagenknecht	Napa County

ABSENT: Marin County

OTHERS

PRESENT:	Chuck Weir, Program Manager	Weir Technical Services
	Kevin Booker	Sonoma County Water Agency
	Ginger Bryant	Bryant & Associates
	Dave Davis	ESA
	Grant Davis	Sonoma County Water Agency
	Robin Gordon	Data Instincts
	Rene Guillen	Brown and Caldwell
	Tim Healy	Napa Sanitation District
	Drew McIntyre	North Marin Water District
	Mark Millan	Data Instincts
	Phil Miller	Napa County
	Jim O'Toole	ESA
	Pilar Oñate-Quintana	The Oñate Group (by phone)
	Larry Russell	Marin Municipal Water District (by phone)
	Dan St. John	City of Petaluma
	Mike Savage	Brown and Caldwell
	Brad Sherwood	Sonoma County Water Agency
	Jake Spaulding	Sonoma County Water Agency
	Paul Sellier	Marin Municipal Water District
	Jeff Tucker	Napa Sanitation District
	Rocky Vogler	North Marin Water District

Leah Walker
Mark Williams

City of Petaluma
Las Gallinas Valley Sanitary District

3. Public Comments

There were no comments from the public

4. Introductions

Introductions were not made.

5. Board Meeting Minutes of March 27, 2017.

A motion by Director Gibson, seconded by Director Baker, to approve the minutes of the March 27, 2017 meeting was unanimously approved.

6. Report from the Chair

a. Consultant Progress Reports

The Board reviewed the consultant progress reports for March and April 2017.

b. Financial Reports

The Board reviewed the Financial Reports for the period ending April 30, 2017.

7. Board Information Requests

Chair Rabbitt reported that there are no Board information requests at this time.

8. Proposed FY2017/18 Title XVI Program Budget

Chair Rabbitt reported on the two options that were discussed in detail at the March 27, 2017 meeting. At that time the Board provided direction in support of Alternative 2: the Limited Program. A motion by Vice Chair Techel, seconded by Director Long to approve Alternative 2 for the FY2017/18 Title XVI Program Budget was unanimously approved, with director Gorin abstaining.

With the approval of the FY2017/18 Budget, proposed quarterly meeting dates are:

August 28, 2017

November 27, 2017 (This date is subject to change due to conflicts)

February 26, 2018

May 21, 2018 (Due to Memorial Day Holiday)

9. Proposed Revisions to the Memorandum of Understanding

The Program Manager provided a summary of the recommended changes to the Memorandum of Understanding (MOU). He suggested that if agencies were in the process of reviewing the recommended changes that they should provide them by May 31, 2017. If they have not yet begun their review, it would be more efficient to wait for the next version to be reviewing. The intent is to have a second draft available for review in June such that a final version can be presented to the Board at the August 28, 2017 meeting. If the Board approves the revisions, then then, each agency will need to approve the revised MOU and it would become official once two thirds of the agencies have signed it. Board and TAC members asked for assurances that the revisions would include the following: timely exit for Phase 1 agencies to drop to the Associate Member level, and Phase 2 cost reconciliation at the completion of the Phase 2 projects. The

Program Manager was also asked to provide a summary of the proposed changes for agencies to use for their Board and Council meetings.

10. Program Development, Federal, and State Advocacy Update

Ginger Bryant provided a summary of Program Development and Federal Advocacy, including funding for Title XVI, Title XVI Phase 2 authorization, Title XVI Phase 2 construction grants and NBWRA activities to support Title XVI. She noted that they are receiving mixed messages from the new administration. The new WIIN Water Recycling/Title XVI Program for unauthorized projects has been funded at \$10 million. A Funding Opportunity Announcement (FOA) is likely to be issued in June 2017. The Office of Management and Budget has requested advice on making the program more efficient.

Pilar Oñate-Quintana provided a summary of State Advocacy activities. She reported that the Administration has released the final draft of Water Conservation is a Way of Life. She summarized the five primary conservation bills of interest to NBWRA. AB 574 (Quirk) is a WaterReuse sponsored bill intended to clarify and update statutes pertaining to definitions of potable reuse. The bill is currently in appropriations. The State Water Board is holding three workshops on the State Revolving Fund Intended Use Plan. Several Board and TAC members expressed concern with the Plan and wanted to make sure that purple pipe projects continue to be eligible for funding and that recycled water is excluded from conservation requirements. There will be a workshop in Oakland on July 13, 2017 on this topic. Director Glass noted that City of Petaluma finances its projects through the sale of recycled water. Leah Walker offered to provide letters from Bay Area Clean Water Agencies (BACWA) and the Western Recycled Water Coalition. Grant Davis also noted that NBWRA needs to push for criteria that support multiple small and medium sized projects that provide many benefits and not just base criteria on total yield. State-level tours are currently under discussion to include State Water Board members Moore and Esquivel and legislative tours for area member and/or new staff.

11. Engineering, Environmental, and Public Involvement Services Report

Mike Savage provided a summary on the Phase 2 Feasibility Study Report. He noted that all sections have been revised to include Marin Municipal Water District and City of American Canyon. They will be meeting on May 11, 2017 with USBR to discuss the Report review process. He anticipates FOAs for new and existing grant programs this year.

Jim O'Toole provided a summary of the plans for completing the EIR/EIS by June 2018. EIR/EIS scoping meetings will be held in late May and June in Novato, Petaluma, Sonoma, Napa, and American Canyon. An administrative draft should be available in September 2017. At the August 28, 2017 Board meeting there will be an update on scoping and key technical issues.

12. Review of Water Management Program

Ginger Bryant discussed the New Water Management Program. The program would be separate from Title XVI activities and would focus on regional water issues such as surface water supplies, storage, groundwater, stormwater, and habitat enhancement. She thanked the member agencies for the information they provided for developing the Basin Study and Drought Contingency Plan application that has been submitted. She noted that a FY2017/18 budget for

this program is in development and will depend on grants that are received. The funding is through WaterSMART, but is not part of Title XVI.

13. Items for Future Discussion and Action

Kevin Booker noted that the Water Agency needs to enter into an agreement with USBR for its costs for administering the Phase 2 program. That agreement will be on the August 28, 2017 Board Agenda. Other items for that meeting include the revised MOU, USBR review of the Feasibility Study, Phase 2 construction grant application, and an EIR/EIS Update.

14. Comments from Chair and Board Members

There were no additional comments.

15. Adjournment

Chair Rabbitt adjourned the meeting at 11:00 a.m. The next meeting will be Monday, August 28, 2017, 2017 at 9:30 a.m. at Novato City Hall Council Chambers.

Minutes approved by the Board _____.

Charles V. Weir
Program Manager

C:\Users\Chuck\Documents\Weir Technical Services\NBWRA\Agendas\2017\2017-05\2017-05-22_NBWRA_Board_Minutes.docx

13

DISBURSEMENTS - DATED JUNE 15, 2017

Date Prepared 6/13/17

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
1	Able Tire & Brake	Front End Alignment (\$108) ('99 F550), Install 2 Struts (\$76) ('10 F150) & Tires (10) ('99 F550-\$1,858 & '10 F150-\$655)	\$2,696.29
2	Allied Electronics	Hatch Intrusion Switch (Wild Horse Tank #2)	250.04
3	All Star Rents	Highweed Mower Rental, Weedeater Gas	301.18
4	Alpha Analytical Labs	Lab Testing	131.00
5	Austin, Sarah	Novato "Toilet" Rebate Program	100.00
6	Buck's Saw Service	2 Stroke Fuel for Cut-Off Saws (8 qts) (\$61), Weed Eater Line (7 lbs) (\$72), Exhaust Gasket for Weed Wacker & 2-Cycle Oil (1 Gal)	182.20
7	Coast Counties Peterbilt	Air Dryer Cartridge	19.47
8	Cooney, Nad	Novato "Cash For Grass" Rebate Program	330.00
9	Costco Wholesale	Photos & Sponges	13.02
10	CT Promotions	Water Conservation Awareness Pint Glass (300)	1,072.90
11	Diggs, James	Retiree Exp Reimb (June Health Ins)	356.39
12	Digi-Key	Cell Modem for O.M. North Street Lift Station	390.02
13	ECOLAB Equipment Care	Diagnose Problem with Autoclave (Lab)	409.45
14	Equarius Waterworks	AMI Water Smart Customer Portal (\$23,750) & Annual License Fee (\$25,000)	48,750.00
15	Fastenal	Sawzall Blades (20) (\$329) & 30" Fan (\$155)	578.80
16	Ferguson Waterworks	Fiberlyte Lids (110) (\$3,895), AMI Meter Registers (54) (\$8,191) & 12" Valves (2) (\$7,284)	18,946.65
17	Gasson, Diane	Novato "Cash For Grass" Rebate Program	350.00


Seq	Payable To	For	Amount
18	Golden Gate Petroleum	Gas (\$2.73/Gal) & Diesel (\$2.16)	2,340.63
19	Grainger	2" Threaded Outlet (\$224), Motion Sensor for GM's Office (\$226), Drain Guard (\$84) & Simple Green Cleaner for Auto Shop	593.99
20	Gunnell, Paula	Refund Overpayment on Open Account	185.89
21	Hardy Diagnostics	Medium (Lab)	137.55
22	Hassett, Sherry	Novato "Cash for Grass" Rebate Program	400.00
23	Intellaprint Systems	Black Ink Cartridge (Engineering Wide Format Printer)	137.80
24	Jennings, Margaret	Novato "Toilet" Rebate UHET Program	450.00
25	Kaiser	Pre-Employment Physical (Davenport & Swenson)	180.00
26	Kessler, Sue	Retiree Exp Reimb (June Health Ins)	304.16
27		Vision Reimbursement	219.00
28	Maltby Electric	TM Splice Connectors (200) & Pulling Tape (\$195) (1,500')	224.71
29	Marin Landscape Materials	Crushed Concrete (1 yd)	57.51
30	Marin County Treasurer	Semi-Annual Bond Service - PR6 Revenue Bond	11,400.00
31	Marin County Ford	Tire Pressure Monitor (\$73), Side Steps (\$374), Shocks (4) (\$260) ('10 F150), Oil Filters (2), Air Filters (2), Motor Oil (17 qts) (\$75), Glow Plugs (7) (\$89), Lower Seat Pad & Cover (\$529), Front & Rear Brake Pad Kits (\$126) & Labor to Diagnose Trouble Code	1,716.41
32	Marin Reprographics	Bond Paper (36"x500') (2)	84.64
33	Matthews, Deanna	Novato "Smart Irrigation Controller" Rebate	300.00
34	Meier, Garrett	Exp Reimb: Safety Boots	200.00
35	Miller Pacific Engineering	Prog Pymt#8: Oceana Marin Ponds (Balance Remaining on Contract \$17,820)	1,860.00
36	Moore, Doug	Retiree Exp Reimb (June Health Ins)	927.54

Seq	Payable To	For	Amount
37	Noll & Tam Architects	Prog Pymt#5: NMWD Headquarters Upgrade/Master Plan (Balance Remaining on Contract \$57,683)	15,086.20
38	North Marin Auto Parts	Rags for Crew Trucks (10 lbs) (\$87), Tail/ Stop Light Bulbs (10), Gate Operator Belt, Drive Belt for Motorized Gate, 2 Stroke Oil, Tie Rod (\$63), Oil Filters (3), Air Filters (2), Fuel Filter, Diesel Engine Oil (4 qts) (\$56), Tie Rod End (\$141), Adjuster Sleeve, Battery (\$130), Thread Repair Kit for Weed Wacker (\$46), Thread Locker Sealant Drill Bit (\$57), Drive Belt for Vac Water Pump (\$64), Various Sizes of Hose Clamps, Trailer Plug, Trailer Pin, Wire, Self Locking Nuts, License Plate Light, Mud Flaps, Trailer Wire Plug & Weather Proof Boot, Wire Loom (100' Rolls) (\$124), Paint Detail Supplies (\$137), Gear Oil (Quart), LED Marker Lights, LED Stop Lights, Grommets, Safety Reflector & WD40 (12-20 oz cans) (\$84)	1,581.15
39	North Marin Water District SRF	STP Semi-Annual State Revolving Fund Loan Principal & Interest (16 of 40)	574,460.90
40	North Bay Gas	Welding Wire for Mig Welder (33 lb Spool) (\$60), Nitrogen (\$467) (STP) & May Cylinder Rental (\$106) & Acetylene	662.21
41	NMWD Employee Association	NMWD Association Dues (3/15-5/31/17)	1,450.00
42	Novato Builders Supply	Concrete Nails (2"), Deck Screws & Concrete (\$194)	232.57
43	Novato Disposal Service	May Trash Removal	442.76
44	Novato Sanitary District	February 2017 RW Operating Expense	1,168.29
45	Novato Chevrolet	Parking Light Assembly (\$59), Light Sockets (2) (126), Daytime Running Light Bulbs, Turn Signal Bulbs & Malcer Light Bulbs	306.56
46	O'Reilly Auto Parts	Brake Cleaner (\$105) & Fuel Treatment	124.58
47	Pace Supply	4" Foam Swabs (20) (STP) (\$441), Restraint Plate (Jackson) (\$202) & 3" PVC Soc Wye	749.63
48	Peterson Trucks	Dome Light, Trailer Brake Air Valve Button & Parking Brake Air Valve Button	110.91

Seq	Payable To	For	Amount
49	NMWD Petty Cash	Petty Cash Reimbursement: Safety Snacks	29.97
50	PG&E	Energy Bill for Amaroli Tank	24.85
51	Pini Hardware	Junction Box Cover, Contact Clamp, Bracket, Hillman Hardware (\$46), Spray Paint (10-12 oz cans), Conduit Push Button Switch (100' 1/2") (\$41), Car Key, Paint Roller Handle, Metric Screws, Car Wash Soap (100 oz), PVC Pipe Fittings, Cap Hoses (7), Fitting Brush, Brush Battery, Orange Marking Paint for T.M. Lines, Paint (1 Qt), Drill Bit, Thread Tap, Picture Hanging Kit, Blankets to Protect Spare Glass Door, Bobcat Keys, Brass Bell Reducer, Circuit Breaker, Truck Bed Coating & Square Tubing (1/2")	306.25
52	Pollard Water	3" Nipples (3) (\$155) & 3" Swivel Adaptors (\$384) & Adjustable Hydrant Meter Stands (2) (\$343)	882.53
53	Preferred Alliance	Pre-Employment Physical (Rodriguez)	42.00
54		Vision Reimbursement	156.24
55	Shirrell Consulting Services	May Dental Expense	7,467.80
56	Sonoma County Water Agency	Reallocation of FY17 North Bay Water Reuse Authority Budget	15,724.00
57	Stafford, Vernon	Retiree Exp Reimb (June Health Ins)	304.16
58	Stahley, Bruce	Novato "Cash for Grass" Rebate Program	180.00
59	Staples Business Advantage	Copy Paper (11x17-15 reams)	131.60
60	Streakwave Wireless	PLC Radios (2) (Facility Security Enhancement & Radio Telemetry)	287.82
61	Syar Industries	Asphalt Recycling (5 tons)	796.93
62	Tavassolio, Hamid Abboszadeh	Refund Overpayment on Acct-3 Hayes Ln	87.93
63	Thatcher of California	Ferric Chloride (10 tons) (STP)	4,342.37
64	Thomas Scientific	Safety Gloves (1,000) (Lab)	174.82
65	Tom, Stephen	Novato "Toilet" Rebate Program	200.00

Seq	Payable To	For	Amount
66	T & T Valve & Instrument	Motorized Valve for Reservoir Hill Backfeed Line	1,065.17
67	U S Department of Commerce	Final Payment Annual Drought Loan Principal & Interest (Novato \$18,563 & West Marin \$2,062) (40-Year Loans)	20,624.41
68	Van Bebber Bros	Polymer Mixer Mounting Material (STP)	183.71
69	Verizon Wireless	Cellular Charges: Data (\$365) & Airtime (\$82)	447.08
70	Verizon Wireless	AMI Gateways (\$563), O.M. SCADA (\$25), CIMIS (\$15) & CIMIS Credit (\$67)	536.54
71	White Cap Construction	5 Gallon Buckets (2)	43.14
72	Wilkosz, John	Novato "Toilet" Rebate Program	50.00
73	Williams, Elizabeth	Novato "Cash for Grass" Rebate Program	200.00
74	Winzer	Cutting Wheel Blades for Steel Pipe (20)	320.07
TOTAL DISBURSEMENTS			<u>\$747,582.39</u>

The foregoing payroll and accounts payable vouchers totaling \$747,582.39 are hereby approved and authorized for payment.


Auditor-Controller

6/13/17
Date


General Manager

6/12/17
Date

DISBURSEMENTS - DATED JUNE 8, 2017

Date Prepared 6/6/17

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 5/31/17 PPE	\$132,608.20
EFT*	US Bank	Federal & FICA Taxes 5/31/17 PPE	60,587.02
EFT*	State of California	State Taxes & SDI 5/31/17 PPE	10,853.97
EFT*	CalPERS	Pension Contribution 5/31/17 PPE	34,652.25
EFT*	CalPERS	Health Insurance Premium (Employees \$51,288, Retirees \$10,521 & Employee Contribution \$11,406)	73,241.87
1	All Star Rents	Concrete Saw Rental (2 Days)	121.92
2	Athens Administrators	Increase Deposit to \$20,000 & Replenish Workers' Comp Checks Written (5/16/17-5/31/17) (\$11,309)	21,309.08
3	Bentley, David L.	Exp Reimb: May Mileage & Monterey ACWA Conference (\$1,495)	1,530.33
4	California Dept of Transportation	AEEP Betterments Final Payment (Total Paid \$466,910)	54,635.89
5		Cafeteria Plan: Uninsured Medical Reimbursement	43.00
6	Cel Analytical	Lab Testing	1,395.00
7	Cla-Val	Internal Rubber Repair Kits for Pressure Regulator & Pilot Control Valves (94)	14,843.03
8	Coast Counties Peterbilt	Oil Cooler Seals and Hoses	99.78
9	Dell Computers	PC for STP Camera System	1,498.82
10	Durkin Signs & Graphics	Vehicle Number Decals for Fleet	151.90
11	Equarius Waterworks	AMI Compound Meter Register, Install 26 AMI Gateways (\$113,750), 5/8" Meters (6) (\$1,177), N_Sight Plus Software & Training (\$10,250) & AMI Pilot Project Meter Installation (201) (\$20,171)	145,727.97

Seq	Payable To	For	Amount
12	Ferguson Waterworks	Elbows (33) (\$404), Spools (3)(\$452) & Gate Valves (6) (\$1,305)	2,161.54
13	Fisher Scientific	Syringes (100) & Hydrochloric Acid (\$95) (Lab)	256.39
14	Fluke	Replacement AMP/Volt Meter	282.10
15	Ghilotti Construction	Progress Pymt#7: RW Expansion Central Service Area West Project (Balance Remaining on Contract \$648,210)	814,748.61
16	Golden Gate Petroleum	Gas (\$2.40/gal) & Diesel (\$2.13/gal)	1,730.78
17	Grainger	14" Diamond Saw Blade (\$216), Repair Parts for Diaphragm Pump on (\$339) ('09 Peterbilt), Marking Chalk (60-17 oz) (\$287), Marking Paint (24-17oz cans) (\$118), Striping Paint (24-17oz cans) (\$130), Motion Sensor for GM Office (\$53), Grinding Disks (6) (\$57), 24" Manhole Cover Hook, Tool Tote & Tubing Cutter (\$97)	1,380.03
18	Industrial Scientific	Replacement Gas Monitor for Confined Space	631.74
19	Intellaprint Systems	Quarterly Maintenance on Wide Format Engineering Copier	417.00
20	Lincoln Life	Deferred Compensation 5/31/17	14,750.72
21	Marin Sanitary Service	Document Shedding (8 Bins)	280.00
22	Marin Reprographics	Ink Jet Bond (36"x150")(4)	82.25
23	McMaster-Carr Supply	Nuts & Bolts for Truck Service Body Swap	193.18
24	Minuteman Press	"Irrigated with Recycled Water" Signs (40)	420.41
25	Mountain Cascade	Prog Payment#5: RW Central Service Area Phase B (Balance Remaining on Contract \$1,619,835)	883,813.50
26	Mutual of Omaha	June Life Insurance Premium	868.32
27	Nationwide Retirement Solution	Deferred Compensation 5/31/17	1,364.00
28	Neopost USA	June Postal Meter Rental	94.08
29	Nikolov, Dimitriana	Refund Overpayment on Closed Account	93.91
30	NSI Solutions	QC Sample (Lab)	49.25

Seq	Payable To	For	Amount
31	Office Depot	Desk (\$174) (Filippi), 16 GB USB Drive, Ink, Certificate Frames (5) & Portrait Frames (5-11"x14") (\$54)	380.41
32	Olin	Caustic Soda (392 Dry Tons) (STP)	4,939.20
33	Pace Supply	PVC Pipe (180') (\$440), PVC Couplings (10), Primer & Cement	692.22
34	Pacific Surfacing	Refund Security Deposit on HYD Meter Less Final Bill	1,096.19
35	Parkinson Accounting Systems	Final Payment-Accounting Software Upgrade (\$2,779) (Total \$5,265) & April Software Support	4,571.25
36	Rogers Machinery	Drive Belts for STP Air Compressors	125.41
37	Soiland	Asphalt Disposal (16 tons)	49.71
38	SPG Solar	April Energy Delivered Under the Solar Services Agreement	11,309.85
39	State Water Resources Control	RWF SRF Loan Principal & Interest	273,366.91
40	Stompe, Brad	Exp Reimb: Donuts, Bagels & Muffins for 4 Safety Meetings @ STP	66.87
41	Tamagno Green Products	Sludge Removal @ STP (66 yds)	1,650.00
42	USA BlueBook	Polymer Dispenser and Funnel (\$214) & Replacement Windsock (13' x 48') (STP)	391.40
43	Utiliworks Consulting	Prog Pymt#14: AMI Project (Balance Remaining on Contract \$14,141)	14,027.59
44	VWR International	Potassium Iodide, Hydrogen Peroxide & Phosphoric Acid (STP)	389.43
TOTAL DISBURSEMENTS			<u>\$2,589,974.28</u>

The foregoing payroll and accounts payable vouchers totaling \$2,589,974.28 are hereby approved and authorized for payment.


Auditor-Controller

6/6/17
Date


General Manager

6/6/17
Date

MEMORANDUM

To: Board of Directors
From: Dianne Landeros, Accounting/HR Supervisor
Subj: Single Audit FY17
t:\finance\memos\bod single audit fy17.docx

June 16, 2017

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: \$3,136

Entities that receive more than \$750,000 of federal funds in a year are required to comply with the Single Audit Act (OMB Circular A-133). On May 30, 2017, the District received \$1,845,586 in federal funds as the first installment of the \$6.6M in SRF loan and the WaterSmart Grant for the Recycled Water Central Expansion Project. The second installment totaling \$1,078,634 in federal funds may be received by June 30th.

	Received	Anticipated
SRF Loan	\$1,605,764	\$ 293,774
WaterSmart Grant	\$ 239,822	\$ 784,860
TOTAL	\$1,845,586	\$1,078,634

Fedak & Company, LLP will perform the audit for a cost of \$3,136.

MEMORANDUM

To: Board of Directors

June 16, 2017

From: Nancy Holton, Senior Accountant *NH*

Subj: Final Payment-Novato & West Marin EDA Loans
t:\finance\Debt Service\Drought Loan Final payment.doc

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

This month the final payment was made for the 40-year Novato and West Marin 5% Drought Assistance Loans. The original loan amount was \$351,770 for Novato and \$46,000 for West Marin. The loans originated in 1977 and were used to assist in funding emergency water system projects in response to the drought, including temporary diversions from Bear Valley Creek and Lagunitas Creek in West Marin.

In Loving Memory: J. Dietrich Stroeh

October 22, 1936 - May 31, 2017

Jun 8, 2017

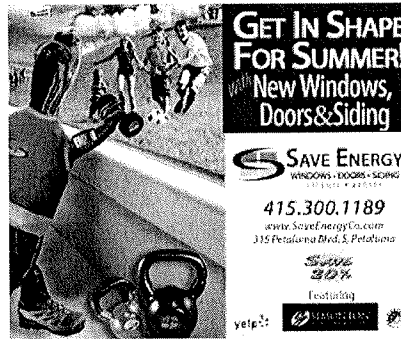


J. Dietrich Stroeh

J. Dietrich Stroeh, age 80, passed away peacefully in his sleep on May 31, 2017. He was born on October 22, 1936, in Pasadena, California, and moved to Novato when he was 4 years old. He was a first generation American, son of immigrants, Tyyne Laaperi from Finland, and Otto Stroeh from Germany.

Dietrich went to the old Grant Elementary School, then on to Marion, where his three daughters attended later. He then graduated from San Rafael HS, College of Marin, and earned an engineering degree from the University of Nevada, Reno. Post university, he was in the US Air Force Reserves based at Hamilton Field.

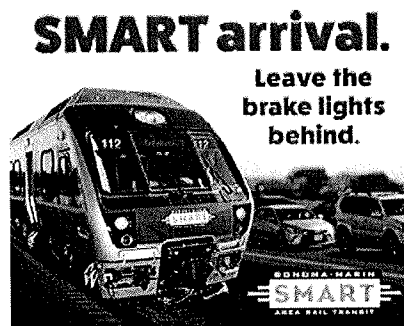
An engineer by trade, Dietrich was also a beloved civic leader. From 1974 to 1980 he was the General Manager of the Marin Municipal Water District. He was instrumental in solving Northern California's water crisis by putting a pipeline across the Richmond/San Rafael Bridge. A book entitled, "The Man Who Made it Rain", described his experience with California's drought of 1976 and the leadership he provided during that time. Dietrich co-founded, with his dear friend John Stuber, Stuber-Stroeh Engineering Group, later merging with CSW. He ran this business from 1980 until this last Spring with the help of their third partner, Al Cornwell.



Dietrich touched many people's lives through his work in the North Bay community. As a community builder and leader, he had a strong and influential voice, while also being a man of action. He was involved in numerous organizations most notably, the Golden Gate Bridge Board (President), the Fire Protection Board, the Novato Chamber of Commerce, the Conservation Corps North Bay, the North Coast Railroad Authority, the Novato Community Garden, the California Earthquake Authority, and the Downtown Novato Theater.

He was an avid reader, gardener, woodworker, and world traveler. His other passions included antique cars, the SF 49ers, The Minions, Judge Judy, classic films, and the oreo cookies in the trunk of his car that his wife forbade him to eat. He was as comfortable in a three piece suit as he was in his flannel shirt and holey jeans.

Registered as a Republican, but a true progressive at heart, Dietrich always found a way to pull all sides together, to create something of substance for the common good. He did this through humor, common sense, and perseverance. He never gave up.



Dietrich Stroeh was beautifully imperfect. A real man.

He was preceded in death by his parents, Tyyne and Otto Stroeh, his sisters, Martha Wells and Karen Galway, and his second wife, Margaret Bormann Stroeh. He is survived by his wife, Dawna Gallagher-Stroeh, his three daughters, Christina, (Brody) Stroeh, Jody (Mark) Hunter, Erica (Frankie) Antonio, his step-children, David and Dona Brown, and his first wife, Marcia McGillis. He is also survived by his six grandchildren, Tanner, Alex, Ben, Jaxon, Nate, and Landon, step-granddaughter Megan Brown, and his five nieces and nephews. He will be greatly missed by his four cats, Max, Champagne, Boo, Cassie.

In lieu of flowers, donations may be made to the Novato Theater at 936B Seventh st. #132, Novato CA 94945. It was his dream to see this project completed. A celebration of Dietrich's life will be held on Tuesday, June 27th, 2017 from 4-7 p.m., at Pioneer Park in Novato.

Jury sees \$1 billion shortfall in Marin public pensions

By **Keri Brenner**, *Marin Independent Journal*

POSTED: 06/08/17, 4:49 PM PDT | UPDATED: 22 HRS AGO66 COMMENTS

Marin public agencies have a \$1 billion unfunded pension liability — the amount of future pension obligations guaranteed public workers but not currently held in reserve, according to a new Marin County Civil Grand Jury report.

The 61-page report — “The Budget Squeeze: How Will Marin Fund Its Public Employees Pensions?” — calls the \$1 billion shortfall “disturbing” and says leaders need to take immediate action, such as forming a special citizens panel, to prevent county agencies from sliding further into pension red ink.

[PENSIONS > MORE COVERAGE](#)

“Marin Board of Supervisors should empanel a commission to investigate methods to reduce pension and debt and to find ways to keep the public informed,” the report says. “(The new commission) should be allowed to engage legal and actuarial consultants to develop and propose alternatives to the current system.”

Marin Supervisor Judy Arnold, board president, said she had not yet had a chance to fully review the grand jury’s report.

However, she said she was “not opposed to their recommendation to establish a citizen advisory committee. As a matter of fact, I discussed this issue recently with the League of Women Voters.”

County Administrator Matthew Hymel said he was glad to see that the county was acknowledged in the report for its progress in reducing pension liability. Over the past five years, he said, the county has been able to reduce its pension liability by \$93 million.

“The county has agreed for a long time that pension liability is a serious issue,” Hymel said. “One example (of county efforts on the issue) is that we made a \$32 million accelerated payment to our pension fund in 2012-13 — that helped to reduce the ongoing payments going forward.”

CONTRIBUTIONS

According to the grand jury, Marin County “is in a strong financial position, spending 7.9 percent of its revenues on pension contributions,” the report says. “The county of Marin’s balance sheet has assets of nearly \$2 billion, yearly revenues of over \$600 million and cash of over \$400 million.”

Given that scenario, “the county does not currently appear to be financially strained by its pension obligations,” the report says.

In contrast, the grand jury found that San Rafael and Ross had the highest contribution percentages, with San Rafael contributing 19.2 percent to its pension fund and Ross contributing 14.5 percent.

“The city of San Rafael’s contribution rate has been consistently high for the last five years,” the report said. It noted that the Marin County Employees Retirement Association, San Rafael’s pension administrator, “projects that contributions will remain high, with only a slight decline over the next 15 years.”

Belvedere and San Anselmo had the lowest contribution percentages of 4.2 percent and 2.4 percent respectively, the grand jury said.

LIABILITIES LISTED

The report, which was released Monday and is available online, pegged the net pension liability for last fiscal year at \$204 million for the county of Marin, \$142 million for San Rafael, \$32 million for Novato and \$25 million for Mill Valley. Among school districts, it was \$61 million for Novato Unified and \$61 million

for San Rafael high school and elementary districts, \$58 million for Tamalpais Union and \$46 million for the College of Marin. The Marin Municipal Water District had a \$70 million net pension liability, according to the report.

Jody Morales, founder of Citizens for Sustainable Pension Plans, said she appreciated the grand jury’s attention to detail.

“Marin County is fortunate to have such dedicated, intelligent, concerned citizens,” she said. “I hope all of our local officials will read this report and respond to its findings.”

The jury, in researching the study, gathered fiscal information from 46 Marin public agencies from 2012 to 2016. Data collected included net pension liabilities and yearly contributions of each agency, as well as key financial details from balance sheets and income statements.

Those 46 agencies are required by law to respond to the report’s findings. In addition, five lawmakers and pension officials are also asked to respond: Assemblyman Marc Levine, state Sen. Mike McGuire, Gov. Jerry Brown, CalPERS CEO Marcie Frost and CalSTRS CEO Jack Ehnes.

REPORT FINDINGS

Among findings of the report:

- All of the Marin public agencies in the report had pension liabilities that exceeded their pension assets as of fiscal year 2016.
- A prolonged period of declining global investment returns has led pension plan assets to under perform their targeted expected returns.
- The three public employee retirement systems that cover Marin public employees — MCERA, CalPERS and CalSTRS — have lowered their discount rates, which will result in significantly higher required contributions by Marin County agencies in the next few years. The discount rate is the interest rate used in present value calculations.
- If pension plan administrators discounted net pension liabilities according to accounting rules used for the private sector, increases in required contributions would be vastly larger than those required by the recent lowering of

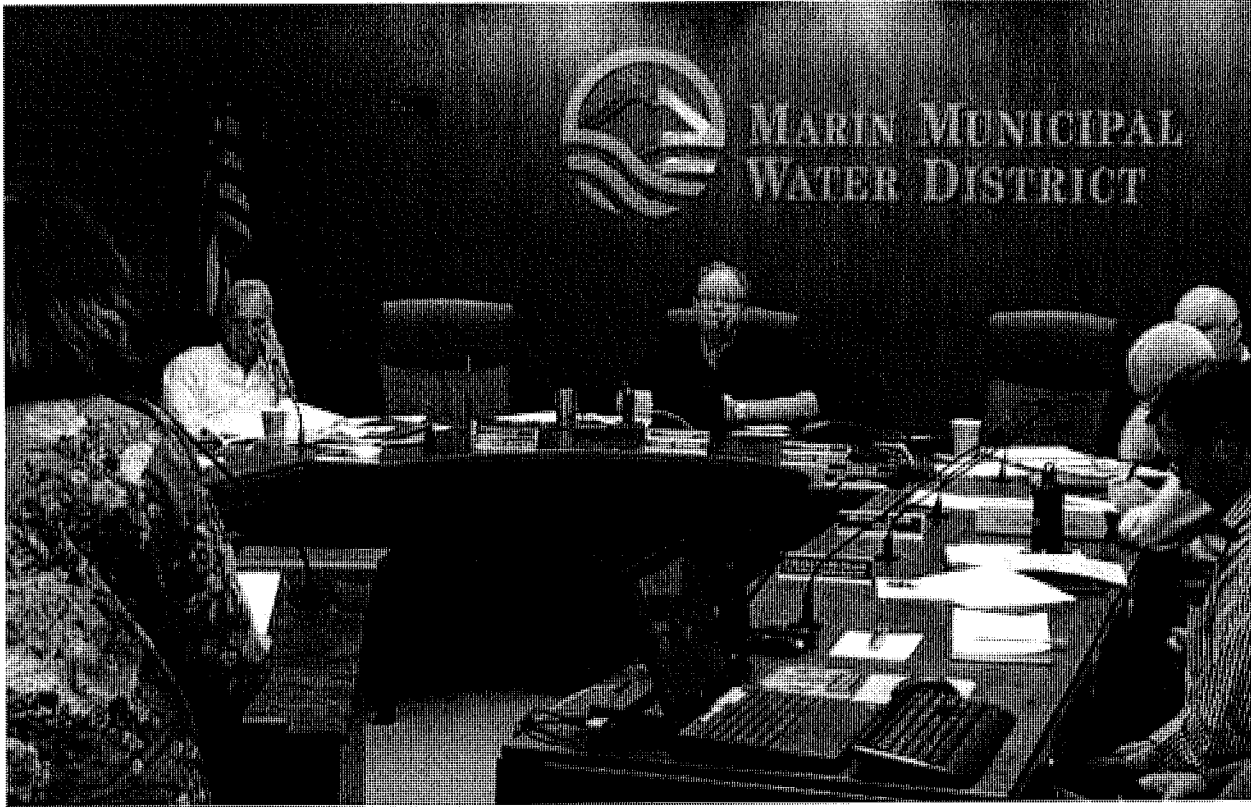
discount rates.

- The required contributions of Marin school districts to CalSTRS and CalPERS will nearly double within the next five to six years due to mandated contribution increases.
- Pension contribution increases will strain Marin County agency budgets, requiring either cutbacks in services, new sources of revenue or both.
- Taxpayers bear most of the risk of Marin County employee pension plan assets under performing their expected targets.
- Retirees' pension benefits would be reduced if an agency were unable to meet its contribution obligations.

“As bad as this report may make things look, they will almost certainly look worse in the next few years because of the lowering of discount (interest) rates by pension administrators,” the report states. “We believe that these actions by CalPERS, CalSTRS and MCERA are well-founded and prudent, but they will result in increases to the (net pension liability) of every agency, necessitating higher payments in the near term to amortize the higher (liability).”

“The result will be,” the report concludes, “that budgets, already under pressure, will be squeezed further.”

Fluoridation to continue in Marin's water



The MMWD board takes testimony during a hearing on fluoridation Tuesday night in Corte Madera. (Mark Prado - Marin Independent Journal)

By Mark Prado, Marin Independent Journal

POSTED: 06/07/17, 12:02 PM PDT | UPDATED: 2 HRS AGO 35 COMMENTS

The Marin Municipal Water District board at a sometimes raucous meeting this week voted 4-1 to continue to buy chemicals needed to fluoridate Marin's water supply.

Questions about the process arose when the board took up an item Tuesday night about whether to approve a purchase of chemicals for fluoridation and other purposes, which it does periodically.

Board member Larry Bragman cast the lone vote against the purchase and suggested the board could put the issue on the ballot for voters to decide.

"The science has evolved and changed," said Bragman, who wants to get local state legislators involved in the issue. "The science raises significant issues."

The district could be subject to an enforcement action and fluoridation order issued by the state Department of Public Health if it decided to stop using the chemical after a vote, according to the district.

Bragman has noted a meta-analysis conducted in 2012 by researchers from Harvard School of Public Health and China Medical University in Shenyang that found "strong indications" fluoride may adversely affect cognitive development in children. Meta-analysis is a statistical procedure for combining data from multiple studies.

A study by researchers from the University of Otago in New Zealand in 2014, however, cast doubt on those findings. That study examined the IQ scores of 942 New Zealanders, first at ages 7 to 13, and then again at age 38, and found no significant differences associated with fluoride exposure.

Dr. Howard Pollick, clinical professor in the Department of Preventive and Restorative Dental Sciences at the University of California, San Francisco School of Dentistry, spoke in favor of fluoridation at the meeting.

“It is the standard practice throughout the United States,” he said. “The science on this has been reviewed recently by the U.S. Public Health Service.”

Larry Russell, chairman of the water board, told the audience: “I strongly suggest you guys consider taking your advice on fluoridation from a dentist and not a lay person,” a comment that drew responses of “it’s about choice!” from the overflow crowd that gathered at district headquarters in Corte Madera for the meeting.

MMWD started adding fluoride to its water in 1973 after a measure calling for fluoridation on the November 1972 ballot passed with the support of 57 percent of voters. Marin voters reaffirmed their support for fluoridation by giving 53 percent support to a local ballot measure in 1978.

Then in 1995,
Assembly Bill 733
became law,
requiring public
water systems that
have more than
10,000 connections
to provide
fluoridated water as
long as they don’t use
ratepayer funds. The
North Marin Water
District, which
provides water to
Novato and West
Marin, doesn’t

fluoridate its water and does not fall under the rules of AB 733.

An email circulated by fluoridation opponents prior to the meeting asserted the 1995 law “legally allows communities not to fluoridate their water and pay a voluntary penalty instead.” But the water district’s attorney said Tuesday that wasn’t accurate.

About three-fourths of the roughly 20 speakers on the issue Tuesday criticized the water board for adding the chemical to the supply.

“Fluoride is a very toxic chemical,” said Dr. Larry Rose, of Mill Valley.

Anti-fluoridation opponents led an unsuccessful effort to put an initiative on the November 2016 ballot that would have required MMWD to stop adding fluoride to its water until it could provide residents with more information on the process.

“Our hands are tied, the law tells us what to do,” said board member Jack Gibson. “If we fail to obey the law the Attorney General’s Office could send a receiver in to treat the water for us.”

Marin Voice: Agencies wise to invest in future benefits costs today

By John McCauley

POSTED: 06/03/17, 2:24 PM PDT | 2 COMMENTS

A recent Marin grand jury report found that 21 of 39 public agencies in Marin do not set aside any money to fund employee health insurance after retirement, or Other Post-Employment Benefits (OPEB). Now is the time to deal with the true costs of OPEB for new employees and to fund what has already been promised to existing employees.

This topic can be confusing, so let's begin with an example. Consider an employee hired at age 30, working to age 60, and enjoying retirement until age 91. Years ago, employers simply paid the insurance bill each month and didn't worry about setting aside money for future costs from age 60-91. This pay-as-you-go approach was common when health costs were low.

As insurance costs rose, accounting rules changed and agencies are now required to record this expense sooner. In our example, if the rule change occurred when the employee was 40, the expense for that year would include both an allocation for some of the future costs to be paid for age 60-91 (normal costs) and an allocation to help catch up for the prior service costs earned from age 30-39, not previously accrued.

The amounts are estimated using a rational allocation approach determined by an actuary. They take into account such things as anticipated employee turnover, mortality, health-care cost trends and earnings on any invested funds to determine the Annual Required Contribution (ARC).

Agencies are not required to put cash in a trust, just recognize the expense and related liability if the ARC is not paid. The accounting goal is to have the cost of providing health insurance in retirement fully expensed by the time the employee retires.

The agency also pays the bill for providing health care each year to current and retired employees.

In my opinion, it is unfair to employees and taxpayers to not contribute the ARC to a trust in cash each year. Otherwise, future taxpayers will bear the OPEB costs after the employee retires, while current taxpayers enjoy the employee's services today. Today's employee is also less secure, relying on the agency being solvent when the insurance bills come due in retirement.

There is a solution. Mill Valley tackled this issue in several steps.

In 2013, the city negotiated a longer service period for new employees' eligibility and lowered the benefit to exclude spouses. In 2014, we began a practice of fully funding the ARC obligation to a trust in cash. This payment is roughly 4 percent of our general fund budget.

Last month, we negotiated the elimination of OPEB for all new employees, and instead make a fixed contribution to a defined-contribution retirement health savings account for them. OPEB coverage is now limited to a "closed group" of existing employees and retirees. Our approach should have the trust fully funded in 22 years.

We also changed our oversight and governance process. The actuary now reports directly to City Council. This independence ensures that estimates made by the actuary are reasonable rather than optimistic, which could push costs down the road.

It helps to have a council member with financial experience and familiarity with actuarial methods, but a good actuary can explain their proposed decisions to any council member willing to do some homework.

I encourage all public agencies to consider fully funding their OPEBs ARC now. Delay makes solutions more expensive and putting cash into a trust now allows assets to earn income, reducing ultimate costs.

California ordering inspections at aging dams after crisis

By Ellen Knickmeyer and Scott Smith | AP
June 14 at 5:16 PM

SAN FRANCISCO — California is ordering immediate spillway inspections at about 70 aging dams that it believes might not be sound enough to protect downstream communities in a flood, a state dam regulator said Wednesday.

The engineering and on-site reviews are part of stepped-up inspections following February's surprise failures of both spillways at California's 770-foot-high (230-meter-high) Oroville Dam, the nation's tallest. Authorities ordered nearly 200,000 people to evacuate in that crisis.

Since then, regulators at California's dam-safety division began reviewing their records on the 1,250 dams they monitor, focusing on 100 big, aging dams that have people downstream, supervising engineer Daniel Meyersohn said.

The state has since written to owners of about 70 of the dams, ordering them to carry out a thorough review of the spillways' engineering and, if

necessary, on-site inspections of the soundness of the spillways and the rock supporting it.

Meyersohn declined to identify the dams that had received the orders for extra inspections, saying some of the owners may not yet have received their notices.



This June 14, 2017, photo provided by the City of San Luis Obispo shows the Whale Rock reservoir spillway in San Luis Obispo, Calif. California is asking owners of about 70 aging dams, some dating back to the Gold Rush, to thoroughly inspect their spillways and underlying rock, as part of stepped-up inspections in the wake of the surprise spillway failures at the nation's highest dam, the Oroville Dam. (Noah Evans/The City of San Luis Obispo via AP) (Associated Press)

Operators
at Whale
Rock dam
near San
Luis Obispo
on the
Central
Coast
received
one of the
letters this
week.

In it, the
state
informs
dam
operators
that the
state

believes the

spillway “may have potential geologic, structural, or performance issues that may jeopardize its ability to safely pass a flood event.”

The state order mandates that dam operators fix any spillway problems they find before the next rainy season, which in California usually begins around November.

Many of California's reservoirs and rivers are at their fullest in years after heavy winter rain and snow. At Oroville, construction crews already are rushing to rebuild and anchor half-century-old spillways before November, as part of about \$500 million in emergency response and repairs.

Oroville's main and then back-up spillways collapsed in February, despite years of inspection and maintenance reports that failed to warn of any catastrophic failure of the concrete main spillway in particular.

Many of the spillways the state is singling out for closer evaluations by dam owners are even older than Oroville's, including some dating back to California's 19th-century Gold Rush, Meyersohn said.

At Whale Rock dam, the orders come despite dam operators' weekly sight checks of the structure, said Noah Evans, supervisor for the city of San Luis Obispo's Whale Rock Reservoir.

Up to 2,000 people living in the coastal community of Cayucos are downstream from the reservoir, Evans said. The dam's operators have used the spillway a dozen times since the dam was built in the

1960s, the last time in 2005 with no problems, Evans said.

The Lopez dam is upstream from about 5,000 people in the community of Arroyo Grande, said Mark Hutchinson, deputy director of San Luis Obispo County Public Works, which also received a letter from the state calling for an inspection.

Water first tumbled over the spillway a year after the completion of the dam in 1968. A detailed inspection in 1991 led officials there to perform significant repairs a decade later, Hutchinson said.

Inspectors check the Lopez dam — a fraction in size compared to Oroville — each day, and Hutchinson said that he welcomes the opportunity to gain insights from the larger spillway's failure.

“If we were to build it today what would be different? If there is something that would be different, what are the implications of that?” he said. “There's some good stuff to sink your teeth into.”

Copyright 2017 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.



June 14, 2017

PPIC Report Validates Local Drought Planning and Storage Investments

ACWA Members Encouraged to Share Findings with Key Audiences

A newly released report from the Public Policy Institute of California says local water suppliers were well-prepared for the most recent drought due to extensive investments in local supplies and programs. The study also asserts that state-mandated conservation was a “blunt instrument” that disrupted some local programs and created uncertainties about future state and local roles.

The PPIC report affirms many points made by ACWA and the water community over the past 18 months. It also offers recommendations that may inform the discussion as lawmakers consider bills to strengthen drought preparedness and long-term water-use efficiency.

ACWA is encouraging its members to share the findings of the PPIC report – titled “Building Drought Resilience in California’s Cities and Suburbs” – with key audiences, customers and local media.

The report’s findings largely validate ACWA’s and its members’ stance that local water managers are best positioned to develop and execute drought contingency plans and investments.

Among the report’s key findings:

- Local water districts helped to build drought resiliency through their supply investments and short-term demand management, thereby reducing the risk of extreme shortages;
- The state’s conservation mandate was a blunt instrument that in some case created a disconnect between the mandate levels and local conditions;
- The state’s conservation mandate intensified the financial impacts of the drought;
- Most utilities were prepared for extended drought without mandatory conservation;
- The state did not see significant economic disruption during the drought, and California’s economic expansion during that time outpaced growth of the national economy as a whole;
- The state could best support local drought resiliency by supporting local investments, facilitating water trading and leaving rationing decisions to local utilities; and
- In some cases, the state’s mandated conservation disrupted local programs and created uncertainties about future state and local roles.

14