



NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
 August 1, 2017 – 7:00 p.m.
 District Headquarters
 999 Rush Creek Place
 Novato, California

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Est. Time	Item	Subject
7:00 p.m.	CALL TO ORDER	
	1. APPROVE MINUTES FROM REGULAR MEETING , July 18, 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. PRELIMINARY FY 2016/17 FINANCIAL STATEMENT	
	ACTION CALENDAR	
	6. Approve: Engineering Technician IV Draft person Position	
	INFORMATION ITEM	
	7. Discussion on Debt Management Policy	
	8. MISCELLANEOUS	
	Disbursements	
	Fleet Fuel Economy – Gasoline	
	Self-Insured Workers' Comp – 4 th Quarter Status Report	
	Disposal of Surplus Equipment	
	<u>News Articles:</u>	
	Water District seeks applicants for Board	
	An Unconventional New Captain for California's Water Agency	
	Water Agency General Manager Grant Davis Appointed to Head California Department of Water Resources	
	Novato approves language for anti-sprawl ballot measure	
	9. CLOSED SESSION Conference with Real Property Negotiator (Drew McIntyre) regarding 8161 Redwood Blvd, Novato, CA (Government Code Section 54956.8)	
7:30 p.m.	10. ADJOURNMENT	

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)

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
July 18, 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, Chief Engineer Rocky Vogler and Auditor-Controller David Bentley.

Marin County Flood Control District employees Liz Lewis and Laurie Williams, Novato Residents Chris DeGabriele, Gary Butler, and the Schoonover Family, District employees Robert Clark (Operations/Maintenance Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

On motion of Director Petterle, seconded by Director Fraites, the Board approved moving item #10 – Resolution of Appreciation – John Schoonover to the beginning of the meeting by the following vote:

AYES: Director Baker, Fraites, Joly, Petterle

NOES: None

RESOLUTION OF APPRECIATION FOR DIRECTOR SCHOONOVER

President Petterle read a Resolution of Appreciation for Director John Schoonover commending him for his 33 years of serving as Board member to the District. Board members and staff paid their respect to the Schoonover family whom were in attendance at the meeting to accept the Resolution.

On motion of Director Baker, seconded by Director Fraites, the Board approved Resolution 17-18 entitled: "North Marin Water District Resolution of Appreciation (Posthumous) to John Schoonover" by the following vote:

AYES: Director Baker, Fraites, Joly, Petterle

NOES: None

Recently retired General Manager Chris DeGabriele paid his respects to Director Schoonover's family.

1 **MINUTES FROM REGULAR MEETING – JUNE 20, 2017**

2 On motion of Director Fraites, seconded by Director Baker the Board approved the minutes
3 from the June 20th meeting as presented by the following vote:

4 AYES: Director Baker, Fraites, Joly, Petterle

5 NOES: None

6 **MINUTES FROM REGULAR MEETING – JUNE 27, 2017**

7 On motion of Director Baker, seconded by Director Joly the Board approved the minutes
8 from the June 27th meeting as presented by the following vote:

9 AYES: Director Baker, Fraites, Joly, Petterle

10 NOES: None

11 **GENERAL MANAGER'S REPORT**

12 **Oceana Marin Homeowners Association Meeting**

13 Mr. McIntyre advised the Board that he attended the OM Homeowners Association meeting
14 and approximately 30 residents were there. He reviewed the budget, reserves and future capital
15 improvement projects along with the winter storm damage and grant funding the District is applying
16 for. He stated that Supervisor Rodoni was in attendance at the meeting.

17 **Trench Restoration**

18 Mr. McIntyre informed the Board that he and various city engineers have proposed revisions
19 to the Marin Public Works Association trench restorations standards. He stated that he had a
20 meeting with Marin County Raul Rojas and an MMWD employee and advised that the objective is to
21 work with Mr. Rojas.

22 **Out of the Office**

23 Mr. McIntyre advised the Board that he will be on vacation starting tomorrow 7/19, and will
24 be back before the next Board meeting on August 1st. He noted that Mr. Bentley will be acting
25 General Manager.

26 **OPEN TIME**

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

1 **STAFF / DIRECTORS' REPORTS**

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

4 Tony Arendell advised the Board that there was a 12" main break from Summit Lane to
5 Crest Road on Wednesday night around 8pm. He stated that the crew pinpointed the leak around
6 10pm and put a full circle clamp on the pipe. He noted that the leak was stopped around 1:45 a.m.
7 but pressure never left the main. He advised the Board that the leak was flowing for approximately
8 7.5hrs and that approximately 219,000 gallons of water were lost.

9 Mr. Bentley advised the Board that the Sonoma County Water Agency determined that with
10 the water loss metering error at the Kastania meter, the District will be received a \$566K credit from
11 SCWA for overbilling from last year.

12 Mr. Bentley also advised that the owner at 42 Spinosa Way, whom the District approached
13 regarding the sale of her property to perfect the District easement, has changed her mind and will no
14 longer be selling her property.

15 Mrs. Young advised the Board that she will be out of the office from July 28 through August
16 14th and that Eileen Mulliner will be present at the August 1st Board meeting.

17 Director Fraites requested that Mr. McIntyre ask District legal counsel if he should recuse
18 himself from any item regarding Ridge Road since he is the Chair of the Novato Heights.

19 Mr. Vogler advised the Board that the work on Ridge Road will most likely be extending the
20 start date to the Spring of 2018 in order to go with conventional construction and minimizing the
21 impacts to the community.

22 **NOVATO WATERSHED PRESENTATION (FLOOD CONTROL)**

23 Mr. McIntyre introduced staff from Marin County Flood Control District Liz Lewis and Laurie
24 Williams who provided a presentation on the Proposed Parcel Tax for Novato for Flood Control
25 Zone No. 1. The proposed tax is \$47 per year for the next 18 years and will be brought to the Marin
26 County Board of Supervisors for approval to put on the November ballot. The proposed tax will help
27 improve water quality in creeks, wetlands and the Bay, restore creek and wetland habitat for fish,
28 birds, and wildlife, reduce roadway flooding by funding high priority and City storm drainage projects
29 and more.

1 **MONTHLY PROGRESS**

2 Mr. McIntyre provided the Board with the Monthly Progress Report for June. He stated that
3 water production was up by 6% year to date compared to last fiscal year and that overall water
4 supply at Lake Mendocino and Lake Sonoma are good and Oceana Marin storage levels and ponds
5 are low. He informed the Board that in the last quarter 35% of customer questionnaires were
6 returned.

7 David Bentley provided the Monthly Report of Investments stating that the District has a
8 cash balance of \$10.1M at the end of June and that the weighted average portfolio rate was 0.99%.

9 **CONSENT CALENDAR**

10 On the motion of Director Fraites, seconded by Director Joly the Board approved the
11 following items on the consent calendar by the following vote:

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

13 NOES: None

14 **RESPONSE TO CIVIL GRAND JURY RE: AFFORDABLE HOUSING**

15 The Board authorized staff a response to the Marin County Civil Grand Jury regarding
16 Overcoming Barriers to Housing Affordability.

17 **ACTION CALENDAR**

18 **APPROVE FILLING BOARD VACANCY**

19 Mr. McIntyre explained to the Board the procedure for filling the Board vacancy. He stated
20 that the Board vacancy will be as of July 3, 2017. He reminded the Board that the Board must
21 appoint a new Director within 60 days of the start of vacancy. He stated that any interested
22 candidates are to submit a letter of interest to the District Secretary by 5pm on August 14th and he
23 asked that the Board approve a special meeting to conduct interviews set for Tuesday, August 22nd
24 at 6pm at the District Headquarters.

25 On motion of Director Fraites, seconded by Director Baker, the Board approved the
26 following: Declare a vacancy on the Board due to the death of Director Schoonover, as of July 3,
27 2017, set a special meeting at 6pm on August 22, 2017 to conduct candidate interviews, approve the
28 tentative timeline to fill the vacancy, authorize the notice being placed in the Point Reyes Light,
29 Novato Advance and Marin Independent Journal soliciting letters of interest and resumes from
30 residents of the District who are interested in serving on the Board and approve a press release to
31 the same three newspapers regarding the Board vacancy by the following vote:

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

1 NOES: None

2 District Secretary Katie Young reminded the Board that the special meeting on August 22nd
3 is set for 6 p.m.

4 **LUMP-SUM PAYMENT OPTION OF CALPERS FY18 UNFUNDED LIABILITY**

5 Mr. Bentley requested that the Board approve a lump sum prepayment option of the
6 unfunded liability of \$551,397 to CalPERS saving the District \$20,304. He reminded the Board that
7 the District has paid the prepayment for the last 2 years.

8 On motion of Director Joly, seconded by Director Fraites, the Board approved the lump sum
9 prepayment option of the unfunded liability by the following vote:

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

11 NOES: None

12 **FERC RESPONSE LETTER TO PG&E APPLICATION FOR RELICENSING OF THE POTTER**
13 **VALLEY PROJECT**

14 Mr. McIntyre requested that the Board approve a FERC Response Letter to the PG&E's
15 Application for Relicensing of the Potter Valley Project. He advised the Board that the significant
16 points in the District's comment letter are: (1) requesting that the geographic scope of the project be
17 extended, at a minimum, to include the upper reach of the Russian River downstream from Lake
18 Mendocino to the confluence with Dry Creek and (2) requesting review of why Eel River water
19 diversions since 2006 have been reduced by 50% in contrast to the 2002 Biological Opinion that
20 stated that the prescribed flow regime would result in an approximate 15% reduction in annual
21 diversion of water from the Eel River basin to the Russian River basin.

22 Director Fraites asked if Sonoma County Water Agency has taken a position on this yet. Mr.
23 McIntyre responded that SCWA has seen the District's response and provided comments but have
24 not drafted a letter of their own.

25 . Director Fraites asked if there would be more specific information once the Environmental
26 Impact Report is completed. Mr. McIntyre stated that the report stated 15% reduction and it needs to
27 go back to 50% so that the Eel River is not jeopardized.

28 On motion of Director Joly, seconded by Director Baker, the Board approved the FERC
29 response letter to the PG&E Application for Relicensing of the Potter Valley Project by the following
30 vote:

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

1 NOES: None

2 **INFORMATION ITEMS**

3 **WILD HORSE TANK VANDALISM**

4 Robert Clark provided the Board with a summary of the event that occurred at the Wild
5 Horse Valley Tank. He stated that a police report was filed with Marin County Sheriff.

6 Director Fraites asked if it was too late to offer a reward leading to the conviction of the
7 vandalism. Mr. Clark reported that Marin County Sheriff is going to do a survey of local homeowners
8 and see if there were any cameras that caught any information but that the tank is located in open
9 space and there are several paths to the tank.

10 **BILL ADJUSTMENT POLICY SURVEY**

11 Mr. Bentley provided the Board with a Bill Adjustment Policy Survey that was requested by
12 Director Baker in April. He stated that the District is in line with the other agencies although most of
13 the agencies call the policy a leak adjustment policy and require a copy of the plumber's bill or repair
14 showing that the leak has been fixed.

15 Director Baker suggested that in the future there be some minor tweaking and the Board
16 should revisit this policy.

17 **MISCELLANEOUS**

18 The Board received the following miscellaneous information: Disbursements, Quarterly
19 Labor Cost Report, Press Release: North Marin Water District Director Passed Away on July 3rd,
20 Praise for Novato's Hard Workers, and County of Marin's Urban Growth Boundary Ordinance Letter.

21 The Board received the following news articles: Marin water rates go up as usage goes
22 down; Federal agencies greenlight proposed delta tunnel project; Bill preserving Marin's suburban
23 status sparks affordable housing debate, As others seek expanded water supplies, Marin set until
24 2040; Marin IJ Editorial: MMWD confident it has long-term capacity; and John Schoonover, longtime
25 Novato water official, dies at 89.

26 The Board also received the following miscellaneous items at the meeting: Report says
27 North Marin should serve all Dillon Beach and Novato water tank vandalism forces draining of
28 200,000 gallons.

29 **ADJOURNMENT**

30 President Petterle adjourned the meeting at 8:34 p.m.

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Submitted by

Katie Young
District Secretary

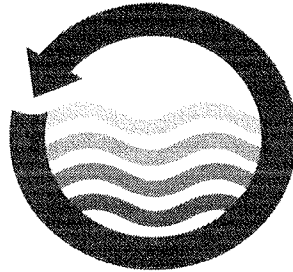
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NORTH MARIN WATER DISTRICT



FINANCIAL STATEMENT FISCAL YEAR 2016-17

Preliminary

June 30, 2017

**NORTH MARIN WATER DISTRICT
FINANCIAL STATEMENTS
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MEMORANDUM

To: Board of Directors
 From: David L. Bentley, Auditor-Controller
 Subj: Information – FY16/17 June Preliminary Financial Statement
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July 28, 2017

FISCAL YEAR PERFORMANCE COMPARED TO THE ANNUAL BUDGET

CONSOLIDATED SUMMARY

Actual vs. Budget	<u>Jun-17</u>	<u>FY 16/17</u>	<u>FY16/17 Budget</u>	<u>FYTD / Budget %</u>
Operating Revenue	\$2,017,593	\$18,598,892	\$19,648,000	95%
Operating Expense	1,381,303	17,732,817	18,611,000	95%
Non-Operating Revenue / (Expense)	21,411	(307,927)	(458,000)	67%
Net Income / (Loss)	\$657,700	\$558,147	\$579,000	96%
Other Sources / (Uses)*	(1,776,934)	(3,494,868)	(1,060,000)	330%
Cash Increase / (Decrease)	(\$1,119,234)	(\$2,936,721)	(\$481,000)	611%

* See Page 8.

For the fiscal year the District generated a net income of \$558,147 and saw a net cash decrease of \$2,936,721. Operating Revenue came in 5% under budget and Operating Expense came in 5% under budget. Sixty-nine percent of the Capital Improvement Projects Budget was expended this fiscal year. At June 30 \$5,370,395 in loan and grant funds was owed the District for the Recycled Water Distribution System expansion to Central Novato.

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

NOVATO WATER

Year over Year Comparison

	<u>Jun-17</u>	<u>FY 16/17</u>	<u>FY 15/16</u>	<u>FY17 vs 16 Up/(Down)</u>
Operating Revenue	\$1,794,210	\$16,890,503	\$15,793,139	7%
Operating Expense	1,203,849	16,007,759	15,001,502	7%
Other Income / (Expense)	44,704	(152,334)	(222,770)	(32%)
Net Income / (Loss)	\$635,064	\$730,409	\$568,866	28%
Active Accounts	20,544	20,544	20,535	0%
Consumption (MG)	258	2,300	2,152	7%
Average Commodity Rate / 1,000 gal (net)	\$5.42	\$5.40	\$5.25	3%
Income / (Loss) / Active Account	\$30.91	\$35.55	\$27.70	28%
Income / (Loss) / 1,000 Gal	\$2.46	\$0.32	\$0.26	20%
Connection Fee Revenue	\$0	\$973,385	\$255,000	282%
Caltrans Capital Contribution	\$0	\$17,160	\$2,649,186	(99%)
MMWD AEEP Capital Contribution	\$0	\$245,000	\$245,000	0%
Developer 'In-Kind' Contributions	\$8,294	\$538,616	\$413,247	30%

Consumption for the fiscal year was 7% more than the prior year. Total operating revenue, which includes wheeling and other miscellaneous service charges, increased 7% (\$1,097,364) from the prior year due to the consumption increase. Total operating expense was 7% (\$1,006,256) more than last year.

The Stafford Treatment Plant produced 756 MG this fiscal year at a cost of \$2,714/MG¹ versus \$2,547/MG³ from SCWA. The budget for Stafford was 750 MG at a cost of \$2,820/MG.

Staff time (hours) charged to Novato operations was 3% more than last year. Salary and benefit cost was \$6,533,142, which was 101% of the \$6,475,000 budget for Novato operations.

The fiscal year net income (which includes non-operating items such as interest revenue and expense) of \$730,409 compares to a budgeted net income for the year of \$755,000 and to a net income of \$568,866 for the prior year. \$1,460,706 (18%) of the Novato Water Capital Improvement Project Budget was spent versus \$4,471,574 (49%) for the prior year. \$973,385 in connection fees were collected (\$779,000 was budgeted). Connection Fee reserves totaling \$1,230,940 were transferred this fiscal year to the Recycled Water Fund to cover the debt service for expansion of the RW distribution system. The Novato Connection Fee Reserve has a deficit of \$5,655,246 arising from transfers to the RW Fund in advance of Connection Fee receipts. That deficit will be reimbursed by future Connection Fee revenue. The Novato cash balance decreased \$1,340,856 in June, and stood at \$7,464,106 at year end, compared to a budgeted projection of \$10,100,000. The June cash decrease was due primarily to payments for the Recycled Water SRF loans (\$369,520), the STP SRF loan (\$574,461) and the Recycled Central Service Area project (\$1,795,250), offset by receipt of SRF loan proceeds (\$464,313) and grant funds (\$784,860) for the Recycled Central project and the FY18 MMWD AEEP contribution (\$245,000). The Novato potable water fund has temporarily loaned \$4,805,586 to the Recycled Water System to cashflow the Central Expansion pending receipt of loan and grant funds.

NOVATO RECYCLED

Year over Year Comparison

	<u>Jun-17</u>	<u>FY 16/17</u>	<u>FY 15/16</u>	<u>FY17 vs 16 Up/(Down)</u>
Operating Revenue	\$112,130	\$718,372	\$701,903	2%
Operating Expense	86,974	815,840	844,234	(3%)
Other Income / (Expense)	(28,241)	(241,787)	(197,635)	22%
Net Income / (Loss)	<u>(\$3,085)</u>	<u>(\$339,256)</u>	<u>(\$339,966)</u>	(0%)
Active Accounts	47	47	44	7%
Consumption (MG)	22.5	131.8	135.2	(3%)
Average Commodity Rate / 1,000 gal (net)	\$4.87	\$5.20	\$4.98	4%
Deer Island Production (MG)	0.0	6.2	6.2	0%
Novato Sanitary Production (MG)	23.3	92.1	89.1	3%
Las Gallinas Production (MG)	7.6	45.5	44.0	3%
Potable Water Input (MG)	0.0	1.4	8.0	(82%)

131.8 MG was delivered to RW customers this fiscal year, 3% less than the prior year. Operating revenue was 2% more than last year same period due to the June 1, 2016 7% commodity rate increase offset by the consumption decrease. Total operating expense was \$28,394 (3%) less than the prior year, and includes \$22,000 of paving on Olive Avenue in December. The recycled water was produced at a cost of \$2,512/MG² versus \$2,547/MG³ from SCWA. The budgeted production cost of recycled water was \$3,035/MG.

The fiscal year net loss of \$339,256 compares to a budgeted net loss for the year of \$300,000 and a net loss of \$339,966 for the prior year. \$9,876,595 (129%) of the Capital Improvement Project Budget was expended this fiscal year. The Novato Recycled cash balance stood at \$869,672 at year end, which

¹ Stafford production cost = TP op expense (\$1,220,322) + SRF loan interest (\$272,950) + plant depreciation (\$558,748) / 756 MG produced

² Recycled Water production cost = purchase water cost (\$154,602) + treatment expense (\$10,701) + Deer Island RW Facility SRF loan interest (\$62,773) + Deer Island plant depreciation (\$136,678) / 145.2 MG produced

³ SCWA production cost per MG = O&M charge (\$2,123) + debt service charge (\$157) + Russian River conservation charge (\$228) + Russian River projects charge (\$40)

amount resides in a restricted reserve required by State loan covenant for payment of debt service on the North & South RW Expansion Projects, compared to a budgeted projection of \$1,505,000 at June 30, 2017. At June 30 the Recycled Water fund owed the Novato potable water fund \$4,805,586 pending receipt of \$5,370,395 in SWRCB loan and grant funds for the Recycled Water Distribution System expansion to Central Novato.

WEST MARIN WATER

Year over Year Comparison

	<u>Jun-17</u>	<u>FY 16/17</u>	<u>FY 15/16</u>	<u>FY17 vs 16 Up/(Down)</u>
Operating Revenue	\$93,235	\$773,428	\$720,580	7%
Operating Expense	78,058	692,000	651,281	6%
Other Income / (Expense)	1,492	25,649	27,008	(5%)
Net Income / (Loss)	<u>\$16,669</u>	<u>\$107,077</u>	<u>\$96,307</u>	11%
Active Accounts	780	780	780	0%
Consumption (MG)	7.8	61.6	56.6	9%
Average Commodity Rate / 1,000 gal (net)	\$9.99	\$9.70	\$9.62	1%
Income/ (Loss) / Active Account	\$21.37	\$137.28	\$123.47	11%
Income / (Loss) / 1,000 Gal	\$2.14	\$1.74	\$1.70	2%
Connection Fee Revenue	\$0	\$30,800	\$0	-
Developer 'In-Kind' Contributions	\$0	\$0	\$15,841	-

Consumption for the fiscal year was 61.6 MG, 9% more than prior year. Operating revenue of \$773,428 was \$52,847 (7%) more than last year primarily due to the consumption increase and the 5% rate increase effective July 1, 2016, offset by a large (74%) increase in bill adjustments.

Operating expenditures were \$692,000, 6% more than the previous year. The fiscal year net income of \$107,077 compares to a budgeted annual net income of \$73,000 and to a net income of \$96,307 for the prior year. \$80,120 (13%) of the Capital Improvement Project Budget was expended this fiscal year, and \$30,800 in connection fees was collected (\$23,000 was budgeted). The West Marin Water cash balance decreased \$21,356 in June, and stood at \$1,331,453 at year end, compared to a budgeted projection of \$732,000 at June 30, 2017.

OCEANA MARIN SEWER

Year over Year Comparison

	<u>Jun-17</u>	<u>FYTD 16/17</u>	<u>FY 15/16</u>	<u>FY17 vs 16 Up/(Down)</u>
Operating Revenue	\$18,017	\$216,589	\$195,921	11%
Operating Expense	12,422	217,218	207,324	5%
Other Income / (Expense)	3,456	60,545	64,665	(6%)
Net Income / (Loss)	<u>\$9,051</u>	<u>\$59,916</u>	<u>\$53,261</u>	12%
Active Accounts	231	231	230	0%
Monthly Sewer Service Charge	\$78	\$78	\$71	10%
Income / (Loss) / Active Account	\$39.18	\$259.38	\$231.57	-
Connection Fee Revenue	\$0	\$30,400	\$23,690	28%

Operating revenue of \$216,589 was 11% more than the previous year due to the 10% rate increase effective July 1, 2016. Operating expenditures were 5% (\$9,894) more than the previous year. The fiscal year net income of \$59,916 compares to a budgeted annual income of \$51,000 and to a net income of \$53,261 for the prior year. 74% of the Capital Improvement Project Budget was expended this fiscal year.

\$30,400 in connection fees was collected (\$30,000 was budgeted). The Oceana Marin cash balance decreased \$12,394 in June, and stood at \$430,151 at year end, compared to a budgeted projection of \$327,000 at June 30, 2017.

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING JUNE 30, 2017**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
ASSETS					
Cash & Investments					
Unrestricted/Undesignated Cash	\$499,290	\$0	\$0	\$137,410	\$361,880
Restricted Cash (Note 1)					
Connection Fee Fund	\$98,780	\$0	\$0	\$98,780	\$0
Wohler Pipeline Financing Fund	407,963	407,963	0	0	0
Collector #6 Financing Fund	1,604,004	1,604,004	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	698,446	36,140	0	662,306	0
Deer Island RWF Replacement Fund	0	0	0	0	0
Capital Replacement & Expansion Fund	0	0	0	0	0
Tax Receipts Held in Marin Co Treasury	513	0	0	510	3
STP SRF Loan Fund-Marín Co Treasury	843,089	843,089	0	0	0
RWS North/South SRF Payment Fund	614,299	0	614,299	0	0
RW Central Area SRF Payment Fund	255,373		255,373	0	0
Designated Cash (Note 2)					
Liability Contingency Fund	100,149	1,264	0	98,885	0
Self-Insured Workers' Compensation Fund	733,571	701,035	0	24,268	8,268
Retiree Medical Benefits Fund	3,888,452	3,888,452	0	0	0
Maintenance Accrual Fund	0	0	0	0	0
Conservation Incentive Rate Fund	99,626	0	0	99,626	0
Operating Reserve Fund	239,667	0	0	179,667	60,000
Total Cash	\$10,113,221	\$7,481,946	\$869,672	\$1,331,453	\$430,151
Gain/(Loss) on MV of Investments	(17,840)	(17,840)	0	0	0
Market Value of Cash & Investments	\$10,095,381	\$7,464,106	\$869,672	\$1,331,453	\$430,151
Current Assets					
Net Receivables - Consumers	\$818,240	\$671,440	\$109,778	\$34,355	\$2,668
Accrued Water Sales	2,598,140	2,386,698	129,884	81,557	0
Accounts Receivable-Other	278,492	45,444	221,767	0	11,281
RWS Central Expansion SRF Loan Rec	2,189,399	0	2,189,399	0	0
RWS Central Expansion Grant Rec	3,180,995	0	3,180,995	0	0
Prepaid Expense	40,136	25,963	0	13,462	712
Reimbursable Small Jobs	20,763	15,830	0	2,049	2,883
Interest Receivable	28,206	28,206	0	0	0
Inventories	500,701	500,701	0	0	0
Deposits Receivable	34,987	34,987	0	0	0
Total Current Assets	\$9,690,077	\$3,709,286	\$5,831,824	\$131,424	\$17,543

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING JUNE 30, 2017**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Loans Receivable					
Employee Loans (Note 3)	\$934,200	\$934,200	\$0	\$0	\$0
Due From Other Funds (Note 9)	4,836,384	4,836,384	0	0	0
Other Long Term Receivables (Note 4)	1,302,617	0	1,302,617	0	0
Loans Receivable	\$7,073,201	\$5,770,584	\$1,302,617	\$0	\$0
Property and Plant					
Land & Land Rights	\$1,473,091	\$1,368,872	\$0	\$103,411	\$808
Dam, Lake, & Source Facilities	5,596,281	5,103,869	0	492,412	0
Treatment Facilities	21,188,505	17,607,841	2,666,198	319,913	594,553
Storage Facilities	20,903,136	18,278,550	519,014	2,105,572	0
Transmission Facilities (16"+)	24,162,714	24,040,391	0	122,324	0
Distribution and Pumping Facilities	83,781,795	60,673,936	17,302,921	5,804,939	0
Sewer Mains, Pumps, & Laterals	1,193,198	0	0	0	1,193,198
Sub-Total	\$158,298,721	\$127,073,458	\$20,488,132	\$8,948,571	\$1,788,560
Less Accumulated Depreciation (Note 5)	(50,258,821)	(42,932,520)	(2,808,409)	(3,547,851)	(970,041)
Net Property and Plant	\$108,039,900	\$84,140,938	\$17,679,723	\$5,400,720	\$818,519
Buildings and Equipment (Note 6)					
Buildings	\$1,902,893	\$1,902,893	\$0	\$0	\$0
Office Equipment	697,537	697,537	0	0	0
Laboratory Equipment	317,047	317,047	0	0	0
Trucks & Automobiles	1,284,849	1,284,849	0	0	0
Construction Equipment	843,914	843,914	0	0	0
Tools, Shop Equipment	224,977	224,977	0	0	0
Sub-Total	\$5,271,216	\$5,271,216	\$0	\$0	\$0
Less Accumulated Depreciation (Note 5)	(3,989,794)	(3,989,794)	0	0	0
Net Buildings and Equipment	\$1,281,423	\$1,281,423	\$0	\$0	\$0
Construction In Progress					
Developer	\$422,872	\$405,849	\$13,237	(\$616)	\$4,402
District	13,405,007	2,047,556	10,970,098	290,304	97,050
Total Construction in Progress	\$13,827,880	\$2,453,405	\$10,983,335	\$289,687	\$101,452
Net Utility Plant	\$123,149,202	\$87,875,766	\$28,663,058	\$5,690,407	\$919,970
Deferred Outflow of Resources	\$1,354,255	\$1,354,255	\$0	\$0	\$0
TOTAL ASSETS	\$151,362,116	\$106,173,997	\$36,667,170	\$7,153,284	\$1,367,665

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING JUNE 30, 2017**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
LIABILITIES AND NET ASSETS					
Current Liabilities					
Trade Accounts Payable	\$2,715,287	\$2,299,444	\$414,430	\$0	\$1,414
Reimbursement Prog. Unclaimed Funds	7,470	5,520	0	1,950	0
Bond Debt Principal Payable-Current	22,000	0	0	22,000	0
Loan Debt Principal Payable-Current	1,050,935	410,369	638,602	1,964	0
Bank of Marin Principal Payable-Current	344,517	300,419	0	44,098	0
Bond/Loan Debt Interest Payable-Current	2,857	884	0	1,973	0
Accrued Interest Payable-SRF Loan	103,785	0	103,785	0	0
Deposits/Performance Bonds	202,460	177,683	0	21,777	3,000
Unemployment Insurance Reserve (Note 8)	23,400	23,400	0	0	0
Workers' Comp Future Claims Payable	192,122	178,673	4,995	6,340	2,113
Payroll Benefits (Note 9)	898,968	822,111	28,547	36,233	12,078
Due To Other Funds (Note 10)	4,836,384	0	4,836,384	0	0
Deferred Revenue	323,263	318,095	0	4,544	624
Total Current Liabilities	\$10,723,448	\$4,536,598	\$6,026,743	\$140,879	\$19,229
Restricted Liabilities					
Construction Advances	\$235,921	\$224,356	\$10,000	\$0	\$1,565
Total Restricted Liabilities	\$235,921	\$224,356	\$10,000	\$0	\$1,565
Long Term Liabilities (Note 7)					
Bonds Outstanding - PR6 (FmHA)	\$46,000	\$0	\$0	\$46,000	\$0
Bonds Outstanding - PRE1 (FmHA)	26,000	0	0	26,000	0
STP Rehab SRF Loan	10,448,030	10,448,030	0	0	0
RWF SRF Loan	2,189,287	0	2,189,287	0	0
RWS North/South Expansion SRF Loan	7,630,605	0	7,630,605	0	0
RWS Central Expansion SRF Loan	4,088,937	0	4,088,937	0	0
Bank of Marin Loan	5,912,420	5,155,630	0	756,790	0
Net Pension Liability @ 6/30/16 (Note 16)	8,619,837	8,619,837	0	0	0
Retiree Health Benefits Payable (Note 2)	1,204,119	1,204,119	0	0	0
Total Long Term Liabilities	\$40,165,236	\$25,427,617	\$13,908,829	\$828,790	\$0
Deferred Inflow of Resources	806,744	806,744	0	0	0
TOTAL LIABILITIES	\$51,931,349	\$30,995,316	\$19,945,572	\$969,668	\$20,793
Net Assets					
Invested in Capital Assets					
Contributions in Aid of Construction	\$76,990,728	\$70,055,261	\$4,117,608	\$2,138,348	\$679,511
Grants in Aid of Construction	12,179,322	358,640	8,993,495	2,827,187	0
Connection Fees	33,626,765	25,406,528	6,380,780	1,288,694	550,763
Total Investment	\$122,796,814	\$95,820,429	\$19,491,883	\$6,254,229	\$1,230,274

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING JUNE 30, 2017**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Restricted Reserves					
Connection Fee Fund	(\$5,594,260)	(\$5,655,246)	\$0	\$98,780	(\$37,794)
Wohler Pipeline Financing Fund	407,963	407,963	0	0	0
Collector #6 Financing Fund	1,604,004	1,604,004	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	698,446	36,140	0	662,306	0
Deer Island RWF Replacement Fund	1,222,039	0	1,222,039	0	0
Capital Replacement & Expansion Fund	1,198,480	0	1,198,480	0	0
RWS North/South SRF Payment Fund	614,299	0	614,299	0	0
RW Central Area SRF Payment Fund	255,373	0	255,373	0	0
Designated Reserves					
Liability Contingency Fund	922,285	823,400	0	98,885	0
Maintenance Accrual Fund	4,315,681	4,315,681	0	0	0
Self-Insured Workers' Compensation Fund	555,597	522,362	9,152	17,928	6,155
Retiree Medical Benefits Fund	2,729,494	2,729,494	0	0	0
Conservation Incentive Rate Fund	42,712	0	0	42,712	0
Operating Reserve Fund	239,667	0	0	179,667	60,000
Earned Surplus - Prior Yrs	(33,167,164)	(26,598,907)	(5,319,452)	(1,276,476)	27,672
Net Income/(Loss)	558,147	730,409	(339,256)	107,077	59,916
Prior Period Adjustment	(286,749)	(247,077)	(39,672)	0	0
Transfer (To)/From Reserves (see below)	287,940	690,031	(371,247)	(31,492)	648
Total Restricted & Designated	(\$23,366,048)	(\$20,641,747)	(\$2,770,284)	(\$70,613)	\$116,597
TOTAL NET POSITION	\$99,430,766	\$75,178,682	\$16,721,598	\$6,183,615	\$1,346,871
Transfer (To)/From Reserves					
Connection Fee	777,492	778,875	0	(1,313)	(70)
Maintenance Reserve	(100,000)	(100,000)	0	0	0
RWF Replacement Fund	(117,639)	0	(117,639)	0	0
Capital Replacement & Expansion Fund	(96)	0	(96)	0	0
Retiree Medical Insurance Fund	(52,046)	(52,046)	0	0	0
(Gain)/Loss Self-Insured WC Fund	65,455	60,714	1,860	2,163	718
Bank of Marin Project Fund	(6,659)	2,488	0	(9,147)	0
RW North/South SRF Loan Payment Fund	0	0	0	0	0
RW Central Area SRF Loan Payment Fund	(255,373)	0	(255,373)	0	0
Conservation Incentive Rate Fund	(6,860)	0	0	(6,860)	0
Operating Reserve Fund	(16,335)	0	0	(16,335)	0
Total Transfer	\$287,940	\$690,031	(\$371,247)	(\$31,492)	\$648

NORTH MARIN WATER DISTRICT
SOURCES AND USES OF FUNDS STATEMENT - ALL SERVICE AREAS COMBINED
FOR THE PERIOD ENDING JUNE 30, 2017

	YTD Actual	Annual Budget	YTD/ Budget %	Prior YTD Actual
OPERATING REVENUE				
Water Sales	\$13,697,280	\$14,751,000	93%	\$12,508,927
Bimonthly Service Charge	4,334,762	4,336,000	100%	4,331,899
Sewer Service Charge	215,989	214,000	101%	195,461
Wheeling & Misc Service Charges	350,861	347,000	101%	375,256
TOTAL OPERATING REVENUE	\$18,598,892	\$19,648,000	95%	\$17,411,543
OPERATING EXPENDITURES				
Source of Supply	\$4,571,599	\$4,869,000	94%	\$4,279,084
Pumping	346,859	366,000	95%	281,255
Operations	864,657	843,000	103%	797,807
Water Treatment	2,187,202	2,223,000	98%	2,099,887
Sewer Service	145,007	141,000	103%	134,193
Transmission & Distribution	2,983,171	3,272,000	91%	2,871,290
Consumer Accounting	624,755	653,000	96%	628,981
Water Conservation	331,225	480,000	69%	391,481
General & Administrative	2,261,834	2,247,000	101%	1,934,011
Depreciation	3,416,507	3,517,000	97%	3,286,353
TOTAL OPERATING EXPENDITURES	\$17,732,817	\$18,611,000	95%	\$16,704,342
NET OPERATING INCOME (LOSS)	\$866,074	\$1,037,000	84%	\$707,200
NON-OPERATING REVENUE/(EXPENSE)				
Tax Proceeds	\$107,088	\$100,000	107%	\$102,259
Interest Revenue	156,662	105,000	149%	125,078
Miscellaneous Revenue	204,977	136,000	151%	273,840
Bond & Loan Interest Expense	(757,935)	(779,000)	97%	(807,035)
Miscellaneous Expense	(18,720)	(20,000)	94%	(22,871)
TOTAL NON-OP REVENUE/(EXPENSE)	(\$307,927)	(\$458,000)	67%	(\$328,728)
NET INCOME/(LOSS)	\$558,147	\$579,000	96%	\$378,472
OTHER SOURCES/(USES) OF FUNDS				
Add Depreciation Expense	\$3,416,507	\$3,517,000	97%	\$3,286,353
Connection Fees	1,034,585	832,000	124%	278,690
Loan Proceeds	1,605,764	11,487,000	14%	0
Grant Proceeds	4,637,986	1,500,000	309%	532,248
Caltrans AEEP Capital Contribution	17,160	0	-	2,649,186
StoneTree RWF Loan Principal	211,153	212,000	100%	206,155
MMWD AEEP Capital Contribution	245,000	245,000	100%	245,000
Capital Equipment Expenditures	(218,846)	(245,000)	89%	(75,187)
Capital Improvement Projects	(11,572,684)	(16,856,000)	69%	(5,519,445)
Bond & Loan Principal Payments	(1,769,086)	(1,752,000)	101%	(1,721,903)
Change in Working Capital	(1,102,407)	0	-	(1,415,230)
TOTAL OTHER SOURCES/(USES)	(\$3,494,868)	(\$1,060,000)	330%	(\$1,534,133)
CASH INCREASE/(DECREASE)	(\$2,936,721)	(\$481,000)	611%	(\$1,155,661)

**NORTH MARIN WATER DISTRICT
INCOME STATEMENT AND CASH FLOW BY SERVICE AREA
FOR THE PERIOD ENDING JUNE 30, 2017**

<u>SUMMARY INCOME STATEMENT</u>	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Operating Revenue	\$18,598,892	\$16,890,503	\$718,372	\$773,428	\$216,589
Operating Expense	17,732,817	16,007,759	815,840	692,000	217,218
OPERATING INCOME/(LOSS)	\$866,074	\$882,744	(\$97,468)	\$81,428	(\$629)
Non-Operating Revenue/(Expense)	(307,927)	(152,334)	(241,787)	25,649	60,545
NET INCOME/(LOSS)	\$558,147	\$730,409	(\$339,256)	\$107,077	\$59,916
CAPITAL CONTRIBUTIONS					
SCWA Prop 84 Water Conserv Grant	\$33,750	\$33,750	\$0	\$0	\$0
RW Central Area Expansion Grant	4,600,407	0	4,600,407	\$0	\$0
Developer In-Kind Contributions	551,854	538,616	13,237	0	0
Caltrans AEEP Capital Contributions	17,160	17,160	0	0	0
MMWD Capital Contribution	245,000	245,000	0	0	0
Connection Fees	1,034,585	973,385	0	30,800	30,400
FRC Transfer	0	(1,230,940)	1,230,940	0	0
CAPITAL CONTRIBUTIONS	\$6,486,584	\$576,971	\$5,848,413	\$30,800	\$30,400
CHANGE IN NET POSITION	\$6,757,983	\$1,060,303	\$5,469,486	\$137,877	\$90,316
Net Position June 30, 2016	92,672,784	74,118,378	11,252,112	6,045,738	1,256,555
Net Position June 30, 2017	<u>\$99,430,766</u>	<u>\$75,178,682</u>	<u>\$16,721,598</u>	<u>\$6,183,615</u>	<u>\$1,346,871</u>

CASH FLOW STATEMENT

Net Income/(Loss)	\$558,147	\$730,409	(\$339,256)	\$107,077	\$59,916
Add Depreciation	3,416,507	2,710,723	472,017	192,151	41,616
Cash Generated From Operations	\$3,974,654	\$3,441,132	\$132,761	\$299,228	\$101,532
Other Sources (Uses) of Funds					
Connection Fee Revenue	\$1,034,585	\$973,385	\$0	\$30,800	\$30,400
Loan Proceeds	1,605,764	0	1,605,764	0	0
Grant Proceeds	4,637,986	33,750	4,604,236	0	0
Capital Assets Acquisition	(11,791,530)	(1,679,551)	(9,876,595)	(80,120)	(155,263)
Caltrans AEEP Capital Contribution	17,160	17,160	0	0	0
StoneTree RWF Loan Principal Pmts	211,153	0	211,153	0	0
MMWD AEEP Capital Contribution	245,000	245,000	0	0	0
Principal Paid on Debt	(1,769,086)	(1,078,306)	(623,719)	(67,061)	0
Consumer Receivables Decr (Incr)	(158,908)	(151,912)	5,771	(12,916)	148
Construction Advances (Decr) Incr	65,853	53,141	0	12,712	0
Other Assets/Liabilities Decr (Incr)	(1,661,044)	799,607	(2,462,420)	12,098	(10,329)
Trade Accounts Payable (Decr) Incr	651,692	269,308	382,383	0	0
Connection Fee Transfer	0	(1,230,940)	1,230,940	0	0
Interdistrict Loan Due To (From)	0	(4,836,384)	4,836,384	0	0
Total Other Sources (Uses)	(\$6,911,375)	(\$6,585,742)	(\$86,103)	(\$104,487)	(\$135,044)
Net Cash Provided (Used)	(\$2,936,721)	(\$3,144,610)	\$46,658	\$194,742	(\$33,511)
MV Cash & Investments June 30, 2016	13,032,102	10,608,716	823,013	1,136,711	463,662
MV Cash & Investments June 30, 2017	<u>\$10,095,381</u>	<u>\$7,464,106</u>	<u>\$869,672</u>	<u>\$1,331,453</u>	<u>\$430,151</u>

NOVATO WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2017

	JUNE 2017	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$1,406,408	\$12,540,446	93%	\$11,355,465
Bill Adjustments	(8,051)	(130,274)	186%	(64,461)
Bimonthly Service Charges	344,743	4,136,919	100%	4,134,438
Account Turn-on Charges	5,699	66,152	88%	84,829
New Account Charges	460	6,855	86%	7,905
Returned Check Charges	162	1,620	162%	1,386
Hydrant Meter Up/Down Charges	100	2,000	-	400
Backflow Service Charges	10,550	133,509	101%	130,688
Lab Service-Outside Clients	4,738	26,152	97%	34,203
Wheeling Charges - MMWD	13,652	91,374	104%	90,217
Regulation 15 Forfeiture	15,750	15,750	175%	18,068
TOTAL OPERATING REVENUE	\$1,794,210	\$16,890,503	94%	\$15,793,139
TOTAL EXPENDITURES				
SOURCE OF SUPPLY				
Supervision & Engineering	\$1,326	\$11,264	63%	\$10,249
Operating Expense - Source	24	7,963	80%	11,928
Maint/Monitoring of Dam	653	24,059	38%	22,796
Maint of Lake & Intakes	0	7,575	54%	5,107
Maint of Structures	0	2,652	18%	0
Maint of Watershed	0	33,566	129%	17,325
Water Quality Surveillance	901	3,513	14%	3,137
Fishery Maint	0	0	0%	1,192
Erosion Control	0	550	27%	0
Purchased Water	(20,656)	4,320,623	96%	3,997,030
GASB68 Adjustment	0	0	-	335
SOURCE OF SUPPLY	(\$17,753)	\$4,411,764	95%	\$4,069,101
PUMPING				
Operating Expense - Pumping	\$0	\$0	0%	\$0
Maint of Structures & Grounds	2,164	28,514	84%	26,104
Maint of Pumping Equipment	3,240	30,354	46%	13,507
Electric Power	30,961	246,869	112%	212,207
GASB68 Adjustment	0	0	-	243
PUMPING	\$36,366	\$305,737	95%	\$252,061
OPERATIONS				
Supervision & Engineering	\$20,431	\$234,870	143%	\$252,278
Operating Expense - Operations	41,839	343,891	86%	304,897
Maintenance Expense	2,048	47,202	60%	34,755
Telemetry Equipment/Controls Maint	1,438	101,568	122%	68,674
Leased Lines	1,393	17,592	103%	17,704
GASB68 Adjustment	0	0	-	3,953
OPERATIONS	\$67,148	\$745,122	100%	\$682,261

NOVATO WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2017

	JUNE 2017	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER TREATMENT				
Supervision & Engineering	\$57,783	\$168,945	184%	\$130,358
Operating Expense - Water Treatment	32,313	349,671	118%	303,132
Purification Chemicals	27,689	246,727	58%	378,562
Sludge Disposal	11,549	107,942	129%	90,043
Maint of Structures & Grounds	6,035	78,910	90%	68,351
Maint of Purification Equipment	8,023	186,246	117%	150,989
Electric Power	15,025	129,652	97%	113,223
Water Quality Programs	11,917	132,735	128%	122,676
Laboratory Direct Labor	35,854	411,275	106%	362,726
Lab Service-Outside Clients	4,589	37,686	50%	36,914
Water Quality Supervision	6,528	90,168	114%	76,792
Laboratory Supplies & Expense	6,277	72,902	92%	75,182
Customer Water Quality	6,723	53,330	76%	57,805
Lab Cost Distributed	(1,743)	(29,227)	122%	(26,880)
GASB68 Adjustment	0	0	-	9,892
WATER TREATMENT	\$228,563	\$2,036,960	99%	\$1,949,762
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$50,520	\$569,303	76%	\$543,257
Maps & Records	18,887	168,267	119%	110,877
Operation of T&D System	11,764	154,106	73%	119,335
Facilities Location	12,822	155,482	160%	106,477
Safety: Construction & Engineering	5,799	57,011	88%	57,985
Customer Service Expense	14,009	149,268	79%	174,947
Flushing	0	52,498	82%	50,416
Storage Facilities Expense	18,423	141,046	108%	131,233
Cathodic Protection	0	14,595	54%	18,833
Maint of Valves/Regulators	45,667	196,162	89%	189,372
Maint of Mains	11,397	149,422	125%	201,798
Leak Detection - Mains	1,925	14,118	83%	13,279
Backflow Prevention Program	12,286	155,536	89%	150,298
Maint of Copper Services	8,793	138,832	78%	130,863
Maint of PB Service Lines	52,504	473,695	103%	532,436
Single Service Installations	16,080	20,937	-	11,220
Maint of Meters	8,479	66,356	63%	100,402
Detector Check Assembly Maint	172	72,208	99%	54,586
Maint of Hydrants	6,082	51,020	63%	34,311
GASB68 Adjustment	0	0	-	15,749
TRANSMISSION & DISTRIBUTION	\$295,610	\$2,799,863	90%	\$2,747,675
CONSUMER ACCOUNTING				
Meter Reading	\$12,671	\$160,396	88%	\$156,557
Collection Expense - Labor	1,888	20,080	54%	30,757
Collection Expense - Agency	226	2,187	73%	1,948
Billing & Consumer Accounting	25,515	289,503	109%	277,312
Contract Billing	1,325	16,692	93%	17,160
Stationery, Supplies & Postage	4,412	56,373	89%	58,903
Credit Card Fees	2,383	29,685	119%	24,592
Lock Box Service	912	10,944	99%	10,944
Uncollectable Accounts	1,049	12,709	75%	15,382
Office Equipment Expense	3,556	11,350	52%	23,091
Distributed to West Marin (4.1%)	(1,584)	(17,161)	107%	(16,959)
GASB68 Adjustment	0	0	-	3,698
CONSUMER ACCOUNTING	\$52,353	\$592,759	95%	\$603,385

NOVATO WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2017

	JUNE 2017	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER CONSERVATION				
Residential	\$18,497	\$254,417	67%	\$319,063
Commercial	0	1,702	9%	3,711
Public Outreach/Information	5,581	30,504	76%	32,287
Large Landscape	3,424	36,818	184%	24,877
GASB68 Adjustment	0	0	-	1,557
TOTAL WATER CONSERVATION	\$27,501	\$323,440	70%	\$381,495
GENERAL AND ADMINISTRATIVE				
Directors Fees	\$3,557	\$34,384	104%	\$34,222
Legal Fees	9,618	28,043	216%	20,488
Human Resources	2,000	30,068	111%	24,172
Auditing Fees	0	16,220	95%	18,770
Consulting Services/Studies	19,518	46,247	10%	138,735
General Office Salaries	112,649	1,449,789	114%	1,273,067
Safety: General District Wide	3,450	42,930	68%	22,283
Office Supplies	1,786	35,049	75%	37,709
Employee Events	36	9,726	81%	10,143
Other Administrative Expense	1,171	13,960	107%	10,427
Election Cost	0	2,077	-	250
Dues & Subscriptions	165	59,046	98%	59,271
Vehicle Expense	676	9,325	117%	8,112
Meetings, Conferences & Training	29,139	186,436	91%	139,858
Recruitment Expense	126	1,383	46%	864
Gas & Electricity	3,182	35,241	114%	33,211
Telephone	743	8,482	106%	7,285
Water	229	1,632	82%	1,962
Buildings & Grounds Maint	5,589	62,856	116%	63,344
Office Equipment Expense	4,907	95,465	100%	87,141
Insurance Premiums & Claims	6,810	87,319	74%	140,366
Retiree Medical Benefits	12,414	164,969	95%	168,935
(Gain)/Loss on Overhead Charges	(5,588)	(7,988)	7%	(213,147)
G&A Applied to Other Operations (5.9%)	(16,170)	(161,443)	104%	(126,771)
G&A Applied to Construction	(28,926)	(290,813)	77%	(359,689)
GASB45 Adjustment (OPEB)	120,988	120,988	-	123,521
GASB68 Adjustment (Pension Liability)	0	0	-	14,154
GENERAL & ADMINISTRATIVE	\$288,068	\$2,081,391	101%	\$1,738,681
Depreciation (Note 5)	225,992	2,710,723	97%	2,577,081
TOTAL OPERATING EXPENSE	\$1,203,849	\$16,007,759	95%	\$15,001,502
OPERATING INCOME/(LOSS)	\$590,361	\$882,744	82%	\$791,636

NOVATO WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2017

	JUNE 2017	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest:				
General Funds	\$0	\$0	0%	\$0
Wohler Pipeline Financing Fund	401	5,635	282%	3,871
Collector #6 Financing Fund	1,577	22,154	277%	15,220
Retiree Medical Insurance Fund	3,741	52,046	289%	33,831
Self-Insured Workers' Comp Fund	732	8,644	216%	5,653
Aqueduct Energy Efficiency Proj Fund	37	523	-	2,170
Funds Held in County Treasury	0	3,459	86%	698
Recycled Water Advance (Note 10)	10,173	33,430	-	0
Total Interest Revenue	\$16,661	\$125,890	242%	\$61,443
Rents & Leases	1,906	75,107	92%	63,682
Other Non-Operating Revenue	67,130	135,145	270%	176,079
Gain/(Loss) on MV of Investments	(3,159)	(20,797)	-	(7,449)
NON-OPERATING REVENUE	\$82,538	\$315,344	171%	\$293,755
NON-OPERATING EXPENSE				
Bank of Marin AEEP Loan Interest Exp	\$15,617	\$191,965	95%	\$202,098
STP SRF Loan Interest Expense	22,069	272,950	98%	291,064
Drought Loan Interest Expense	79	884	88%	1,719
Other Non-Operating Expense	70	1,880	9%	21,639
GASB68 Adjustment	0	0	0%	4
NON-OPERATING EXPENSE	\$37,835	\$467,679	93%	\$516,525
NET INCOME/(LOSS)	\$635,064	\$730,409	97%	\$568,866
BEGINNING FUND EQUITY				
NET INCOME/(LOSS)	635,064	730,409		568,866
CONTRIBUTED CAPITAL				
SCWA 84 Water Conservation Grant	7,093	33,750	-	69,958
Developer 'In-Kind' Contributions	8,294	538,616	-	413,247
Caltrans AEEP Capital Contribution	0	17,160	-	2,649,186
MMWD AEEP Capital Contribution	0	245,000	100%	245,000
Connection Fees	0	973,385	182%	255,000
FRC Transfer to Recycled Water	(317,547)	(1,230,940)	172%	(806,664)
Prior Period Adjustment (Note 12)	0	(247,077)	-	0
ENDING FUND EQUITY		\$75,178,682		\$77,095,102

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2017**

	JUNE 2017	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Recycled Water Sales	\$109,866	\$684,992	93%	\$673,181
Bimonthly Service Charges	2,264	29,068	100%	28,687
Water Loads	0	4,300	-	0
Account Turn-on Charges	0	12	-	26
Returned Check Charges	0	0	-	9
TOTAL OPERATING REVENUE	\$112,130	\$718,372	94%	\$701,903
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Purchased Water - NSD	\$29,997	\$101,736	81%	\$94,464
Purchased Water - LGVSD	3,370	45,548	72%	98,228
SOURCE OF SUPPLY	\$33,368	\$147,284	78%	\$192,693
PUMPING				
Maint of Structures & Grounds	\$0	\$0	0%	\$0
Maint of Pumping Equipment	0	1,126	56%	812
Electric Power	189	2,228	74%	2,179
GASB68 Adjustment	0	0	-	5
PUMPING	\$189	\$3,354	56%	\$2,996
OPERATIONS				
Supervision & Engineering	\$330	\$9,543	87%	\$7,126
Operating Expense - Operations	64	8,585	45%	6,380
Potable Water Consumed	475	9,194	92%	32,164
Maintenance Expense	3,658	24,974	357%	14,889
Telemetry Equipment/Controls Maint	44	11,714	117%	11,549
GASB68 Adjustment	0	0	-	254
OPERATIONS	\$4,572	\$64,010	112%	\$72,361
WATER TREATMENT				
Purification Chemicals	\$0	\$809	20%	\$1,819
Maint of Purification Equipment	3,555	6,518	65%	1,000
Electric Power	0	3,374	169%	0
Laboratory Direct Labor	0	1,622	27%	1,733
Customer Water Quality	0	128	-	0
Water Quality Supervision	0	3,534	-	0
Lab Expense Distributed from Novato	(5)	977	33%	1,087
GASB68 Adjustment	0	0	-	13
WATER TREATMENT	\$3,550	\$16,962	68%	\$5,652
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$0	\$6,196	34%	\$8,864
Maps & Records	0	72	-	423
Operation of T&D System	0	631	63%	0
Cathodic Protection	0	0	0%	0
Customer Service Expense	0	2,965	-	0
Storage Facilities Expense	0	11,401	114%	2,056
Maint of Valves/Regulators	0	106	11%	158
Maint of Meters	0	0	0%	1,695
Maint of Mains	0	24,486	-	839
GASB68 Adjustment	0	0	-	95
TRANSMISSION & DISTRIBUTION	\$0	\$45,856	143%	\$14,131

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2017**

	JUNE 2017	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
CONSUMER ACCOUNTING				
Distributed from Novato (3.6%)	\$76	\$823	82%	\$819
CONSUMER ACCOUNTING	\$76	\$823	82%	\$819
GENERAL AND ADMINISTRATIVE				
Consulting Services/Studies	\$0	\$6,786	-	\$37,411
Distributed from Novato (1.6%)	5,884	58,749	103%	46,132
GENERAL & ADMINISTRATIVE	\$5,884	\$65,534	115%	\$83,542
Depreciation (Note 5)	39,335	472,017	98%	472,040
TOTAL OPERATING EXPENSE	\$86,974	\$815,840	96%	\$844,234
OPERATING INCOME/(LOSS)	\$25,156	(\$97,468)	120%	(\$142,331)
NON-OPERATING REVENUE				
Interest:				
General Funds	\$0	\$0	0%	\$0
RWF Replacement Fund	0	2,639	-	2,842
Capital Repl & Exp Fund	0	96	-	2,607
Self-Insured Workers' Comp Fund	0	79	-	107
StoneTree RWF Loan	3,109	39,419	101%	44,417
Total Interest Revenue	\$3,109	\$42,232	94%	\$49,973
Other Non-Operating Revenue	0	10,557	-	28,445
NON-OPERATING REVENUE	\$3,109	\$52,789	117%	\$78,418
NON-OPERATING EXPENSE				
RWF SRF Loan Interest Expense	\$5,093	\$62,773	100%	\$67,709
Expansion SRF Loan Interest Expense	16,084	195,937	97%	208,344
Other Non-Operating Expense	0	2,437	-	0
Interest-Advance from Novato (Note 10)	10,173	33,430	-	0
NON-OPERATING EXPENSE	\$31,350	\$294,577	112%	\$276,053
NET INCOME/(LOSS)	(\$3,085)	(\$339,256)	113%	(\$339,966)
BEGINNING FUND EQUITY		\$11,252,112		\$11,264,553
NET INCOME/(LOSS)	(3,085)	(339,256)		(339,966)
Developer 'In-Kind' Contributions	5,496	13,237		0
State Prop 50 Grant	3,828	3,828	-	0
FRC Transfer from Novato	317,547	1,230,940	172%	806,664
RW Central Area Expansion Grant	244,878	4,600,407	-	462,289
Prior Period Adjustment (Note 12)	0	(39,672)		0
ENDING FUND EQUITY		\$16,721,598		\$12,193,540

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2017**

	JUNE 2017	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$78,739	\$615,493	102%	\$554,929
Bill Adjustments	(811)	(17,678)	-	(10,186)
Bimonthly Service Charges	14,065	168,775	101%	168,775
Account Turn-on Charges	208	898	90%	1,329
New Account Charges	20	180	18%	210
Returned Check Charges	9	72	-	27
Backflow Service Charges	1,006	5,687	114%	5,498
TOTAL OPERATING REVENUE	\$93,235	\$773,428	99%	\$720,580
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Supervision & Engineering	\$0	\$44	-	\$419
Operating Expense	343	3,903	65%	6,180
Maint of Structures	0	8,343	70%	7,619
Water Quality Surveillance	0	261	7%	3,007
GASB Adjustment	0	0	-	65
SOURCE OF SUPPLY	\$343	\$12,550	57%	\$17,290
PUMPING				
Maint of Structures and Grounds	\$1,978	\$11,049	92%	\$4,326
Maint of Pumping Equip	0	2,634	26%	4,825
Electric Power	1,811	24,085	161%	17,011
GASB68 Adjustment	0	0	-	36
PUMPING	\$3,789	\$37,768	102%	\$26,199
OPERATIONS				
Supervision & Engineering	\$1,290	\$10,478	131%	\$11,854
Operating Expense	894	15,721	143%	13,995
Maint of Telemetry Equipment	(558)	24,480	144%	10,861
Leased Lines	333	4,847	81%	6,258
GASB68 Adjustment	0	0	-	215
OPERATIONS	\$1,959	\$55,525	132%	\$43,184
WATER TREATMENT				
Supervision & Engineering	\$315	\$5,511	92%	\$4,744
Operating Expense	2,488	18,552	93%	25,860
Purification Chemicals	0	6,470	129%	2,059
Maint of Structures & Grounds	0	267	27%	1,520
Maint of Purification Equipment	186	8,828	40%	11,233
Electric Power	3,339	21,382	79%	22,489
Laboratory Direct Labor	3,122	40,384	122%	37,360
Laboratory Services	85	2,083	52%	3,900
Water Quality Supervision	684	2,273	38%	6,394
Customer Water Quality	95	3,206	80%	4,888
Lab Expense Distributed from Novato	1,768	24,324	128%	23,441
GASB68 Adjustment	0	0	-	585
WATER TREATMENT	\$12,082	\$133,280	91%	\$144,473

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2017**

	JUNE 2017	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$717	\$12,466	73%	\$7,289
Maps & Records	0	218	3%	757
Facilities Location - USA	376	8,772	175%	5,476
Customer Service Expense	770	6,926	115%	7,359
Flushing	0	9,528	159%	0
Storage Facilities Expense	4,274	21,759	51%	20,391
Cathodic Protection	4,238	6,698	134%	1,596
Maint of Valves	6	2,457	41%	1,427
Valve Operation Program	0	0	0%	0
Maint of Mains	(0)	8,611	172%	19,831
Water Quality Maintenance	0	0	-	551
Maint of Backflow Devices	0	510	7%	853
Backflow Dev Inspection/Survey	0	2,731	-	3,546
Maint of Copper Services	1,432	8,501	170%	17,629
Maint of PB Service Lines	6,964	36,895	335%	18,541
Maint of Meters	(71)	8,630	431%	3,638
Detector Check Assembly Maint	0	304	15%	0
Maint of Hydrants	0	0	0%	0
Hydrant Operation	0	0	0%	0
Single Service Installation	4,781	2,447	-	0
GASB68 Adjustment	0	0	-	600
TRANSMISSION & DISTRIBUTION	\$23,487	\$137,453	98%	\$109,484
CONSUMER ACCOUNTING				
Meter Reading	\$1,646	\$13,759	172%	\$7,560
Collection Expense - Labor	0	210	11%	295
Uncollectable Accounts	0	409	-	273
Distributed from Novato (3.6%)	1,341	14,552	112%	14,464
GASB68 Adjustment	0	0	-	53
CONSUMER ACCOUNTING	\$2,987	\$28,930	126%	\$22,646
WATER CONSERVATION				
Water Conservation Program	\$2,291	\$7,785	39%	\$9,939
GASB68 Adjustment	0	0	-	47
TOTAL WATER CONSERVATION	\$2,291	\$7,785	39%	\$9,986
GENERAL AND ADMINISTRATIVE				
Consulting Services/Studies	\$7,500	\$10,200	29%	\$29,018
Distributed from Novato (3.2%)	7,648	76,358	105%	59,959
GASB68 Adjustment	0	0	-	5
GENERAL & ADMINISTRATIVE	\$15,148	\$86,558	80%	\$88,982
Depreciation (Note 5)	15,972	192,151	101%	189,039
TOTAL OPERATING EXPENSE	\$78,058	\$692,000	95%	\$651,281
OPERATING INCOME/(LOSS)	\$15,177	\$81,428	166%	\$69,299

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2017**

	JUNE 2017	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest - General Funds	\$373	\$4,802	-	\$1,726
Interest - FRC	103	1,313	44%	1,413
Interest - Self-Insured WC Fund	25	298	-	195
Interest - Bank of Marin Project Fund	651	9,147	305%	6,283
Interest - CIR Fund	81	660	-	408
Rents & Leases	0	4,344	109%	3,927
Tax Proceeds - OL-2 G.O. Bond	0	2	-	284
Tax Proceeds - PR-2 Tax Allocation	2,834	51,840	108%	49,365
Other Non-Operating Revenue	118	122	-	102
NON-OPERATING REVENUE	\$4,185	\$72,528	125%	\$63,705
NON-OPERATING EXPENSE				
Bank of Marin Loan Interest Expense	\$2,292	\$28,178	101%	\$29,666
PRE-1 Revenue Bond Interest Exp	158	2,350	78%	2,912
PR-6 Revenue Bond Interest Exp	233	2,800	93%	3,300
Drought Loan Interest Expense	9	98	45%	222
Other Non-Operating Expense	0	13,452	-	596
NON-OPERATING EXPENSE	\$2,693	\$46,879	138%	\$36,697
NET INCOME/(LOSS)	\$16,669	\$107,077	147%	\$96,307
BEGINNING FUND EQUITY		\$6,045,738		\$6,043,464
NET INCOME/(LOSS)	16,669	107,077		96,307
CONTRIBUTED CAPITAL				
Developer 'In-Kind' Contributions	0	0	-	15,841
Connection Fees	0	30,800	134%	0
ENDING FUND EQUITY		\$6,183,615		\$6,155,612

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2017**

	JUNE 2017	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Sewer Service Charges	\$18,017	\$215,989	101%	\$195,461
Inspection Fees	0	600	-	460
TOTAL OPERATING REVENUE	\$18,017	\$216,589	101%	\$195,921
OPERATING EXPENSE				
SEWAGE COLLECTION				
Supervision & Engineering	\$2,358	\$13,751	115%	\$11,845
Inspection	0	558	14%	0
Operating Expense	836	6,348	106%	6,933
Facilities Location	464	1,936	194%	1,871
Maint of Telemetry Equipment	30	4,335	217%	3,004
Sewer Service Installation	138	138	-	0
Maint of Lift Stations	434	10,687	134%	12,406
Maint of Manholes	0	987	49%	0
Maint of Sewer Mains	0	2,062	34%	8,619
Electric Power	1,048	12,081	134%	10,565
GASB68 Adjustment	0	0	-	234
SEWAGE COLLECTION	\$5,307	\$52,882	106%	\$55,475
SEWAGE TREATMENT				
Supervision & Engineering	\$0	\$200	-	\$0
Operating Expense	(14)	35,584	119%	30,002
Treatment Supplies & Expense	0	0	0%	0
Maint of Structures	0	0	0%	71
Maint of Equipment	0	2,401	30%	4,347
Laboratory Direct Labor	0	6,517	109%	3,747
Lab Expense Distributed from Novato	(20)	3,925	196%	2,351
Electric Power	877	6,936	99%	5,246
GASB68 Adjustment	0	0	-	103
SEWAGE TREATMENT	\$844	\$55,563	96%	\$45,868
SEWAGE DISPOSAL				
Operating Expense	(\$1,263)	\$13,200	110%	\$12,228
Maint of Pump Stations	110	1,632	20%	6,064
Maint of Storage Ponds	1,269	16,271	407%	2,567
Maint of Irrigation Field	250	5,460	61%	11,791
GASB68 Adjustment	0	0	-	200
SEWAGE DISPOSAL	\$366	\$36,562	111%	\$32,850
CONSUMER ACCOUNTING				
Collection Expense - County of Marin	\$0	\$458	-	\$456
Distributed from Novato (0.5%)	\$167	\$1,786	89%	\$1,675
CONSUMER ACCOUNTING	\$167	\$2,244	112%	\$2,131

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING JUNE 30, 2017**

	JUNE 2017	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (1.0%)	\$2,638	\$26,336	105%	\$20,680
Liability Insurance	159	2,015	101%	2,127
GENERAL AND ADMINISTRATIVE	\$2,796	\$28,351	105%	\$22,807
Depreciation (Note 5)	2,941	41,616	89%	48,193
TOTAL OPERATING EXPENSE	\$12,422	\$217,218	100%	\$207,324
OPERATING INCOME/(LOSS)	\$5,596	(\$629)	21%	(\$11,404)
NON-OPERATING REVENUE				
Rents & Leases	\$0	\$500	-	\$500
Interest - Connection Fee Reserve	0	71	-	30
Interest - General Funds	427	5,577	279%	3,541
Interest - Self Insured WC Fund	9	102	-	67
Tax Proceeds - OM-1/OM-3 Tax Alloc	3,020	55,246	106%	52,609
Annexation Fees	0	0	-	8,508
Other Non-Operating Revenue	0	0	-	46
NON-OPERATING REVENUE	\$3,456	\$61,496	114%	\$65,300
NON-OPERATING EXPENSE				
Other Non-Operating Expense	\$0	\$950	-	\$636
NON-OPERATING EXPENSE	\$0	\$950	-	\$636
NET INCOME/(LOSS)	\$9,051	\$59,916	117%	\$53,261
BEGINNING FUND EQUITY		\$1,256,555		\$1,260,299
NET INCOME/(LOSS)	9,051	59,916		53,261
CONTRIBUTED CAPITAL				
Contribution in Aid of Construction	0	0	-	4,835
Connection Fees	0	30,400	101%	23,690
ENDING FUND EQUITY		\$1,346,871		\$1,342,085

**NORTH MARIN WATER DISTRICT
ANALYSIS OF WORKERS' COMP, CIR AND CONNECTION FEE FUNDS
FOR THE PERIOD ENDING JUNE 30, 2017**

		NOVATO	WEST MARIN	OCEANA	RECYCLED
	TOTAL	WATER	WATER	MARIN SEWER	WATER
<u>WORKERS' COMPENSATION FUND</u>					
WC Cash Balance 6/30/16	\$716,297	\$671,654	\$23,234	\$7,921	\$13,488
Less: Projected Prior FY Claims Liability	95,244	88,577	3,143	1,048	2,476
WC Reserve Balance 6/30/16	\$621,053	\$583,077	\$20,091	\$6,873	\$11,012
Add: WC Expense Charged to Operations FYTD	191,000	177,630	6,303	2,101	4,966
Interest Earned	9,124	8,644	298	102	79
Subtotal	\$821,177	\$769,351	\$26,692	\$9,076	\$16,057
Less: Claims Expense Paid	132,839	123,540	4,384	1,461	3,454
Excess Insurance Premium	120,740	112,289	3,984	1,328	3,139
Administration Fees	12,000	11,160	396	132	312
WC Reserve Balance 6/30/17	\$555,597	\$522,362	\$17,928	\$6,155	\$9,152
Add: Projected Claims Liability	192,122	178,673	6,340	2,113	4,995
Funds borrowed to subsidize operations	(14,147)	0	0	0	(14,147)
WC CASH BALANCE 6/30/17	\$733,572	\$701,035	\$24,268	\$8,268	\$0
<u>CONSERVATION INCENTIVE RATE FUND</u>					
CIR Cash Balance 6/30/16	\$35,852	\$0	\$35,852		
Add funds borrowed to subsidize operations	0	0	0		
CIR Reserve Balance 6/30/16	\$35,852	\$0	\$35,852		
Add: CIR Charges Billed FYTD	120,360	104,369	15,991		
Regulation 15 Forfeitures	15,750	15,750	0		
Interest Earned	660	0	660		
Subtotal	\$172,621	\$120,119	\$52,502		
Less: CIR Funds Expended FYTD ¹	94,599	89,510	5,089		
Bill Adjustments granted in CIR Tier	35,311	30,610	4,702		
CIR Reserve Balance 6/30/17	\$42,712	\$0	\$42,712		
Less funds borrowed to subsidize operations	0	0	0		
CIR CASH BALANCE 6/30/17	\$42,712	\$0	\$42,712		
<u>CONNECTION FEE FUND</u>					
Connection Fee Cash Balance 6/30/16	\$114,868	\$0	\$109,263	\$5,605	
Add: funds borrowed to subsidize operations	(\$5,170,616)	(\$5,170,616)	\$0	\$0	
Connection Fee Reserve Balance 6/30/16	(\$5,055,748)	(\$5,170,616)	\$109,263	\$5,605	
Add: Connection Fees Collected FYTD	\$1,034,585	\$973,385	\$30,800	\$30,400	
Repayment Prior Year Loan from RWF	\$0	\$0	\$0	\$0	
Interest Earned	\$1,382	\$0	\$1,313	\$69	
Prior Period Adjustment ²	\$788,509	\$788,509	\$0	\$0	
Subtotal	(\$3,231,271)	(\$3,408,722)	\$141,376	\$36,074	
Less: Fees Expended FYTD	\$1,132,048	\$1,015,584	\$42,596	\$73,868	
Fees transferred to RWS FYTD (Note 14)	\$1,230,940	\$1,230,940	\$0	\$0	
Connection Fee Reserve Balance 6/30/17	(\$5,594,260)	(\$5,655,246)	\$98,780	(\$37,794)	
Less: Funds borrowed to subsidize operations	(\$5,693,040)	(\$5,655,246)	\$0	(\$37,794)	
CONNECTION FEE CASH BALANCE 6/30/17	\$98,780	\$0	\$98,780	\$0	

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

² Prior period adjustment of \$788,509 pertains to Recycled Water Facility SRF Loan Interest Expense relieved from Novato FRC FY08-FY16. Black Point Golf Links pays for 91.67% of the Debt Service through 2/28/24 and only the amount not paid by BPGL should be relieved from the FRC Fund.

**NORTH MARIN WATER DISTRICT
CONNECTION FEE ANALYSIS
FOR THE PERIOD ENDING JUNE 30, 2017**

The Connection Fee (FRC) Fund is comprised of cash available from collection of Facility Reserve Charge Fees. The FRC fee is charged to developers based upon the estimate of cost necessary to construct capacity to serve the new development. These funds are restricted by law for expansion of the facilities within the service area where the new development occurs. Funds are disbursed from the Connection Fee Reserve as expenditures to increase system capacity to serve new development are incurred.

FY17 CONNECTION FEE EXPENDITURES	TOTAL EXPENDITURE	% FUNDED BY CONNECTION FEES	TOTAL FROM CONNECTION FEES¹
Novato Water			
Zone A Pressure Improvements	\$68,598	50%	\$34,299
Ridge Rd 6" ACP	52,152	50%	26,076
Center Rd 6" CIP	30,329	50%	15,165
Bank of Marin AEEP Debt Service	482,042	25%	120,510
STP Rehab SRF Loan Debt Service	1,044,474	25%	261,119
Advanced Meter Info Retrofit	772,182	25%	202,110
SMART Crossing Upgrade	46,704	25%	11,676
Meter Relocation-Plum St (14 Svcs)	61,844	50%	30,922
Water Conservation Expenditures	233,930	100%	233,930
San Mateo 24" Inlet/Outlet	27,824	50%	13,912
Facilities Security Enhancements	50,091	25%	12,523
Crest Pump Station/Relocate School Rd PS	43,169	25%	10,792
Dam Monitoring Well Repairs	22,248	25%	5,562
San Mateo Tank Recoat	39,156	25%	9,789
Office/Yard Refurbish	51,870	25%	12,968
Rebuild Centrisys Centrifuge	36,361	25%	9,090
Radio Expansion Telemetry Upgrade	20,568	25%	5,142
	<u>\$3,083,543</u>		<u>\$1,015,584</u>
Recycled Water			
NBWRA Grant Program Administration	\$194,636	100%	\$194,636
RW Expansion North Area Debt Service	382,125	100%	382,125
RW Expansion South Area Debt Service	232,174	100%	232,174
RW Expansion Central Area Local Share	362,523	100%	362,523
Deer Island Wet Well Drain	8,927	100%	8,927
P G & E Power to Reservoir Hill	27,761	100%	27,761
RWF SRF Loan Debt Service ²	273,367	8%	22,795
	<u>\$1,481,512</u>		<u>\$1,230,940</u>
West Marin Water			
Bank of Marin Debt Service	\$70,758	25%	\$17,690
Replace PRE Tank #4A	77,648	25%	19,412
Green Sand Filter Media Replace	21,977	25%	5,494
	<u>\$170,383</u>		<u>\$42,596</u>
Oceana Marin Sewer			
Infiltration Repair	\$39,195	50%	\$19,598
Dosing Siphon Repairs	59,754	50%	29,877
Tahiti Way Lift Pumps Rebuild	33,114	50%	16,557
Design/Install 8th Disposal Trench	15,674	50%	7,837
	<u>\$147,737</u>		<u>\$73,868</u>

¹ The Percentage Funded by Connection Fees is the percentage of total project cost paid by FRC funds, which are allocated to new growth based on historic NMWD practice. The Total From Connection Fees amounts shown are FRC (connection fee) expenditures only, and do not include operations funding, which is also used to pay for these projects.

² \$250,572 of the \$273,367 Annual Debt Service Reimbursed by Stone Tree Golf Club.

**NORTH MARIN WATER DISTRICT
EQUIPMENT EXPENDITURES
PERIOD ENDING JUNE 30, 2017**

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	JUNE 2017	FYTD TOTAL	FY 16/17 BUDGET	(OVER) UNDER	Notes
1 CONSTRUCTION					
a. Leak Detector		\$7,135	\$8,000	\$865	1
b. Fittings & Hose for Emergency Hose Trailer		5,970	6,000	30	
	\$0	\$13,105	\$14,000	\$895	
2 OPERATIONS/MAINTENANCE					
a. STP Manganese Analyzer		\$0	\$13,000	\$13,000	1,2
b. Lab Info Management Sys Software Upgrade	64,697	64,697	70,000	5,303	1
	\$64,697	\$64,697	\$83,000	\$18,303	
3 VEHICLE & ROLLING EQUIPMENT EXPENDITURES					
a. Compact Track Loader w/Attachments		\$70,206	\$90,000	\$19,794	1
b. 1/2 Ton 4x4 Pickup w/Tool Box & Radio		41,746	30,000	(11,746)	1
c. 1/2 Ton Pickup w/Tool Box & Radio	1,143	29,092	28,000	(1,092)	1
	\$1,143	\$141,044	\$148,000	\$6,956	
TOTAL EQUIPMENT EXPENDITURES	\$65,839	\$218,846	\$245,000	\$26,154	

Notes:

- (1) Replacement item.
(2) Purchased in FY16

**NORTH MARIN WATER DISTRICT
OVERHEAD ACCOUNT ANALYSIS
FOR PERIOD ENDING JUNE 30, 2017**

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YTD/ BUDGET%	PRIOR YTD ACTUAL
<u>Material Handling</u>				
Material Overhead Recovered (15%)	\$47,798	\$125,000	38%	\$53,092
Labor	\$69,418	\$105,000	66%	\$68,963
Materials, Supplies & Expense	3,787	9,000	42%	10,536
Correction to Inventory Counts	(3,324)	0	-	6,238
Write-down of Obsolete Inventory	0	0	-	0
Depreciation	10,035	11,000	91%	10,560
	<u>\$79,916</u>	<u>\$125,000</u>	64%	<u>\$96,297</u>
Net Material Handling Gain / (Loss)	<u>(\$32,118)</u>	<u>\$0</u>	-	<u>(\$43,205)</u>
<u>Construction Supplies</u>				
Const Supplies Overhead Recovered (10%)	\$253,143	\$312,000	81%	\$266,980
Labor	\$70,216	\$95,000	74%	\$75,281
Materials, Supplies & Expense	73,737	94,000	78%	85,905
Small Tools	16,334	24,000	68%	21,843
Depreciation	2,354	4,000	59%	3,439
	<u>\$162,642</u>	<u>\$217,000</u>	75%	<u>\$186,468</u>
Net Constr Supplies Gain / (Loss)	<u>\$90,502</u>	<u>\$95,000</u>	95%	<u>\$80,512</u>
<u>Vehicle & Equipment</u>				
Vehicle & Equipment Recovered ¹	\$288,899	\$380,000	76%	\$389,330
Labor	\$68,988	\$87,000	79%	\$53,834
Materials, Supplies & Expense	85,817	88,000	98%	81,954
Fuel	63,479	87,000	73%	69,928
Depreciation	125,924	136,000	93%	125,950
	<u>\$344,208</u>	<u>\$398,000</u>	86%	<u>\$331,666</u>
Net Vehicle & Equip Gain / (Loss)	<u>(\$55,309)</u>	<u>(\$18,000)</u>	307%	<u>\$57,664</u>
<u>Payroll</u>				
Overheaded Payroll Recovered	\$7,868,148	\$8,088,000	97%	\$7,361,961
Salary Including Leave Time	\$5,109,114	\$5,379,000	95%	\$4,835,824
Employer FICA & Medicare Tax	394,441	396,000	100%	367,590
Insurance ²	900,317	1,025,000	88%	877,671
Worker's Compensation	362,410	101,000	359%	137,677
Retiree Medical Accrual	80,563	84,000	96%	77,812
CalPERS Retirement	942,689	1,004,000	94%	912,598
Unreconciled Difference	73,701	0	-	158,134
	<u>\$7,863,235</u>	<u>\$7,989,000</u>	98%	<u>\$7,367,306</u>
Net Payroll Gain / (Loss)	<u>\$4,913</u>	<u>\$99,000</u> ³		<u>(\$5,345)</u>
Total Overhead Gain / (Loss)	<u>\$7,988</u>	<u>\$176,000</u>	5%	<u>\$89,626</u>

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

² Insurance Includes Medical, Dental, Vision, Cafeteria, Life

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

**NORTH MARIN WATER DISTRICT
EXPENDITURES BY CATEGORY
FOR PERIOD ENDING JUNE 30, 2017**

OPERATING EXPENSE		Novato	Recycled	West Marin	Oceana Marin	YTD Total	Annual Budget	YTD Budget %	Prior YTD Actual	% Change
1	Salaries & Benefits	\$6,533,142	\$60,251	\$231,893	\$76,210	\$6,901,495	\$6,848,000	101%	\$6,196,521	11 %
2	Water Purchases	4,320,623	147,284	0	0	4,467,906	4,669,000	96%	4,189,723	6 %
3	Depreciation	2,710,723	472,017	192,151	41,616	3,416,507	3,517,000	97%	3,286,353	3 %
4	Materials, Services & Supplies	1,483,645	56,376	61,874	39,692	1,641,586	1,684,000	97%	1,479,439	10 %
5	Consulting Services/Studies	46,247	6,786	10,200	0	63,233	490,000	13%	205,163	-69 %
6	Chemicals	246,727	809	6,470	0	254,006	436,000	58%	382,440	-33 %
7	Electric Power	376,521	5,602	45,467	19,017	446,606	414,000	108%	382,919	16 %
8	Vehicles and Equipment (Distrib)	192,600	2,206	15,258	5,345	215,409	282,000	76%	283,368	-23 %
9	Tools & Supplies (Distrib)	210,392	3,962	12,202	5,202	231,758	186,000	125%	231,371	0 %
10	Retiree Medical Expenses	164,969	0	0	0	164,969	173,000	95%	168,935	-2 %
11	Water Conservation Rebates	50,062	0	1,250	0	51,312	160,000	32%	86,082	-40 %
12	Insurance & Claims	87,319	0	0	2,015	89,334	145,000	62%	142,492	-37 %
13	Office Supplies & Postage	91,422	0	0	0	91,422	110,000	83%	121,204	-24 %
14	Overhead Charges (Gain)/Loss	(7,988)	0	0	0	(7,988)	(122,000)	7%	(89,626)	-91 %
15	Distributed Costs (Lab,G&A,ConsAcctg)	(498,643)	60,549	115,234	28,122	(294,738)	(381,000)	77%	(362,041)	-18 %
16	Total Operating Expense	\$16,007,759	\$815,840	\$692,000	\$217,218	\$17,732,817	\$18,611,000	95%	\$16,704,342	6 %
17	Interest Expense & Other	467,679	294,577	46,879	950	810,085	799,000	101%	828,674	-2 %
18	Total Expense	\$16,475,438	\$1,110,417	\$738,878	\$218,169	\$18,542,902	\$19,410,000	96%	\$17,533,016	5 %
<u>Warehouse, Shop & Yard</u>										
19	Salaries & Benefits	\$208,622	\$0	\$0	\$0	\$208,622	\$287,000	73%	\$198,078	5 %
20	Materials, Services & Supplies	239,830	0	0	0	239,830	164,000	146%	\$276,744	-13 %
21	Depreciation	138,314	0	0	0	138,314	151,000	92%	\$139,948	-1 %
22	Distributed Costs	(586,765)	0	0	0	(586,765)	(602,000)	97%	(614,770)	-4 %
23	Total W/H, Shop & Yard	\$0	\$0	\$0	\$0	\$0	\$0	-	\$0	-
<u>District Capital Outlay</u>										
24	Salaries & Benefits	\$265,605	\$261,130	\$14,049	\$35,540	\$576,325	\$808,000	71%	\$749,867	-23 %
25	Equipment Expenditures	218,846	0	0	0	218,846	245,000	89%	100,427	117 %
26	Debt Principal Payments	1,078,306	623,719	67,061	0	1,769,086	1,752,000	101%	1,721,903	2 %
27	Materials, Services & Supplies	1,254,400	9,615,465	66,071	119,723	11,055,659	16,048,000	69%	4,782,298	131 %
28	Total District Capital Outlay	\$2,817,157	\$10,500,314	\$147,181	\$155,263	\$13,619,916	\$18,853,000	72%	\$7,354,495	85 %
<u>Developer Funded Projects</u>										
29	Salaries & Benefits	\$170,763	\$455	\$1,833	\$8,656	\$181,706	\$217,000	84%	\$201,388	-9 %
30	Materials, Services & Supplies	221,443	12,783	3,728	2,089	240,043	124,000	194%	247,107	-2 %
31	Total Developer Projects	\$392,207	\$13,237	\$5,561	\$10,744	\$421,749	\$341,000	124%	\$448,495	-5 %
32	Total	\$19,684,802	\$11,623,969	\$891,620	\$384,176	\$32,584,567	\$38,604,000	84%	\$25,336,007	28 %

**NORTH MARIN WATER DISTRICT
VEHICLE FLEET ANALYSIS
FOR PERIOD ENDING JUNE 30, 2017**

Fiscal Year to Date								Vehicle Cost per Mile				
Year	Description	Veh#	Assigned	Mileage	Expense ¹	Recovery ²	Gain/(Loss)	Mileage	Life to Date	FY17	FY16	FY15
1	1999 Dodge Ram 1500	32	STP	1,833	\$532	\$1,058	\$526	84,521	\$0.44	\$0.29	\$1.21	\$0.39
2	2002 Chev K1500 4x4	47	LeBrun	10,437	\$3,955	\$4,683	\$728	129,686	\$0.37	\$0.38	\$0.42	\$0.53
3	2003 Dodge Dakota 4x4	49	Stompe	5,535	\$2,548	\$2,394	(\$153)	98,939	\$0.41	\$0.46	\$0.33	\$0.38
4	2004 Chev C1500	53	STP	3,596	\$1,657	\$1,338	(\$319)	123,549	\$0.46	\$0.46	\$0.67	\$0.40
5	2004 Chev C1500 Xtra Cab	54	Pool	3,869	\$3,066	\$2,356	(\$710)	97,337	\$0.46	\$0.79	\$3.67	\$0.39
6	2005 Honda Civic Hybrid	56	Engineering	2,032	\$3,678	\$1,530	(\$2,148)	77,923	\$0.29	\$1.81	\$0.44	\$0.29
7	2005 Honda Civic Hybrid	57	Clark	5,944	\$872	\$2,280	\$1,408	74,441	\$0.23	\$0.15	\$0.20	\$0.58
8	2005 Ford Ranger	58	Pool	2,229	\$2,386	\$1,065	(\$1,321)	128,164	\$0.45	\$1.07	\$0.33	\$0.42
9	2005 Ford Ranger	59	Bynum	9,237	\$6,085	\$7,016	\$931	127,821	\$0.47	\$0.66	\$0.39	\$0.65
10	2006 Chev Colorado	501	Pool	2,386	\$468	\$866	\$397	137,988	\$0.37	\$0.20	\$0.40	\$0.42
11	2007 Chev K2500 4x4	502	Corda, Joe	8,654	\$6,699	\$8,513	\$1,815	97,025	\$0.56	\$0.77	\$0.67	\$0.50
12	2007 Chev Colorado	504	FSR	11,286	\$4,059	\$8,680	\$4,621	59,434	\$0.42	\$0.36	\$0.35	\$0.71
13	2008 Ford F250 4x4	505	Cilia	3,944	\$7,103	\$7,012	(\$91)	90,630	\$0.73	\$1.80	\$0.56	\$0.62
14	2008 Ford F250 4x4	506	STP	7,840	\$4,910	\$3,850	(\$1,060)	65,441	\$0.77	\$0.63	\$0.57	\$0.96
15	2008 Chev Colorado 4x4	509	Engineering	3,466	\$1,018	\$2,633	\$1,614	96,332	\$0.34	\$0.29	\$0.41	\$0.33
16	2009 Toyota Prius Hybrid	510	Engineering	10,260	\$1,374	\$3,954	\$2,580	104,995	\$0.20	\$0.13	\$0.40	\$0.35
17	2010 Ford F150 4x4	511	STP	10,208	\$7,055	\$4,583	(\$2,472)	71,791	\$0.51	\$0.69	\$0.54	\$0.41
18	2010 Ford F150	512	Kurfirst	8,553	\$3,731	\$11,383	\$7,651	94,497	\$0.49	\$0.44	\$0.74	\$0.36
19	2010 Ford F150	513	On-Call	13,065	\$7,100	\$5,034	(\$2,067)	66,358	\$0.46	\$0.54	\$0.69	\$0.41
20	2012 Ford F250	515	Reed	4,751	\$4,003	\$4,983	\$980	41,190	\$0.64	\$0.84	\$0.47	\$0.66
21	2012 Ford F250	516	Castellucci	11,906	\$5,600	\$9,714	\$4,114	48,136	\$0.52	\$0.47	\$2.44	\$0.48
22	2014 Ford F150	517	Grisso	2,538	\$539	\$2,620	\$2,081	8,712	\$0.38	\$0.21	\$0.66	\$0.33
23	2015 Ford F250 4x4	518	Kehoe, Chris	15,719	\$6,369	\$13,370	\$7,000	51,723	\$0.41	\$0.41	\$0.38	\$0.37
24	2015 Ford Escape 4X4	520	Arendell	15,826	\$2,803	\$8,146	\$5,343	31,066	\$0.24	\$0.18	\$0.31	\$0.16
25	2015 Ford F150 4X4	521	Lemos	10,568	\$1,794	\$4,078	\$2,284	22,996	\$0.28	\$0.17	\$0.36	\$1.95
26	2016 Nissan Frontier	522	Roberto	11,342	\$4,329	\$8,569	\$4,240	14,777	\$0.39	\$0.38	-	-
27	2017 Ford Escape 4X4	523	Lab	6,915	\$2,097	\$3,996	\$1,898	7,300	\$0.29	\$0.30	-	-
28	2016 Nissan Frontier	524	FSR	2,400	\$335	\$927	\$592	2,400	\$0.14	-	-	-
Total 3/4 Ton & Under				206,339	96,165	136,628	40,463	2,055,172	\$0.44	\$0.47	\$0.48	\$0.46
1	1999 Ford F350 W/Svc Body	19	Pool	1,905	\$3,967	\$2,079	(\$1,888)	133,657	\$0.79	\$2.08	\$2.42	\$1.05
2	2002 Int'l 5 Yd Dump	44	Construction	2,826	\$19,253	\$9,651	(\$9,603)	96,416	\$1.75	\$6.81	\$1.51	\$1.49
3	1999 Ford F550 3-Yd Dump ^o	52	Construction	3,309	\$5,561	\$8,794	\$3,232	88,585	\$0.99	\$1.68	\$1.15	\$1.22
4	2006 Int'l 4300 Crew	503	Breit	3,017	\$11,316	\$16,001	\$4,685	37,887	\$2.65	\$3.75	\$2.19	\$2.69
5	2008 Ford F350 4x4	507	Latanyshyn	9,837	\$7,917	\$13,680	\$5,763	111,088	\$0.79	\$0.80	\$0.73	\$0.63
6	2009 Peterbilt 335 Crew	508	Lemos/Reed	3,541	\$14,297	\$16,121	\$1,823	29,158	\$2.18	\$4.04	\$1.35	\$1.98
7	2012 Int'l 5 Yd Dump	514	Rupp	5,995	\$6,837	\$14,288	\$7,451	30,016	\$1.41	\$1.14	\$1.15	\$1.24
8	2015 Int'l 5 Yd Dump	519	Sjoblom	5,770	\$6,369	\$13,370	\$7,000	21,444	\$0.99	\$1.10	\$0.78	\$1.14
9	2017 Ford F350 4x4	525	LeBrun	883	\$459	\$1,534	\$1,075	883	\$0.52	\$0.52	\$0.78	\$1.14
Total 1 Ton & Over				37,083	\$75,977	\$95,515	\$19,539	549,134	\$1.24	\$2.05	\$1.14	\$1.24

¹ Expense amount shown excludes depreciation (approximately \$100,000 for FY17).

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

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

**NORTH MARIN WATER DISTRICT
WATER CONSERVATION PROGRAM DETAIL
FOR PERIOD ENDING JUNE 30, 2017**

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Description		COST THRU JUNE 2016	JUNE 2017	FYTD TOTAL	FY 16/17 BUDGET	(OVER) UNDER	TOTAL COST		
NOVATO									
a. Residential									
1-7700-01	1-7700-26	1	Cash for Grass	\$378,476	\$4,476	\$40,134	\$75,000	\$34,867	\$418,610
1-7700-02	1-7700-27	2	Landscape Efficiency Rebates	22,667	19	804	7,000	6,196	23,471
1-7700-03		3	Fixtures Purchases	44,652	0	0	5,000	5,000	44,652
1-7700-06	1-7700-28	4	Washing Machine Rebates	343,746	261	4,374	20,000	15,626	348,120
1-7700-07		5	Demonstration Garden Improvements	54,416	0	0	1,000	1,000	54,416
1-7700-11	1-7700-29	6	Toilet Rebate SF	964,946	1,125	22,225	34,000	11,775	987,170
1-7700-12	1-7700-30	7	Toilet Rebate MF	18,173	0	0	4,000	4,000	18,173
1-7700-13		8	Residential Audits	328,236	1,045	64,074	50,000	(14,074)	392,309
1-7700-15		9	High Efficiency Toilet Distribution	242,177	0	0	0	0	242,177
1-7700-16		10	Water Waste Ordinance Monitoring	85,576	706	11,227	10,000	(1,227)	96,804
1-7700-17	1-7700-31	11	Swimming Pool Cover Rebate	2,997	0	172	2,000	1,828	3,169
1-7700-19	1-7700-32	12	ET Controller Rebate	30,385	648	2,820	8,000	5,180	33,205
1-7700-08		13	Administration	1,312,551	9,123	93,637	140,000	46,363	1,406,188
1-7700-20		14	New Development Wtr Cons Program	73,519	1,094	14,230	8,000	(6,230)	87,749
1-7700-21	1-7700-33	15	Demand Offset Rebate Program	2,797	0	0	2,000	2,000	2,797
1-7700-23		16	Grant Administration	2,314	0	627	1,000	373	2,941
1-7700-24	1-7700-34	17	Hot Water Recirculation Rebate	1,927	0	94	4,000	3,906	2,021
1-7700-25		18	Residential Fill Station	66,064	0	0	10,000	10,000	66,064
b. Commercial									
1-7701-02	1-7701-05	1	Toilet Rebate Program	66,961	0	300	10,000	9,700	67,261
1-7701-03	1-7701-04	2	Commercial Audits	15,890	0	1,402	9,000	7,598	17,292
c. Public Outreach/Information									
1-8672-16		1	Fall Newsletter	56,769	0	8,869	8,000	(869)	65,638
1-8672-17		2	Spring Newsletter	74,879	5,476	9,998	9,000	(998)	84,877
1-8672-18		3	Summer Newsletter	20,290	0	0	0	0	20,290
1-7700-04		4	Public Outreach / H ₂ O Fair	110,892	105	6,629	7,000	371	117,521
1-7700-05		5	Marketing	149,846	0	5,008	16,000	10,992	154,854
1-7700-22		6	Public Outreach/Leadership Novato	11,098	0	0	0	0	11,098
d. Large Landscape									
1-8653-02		1	Large Landscape Audits	89,427	0	654	5,000	4,346	90,081
1-7702-01		2	Large Landscape Budgets	36,181	416	3,049	1,000	(2,049)	39,230
1-7702-02	1-7702-04	3	Large Landscape Irrig Efficiency Rebates	14,460	452	674	4,000	3,326	15,134
1-8653-01		4	CIMIS Station Maintenance	18,653	0	900	2,000	1,100	19,553
1-7702-03		5	Administration-Large Landscape	40,984	2,556	31,541	8,000	(23,541)	72,524
TOTAL NOVATO WATER CONSERVATION				\$4,681,949	\$27,501	\$323,440	\$460,000	\$136,560	\$5,005,388
WEST MARIN WATER									
2-5166-00		a.	Water Conservation Program	\$81,581	\$2,291	\$7,785	\$22,000	\$14,215	\$89,366
TOTAL WATER CONSERVATION EXPENDITURES ¹				\$81,581	\$2,291	\$7,785	\$22,000	\$14,215	\$89,366

¹FY17 total excludes \$209,713 (5,001.5 AF x \$41.93) paid to SCWA for water conservation services provided to NMWD.

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING JUNE 30, 2017**

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Description	COST THRU JUNE 2016	JUNE 2017	FYTD TOTAL	FY 16/17 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
1 PIPELINE REPLACEMENTS/ADDITIONS						
a. Main/Pipeline Replacements						
1-7161-00 1 Ridge Road 6" ACP (8" @ 1,400')	\$0	\$1,933	\$52,152	\$315,000	\$262,848	\$52,152
1-7168-00 2 Center Rd 6" CIP (8"@1,300')	0	5,889	30,329	0	(30,329)	30,329
b. Main/Pipeline Additions						
1-7150-00 1 San Mateo 24" Inlet/Outlet Pipe (2,200')	15,291	4,327	12,533	150,000	137,467	27,824
c. PB Service Line Replacements						
1-7139-20 1 Replace PB in Sync w/City Paving (30 Svcs)	0	286	16,988	70,000	53,012	16,988
1-7123-xx 2 Other PB Replacements (85 Services)	0	0	0	200,000	200,000	0
1-7169-00 3 Country Lane 2" Plastic	0	754	5,997	0	(5,997)	5,997
d. Relocations to Sync w/City & County CIP						
1-8737-05 1 Meter Relocations-Plum St (14 Svcs, 1 Hydrant)	0	0	61,844	0	(61,844)	61,844
1-8737-xx 2 Other Relocations	0	0	0	80,000	80,000	0
TOTAL PIPELINE REPLACEMENTS/ADDITIONS	\$15,291	\$13,190	\$179,843	\$815,000	\$635,158	\$195,133
e. Aqueduct Replacements & Enhancements						
1-7118-02 1 MSN B2-Utility Agreement Costs ⁴	\$61,355	\$0	\$12,837	\$0	(\$12,837)	\$74,192
1-7118-11 2 AEEP Post Construction Costs	0	163	1,309	0	(1,309)	1,309
	61,355	163	14,146	0	(14,146)	75,501
2 SYSTEM IMPROVEMENTS						
1-7008-13 a. RTU Upgrades	\$0	\$0	\$14,508	\$15,000	\$492	\$14,508
1-7007-10 b. Detector Check Assembly Repair/Repl (~14/yr)	0	14,545	88,231	190,000	101,769	88,231
1-7090-03 c. Anode Installations (150/yr)	0	0	13,318	30,000	16,682	13,318
1-7132-03 d. Radio Telemetry	0	5,438	20,568	25,000	4,432	20,568
1-7146-00 e. Tank Access Hatch/Level Alarms (15 sites)	99,025	(250)	0	40,000	40,000	99,025
1-7157-00 f. Automate Zone Valve-Slowdown Ct	1,112	(28)	0	100,000	100,000	1,112
1-7158-00 g. Radio Read Meter Retrofit (Pilot Study/Install) ¹	88,565	561	772,182	3,000,000	2,227,818	860,748
1-7136-00 h. Facilities Security Enhancements	34,067	12,071	16,023	25,000	8,977	50,091
1-6504-20 i. 25 Giacomini Exterior Paint	0	9,800	9,800	8,000	(1,800)	9,800
1-7145-00 j. Zone A Pressure Improvements-BMK Intertie	319,547	591	68,598	0	(68,598)	388,145
TOTAL SYSTEM IMPROVEMENTS	\$542,318	\$42,727	\$1,003,229	\$3,433,000	\$2,429,771	\$1,545,546
3 BUILDINGS, YARD, & S.T.P. IMPROVEMENTS						
a. Administration Building						
1-6501-43 1 Electronic Document Management System	\$0	\$0	\$0	\$150,000	\$150,000	\$0
1-6501-44 2 Office/Yard Building Refurbish ²	0	7,881	51,870	3,000,000	2,948,130	51,870
1-6501-46 3 Office Emergency Generator	0	0	0	150,000	150,000	0
b. Corp Yard/Warehouse/Construction Office						
1-8738-01 1 SMART Crossing Upgrade (Golden Gate Pl)	0	0	46,704	58,000	11,296	46,704
c. Stafford Treatment Plant						
1-6600-69 1 Stafford Dam Concrete Spillway Repair	132,897	5,319	9,947	70,000	60,053	142,844
1-6600-82 2 STP Emergency Power Generator	0	(459)	0	150,000	150,000	0
1-6600-83 3 Lake Backfeed De-Chlorination System	0	0	0	50,000	50,000	0
1-6600-84 4 Dam Monitoring Well Repairs	0	0	22,248	0	(22,248)	22,248
1-6600-85 5 Rebuild Centrisys Centrifuge @ STP	0	896	36,361	0	(36,361)	36,361
1-6600-86 6 STP Discharge 2" Line Replacement	0	5,974	9,945	0	(9,945)	9,945
TOTAL BUILDING, YARD, & STP IMPROVEMENTS	\$132,897	\$19,612	\$177,076	\$3,628,000	\$3,450,924	\$309,973

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING JUNE 30, 2017**

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Description	COST THRU JUNE 2016	JUNE 2017	FYTD TOTAL	FY 16/17 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
4 STORAGE TANKS & PUMP STATIONS						
1-6221-21 a. San Mateo Tank Recoat (5 MG)	\$0	\$8,407	\$39,156	\$120,000	\$80,844	\$39,156
1-6112-24 b. Lynwood Pump Station Motor Control Center	103,902	0	3,050	165,000	161,950	106,951
1-6117-27 c. San Marin Pump Station Can Rehab	0	26,872	29,077	30,000	923	29,077
1-6112-25 d. Lynwood Pump Station Can Rehab	0	0	0	30,000	30,000	0
1-6141-00 e. Crest P.S.(Design/Const)/Reloc School Rd P.S.	28,039	0	15,130	120,000	104,870	43,169
TOTAL STORAGE TANKS & PUMP STATIONS	\$131,941	\$35,279	\$86,413	\$465,000	\$378,587	\$218,354
5 RECYCLED WATER						
5-7127-00 a. NBWRA Grant Program Administration	\$1,074,240	\$0	\$194,636	\$80,000	(\$114,636)	\$1,268,876
5-6058-10 b. Expansion to Central Area ³	937,185	2,122	181,747	7,500,000	7,318,253	1,118,933
5-6058-15 c. RW Central Right of Way Costs ³	59,768	0	27,210	0	(27,210)	86,978
5-6058-20 d. RW Central Private Onsite Retrofit ³	6,961	11,385	147,979	0	(147,979)	154,940
5-6058-25 e. RW Central Public Onsite Retrofit ³	25,486	0	3,553	0	(3,553)	29,039
5-6058-30 f. RW Exp-Central-East Side Const ³	12	707,352	2,776,768	0	(2,776,768)	2,776,780
5-6058-35 g. RW-Central East-Rowland Way ³	0	253,414	330,419	0	(330,419)	330,419
5-6058-40 h. RW Exp-Central-West Side Const ³	420	341,937	6,027,152	0	(6,027,152)	6,027,571
5-6058-50 i. RW Central-Norman Tank Rehab/Const ³	0	123,347	141,522	0	(141,522)	141,522
5-6058-60 j. RW Central-Highway101 Crossing	0	4,493	9,252	0	(9,252)	9,252
5-7155-00 k. Deer Island Wet Well Drain	329	0	8,598	0	(8,598)	8,927
5-7162-01 l. PG&E Power to Reservoir Hill Tank	0	0	27,761	20,000	(7,761)	27,761
m. Other Recycled Water Expenditures	0	0	0	80,000	80,000	0
TOTAL RECYCLED WATER	\$2,104,400	\$1,444,050	\$9,876,596	\$7,680,000	(\$2,196,596)	\$11,980,996
6 WEST MARIN WATER SYSTEM						
2-6263-20 a. Replace PRE Tank #4A (25K Gal w/82K Gal)	\$39,181	\$18,470	\$38,467	\$450,000	\$411,533	\$77,648
2-7160-00 b. Green Sand Filter Media Replace	0	0	21,977	75,000	53,023	21,977
2-6609-20 c. New Gallagher Well #2	0	0	0	100,000	100,000	0
2-6254-22 d. Repair Retaining Wall @ Inverness Park Tank #2	0	18,641	19,323	0	(19,323)	19,323
2-8912-00 e. Lagunitas Creek Bridge Pipeline Replacement	0	(208)	0	0	(0)	0
2-6130-22 f. Olema Pump Station-Raise/Relocate-FEMA	0	176	353	0	(353)	353
TOTAL WEST MARIN WATER SYSTEM	\$39,181	\$37,080	\$80,120	\$625,000	\$544,880	\$119,301
7 OCEANA MARIN SEWER SYSTEM						
8-8672-28 a. Infiltration Repair	\$0	\$4,720	\$39,195	\$40,000	\$805	\$39,195
8-7163-00 b. Design/Install 8th Disposal Trench (300')	0	0	15,674	50,000	34,326	15,674
8-7085-02 c. Tahiti Way Lift Pumps Rebuild (2)	0	0	33,114	20,000	(13,114)	33,114
8-7164-00 d. Tahiti Way Power Relocation	0	0	0	20,000	20,000	0
8-7165-00 e. North St Lift Station Communication Upgrade	0	3,572	6,440	30,000	23,560	6,440
8-7166-00 f. ACP Sewer Reline	0	(625)	0	50,000	50,000	0
8-7167-00 g. Dosing Siphon Repairs	2,877	0	56,877	0	(56,877)	59,754
8-6607-22 h. OM Waste Water Treatment Pond-FEMA	0	1,751	3,964	0	(3,964)	3,964
TOTAL OCEANA MARIN SEWER SYSTEM	\$2,877	\$9,419	\$155,263	\$210,000	\$54,737	\$158,140
TOTAL PROJECT EXPENDITURES	\$3,030,260	\$1,601,519	\$11,572,684	\$16,856,000	\$5,283,316	\$14,602,945

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING JUNE 30, 2017**

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Description	COST THRU JUNE 2016	JUNE 2017	FYTD TOTAL	FY 16/17 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
8 LESS FUNDED BY GRANTS, LOANS & REIMBURSEMENTS						
(Accrued)/Deferred						
a. RW Expansion - Central Service Area SRF Loan ³	(\$425,499)	(\$216,016)	(\$2,042,434.18)	\$0	\$2,042,434	(\$2,467,933)
b. RW Expansion - Central Service Area Grant ³	(519,113)	310,201	(3,279,641)	0	3,279,641	(3,798,754)
c. MSN Aqueduct Caltrans Reimb-Segment B2 ⁴	10,435	0	(10,705)	0	10,705	(270)
d. Radio Read Meter Retrofit (Pilot Study/Install) ¹	(88,565)	(561)	(772,182)	0	772,182	(860,747)
e. Office/Yard Building Refurbish ²	0	(7,881)	(51,870)	0	51,870	(51,870)
FUNDING BY OTHERS (ACCRUED)/DEFERRED	(\$1,022,741)	\$85,743	(\$6,156,834)	\$0	\$6,156,834	(\$7,179,575)
Received						
a. RW Expansion - Central Service Area SRF Loan ³	\$0	(\$293,774)	(\$1,899,538)	(\$3,633,240)	(\$1,733,702)	(\$1,899,538)
b. RW Expansion - Central Service Area Grant ³	0	(955,399)	(1,881,701)	(3,353,760)	(1,472,059)	(1,881,701)
c. MSN Aqueduct Caltrans Reimb-Segment B2 ⁴	(57,843)	0	(2,131)	0	2,131	(59,974)
d. Radio Read Meter Retrofit (Pilot Study/Install) ¹	0	0	0	(3,000,000)	(3,000,000)	0
e. Office/Yard Building Refurbish ²	0	0	0	(3,000,000)	(3,000,000)	0
FUNDING BY OTHERS RECEIVED	(\$57,843)	(\$1,249,173)	(\$3,783,371)	(\$12,987,000)	(\$9,203,629)	(\$3,841,214)
NET PROJECT EXPENDITURES	\$1,949,676	\$438,089	\$1,632,480	\$3,869,000	\$2,236,520	\$3,582,156

CIP SUMMARY-GROSS EXPENDITURES:	Current Month	FYTD Total	FY 16/17 Budget	FYTD/ Budget%
Novato Water Capital Projects	\$110,970	\$1,460,706	\$8,341,000	18%
Novato Recycled Water Capital Projects	1,444,050	9,876,595	7,680,000	129%
West Marin Water Capital Projects	37,080	80,120	625,000	13%
Oceana Marin Sewer Capital Projects	9,419	155,263	210,000	74%
Gross Capital Improvement Project Outlays	\$1,601,519	\$11,572,684	\$16,856,000	69%

CIP SUMMARY-NET EXPENDITURES:	Current Month	FYTD Total	FY 16/17 Budget	FYTD/ Budget%
Novato Water Capital Projects	\$102,528	\$623,816	\$2,341,000	27%
Novato Recycled Water Capital Projects	289,062	773,281	693,000	112%
West Marin Water Capital Projects	37,080	80,120	625,000	13%
Oceana Marin Sewer Capital Projects	9,419	155,263	210,000	74%
Net Capital Improvement Project Outlays	\$438,089	\$1,632,480	\$3,869,000	42%

Notes to Capital Improvement Projects Schedule:

- (1) Radio Read Meter Retrofit to be funded by SRF or Bank Loan.
- (2) Office/Yard Refurbish to be funded by Bank Loan.
- (3) \$11.7M RW Central Expansion funded by Federal Grants, SRF Loan, local contribution & Marin Country Club contribution. Debt service paid from FRC Funds.
- (4) Funding provided 100% by Caltrans.

CONSULTING SERVICES/STUDIES						
1-4055-00	a. Stafford Lake Sanitary Survey	\$118	\$0	\$11,950	\$40,000	\$28,050
1-4056-00	b. Novato Creek Steelhead Recovery	5,829	8,156	22,333	100,000	77,667
1-4057-00	c. Local Water Supply Enhancement Study	0	0	0	100,000	100,000
1-7039-02	d. Novato Water Master Plan Update	0	0	458	85,000	84,542
1-4058-00	e. Cost of Service Study Peer Review	0	0	0	30,000	30,000
1-4059-00	f. Stafford Lake Water Rights Update	0	0	0	50,000	50,000
1-4060-00	g. STP Efficiency Improvements	0	0	0	150,000	150,000
1-4064-00	h. Pipe Crossing Repairs-Novato & Rush Creek & Leveroni Bank	0	11,362	11,506	150,000	138,494
2-4061-00	i. Digitize West Marin Water Facility Maps	0	7,500	10,200	35,000	24,800
5-4045-00	j. RW Engineering Report Update	24,804	0	6,786	0	(6,786)
		\$30,751	\$27,018	\$63,233	\$740,000	\$676,767
						\$93,983

North Marin Water District Financial Statement Notes

Note 1 - Restricted Cash

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

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

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

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

Bank of Marin Project Fund: The District received an \$8 million loan from the Bank of Marin in October 2011 to fund the Aqueduct Energy Efficiency Project. The 20-year, 3.54% annual percentage rate loan requires monthly payments of \$46,067 and will be fully amortized on 10/27/2031. In June 2012 the Board authorized reallocating \$1 million of this loan to West Marin Water to repay Novato Water \$223,000 owed for previous loans to fund Long Range Improvement Projects and the remainder to fund the Solids Handling Facility at the Point Reyes Water Treatment Plant. The unexpended fund balance accrues interest monthly.

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

Recycled Water Capital Replacement and Expansion Fund: The 2011 Interagency Agreements for Recycled Water between NSD, LGVSD & NMWD require that any payments to the Distributor (NMWD) by the End User (Consumers) in excess of actual costs (marginal payments) shall be deposited in this fund. Operation and Maintenance Costs are defined as the actual cost of: labor (including general and administrative overhead plus tools and supplies normally applied), equipment and vehicle charges, consumables (such as chemicals and electrical power), and spare parts and/or replaced components necessary to reliably treat and deliver recycled water to the End Users. Operation and Maintenance Costs do not include costs for major capital replacement or process changes.

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

STP SRF Loan Fund – Marin County Treasury: The 2004 Stafford Treatment Plant State Revolving Fund (SRF) loan agreement requires the District to build a Reserve Fund equal to one year of payments (\$1,044,474) in the Marin County Treasury during the first ten years of the 20-year repayment period. Every January 1 and July 1, commencing January 1, 2010, the District deposits with the County 10% of the semi-annual SRF payment. The County credits the fund with interest quarterly, and will use the Reserve to pay the last 2 semi-annual SRF loan payments.

RWS North/South SRF Payment Fund: The State Water Resource Control Board Agreements for the seven Clean Water State Revolving Fund Loans made for expansion of the Recycled Water System distribution system require that the District establish a reserve fund equal to one year's debt service (\$614,299) prior to the construction completion date.

Note 2 - Designated Cash

Liability Contingency Fund: Established in 1986 when the District first elected to self-insure its general liability risk. This reserve was funded with \$1 million initially and \$200,000 annually thereafter until it reached a balance of \$2 million. In FY98 the West Marin Water System was included in the fund and built-up a proportional reserve of \$74,000 over several years. Commencing FY93, \$1 million of the reserve was made available to fund loans to eligible employees under the District's Employer Assisted Housing Program. In August 2008, \$500,000 was transferred into this reserve from the Self-Insured Workers' Compensation Fund and made available to fund Employer Assisted Housing Program loans. Currently there are \$1,234,200 in Employer Assisted Housing Loans outstanding (see Note 3). In March 2005, \$652,400 was expended from the fund to purchase a home at 25 Giacomini Road in Point Reyes Station. The home is currently rented. In 2006, \$8,885 was added from the sale of surplus property in West Marin. The fund balance does not accrue interest.

Self-Insured Workers' Compensation Fund: Commencing July 2011, the District began self-insuring its workers' compensation liability. The savings accrued through self-insuring the liability is reserved in this fund for possible future claims expense. The District carries a workers' compensation excess policy for claims that exceed \$750,000. See schedule on page 21.

Retiree Medical Benefits Fund: NMWD pays the cost of health insurance for retirees between the ages of 55 and 65 and spouse under any group plan offered by CalPERS. The retiree must be at least 55 and have a minimum of 12 years of NMWD service at the date of retirement. NMWD's contribution toward the chosen plan is capped in the same manner as all other NMWD employees in the same class. Coverage terminates for the spouse when the spouse becomes eligible for Medicare, or for both the retiree and spouse when the retiree becomes eligible for Medicare. When the retiree or spouse becomes eligible for Medicare, NMWD pays up to the couple annuitant rate, which is capped at \$3,830 per year (\$319/month). In August 2003, NMWD transferred \$2.55 million (\$2.3 million for current retirees plus \$250,000 for future retirees) from unrestricted cash into a reserve to fund this obligation. In 2010 the Board directed staff to add \$1,500 per employee annually as a payroll overhead to accrue and accelerate amortization of this liability. The accrual is maintained as a Long-Term Liability entitled Retiree Health Benefits Payable. The Retiree Health Benefits Payable plus the Retiree Medical Benefits Reserve Fund currently has a balance of \$3.7M. In 2015 an Actuarial Analysis calculated NMWD's total actuarial liability at \$5.6 million. The Retiree Medical Benefits cash fund earns interest monthly. Accounting Standards require that the \$5.6M reserve be fully funded in 20 years.

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

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

Conservation Incentive Rate Fund: In 2004 and 2005, a Conservation Incentive Tier Rate was enacted in Novato and West Marin respectively. Monies derived from this tier-rate charge are set aside in the Conservation Incentive Rate Reserve, and used for conservation programs designated by the Board. The fund balance accrues interest monthly.

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

Note 3 – Employee Loans

Housing Loans: The District's Employer Assisted Housing Program allows up to \$300,000 to be loaned to an employee for a period of up to 15 years for the purchase of a home within the District service territory that will enable the employee to respond rapidly to emergencies affecting the operation of the District. Repayment is due upon sale, termination of employment, or other event as described in the Program. Interest on the loan is contingent upon and directly proportional to the appreciation in value occurring on the purchased property. There are five employee-housing loans currently outstanding totaling \$934,200: a \$250,000 loan dated August 2004, a \$39,200 loan dated September 2004, a \$150,000 loan dated November 2007, a \$245,000 loan dated June 2010, and a \$250,000 loan dated March 2015.

Note 4 – Other Long Term Receivables

The District entered into a temporary water service agreement with Black Point Golf Links in 1999 to provide potable water for StoneTree Golf Course until recycled water was available. In 2006 the District received a \$4.3 million 20-year 2.4% SRF loan to finance the Deer Island Recycled Water project, and Black Point Partners agreed to pay the District \$3,612,640 in bimonthly payments of \$41,762 at 2.4% coinciding with StoneTree's water service payments. The final payment from StoneTree is due in February 2024.

Note 5 – Depreciation

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

<u>Facility</u>	<u>Life (Years)</u>
Aqueduct.....	150
Dam.....	100
Buildings & Structures.....	40
Mains.....	50
Pumping Equipment.....	25
Water Treatment Equipment.....	20
Storage & Transmission (16"+) Facilities.....	50
Distribution Facilities (includes Pump Stations).....	50
Office, Laboratory, Construction & Shop Tools & Equipment.....	10
Vehicles 1 ton or greater.....	10
All other vehicles.....	5
Sewer Mains.....	40
Sewer Pumps.....	10

Note 6 - Capitalization Policy

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

Note 7 – Bond & Loan

Servicing Schedule for Fiscal Year 2016-2017

Service Area	Description	Issue Date	Rate	Original Amount	Payment Due	Final Pmt	FY17		6/30/17 Outstanding Balance
							Interest Expense	Principal Paid	
1 Novato	EDA Loan	1977	5.0%	\$351,770	7/1	7/1/17	\$884	\$16,705	\$17,679
2 Novato	SRF Loan - STP	2004	2.39%	\$16,528,850	7/1 & 1/1	7/1/29	\$272,950	\$771,524	\$10,840,721
3 Novato	Bank Loan Marin	2011	3.54%	\$7,000,000	27 th /mo	10/27/31	\$191,965	\$290,077	\$5,456,049
Novato Total							\$465,799	\$1,078,306	\$16,314,449
4 RW TP	SRF Loan	2006	2.4%	\$4,302,560	6/19	6/19/27	\$62,773	\$210,594	\$2,404,935
5 RW North	SRF Loans (4)	2013	2.6%	\$4,375,605	Varies	Varies	\$94,788	\$184,998	\$3,541,693
6 RW South	SRF Loans (3)	2013	2.2%	\$5,359,858	Varies	Varies	\$101,149	\$228,127	\$4,511,866
Recycled Water Total							\$258,710	\$623,719	\$10,458,494
7 Point Reyes	EDA Loan	1977	5.0%	\$46,000	7/1	7/1/17	\$98	\$2,481	\$1,964
8 PRE	PRE-1 Revenue	1980	5.0%	\$240,000	10/1 & 4/1	4/1/20	\$2,350	\$12,000	\$38,000
9 Point Reyes	PR-6 Revenue	1981	5.0%	\$217,800	7/1 & 1/1	7/1/21	\$2,800	\$10,000	\$56,000
10 WM Water	Bank Loan Marin	2012	3.54%	\$1,000,000	27 th /mo	10/27/31	\$28,178	\$42,580	\$800,887
West Marin Water Total							\$33,426	\$67,061	\$896,851
FY17 Total							\$757,935	\$1,769,086	\$27,669,794

1. In 1977 the Federal Economic Development Administration issued a 40-year 5% loan of \$351,770 to assist in the funding emergency Novato Water system projects in response to the drought. The final loan payment was made in June of 2017.
2. In April 2004 the California State Department of Water Resources approved a 2.39% 20-year loan for reconstruction of the Stafford Water Treatment Plant. The project was completed in FY09 with repair of the Outlet Tower Sluice Gate. Interest paid during construction totaled \$1,636,378. The loan covenants require an annual reserve fund contribution of \$104,447 (10% of the annual debt service obligation) be deposited into the Marin County Treasury during each of the first ten years of the repayment period. Debt service is funded 25% by Facility Reserve Charges. The first payment was made in December 2009.
3. In October 2011 Bank of Marin made a 20-year 3.54% (APR) loan of \$8 million to fund the District's share of the Aqueduct Energy Efficiency Project. See Note 15, and note to loan 11 below.

4. In August 2006 the California State Department of Water Resources approved a 2.4% 20-year loan of \$4,264,545 for construction of the Deer Island Recycled Water Facility. With the addition of \$38,015 in Construction Period Interest, the loan principal totaled \$4,302,560. The project was completed in June 2007, and the first payment was made June 19, 2008.
5. In July 2011 the California State Department of Water Resources approved a series of four 2.6% 20-year loans which totaled \$4,375,605 for the Recycled Water North Service Area Expansion Project. The projects were completed on October 31, 2012, and the first payment was made in November of 2012.
6. In March 2012 the California State Department of Water Resources approved a series of three 2.2% 20-year loans totaling \$5,361,952 for the Recycled Water South Service Area Expansion Project. The projects were completed on September 4, 2013, and the first payment was made in December of 2013.
7. In 1977 the Federal Economic Development Administration issued a 40-year 5% loan of \$46,000 to assist in the funding emergency West Marin Water system projects, including temporary diversions from Bear Valley Creek and Lagunitas Creek in response to the drought. The final loan payment was made in June of 2017.
8. The Paradise Ranch Estates private water system was created by David Adams and Sons in 1952 to provide water to 85 homes in the PRE subdivision located north of Inverness Park. Problems with water quality and quantity developed and in 1969 the Marin County Health Department issued a boil-water order to all customers of the company. In 1972 the County declared a moratorium on issuance of building permits. A suit by property owners resulted in an agreement reached in Marin Superior Court in late 1978 directing Adams to finance a District feasibility study for the takeover of the system. This culminated in formation of Improvement District PRE-1 and an election authorizing issue of \$240,000 of 5% 40-year revenue bonds, which, in conjunction with a \$720,000 Farmers Home Administration grant, financed system rehabilitation. Service was provided from the Point Reyes System by installation of an additional well, expansion of the treatment plant, and a 6-inch pipeline connection at the Inverness Park pump station extending 1.6 miles along Sir Francis Drake Boulevard to the newly reconstructed Paradise Ranch Estates distribution system. On 4/22/80 the USDA purchased the revenue bond issue in its entirety.
9. In 1981 work commenced on rehabilitating the Point Reyes Inverness Park water system. 18,865 feet of pipeline was either replaced or installed, a 300,000-gallon tank was added in Point Reyes Station and a 100,000-gallon tank was added in Inverness Park. Total cost of these improvements was \$820,015. A 72% grant combined with a \$217,800 5% 40-year revenue bond acquired 8/28/81 by the Farmers Home Administration financed the project.
10. In June 2012 the Board authorized reallocating \$1 million of the Bank of Marin loan to West Marin Water to repay Novato Water \$223,000 owed for loans to fund Long Range Improvement Projects and the remainder to fund the Solids Handling Facility at the Point Reyes Water Treatment Plant. See note to loan 3 above.

Note 8 – Unemployment Insurance Reserve

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

Note 9 – Payroll Benefits

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

Note 10 - Interest Policy on Inter-District Loans

In the event an improvement district expends all of its Undesignated Funds, it shall borrow funds from that improvement district's Board Designated Fund reserves to meet ongoing requirements. In the event an

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

No interest shall be paid by an improvement district on funds borrowed from that improvement district's Board Designated Fund reserves. Interest on loans from the Novato Improvement District shall be paid by the recipient district to the Novato district based upon the outstanding loan balance at the close of the previous accounting period. Interest shall be calculated at the higher of: 1. The weighted average interest rate of Novato improvement district debt (2.78% at 6/30/16); or 2. The average interest rate earned on the District treasury since the close of the previous accounting period; plus \$50 per month.

Note 11 – Budget Augmentations

Note 12 – Prior Period Adjustment

Novato water usage adjustment (\$247,077) for FY16 due to inaccurate meter reads by Sonoma County Water Agency. Recycled Water Operating and Electric Power Expense for FY12-16 (\$39,671.65) was billed by Novato Sanitary District in FY17.

Note 13 – Explanation of Financial Statement Components

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

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

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

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

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

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

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

Note 14 –Connection Fee Transfers from Novato Water To Recycled Water

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

	Expansion Local Share			SRF RWF Expansion			CIP	Total	Transfer Executed
	North	South	Central	NBWRA	Loan	SRF Loan			
FY07				\$29,725				\$29,725	
FY08				\$50,478	\$22,795			\$73,273	
FY09				\$150,455	\$22,795			\$173,250	
FY10	\$133,659			\$75,198	\$22,795			\$231,652	\$133,659
FY11				\$133,319	\$22,795			\$156,114	
FY12	\$233,478	\$265,500		\$115,883	\$22,795			\$637,656	
FY13				\$315,023	\$22,795	\$464,572		\$802,390	\$1,970,400
FY14	\$236,291	\$723,525	\$4,024	\$63,035	\$22,795	\$500,529		\$1,550,200	\$1,550,200
FY15		\$17,563	(\$4,024)	\$38,283	\$22,795	\$614,299		\$688,916	\$688,916
FY16	\$0	\$0	\$66,729	\$102,842	\$22,795	\$614,299		\$806,664	\$806,664
FY17			\$362,524	\$194,636	\$22,795	\$614,299	\$36,687	\$1,230,940	\$1,230,940
	\$603,428	\$1,006,589	\$429,253	\$1,268,877	\$227,949	\$2,807,998	\$36,687	\$6,380,780	\$6,380,780

Note 15 –Debt Service Coverage Ratio

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

	FY13	FY14	FY15	FY16	FY17
Net Income/(Loss)	\$2,036,943	\$3,815,820	\$1,050,523	\$378,468	\$583,299
Depreciation	\$2,784,648	\$3,128,302	\$3,183,725	\$3,286,353	\$3,416,507
Interest Expense	\$778,762	\$830,830	\$847,951	\$807,035	\$757,935
Connection Fees	\$876,350	\$152,800	\$801,600	\$278,690	\$1,034,585
Total Available For Debt Service	\$6,476,703	\$7,927,751	\$5,883,799	\$4,750,546	\$5,792,326
Annual Debt Service	\$2,118,314	\$2,448,968	\$2,534,473	\$2,528,938	\$2,527,021
Debt Service Coverage Ratio	3.06	3.24	2.32	1.88	2.29
Bank of Marin Debt Service Coverage Calculation¹					
	FY13	FY14	FY15	FY16	FY17
Change in Net Assets ²	\$5,035,889	\$1,999,996	\$5,051,394	\$4,517,516	\$6,783,135
Interest Expense	\$778,762	\$830,830	\$847,951	\$807,035	\$757,935
Depreciation & Amortization	\$2,784,670	\$3,128,302	\$3,183,725	\$3,286,353	\$3,416,507
Total Available for Debt Service	\$11,598,266	\$5,959,128	\$10,269,919	\$8,610,903	\$10,957,577
Bank of Marin Annual Debt Service	\$552,800	\$552,800	\$552,800	\$552,800	\$552,800
Bank of Marin Coverage Ratio	20.98	10.78	18.58	15.58	19.82

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

² See page 9

Note 15 – Deferred Inflow and Deferred Outflow of Resources

Deferred Inflow of Resources is the net difference between projected and actual earnings on pension plan investments, which for FY15 was \$806,744 and is recognized in FY16. *Deferred Outflow of Resources* is the fiscal year 2016 pension contribution (\$828,792) adjusted by the change in employer's proportion of differences between the employer's contributions and the employer's proportionate share of contributions from the CalPERS Actuarial Report (\$525,463) for a total of \$1,354,255 at June 30, 2016

	Deferred Outflow	Deferred Inflow
FY16 Pension Contributions	\$828,792	
Differences between actual & expected experience	\$42,882	
Changes in actuarial assumptions		(\$405,704)
Net difference between projected & actual earnings on investments		(\$203,384)
Differences between actual contribution & proportionate share of contribution		(\$197,656)
Adjustment due to differences in proportions of net pension liability	\$482,581	
Total at June 30, 2016	\$1,354,255	(\$806,744)

Note 16 – Net Pension Liability

The net pension liability is for accounting purposes required by GASB68 and is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

Net Pension Liability 6/30/2015	\$6,701,264
Reclassify FY15 Contributions to FY16	(\$669,066)
Difference between Expected & Actual Experience	\$58,197
Change in Proportion	\$578,040
Changes in Deferred Outflows & Inflows	\$978,843
Change in Actuarial Assumptions	(\$550,598)
Change in Actual Contribution & Proportionate Share of Contribution	(\$268,248)
Difference between Projected & Actual Earnings on Investments	\$1,791,405
Net Pension Liability 6/30/2016	\$8,619,837

Net Pension Liability (NPL) = Total Pension Liability (TPL) – fiduciary net position (market value of assets)

Pension Expense = service cost + interest on TPL + current period benefit changes – member contributions – expected earnings on plan investments + administrative expenses + recognition of deferred outflows – recognition of deferred inflows

Unfunded Accrued Liability (UAL) is the Actuarial Valuation which relates to funding and is a calculation of Entry Age Normal Accrued Liability and Plan's Market Value of Assets. This District's UAL at June 30, 2015 (latest available) is \$9,371,201.

6

MEMORANDUM

To: Board of Directors

July 28, 2017

From: Drew McIntyre, General Manager *DM*

Subj: Approve Engineering Technician IV Draftsperson Position

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RECOMMENDED ACTION: Board approve Engineering Technician IV Draftsperson Position**FINANCIAL IMPACT:** \$3,000 increase for FY18 and \$10,000 decrease in FY19Draftsperson Recruitment

Arthur Cantiller (Engineering Tech III) is the current AutoCAD draftsperson for the Engineering Department. He will be retiring in September 2017. In order to prepare for his departure, recruitment for a replacement was initiated on June 14, 2017, and extended through July 5, 2017. The recruitment advertisement was posted using the District's NEOGOV subscription, Baywork, Craigslist, and the District's website. Of the eleven applications received and reviewed, only four initially appeared to have the minimum required qualifications related to AutoCAD. After staff contacted one of these applicants to confirm their qualifications, they indicated they had little AutoCAD experience. Interviews were then scheduled for the remaining three candidates. Prior to the interviews, one candidate emailed staff to indicate they did not wish to pursue the position, leaving two remaining candidates. Of the two candidates, one neglected to attend the scheduled interview, while the last remaining candidate participated in their interview per plan.

The original solicitation was for an Engineering Tech III, whose primary responsibility would be to provide AutoCAD drafting for the Engineering, Construction and Operations departments. Over time however, there will be an increasing need for a staff person to work with Geospatial Information Systems (GIS) since the District has spent the last several years building a GIS database with which to model our entire distribution system. In addition, the District is developing a plan to implement an Asset Management (AM) program in order to more efficiently process work orders, track maintenance and condition assessment information, automate material requisitions, and automate the backflow/cross-connection program all while incorporating GIS. The AM program will be built using the District's GIS. Consequently, the required skill set for Arthur's replacement warrants an Engineering Tech IV given the responsibilities associated with maintaining the GIS database. The sole remaining job candidate has excellent qualifications including over 20 years of AutoCAD experience and 10 years of GIS experience. Staff recommends the Board approve an Engineering Tech IV

position for the new draftsperson. If approved, staff will proceed with hiring the current job candidate at the Engineering Tech IV level which is commensurate with both their qualifications as well as District need.

Engineering Department Engineering Technician History and Cost Impacts

For many years the Engineering Department was staffed with three Engineering Technician (ET) positions, 2- ET IV's and 1-ET III. In 2011, one of the ET IV positions became vacant and has not been filled. The below tabulation compares ET staffing levels since 2011 and shows the proposed change to hire a draftsperson at the ET IV level and leave the current ET III position vacant.

Positions	2011	2012-2017	Proposed
Engineering Technician IV	Filled	Filled	Filled
Engineering Technician IV	Filled	Vacant	Filled
Engineering Technician III	Filled	Filled	Vacant
Total No. of ET Positions	3	2	2

The approved FY18 budget assumed the new draftsperson would be hired at the ET III beginning salary step level. Hiring at the ET IV 18-month salary step level will result in an increase of \$3,000 to the FY18 Operations Budget due to the higher salary offered. However, FY19 budget costs would be reduced by \$10,000 when compared to Mr. Cantiller's current compensation costs due to the fact that the proposed candidate would be a new public employee hired under the California Public Employee's Pension Reform Act of 2013 (PEPRA).

RECOMMENDATION:


Board approve the Engineering Technician IV Draftsperson Position

7

MEMORANDUM

To: Board of Directors

July 28, 2017

From: David L. Bentley, Auditor-Controller 

Subj: Debt Management Policy

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RECOMMENDED ACTION: Initial Review**FINANCIAL IMPACT: None**Background

Senate Bill 1029 (SB 1029), signed into law in September 2016, requires that all local agencies adopt a Debt Management Policy, that debt issued is consistent with said policy, and that the use of debt is integrated into the agency's capital improvement projects (CIP) program and/or budget. SB 1029 also requires debt issuers to file a report to the California Debt and Investment Advisory Commission (CDIAC) at the end of each fiscal year detailing any new debt authorized, debt outstanding, and use of debt proceeds. A draft Debt Management Policy (attached) was prepared by District staff, with input from bond counsel Jones Hall and District legal counsel.

SB 1029 requires the policy to include all of the following:

- A. The purposes for which the debt proceeds may be used;
- B. The types of debt that may be issued;
- C. The relationship of the debt to, and integration with, the issuer's capital improvement program or budget;
- D. Policy goals related to the issuer's planning goals and objectives;
- E. The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

Implication

Under Section D, policy goals, the staff has included the following language, which is not required, but deemed appropriate:

It is a policy goal of the District to protect ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit rating, with a goal of at least AA, and thereby achieve the lowest practical borrowing costs. To that end, the District intends to maintain an average debt service coverage ratio of 1.5.

Note that this self-imposed 1.5 coverage ratio goal, while admirable, could limit the District's ability to issue new debt. Coverage ratio is a measure of the District's ability to meet its financial obligations. In broad terms, the higher the coverage ratio, the better the ability of the District to fulfill its obligations to its lenders, and therefore the higher its credit rating. The coverage ratio is calculated as:

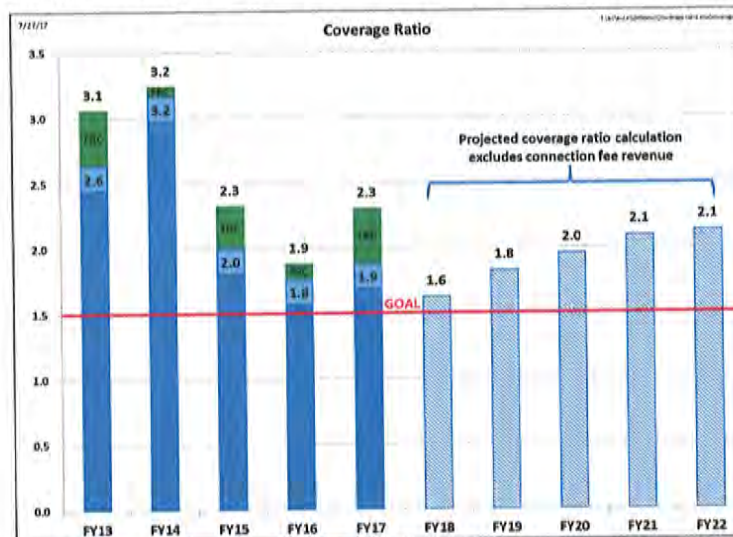
$$\frac{\text{Net Income} + \text{Interest Expense} + \text{Depreciation}}{\text{Annual Debt Service}}$$

Lenders typically require a minimum coverage ratio of 1.1. The chart below shows that the District has historically exceeded a 1.5 ratio.

The District currently has \$27.7 million in debt, and the 5-year financial plan included in the just adopted FY18 budget includes \$27.5 million in additional debt for the following projects:

<u>Budgeted CIP</u>	<u>Million \$</u>
Recycled Water Central	\$6.6
Advanced Metering	\$5.5
Admin Office Remodel	\$12.0
WM Water Solids Handling	\$0.6
WM TP Rehabilitation	\$2.8
	<u>\$27.5</u>

The FY18 through FY22 forecast below includes debt service for the \$27.5 million in planned projects, and assumes the annual 5% water rate increases and water sales volume increases (from 2.3BG in FY17 to 2.7BG in FY19) incorporated in the 5-year financial plan.



At the General Manager's request, the proposed coverage ratio goal will be tested for sensitivity pertaining to forecast water rate and sales volume increases, and will be presented for additional review and consideration at the August 15 meeting.

NORTH MARIN WATER DISTRICT

**POLICY: DEBT MANAGEMENT
BOARD POLICY NUMBER: 47**

Initial Review: August 1, 2017

INTRODUCTION

This Debt Management Policy ("Debt Policy") of the North Marin Water District ("District") sets forth debt management objectives for the District and provides policy guidelines to decision makers.

Implementation of the Debt Policy will help to ensure that the District maintains a sound debt position and protects its credit quality, as well as maintains compliance with California Government Code Section 8855 (i), which requires issuers of public debt to certify with the California Debt and Investment Advisory Commission (CDIAC) that the issuer has adopted a local debt policy concerning the use of debt, and that any proposed debt issuance is consistent with said policy.

The Debt Policy may be utilized by staff with the discretion to deviate as determined appropriate by the General Manager to affect the prudent management of the debt and capital financing needs of the District.

POLICY STATEMENT

A. Purposes for Which Debt Proceeds May Be Used

- (i) Long-Term Debt: Debt having a maturity of more than one year may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned by the District when it is appropriate to spread the financing over the useful life of the project to be financed.

Long-term debt may also be used to refinance outstanding debt, fund capitalized interest, costs of issuance, required reserves, and other financing related costs which may be capitalized.

- (ii) Short-Term Debt: Debt having a maturity of one year or less may be issued to provide financing for the District's operational cash flows in order to maintain a steady and even cash flow balance.

B. Types of Debt That May Be Issued

The following types of debt are allowable under this Debt Policy:

- General obligation bonds

- Revenue bonds and certificates of participation
- Loans from a bank of state agency
- Bond, grant or revenue anticipation notes
- Lease-purchase transactions
- Land-secured financings, such as tax assessment bonds issued under the Mello-Roos Community Facilities Act

Debt shall be issued as fixed rate debt unless the District makes a specific determination as to why a variable rate issue would be beneficial to the District in a specific circumstance.

The District shall issue debt with an average life less than or equal to the average life of the assets being financed.

To preserve flexibility and refinancing opportunities, District debt will generally be issued with call provisions which enable the District to retire the debt earlier or enable the refunding of the debt prior to maturity.

The District Board may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

C. Relationship of Debt to Capital Improvement Program and Budget

The District is committed to long-term capital planning and intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's Capital Improvement Projects budget.

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

D. Policy Goals Related to the District's Planning Goals and Objectives

The District is committed to long-term financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operations budget.

It is a policy goal of the District to protect ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit rating, with a goal of at least AA, and thereby achieve the lowest practical borrowing costs. To that end, the District intends to maintain an average debt service coverage ratio of 1.5.

The District shall maintain strict compliance with covenants regarding coverage of annual debt service by net revenues embodied in the terms of debt instruments. This will support strong bond credit ratings and provide annual revenues to fund capital improvements.

The District shall maintain its strong ratings through prudent fiscal management and consistent communications with the rating analysts. The General Manager shall manage relationships with the rating analysts assigned to the District's credit, using both informal and formal methods to disseminate information. Communication with the rating agencies shall include:

- Full disclosure, on an annual basis, of the financial condition of the District;
- A formal presentation when requested by the rating agencies, covering economic, financial, operational and other issues that impact the District's credit;
- Timely disclosure of major financial events that impact the District's credit; and
- Timely dissemination of the Comprehensive Annual Financial Report, following its acceptance by the District's Board of Directors.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related rates, charges and tax assessments.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District shall fully budget all its debt service obligations annually.

District accounting staff shall maintain records documenting the use of debt proceeds and shall prepare external reports as required by State law.

Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to the District upon the submission of written requisitions by the District Auditor-Controller, or (b) by the District, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the District.

8

DISBURSEMENTS - DATED JULY 27, 2017**ITEM #8**

Date Prepared 7/25/17

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

<u>Seq</u>	<u>Payable To</u>	<u>For</u>	<u>Amount</u>
P/R*	Employees	Net Payroll PPE 7/15/17	\$137,764.77
EFT*	US Bank	Federal & FICA Taxes PPE 7/15/17	63,379.51
EFT*	State of California	State Taxes & SDI PPE 7/15/17	11,352.43
EFT*	CalPERS	Pension Contribution PPE 7/15/17	35,320.84
EFT*	US Bank	June Bank Analysis Charge (Lockbox \$912, Credit Card Processing \$882 & Other \$578 Less Interest of \$290)	2,082.36
1	Allen, Richard	Novato "Toilet Rebate" Program	200.00
2	Alpha Analytical Labs	Lab Testing	144.00
3	Alphagraphics	Novato Spring Water Quality Report (4pg- 11x17) (750)	1,222.83
5	Archibald, Richard and Raquel	Refund of Deposit/New Development/Water Restriction - Novato	1,000.00
6	Arrow Benefits Group	July Dental Admin Fee	316.40
7	AT&T	Leased Lines	65.88
8	Benjamin Franklin Plumbing	Repair Leaking Shower In Construction Locker Room	1,208.00
9	Bickenbach, Jeanne	Novato "Toilet Rebate" Program	100.00
10	Bobcat of Santa Rosa	66" Brushcat Rental	494.50
11	Buckles-Smith	Dongle, USB Adaptor & Programming Cable for Allen Bradley PLC's @ STP	410.23

Seq	Payable To	For	Amount
12	CalPERS	Annual Lump Sum Prepayment Option (Classic) (\$551,397) & Annual Lump Sum Prepayment Option (PEPRA) (\$54)	551,451.00
13	Coast Counties Peterbilt	Windshield Wiper Switch ('09 Peterbilt)	255.63
14	Core Utilities	Consulting Services: June IT Support (\$5,000), Add Communication to North Street Lift Station & Add Radios to SCADA Network (\$1,300), Program Security Camera PC & Software Updates (STP) (\$325), Website Maintenance (\$125) & AMI Project (\$2,400)	9,150.00
15	Covello Group	Prog Pymt#11: June RW Central Project Management (Balance Remaining on Contract \$297,284)	116,023.25
16	Creekside Novato Professional	"Smart Irrigation Controller" Rebate	145.00
17	Cummings Trucking	Rock (50 yds)	1,932.65
18	Euglow, Kenneth	Novato "Toilet Rebate" Program	84.99
19	Fedak & Brown	Prog Pmt #3 - FY17 Financial Statement Audit (Balance Remaining on Contract \$9,170)	4,000.00
20	Fisher Scientific	Ethyl Alcohol	73.57
21	Garret Medeiros	Mow Oceana Marin Leach Field	1,300.00
22	Golden Gate Petroleum	Gas (\$2.41/gal) & Diesel (\$2.24/gal)	2,798.11
23	Grainger	Water Hose for Wash Rack (3/4" x 75'), Hose Repair Kits (2) & Hammer	78.45
24	Greenspan, Burt	Novato "Toilet Rebate" Program & Novato "Washer Rebate" Program	250.00
25	Heller, Richard	Novato "Toilet Rebate" Program	200.00
26	InfoSend	June Processing Fee for Water Bills (\$1,302) & Postage (\$3,602)	4,904.81
27	International Dioxide	Maintenance on STP Chlorine Dioxide Generator	3,700.00
28	Kepford, Byron	Refund of Deposit/New Development/Water Conservation Restriction-Novato	1,000.00

Seq	Payable To	For	Amount
29	Kolnes, Amy	Novato "Pool Cover Rebate" Program	31.25
30	Low Voltage Security Systems	4-Door Access Controller & Key Pad for Main Gate @ STP	10,770.50
31	Maltby Electric	Traceable Fiberglass Fish Rod (3/8" x 600') (\$2,247), Electrical Panel, Breakers, Ground Rod, Strut Clamps (12) & CAT 5 Cable (1,000')	2,574.90
32	May, Barbara	Novato "Toilet Rebate" Program	200.00
33	McLellan Co, WK	Traffic Control and Compaction Testing (\$7,404), Novato Theater Paving (\$4,778) & Misc Paving (\$33,181)	45,362.31
34	National Safety Council	Membership Dues (Clark) (8/17-7/18) (Budget \$460)	450.00
35	Nave Motors	Towing Services ('04 Chevy Pickup)	60.00
36	North Bay Painting	Paint NMWD House @ 25 Giacomini Rd (Budget \$8,000)	9,800.00
37	Novato Sanitary District	May 2017 RW Operating Expense	10,434.93
38	Nute Engineering	Prog Pymt #4: Engineering Services-Ignacio West RW Extension (Balance Remaining on Contract \$37,386)	4,942.25
39	Pace Supply	Couplings (4) (\$1,425), Repair Clamps (2) (\$475), Box Lids (2) (\$181), 2"-4" Hydrant (\$3,934), Nipples (13) (\$75), 6" PVC Pipe (200') (\$427), Reducers (10), Corp Stops (37) (\$629), Valves (6) (\$455), Thread Studs (4), Hex Nuts (8), Bell Restrainer Hex Nuts (8), Washers (8), & Socket Clamp & Rods (10)	8,067.85
40	Point Reyes Light	Legal Notice: Water Rate Increase Published 6/15/17	460.00
41		Cafeteria Plan: Uninsured Medical Reimbursement	175.81
42	Rocksberg, Kristina	Novato "Toilet Rebate" Program	100.00

Seq	Payable To	For	Amount
43	Sonoma County Water Agency	May Contract Water (\$251,967), June Contract Water (\$349,040) less credit for Meter Flow Error (\$566,438)	34,569.16
44	SPG Solar	June Energy Delivery Under Solar Services Agreement	14,964.44
45	State Water Resources Control	Clean Drinking Water SRF Loan & Principal & Interest RW S PH2	100,232.68
46	SWRCB Accounting Office	FY18 Large Water System Fee	47,422.30
47	Stippi, Ryan	Novato "Smart Irrigation Controller" Program	268.11
48	Tamagno Green Products	Sludge Removal @ STP (186 yds)	4,650.00
49	Township Building Services	June Janitorial Services	1,822.84
50	USA BlueBook	Disposable Wipes (6), Oxygen Reduction Potential Solution, Stop Watch, Dry Product Dispensers (10) & Phenylarsine (Lab)	666.02
51	Utiliworks Consulting	Prog Pymt #16: June AMI Project (Balance Remaining on Contract \$8,279)	817.50
52	Vintage Oak Shopping Ctr	Refund Overpayment on Open Account	187.62
53	Violin, Don	Novato "Washer Rebate" Program	50.00
54	VWR International	Graduated Cylinder (Lab)	104.71
55	Westphal, Ewald	Novato "Pool Cover Rebate" Program	30.75
56	Young, Lorraine	Novato "Toilet Rebate" Program	100.00

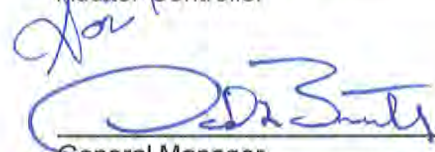
TOTAL DISBURSEMENTS

\$1,251,725.14

The foregoing payroll and accounts payable vouchers totaling \$1,251,725.14 are hereby approved and authorized for payment.


Auditor-Controller

7/24/17
Date


General Manager

7/24/17
Date

DISBURSEMENTS - DATED JULY 20, 2017

Date Prepared 7/18/17

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	Aberegg, Michael	Prog Pymt#2: Drafting Services San Mateo Tank Recoat (Balance Remaining on Contract \$28,880)	\$1,045.00
2	Able Tire & Brake	Wheel Alignments (3) ('10 F150, '05 Ranger, '03 Dodge Dakota), Tires (8) ('03 Dodge Dakota \$643 & '15 F250 \$749) & Trailer Tires (4) (Vacuum Excavator) (\$546)	2,436.37
3	Allied Heating & Air Condition	Quarterly Maintenance on HVAC System (3/1/17-5/31/17) (\$629) & Service on Rooftop Heat Pump	791.94
4	Allquip Universal Inc	Quick Connect Fitting ('13 Vac Excavator)	452.31
5	Alphagraphics	Novato Spring Water Line (Long Format) (18,700) (\$3,192) Mailing Services (\$1,463) & Postage & West Marin Spring Waterline Printing & Processing (\$1,335) (900), Mailing (\$184) (Less Credit of \$27 for Postage)	6,151.79
6	ARS	Roof Repair (Admin Building)	2,600.00
7	Athens Administrators	Replenish Checks Written (6/1/17-6/30/17)	7,376.57
8	AT&T	Leased Lines	531.32
9	Bank of Marin	Bank of Marin Loan Principal & Interest (Pymt 69 of 240)	46,066.67
10	Bay Area Barricade Service	Gas Pump Decals (24)	207.31
11	Bennett Trenchless Engineers	Prog Payment #14: RW Central Hwy 101 Crossing Design (Balance Remaining on Contract \$1,627)	2,340.00
12	Buck's Saw Service	Brush Blade & Exhaust Gaskets for Weed Wacker, Pre-Mix Gas (16 qts) (\$121) & Weed Wacker Line (5 lbs) (\$60)	254.75
13	Buckles-Smith	PLC Enclosure, Door Kit & Back Panel (Norman Tank)	217.78

Seq	Payable To	For	Amount
14	California State Lands Commission	Recovery of Staff Cost Per Agreement (RW Central East Rowland Way Bridge) (2/1/17-2/28/17 & 4/1/17-4/30/17)	993.87
15	California Water Service	May-July Water Services (0 ccf)	33.15
16	Clipper Direct	Commuter Benefit Program (2)	66.00
17	Comcast	July Internet Connection	151.12
18	DeGabriele, Chris	Retiree Exp Reimb (July Health Ins)	927.54
19	Diggs, James	Retiree Exp Reimb (July Health Ins)	247.47
20	Digital Prints & Imaging	Conformed Specification Books for RW Central-Norman Tank Rehabilitation	632.20
21	Direct Line	June Telephone Answering Service	312.80
22	Dublin San Ramon Svcs District	Bay Area Chemical Consortium FY2017-18 Participation Fee	540.00
23	Environmental Express	Standards (Lab)	218.25
24	Evenich Construction	Remove & Replace Retaining Wall @ Inverness Park Tank #2	18,640.67
25	Evoqua Water Technologies	Service on Deionization System	217.50
26	Friedman's Home Improvement	Barbed Wire	48.65
27	Frontier Communications	Leased Lines	1,429.46
28	Arthur J. Gallagher	FY18 Property, Excess Liability, Public Officials Errors & Omissions, Employee Fidelity, Auto Physical Damage & Excess Workers' Comp (\$12,565 Reimb by MCFCWCD) (Budget \$158,000)	150,916.00
29	Grainger	Bump Gas for Atmosphere Testers (\$245), Exhaust Fan & Vents Fans (STP Booster Pump Building) (\$465), Cooling Towels (10) (\$103), 3-Gal Beverage Coolers (2) (\$58), Sports Drink Mix (20) (\$65), Tie Down Straps (2 - 15' x 1"), Dust Filters (4) & Beverage Cooler	1,006.79
30	ICF International	Prog Pymt#3: Consulting Services for Steelhead Habitat Survey in Upper Novato Creek (Balance Remaining on Contract \$18,111)	8,156.47

Seq	Payable To	For	Amount
31	Idexx Laboratories	Bacteriological Test Media	753.26
32	InfoSend	May Processing Fee for Water Bills (\$1,522) & Postage (\$4,201), Water Quality Report Bill Insert (Novato & Pt. Reyes) (\$909) & Revise Water Bill Format (\$300)	6,932.56
33	Kessler, Sue	Retiree Exp Reimb (July Health Ins)	304.16
34		Vision Reimbursement	228.05
35	Lincoln Life	Deferred Compensation PPE 7/15/17	16,041.72
36	Marin Landscape Materials	Rebar	31.09
37	Marin County Treasurer	LAFCO Expense Allocation FY17/18 (Budget \$17,000)	14,136.46
38	Marin County Ford	Brakes, Rotors, Grease Seals & Pads ('05 Ford Ranger) (\$319), Oil Filters, Air Filters, Motor Oil (12 qts) (\$55), Front End Steering Parts ('15 F250) (\$521), Door Speaker, Tie Rod Ends ('10 F150) & Driver's Side Glow Plug Harness	1,095.17
39	Marin, County of	Annual Septic Permit (25 Giacomini Rd)	464.00
40	Moore, Doug	Retiree Exp Reimb (July Health Ins)	927.54
41	Mountain Cascade	Progress Pymt#6: RW Central Service Area Phase B (Balance Remaining on Contract \$804,969)	774,122.70
42	MSC Industrial Supply	Peristaltic Pumps (2) (STP)	308.62
43	National Meter	Parts to Repair 2" Badger Meter	433.20
44	Nationwide Retirement Solution	Deferred Compensation PPE 7/15/17	1,000.00
45	NeoGOV	License (\$3,053) & Subscription Renewal (Budget \$3,990)	3,993.15

Seq	Payable To	For	Amount
46	North Marin Auto Parts	Fasteners (2), Brake Hose & Fluid, Brake Caliper, Bolts, Lab Exhaust Drive Belt, Car Wash Soap, Armorall, Foam Tape (60'), Shop Rags (10 lbs) (\$87), 4" Pipe for Vac Hose (\$69), 10' x 4" Tubing (\$69), Circuit Breakers (20) (\$112), Battery Connector for Winch (2) (\$100), Rubber Wire Clamp, Rubber Hose Clamps (5), Battery Connector Pins (\$65), Radiator Caps, Carburetor Cleaner, Fuel Filters for Fuel Pumps (\$68), Motor Oil (45 qts) (\$344), Oil Filters (5) (\$63), Window Crank Handle, Fuses & Wire Clamps, 2 Cycle Oil (3 qts), Fuel Filters (5) (\$111), Fan Belt & Motor Oil (4 gal) Fan Belt, Tensioner, Punch, Chisel Retainer, Air Filter (3) (\$61) & Sanding Pads (20)	1,774.42
47	North Bay Gas	Carbon Dioxide, Nitrogen (\$999), Argon (\$393), Oxygen, Welding Supplies (\$460) & June Cylinder Rental (\$106)	2,031.48
48	Novato Builders Supply	Fast Set Concrete (10-60lb bags)	86.69
49	Novato Chevrolet	Rear Suspension Bumper, Transmission Mount ('04 Chev 1500)	97.75
50	Pace Supply	Garlock Gasket	30.84
51	PG&E	Power: Bldgs/Yard (\$4,742), Rectifier/Controls (\$633), Pumping (\$38,240), Treatment (\$127) & Other (\$77)	43,820.00
52	Pini Hardware	Garden Rake, Wire, Wire Cup, Brush, Electrical Supplies, Screws, Nuts, Door Stops, Flat Stock, Drill Adaptor, Hardware Fasteners, Garden Hoses (2) (\$78), Tape Measure, Pail, 100' Reel (STP), Drill Bit Set, Plumbing Supplies, Lightbulbs, Hose Washers (10), Pipe, Trash Bags & Sheet Metal Screws	407.35
53	Point Reyes Light	Legal Notice: Water Rate Increase (6/15/17)	85.50
54	Red Wing Shoe Store	Safety Boots (Barrilleaux & Watkins)	341.74
55		Child Care Reimbursement	208.33
56	Sage Software	FY18 Payroll Software Maintenance Fee (Budget \$7,330)	6,947.96
57	Sierra Chemical	Chlorine (2,000 lbs) (STP)	1,304.52

Seq	Payable To	For	Amount
58	Snap-On Industrial	Software Updates for Automotive & Heavy Vehicle Scanners (Shop)	2,441.75
59	Soiland	Asphalt Recycling (20 tons)	69.78
60	Stafford, Vernon	Retiree Exp Reimb (July Health Ins)	304.16
61	Staples Advantage	Copy Paper (Letter-80 reams)	314.22
62	Thatcher of California	Ferric Chloride (10 tons) (STP)	4,312.75
63	United Parcel Service	Delivery Service: Sent Sample of Media from Chlorine Scrubber @ STP	13.15
64	USA BlueBook	Safety Gloves (1,000) & USA Marker Flags (1,000) (\$382)	743.13
65	Verizon Wireless	Cellular Charges (\$343) & Airtime (\$97) (22)	440.63
66	Verizon Wireless	AMI Gateways (26) (\$739) & CIMIS Stations (2) (Less Credit of \$67)	687.19
67	VWR International	Standards & Buffer Solution (STP) (\$117)	169.19
TOTAL DISBURSEMENTS			<u>\$1,142,413.96</u>

The foregoing payroll and accounts payable vouchers totaling \$1,142,413.96 are hereby approved and authorized for payment.


Auditor-Controller

7/18/17
Date


General Manager

7/18/17
Date

MEMORANDUM

To: Board of Directors
From: Nancy Williamson, Senior Accountant *NW*
Subj: Fleet Fuel Economy - Gasoline
t:\actword\vehicle\fleet fuel economy at fy17 - gasoline.docx

July 28, 2017

RECOMMENDED ACTION: None

FINANCIAL IMPACT: None

Below is a summary of gasoline purchases and use for the District's fleet of trucks (23) and small cars (3) for FY13 through FY17. It shows total gasoline gallons purchased as well as the average cost per gallon. The average fleet miles per gallon is also shown for each FY. Note that FY17 saw a 9% increase in Fuel Economy.

Gasoline	FY13	FY14	FY15	FY16	FY17
Avg Cost/Gallon	\$3.80	\$3.72	\$3.11	\$2.53	\$2.36
Miles Driven	191,653	193,756	211,972	206,842	193,570
Gallons Purchased	15,431	15,205	17,160	16,514	14,187
Fleet MPG	12.4	12.7	12.4	12.5	13.6

MEMORANDUM

To: Board of Directors

July 28, 2017

From: David L. Bentley, Auditor-Controller

Subj: Self-Insured Workers' Comp – 4th Quarter Status Report

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RECOMMENDED ACTION: None

FINANCIAL IMPACT: Cumulative Savings of \$747,719

The District returned to self-insuring its workers compensation liability effective July 1, 2011, after the low-cost proposal for first-dollar workers' compensation coverage increased 20% over the prior year, to \$159,331. The avoided-cost since returning to self-insurance is calculated at \$535,021. When the Reserve for Future Medical (which is the estimated cost to fully resolve open claims) is added, the total cash outlay avoided to date, including interest earned on the cost avoided, is \$747,719. This cash is set-aside in a reserve for future claims.

In FY17, the District incurred six claims. Attached are charts showing a 10-year history of annual claims cost (average \$67,000 per year) and 10-year history of claims frequency (average 8 claims per year).

	FY12 through FY14	FY15	FY16	FY17	Cumulative
Premium Avoided	\$641,669 ¹	\$203,722 ²	\$212,135 ³	\$191,000 ⁴	\$1,248,526
Self-Insurance Cost					
Medical/Indemnity Cost	(173,381)	(1,324)	(7,772)	(126,943)	(309,420)
Third Party Administration	(36,000)	(12,000)	(12,000)	(12,000)	(72,000)
Excess Insurance Premium ⁵	(142,584)	(50,708)	(54,462)	(58,638)	(306,392)
Legal/Miscellaneous	(20,597)	(1,048)	(2,946)	(1,102)	(25,694)
Net Cost Avoided	\$269,106	\$138,642	\$134,955	(\$7,684)	\$535,021
Reserve for Future Medical	0	0	0	192,122	192,122
Total Cash Outlay Avoided	\$269,106	\$138,642	\$134,955	\$184,438	\$727,142
Interest on Cash Outlay Avoided	1,478	3,953	6,022	9,124	20,577
Cash Savings	\$270,584	\$142,595	\$140,977	\$193,562	\$747,719

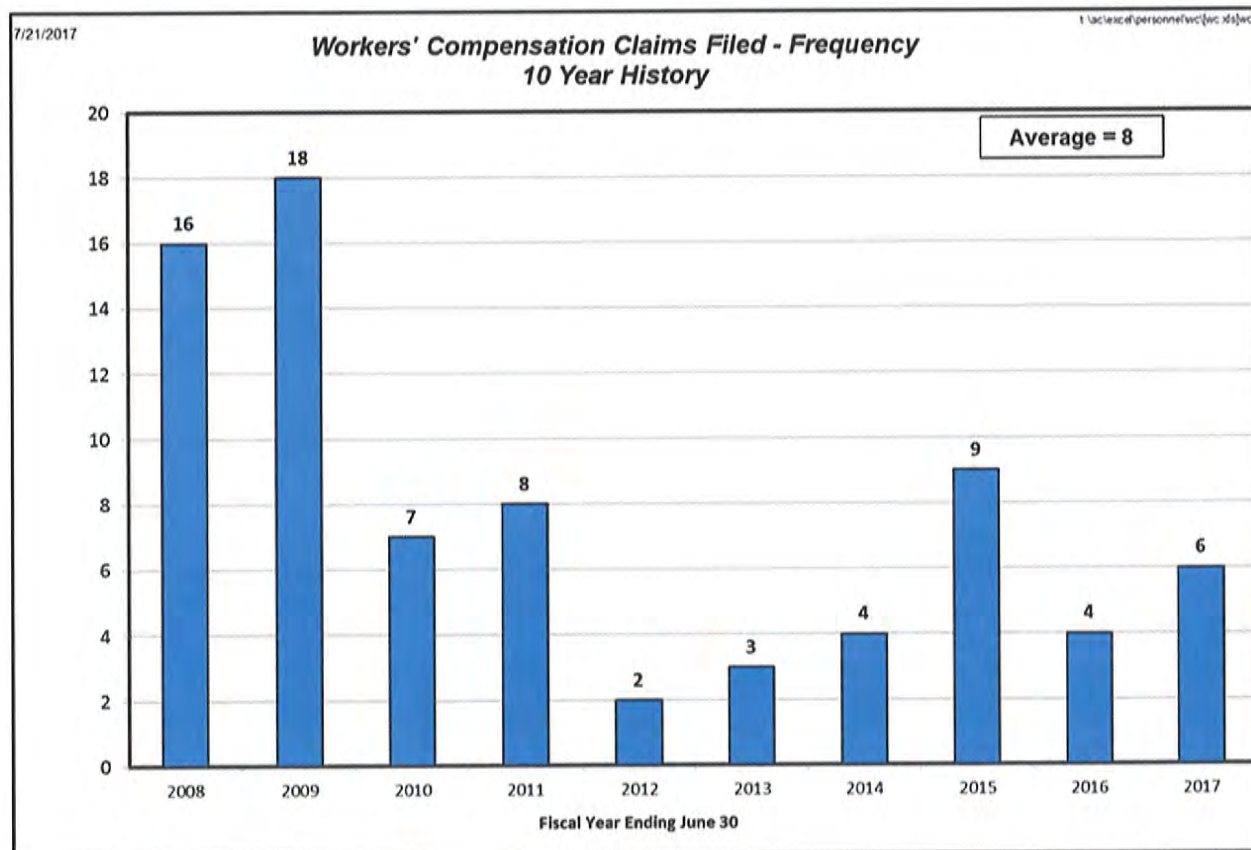
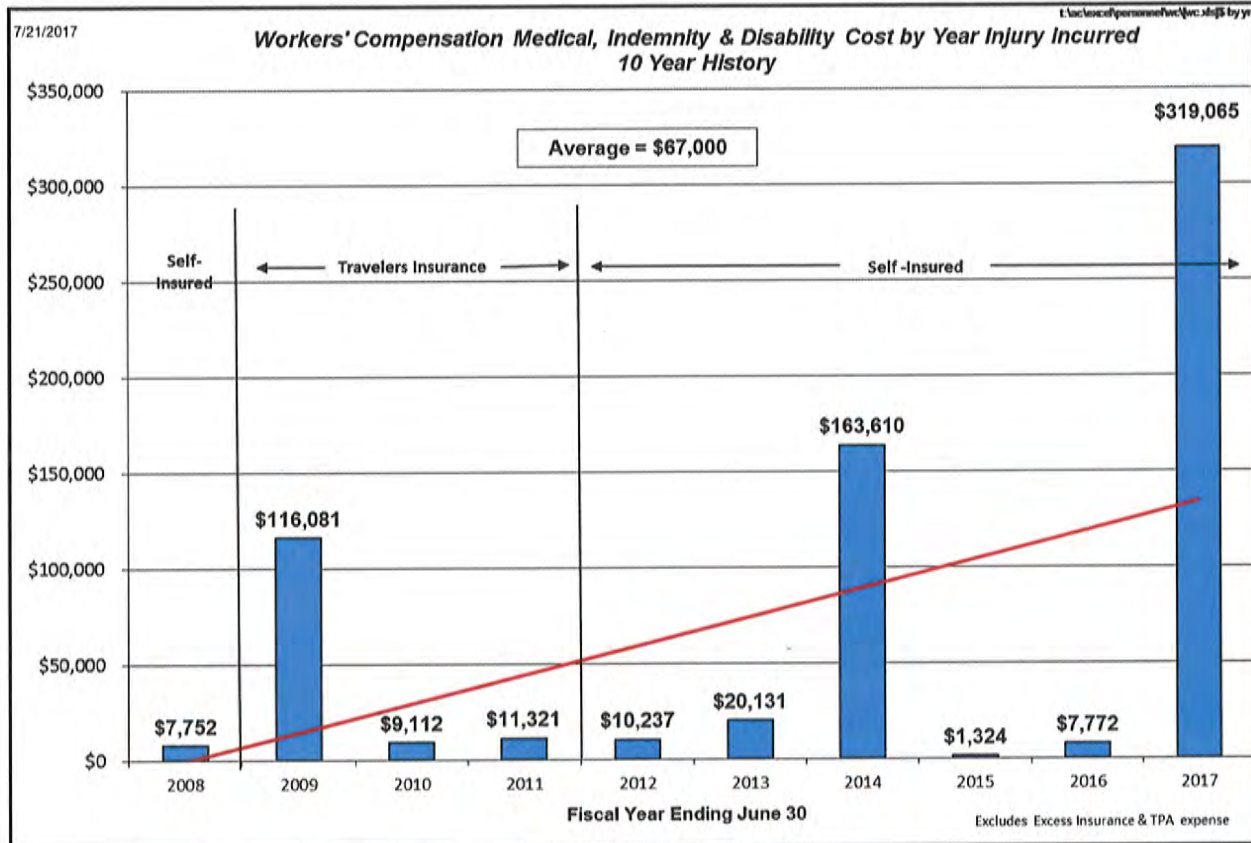
¹ Proposed annual premium of \$159,331 (FY12), \$170,574 (FY13) and \$311,764 (FY14).

² Alaska National Insurance Company was the low cost proposal with an annual premium of \$203,722.

³ New York Marine and General Insurance Company was the low cost proposal with an annual premium of \$212,135.

⁴ Allied World Assurance was the low cost proposal with an annual premium of \$191,000.

⁵ Excess Insurance Protects the District against Catastrophic Loss Exceeding \$750,000 per claim.



MEMORANDUM

To: Board of Directors
From: Nancy Williamson, Senior Accountant *NW*
Subject: Disposal of Surplus Equipment
x:\maint sup\2017\bod\bod memo vehicle auction 617 - final.doc

July 28, 2017

RECOMMENDED ACTION: None

FINANCIAL IMPACT: \$8,400 income

As part of the adopted FY 2016/17 Equipment Budget, staff identified the need to replace two half-ton pickup trucks and purchase a new track loader with trailer. At midyear staff identified the need to advance the replacement of the 1 ton service vehicle # 507 and defer one of the half-ton pickups documented in a memo to the Board on January 17, 2017.

Staff sold the surplus equipment through 1st Capitol Auction, a bonded resale agent located in Vallejo on June 23, 2017 and the actual amount received (sale price less 4% commission) is shown below. This was the seventh year we have sold equipment through this vendor, always with good results.

Equip. No.	Description	Mileage	Est. Auction Value	Actual Amount Received
59	2005 Ford Ranger pickup	127,821	\$2,500	\$480
507	2008 Ford F350 4x4 1 ton utility truck	110,581	\$5,000	\$7,200
	Compact Tractor sweeper attachment	.	\$500	\$720
TOTAL			\$8,000	\$8,400

In Your Town for July 20, 2017

POSTED: 07/19/17, 4:58 PM PDT | UPDATED: 18 HRS AGO 0 COMMENTS

CORTE MADERA

Photography exhibit to showcase rocks

The work of local photographer Amanda Tomlin will be displayed from July 22 to Sept. 14 at the Corte Madera library.

Tomlin's work focuses on rock formed by time, sea and weather.

Photos will be on display in the Friends of the Corte Madera Library community room. The library is at 707 Meadowsweet Drive.

More information is available at 415-924-3515.

FAIRFAX

Poets to read work during library event

The Marin Poetry Center summer traveling show will be at the Fairfax library on July 25.

The event will feature five local poets reading their work from 7 to 8:30 p.m.

The library is at 2097 Sir Francis Drake Blvd. More information is available at call 415-453-8151.

NOVATO

'Zootopia' screening planned at city green

The city will offer an outdoor screening of "Zootopia" on Aug. 5 on the Civic Green.

The film will start after sunset, around 8:30 p.m., at 901 Sherman Ave. Popcorn and drinks will be available for purchase.

Before the show, the Novato Police Department will hold a vehicle demonstration at 7 p.m. and a dog demonstration at 7:30 p.m.

More information is available at novato.org.

Water district seeks applicants for board

The North Marin Water District is seeking applicants for a seat on the board of directors.

The appointee will serve until the next election in November 2018.

The board will review letters of interest and interview applicants at 6 p.m. Aug. 22.

Applicants must be registered voters living in the Novato area, Point Reyes Station, Olema, Bear Valley, Inverness Park, Paradise Ranch Estates or Oceana Marin areas in West Marin.

Applicants should submit a letter of interest describing experience, educational background and previous public service. The deadline is 5 p.m. Aug. 14.

More information is available at 415-897-4133.

An Unconventional New Captain for California's Water Agency

Grant Davis of the Sonoma County Water Agency talks about being tapped to be the director of the California Department of Water Resources. He brings an environmentalist background to a job long dominated by engineers.

WRITTEN BY
Matt Weiser

PUBLISHED ON
□ Jul. 24, 2017



Excavators remove rock along the lower chute at the Lake Oroville flood control spillway site in Butte County, California. Incoming director for California's Department of Water Resources Grant Davis says that reconstruction of Oroville's spillway will be a number-one priority. Brian Baer/California Department of Water Resources

CALIFORNIA GOV. JERRY Brown last week appointed Grant Davis as director of the state's Department of Water Resources. Davis, 54, general manager of the Sonoma County Water Agency, brings an unusual resume to the job.

With a degree in political science from the University of California, Berkeley, he had never worked for a water utility until joining the Sonoma County agency in 2007 as assistant general manager. Previously, he spent a decade as executive director of The Bay Institute in Novato. The non-profit environmental group is a leading critic of WaterFix, Brown's \$17 billion proposal to build two gigantic water diversion tunnels under the Sacramento-San Joaquin Delta.

The controversial tunnels would be built and operated by the DWR, so Davis will have direct oversight of the project. Given his background in environmental advocacy, will he take the project in a new direction?

In other arenas, Davis's priorities are very much in line with the governor's. At the Sonoma County agency, he has been a leader in water conservation and recycling, diligent groundwater management and greenhouse gas reduction. He has also pushed for reforms to conventional reservoir operating rules to respond to weather events.

Davis assumes the DWR director's job on Aug. 1, and Water Deeply recently talked to him about his plans.

Water Deeply: Why do you think you were chosen for this job?

Grant Davis: I've yet to determine exactly why [laughing]. But I do believe it's the fact that I have a combination of a strong background on Bay-Delta watershed issues as head of The Bay Institute, and I've been working on the federal level for many years with members of Congress. And now running a wholesale water agency, the largest in Northern California.

That combination, I think, is what the governor was wanting to bring into this particular transition period. It is a rather unique perspective, one that makes me particularly aware of



Grant Davis will assume the role of director of California's Department of Water Resources on August 1. (Photo Courtesy Sonoma County Water Agency)

different stakeholder points of view and probably capable of bringing out the best in different regions on how to approach a sustainable water supply and protect our vital public resources.

Water Deeply: What do you plan to bring to the job?

Davis: First and foremost, I'm going to be coming in brand new and I'm looking forward to meeting with the

key staff and hearing a bit more about the institutional frameworks inside DWR. It's a large agency with a very broad scope – along the lines of the work I do on a smaller scale at Sonoma County: flood control, water supply, habitat.

So really, I think the governor is looking for somebody with a particular ability to take a fresh look at where we are currently in this type of transition, and be a steady, capable manager and be looking for opportunities.

But I will just tell you, on the practical side, we have an infrastructure that is in need of new investment. One of my first priorities is to get up to Oroville Dam and make sure we get the spillway back in operation by Nov. 1 and ready for the winter.

I'm very excited about forecast-informed reservoir operations. We've been meeting in D.C. with the director of the National Weather Service and a whole team

at NOAA[National Oceanic and Atmospheric Administration] and the Office of Atmospheric Research to better understand our extreme weather events, which are atmospheric rivers. There's not enough support to understand the dynamics at play. We have been leading a \$19 million effort called Advanced Quantitative Precipitation Information, funded by DWR: a series of five radars throughout the Bay Area aimed at where atmospheric rivers come in – at the 5,000-foot level – instead of the 10,000-foot level where most forecast radars are aimed.

In our own case, I'm using my existing reservoir, Lake Mendocino, as an example. Back in 2012, the Army Corps of Engineers had to release about 20,000 acre-feet of water because of a rule curve that's rather dated. And we didn't get another drop of water, realistically, for another year. That's half the water we were delivering in a given year, and it put us in a whole world of hurt. I did not have enough water to protect fish below Lake Mendocino. Had we had better forecasting and a rule curve that was a bit more adaptable based on current conditions, that could have been avoided.

Water Deeply: What's wrong with California water, in your opinion?

Davis: I'm not going to say there's anything wrong with California water. It's become very clear we have to secure our water supply and we have to use the best available science to do that. We have to look at how habitat needs require a certain amount of water supply, and we have to look at recapture and recharge.

There's so much we have at our disposal. We have some of the brightest engineers, the smartest academics. I'm confident we're going to come up with pathways that will secure our water supply and protect our environment.

This is a time when we need to be smart and efficient. Number One, I want to secure our water supply for future generations. That's critical. We must put every drop of water to its highest beneficial use to secure our water supply. Obviously, what's in play is the California Water Action Plan and the WaterFix, and I will be deeply involved in that effort, supporting the governor's position.

Water Deeply: What is your position on the Delta tunnels (WaterFix) project?

Davis: The governor supports the WaterFix. I'm going to support the WaterFix, but with a caveat – and that is, we have a long way to go. There is a lot of work we have to do on a comprehensive water fix. Most notably, you have to get folks who are going to be the beneficiaries to agree to fund that. I am looking, like I did at The Bay Institute, for a comprehensive view that is going to both protect and restore the San Francisco Bay Delta and secure the water supply for future generations. It's a true commitment to balancing those competing interests.

It may be one of those opportunities to come in with a fresh pair of eyes and participate in a very longstanding effort to protect the Delta and provide additional water supply. The Bay Institute has been noted for bringing science and technological capability to the table on behalf of the environmental community. I plan on bringing that point of view into the equation to help ensure we come up with a sustainable solution.

Water Deeply: You've been a big advocate for water conservation programs. Will that continue at DWR?

Davis: Yes, there's more that can be done. We have to incentivize it.

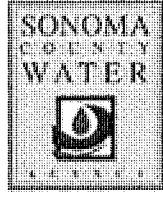
I believe, because I've lived and breathed it, there are programs that can be enacted at the local level that can combine to meet our state objectives. I just happen to subscribe to the point of view that the most reliable source of water is water you already have – and being more efficient with that before you go to the expense of building additional supply.

But at the same time, it may not be enough to meet growing needs. I'm looking at every tool in the toolbox to manage the water we need in California. We are managing through extremes, and that's getting more and more difficult.

Water Deeply: You've been very involved in water recycling. How will this interest transfer over to DWR?

Davis: I'm a huge fan of making sure you have broad support for recycled water. That requires state and federal dollars, leveraging on local dollars, to put these projects into place. It's very reliable, drought-proof water.

In my own case at Sonoma County Water Agency, we've had a strong relationship with the agricultural community. We ended up building an 8-mile pipeline from one of our treatment plants and bringing a reliable supply of tertiary-treated water to wineries that were over-reliant on groundwater. I think there's more of those to come with additional support from local and state resources.



PRESS RELEASE

For Immediate Release

July 19, 2017

Water Agency General Manager Grant Davis Appointed to Head California Department of Water Resources

(Santa Rosa, CA) – Sonoma County Water Agency General Manager Grant Davis today was appointed by Governor Jerry Brown to become the Director of the California Department of Water Resources (DWR) effective August 1, 2017. Acting DWR Director William R. Croyle retired on July 1, 2017.

DWR plays an important role in sustaining California's economy, environment and quality of life. DWR operates and maintains the California State Water Project (SWP), which provides drinking water and water to farms. Other programs work to preserve the natural environment and wildlife, monitor dam safety, manage floodwaters, conserve water use, and provide technical assistance and funding for projects for local water needs. DWR's major responsibilities include overseeing the statewide process of developing and updating the California Water Plan (Bulletin 160 series); protecting and restoring the Sacramento-San Joaquin Delta; regulating dams, providing flood protection, and assisting in emergency management; educating the public about the importance of water and its proper use; providing technical assistance to service local water needs; and planning, designing, constructing, operating and maintaining California's State Water Project.

"The Water Agency is known around the world for its innovative water supply initiatives and state-of-the-art sustainability programs," said Sonoma County Water Agency Board of Directors Chairwoman Shirlee Zane. "Grant Davis provided the leadership and tenacity necessary to make these and other accomplishments happen at the Water Agency. Our community benefited from his ability to work with all stakeholders to ensure our region continues to provide affordable, clean drinking water while meeting critical environmental enhancement projects. The State of California is gaining a true water professional who can think outside of the box while working with everyone in the room." The Water Agency's Board of Directors, which also serves as the County's Board of Supervisors, will take action in the near future to select a successor to Mr. Davis. In the meantime, the Water Agency's Chief Engineer and two Assistant General Managers will ensure a seamless transition occurs until the Board takes formal action.

Read the Governor's statement [here](#).

"I am honored to have been appointed by Governor Brown to work with the dedicated people at the Department of Water Resources," said Davis. "To my colleagues at the Water Agency, I can't say thank you enough for your unparalleled professionalism and dedication to our community and the

organization. I am also appreciative of the Water Agency's Board of Directors who provide the leadership and support needed to secure our future water supply."

Mr. Davis joined the Water Agency in 2007 as the assistant general manager and became its general manager in 2010. As the general manager of the Water Agency, Mr. Davis worked with more than 280 employees and is responsible for the Water Agency's core functions of providing drinking water to over 600,000 residents in portions of Sonoma and Marin counties, wastewater management for 60,000 customers, maintaining nearly 100 miles of streams and detention basins for flood protection, and restoring habitat for three federally listed fish species in the Russian River.

For nearly a decade, Mr. Davis has continued to implement nationally praised sustainability and western water initiatives, including being recognized by the White House last year for the Water Agency's efforts in climate adaptation, regional recycled water development, and its Forecast Informed Reservoir Operations initiative. Mr. Davis also implemented the Water Agency's Carbon Free Water by 2015 initiative and renewable energy program called the Sonoma County Energy Independence Program. In 2015, the Water Agency has contracted to procure 100 percent of its electricity needs through renewable and carbon free resources, thus achieving a carbon neutral electricity supply to power its system.

Under Mr. Davis' leadership, the Water Agency continues to implement a Biological Opinion on the Russian River which has resulted in the creation of the National Oceanic and Atmospheric Administration's first Safe Harbor Program agreement. Other major achievements of Mr. Davis' included the development of the North Coast and Bay Area Integrated Regional Water Management Programs, in which \$19 million was secured to support the installation of a new regional Bay Area weather forecasting satellite system.

Prior to joining the Water Agency, Mr. Davis was Executive Director of The Bay Institute, a science-based nonprofit, dedicated to protecting the San Francisco Bay-Delta Watershed and improving water management in California. Mr. Davis also worked for Congresswoman Lynn Woolsey, State Senator Milton Marks, and Assemblywoman Lucy Killea.

Mr. Davis currently serves on the University of California President's Advisory Commission, for the Division of Agriculture and Natural Resources. In addition, Mr. Davis is the president of WaterReuse California, a board member of the Bay Planning Coalition, and a member of the San Francisco Bay Restoration Authority Advisory Committee. Mr. Davis received his BA in political science from the University of California at Berkeley.

For more information about the Water Agency, please visit www.sonomacountywater.org.

For more information about DWR, please visit <http://www.water.ca.gov/>.

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The Sonoma County Water Agency is working to secure our future by investing in our water resources, community and environment. The Water Agency provides water supply, flood protection and sanitation services for portions of Sonoma and Marin counties. Visit us on the Web at www.sonomacountywater.org.

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Novato approves language for anti-sprawl ballot measure



The green space of Bowman Canyon Ranch abuts properties at the city limit along Novato Boulevard at the Urban Growth Boundary in Novato. (James Cacciatore/Special to the Marin Independent Journal)

By Stephanie Weldy, Marin Independent Journal

POSTED: 07/17/17, 8:17 PM PDT | UPDATED: 14 MINS AGO 0 COMMENTS

The Novato City Council has approved ballot language for a measure to prevent urban sprawl.

The issue before voters Nov. 7 is whether prevent development on surrounding open space for an additional 24 years, to 2042. The current urban growth boundary protection in place, approved by voters in 2007, expires in November.

"I think it's fantastic," said Mayor Denise Athas. "I was inclined to work with the environmental community to come up with language strong enough to pass because it's such an important measure to keep our green boundaries intact."

The measure restricts urban expansion by prohibiting city annexation of property beyond the city limits. Growth is confined to areas already served by sewer, water and other municipal services.

Council members signed off on the new ballot language July 11.

Local environmentalists initially pushed for the protections to be in place in perpetuity, but said they were satisfied with the longer term.

"We appreciate the 24 years," said Susan Stompe, with Marin Conservation League.

The council also approved revised terms that could keep the city away from potential legal challenges.

Under the existing measure, the city does not issue permits to property owners outside Novato limits to connect to water, sewer and other utility services.

Exemptions are in place for scenarios including construction of affordable housing, if no other land inside city limits is available, as well as for public parks, schools and open space projects. Permits are also allowed for issues related to public health and safety, including failing septic tanks.

Bob Brown, Novato community development director, said the city has permitted three exemptions in the last 20 years because of failing septic tanks.

The stance places the city in a position to potentially face legal challenges, Brown said. The county and utility districts often grant permits that allow encroachment into city limits but the city will refuse to grant needed permits.

“The (Urban Growth Boundary) ordinance doesn’t regulate the permitting of these agencies and in many cases we find ourselves in cross purposes,” he said.

The council approved the new proposal to include language saying the city would not oppose utility connections to residential properties that exist on or before Nov. 7, the date of the election.

Property owners could build a single-family home and connect it to sewer services if the county requires a sewer connection.

Property owners would also have to enter into a deed restriction with the city that would preclude future subdivision of their parcel.

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