



NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
 August 4, 2015 – 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 21, 2015	
	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 2014/15 FINANCIAL STATEMENT	
	ACTION CALENDAR	
	6. Approve: Legal Services Fee Increase – Bold, Polisner, Maddow, Nelson & Judson	
	7. Approve: Notice of Completion for Atherton Tank Rehabilitation Project (Blastco Inc.)	
7:30 p.m.	INFORMATION ITEMS	
	8. Marin LAFCO Countywide Water Study- Draft Executive Summary	
	9. North Bay Water Reuse Authority Board Meeting – July 27, 2015	
	10. WAC/TAC Meeting - August 3, 2015	
	11. MISCELLANEOUS	
	Disbursements	
	Third District Court Applies Streambed Alteration Requirements to Existing Water Deliveries	
	<u>News Articles:</u>	
	Modified sales tax measure on ballot	
	Santa Rosa Reduces Water Use by 30% in June	
	California Water Use Fell by 27% in June	
8:00 p.m.	12. 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.

1

DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
July 21, 2015

CALL TO ORDER

President Baker 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, Stephen Petterle, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, District Secretary Katie Young, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre,

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

CLOSED SESSION

President Baker adjourned the Board into closed session at 7:01 p.m. in accordance with Government Code Section 54956.9 Conference with Legal Counsel – Existing Litigation Pursuant to subdivision (Hendrix litigation) and Government Code 54957 for Public Employee Performance Evaluation, Title: General Manager.

OPEN SESSION

Upon returning to regular session at 7:17 p.m., President Baker stated that during the closed session the Board had discussed the issues, and provided direction to staff.

On motion of Director Petterle, seconded by Director Fraites and approved the Board authorized the General Manager to execute a settlement agreement with Formosa Plastics when presented by the following vote:

AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

No reportable action was taken on the General Managers Performance Evaluation.

MINUTES

On motion of Director Schoonover, seconded by Director Petterle the Board approved the minutes from the previous meeting by the following vote:

AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

1 NOES: None

2 **GENERAL MANAGER'S REPORT**

3 Grandview Ave. Leak

4 Mr. DeGabriele advised the Board of a service leak on July 3 in the Black Point area on
5 Grandview Ave. which resulted in damage to a homeowner's property. He stated that Mr. Bentley
6 enlisted Don Blanquie to work with the homeowner to resolve damage claims and that the District is
7 using Miller Pacific Engineering to evaluate any possible structural/foundation issues. Mr.
8 DeGabriele stated that one of the bigger concerns was the District's response time and informed the
9 Board that there were no stand-by duty personnel available. He noted that he has requested Mr.
10 McIntyre, Tony Arendell and Robert Clark review that situation and make a recommendation so that
11 this does not occur again.

12 Marin Community Foundation

13 Mr. DeGabriele informed the Board that he was asked to participate in a meeting with Marin
14 Community Foundation (MCF) last Wednesday. He noted that Sonoma County Water Agency's
15 General Manager Grant Davis and representatives from Marin Municipal Water District were in
16 attendance also. He advised the Board that MCF is developing a strategy to focus grants toward
17 Stewardship of the Natural Environment and is analyzing current efforts on key issues including
18 climate change. He stated that it was quite a freewheeling discussion and provided a lot of
19 information.

20 Office Remodel

21 Mr. DeGabriele advised the Board that he, Mr. Bentley, and Mr. McIntyre are embarking on a
22 tour of other water/sewer agency headquarters that have recently been upgraded or constructed
23 new to learn how those agencies went about it, what challenges were faced and to get ideas for the
24 District's planned reconstruction. He noted that the first trip is this Thursday to Coastside County
25 Water District.

26 **OPEN TIME**

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

29 **STAFF/DIRECTORS REPORTS**

30 President Baker asked if staff or Directors wished to bring up an item not on the agenda and
31 the following items were discussed:

1 Robert Clark reported that the Point Reyes Well #2 was remotely inspected with a television
2 camera today to determine rehabilitation methods which will be suitable.

3 Mr. McIntyre advised the Board that there is only 800LF of Aqueduct Energy Efficiency pipe
4 which remains to be installed and it will likely be done next week. He noted that the District expects
5 substantial completion of the project by the end of September and that a dedication will be held
6 subsequent to substantial completion.

7 Director Petterle advised the Board that the Stafford Lake Bike Park Phase 1 is scheduled to
8 open on August 22nd.

9 President Baker thanked staff and the contractor for the improved temporary paving on S.
10 Novato Blvd at the pipe bursting project.

11 **MONTHLY PROGRESS REPORT W/ CUSTOMER SERVICE QUESTIONNAIRE**

12 Mr. DeGabriele provided the Board with the Monthly Progress Report for June. He stated
13 that Novato water production was down 27% compared to one year ago and down 29% compared
14 to June 2013. He noted that in West Marin water production was down 25%. He advised the Board
15 that recycled water production is down 5% compared to one year ago. Mr. DeGabriele stated that
16 Stafford Lake is currently at 60% capacity, Lake Sonoma is at 80% and Lake Mendocino is at 61%
17 capacity.

18 Mr. DeGabriele stated that there were 364 Water Smart Home Surveys completed this fiscal
19 year and that in the Summary of Service and Complaints high bills were up in June due to more
20 water use. He informed the Board that there were four water quality complaints related to the
21 challenges with chlorine residual at Stafford Lake. Mr. DeGabriele advised the Board that 108
22 Customer Service Questionnaires sent out and 26 returned providing good feedback and stating the
23 District and its employees continue to provide good service.

24 Mr. Bentley provided the Board with the Monthly Report of Investments. He advised the
25 Board that at the end of the fiscal year the District had a cash balance of \$14,178,900 and the
26 average weighted Portfolio rate of return was 0.54%.

27 **CONSENT CALENDAR**

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

30 AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

31 NOES: None

1 **REVISION TO DISTRICT POLICY #32**

2 The Board adopted Revised District Policy #32 – District Vehicles Taken Home, which
3 removed the Maintenance Foreman and Treatment Plant Operator residing in West Marin from the
4 authorized list of District Vehicles taken home.

5 **DISPOSAL OF SURPLUS EQUIPMENT**

6 The Board approved staff to send a 2000 Dodge Dakota pickup, 2001 Dodge Ram 1500
7 pickup and a 1989 Kalmar P50 fork lift to 1st Capitol Auction for disposal.

8 **ACTION CALENDAR**

9 **ASSISTANT GENERAL MANAGER/CHIEF ENGINEER POSITION AND APPOINTMENT**

10 Mr. DeGabriele reminded the Board of his interest in planning a timely transition from the
11 District. He stated that the Board requested he meet with the Chief Engineer and develop a
12 prospective timeline for transition of the General Manager's responsibility to him in a timeframe of
13 approximately two years. Mr. DeGabriele stated that the plan called for an Assistant General
14 Manager/Chief Engineer position (AGM/CE), which he provided the Board with a draft job
15 description. He reminded the Board that the position was included in the FY16 budget which
16 includes a 10% increase from the Chief Engineer merit step. He did note that 96% of the salary of
17 the Sonoma County Water Agency's AGM position is.

18 Director Schoonover asked Mr. McIntyre whether the additional Assistant General Manager
19 duties would be manageable and he replied in the affirmative.

20 Director Rodoni requested the General Manager review the proposed organization chart and
21 suggested that the AGM/CE position be shown just below the General Manager.

22 On motion of Director Fraites, seconded by Director Petterle, the Board approved the
23 AGM/CE position description and appoint Drew McIntyre to that role by the following vote:

24 AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

25 NOES: None

26 Mr. McIntyre thanked the Directors and the General Manager for the opportunity and
27 advised he was humbled and excited to take on further responsibility at the District.

28 **CONTRACT WITH RMC FOR RECYCLED WATER CENTRAL SERVICE AREA PRODUCTION**
29 **EXPANSION STUDY**

30 Mr. McIntyre advised the Board that in the Recycled Water Operations budget includes
31 money to perform a recycled water production evaluation looking at both the District's Deer Island

1 and Novato Sanitary District's Davidson Street plants to provide additional capacity to service the
2 Recycled Water Central Service Area Expansion Project. He stated that RMC prepared the design
3 for both of the facilities and will develop two alternative concepts for increasing recycled water
4 treatment plant capacity taking advantage of existing infrastructure to the extent practical at both
5 recycled water treatment facilities. He noted that Novato Sanitary District and the District have
6 agreed to jointly share the cost of this study estimated at \$55K.

7 On motion of Director Schoonover, seconded by Director Fraites, the Board authorized the
8 General Manager to enter into an agreement with RMC Water and Environment pursuant to the
9 proposal by the following vote:

10 AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

11 NOES: None

12 **CHANGE ORDER NO. 9 – ENVIRONMENTAL SCIENCE ASSOCIATES FOR ENVIRONMENTAL**
13 **SERVICES**

14 Mr. McIntyre advised the Board that Environmental Science Associates (ESA) is in contract
15 with the District to perform tasks related to the Central Service Area Recycled Water Project. He
16 stated that staff is requesting a Change Order that authorizes ESA to proceed with Cultural
17 Resources Subsurface Investigations that were requested by the U.S. Bureau of Reclamation. He
18 informed the Board that the Change Order would be \$30K plus a \$5K contingency.

19 On motion of Director Petterle, seconded by Director Schoonover, the Board authorized the
20 General Manager to execute Change Order No. 9 to ESA for environmental consulting services
21 related to the Central Service Area Recycled Water Expansion Project in the amount of \$35,000
22 with a \$9,000 contingency by the following vote:

23 AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

24 NOES: None

25 **DISTRICT ASSET APPRAISAL**

26 Mr. Bentley advised the Board that the 2015 insured value of the District's property,
27 excluding land and mobile equipment is \$57.9M. He stated that the District's insurance broker
28 recommends that the District obtain a formal appraisal on its building, pump stations and water
29 storage tanks (102 assets total). He reminded the Board that the FY16 budget includes \$40K for this
30 asset appraisal. Mr. Bentley stated that Asset Works will provide a certified appraisal and take two to

1 three days to review the sites and come up with the appraised value. He advised the Board that this
2 process will likely start after Stafford Treatment Plant production is completed.

3 President Baker asked if Mr. Bentley has received any references about Asset Works. Mr.
4 Bentley stated that they have done work in the East Bay and have water district specialists and were
5 highly recommended by the District's insurance broker, Arthur J. Gallagher and Company.

6 On motion of Director Fraites, seconded by Director Rodoni, the Board authorized the
7 General Manager to enter into an agreement with Asset Works to perform an appraisal of District
8 buildings, pump stations, and storage tanks for a cost not-to-exceed \$40K by the following vote:

9 AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

10 NOES: None

11 **INFORMATION ITEMS**

12 **FUNDING AGREEMENT WITH SONOMA COUNTY WATER AGENCY FOR THE NORTH MARIN** 13 **WATER DISTRICT WATER-EFFICIENT LANDSCAPE REBATE PROGRAM**

14 Mr. DeGabriele advised the Board that Sonoma County Water Agency was awarded a Prop
15 84 Bay Area Integrated Regional Water Management Round 2 Grant to implement a Water-Efficient
16 Landscape Rebate Program in the amount of \$202,500, with \$33,750 of this amount allotted to the
17 District for implementation of the District's Cash For Grass Rebate Program. He noted that the
18 District finished last fiscal year with 133 Cash for Grass rebates.

19 **BULK CHEMICAL PURCHASES**

20 Mr. Clark reminded the Board about the District's participation with the Bay Area Chemical
21 Consortium (BACC) for the purchase of three bulk chemicals used at the various treatment facilities.
22 He informed the Board that the District has seen an annual cost savings of approximately \$71K from
23 the 2013 chemical costs. Mr. Clark stated that the process fee is expected to be \$1,100 annually
24 and that the Dublin San Ramon Services District administers the program and has received 4-6 bids
25 for the various chemicals.

26 Director Fraites complimented Mr. Clark, on a good job reducing chemical purchase costs
27 by participating in the BACC.

28 **TAC MEETING – JULY 6, 2015**

29 Mr. DeGabriele provided the Board with a summary of the July 6th Technical Advisory
30 Committee meeting. He stated that the temporary coffer dam has been installed eliminating the
31 threat of a temporary impairment for this year and the construction continues on the Mirabel Fish

1 Screen and Fish Ladder Replacement Project and should be completed by the end of the calendar
2 year.

3 Mr. DeGabriele advised the Board that the Temporary Urgency Change Order was amended
4 on June 16th modifying instream flow requirements to 25cfs in the upper Russian River and 50cfs in
5 the lower Russian River.

6 Mr. DeGabriele informed the Board that compared to the 2013 benchmark the Sonoma
7 Marin Saving Water Partnership water production total is down 33%.

8 Mr. DeGabriele advised the Board that the North Bay Water Sustainability Coalition held a
9 drought drive up event on July 9th and put together five water saver actions which were distributed.

10 Mr. DeGabriele stated that the Urban Water Management Plan Progress is on schedule and
11 on budget and the water demand and water conservation analysis should be wrapped up this week
12 to enable the Water Contractors to prepare Urban Water Management Plans.

13 **NBWA MEETING – JULY 10, 2015**

14 President Baker advised the Board that he attended the July 10th North Bay Watershed
15 Association meeting where there was discussion of the transitioning of Harry Seraydarian and a
16 speaker from Central Marin Sanitary Agency who explained the connection with Marin Sanitary
17 Services and their food waste to energy program.

18 **MISCELLANEOUS**

19 The Board received the following miscellaneous items: Disbursements, Press Release –
20 NMWD Recycled Water Fill Station Open and Free to Residential Customers, FY15 4th Quarter
21 Labor Cost Report, 4th Quarter Workers' Comp Status Report, Fleet Fuel Economy – Gasoline, and
22 Press Release – North Bay Water Sustainability Coalition.

23 The Board also received the following news articles: Novato water district offers free
24 recycled water to combat drought, California Water Rates Rise as Cities Lose Money in Drought,
25 Contra Costa looks to expand Los Vaqueros, Shuffle at Santa Rosa City Hall hints at planning
26 changes, Rural residents decry water restrictions at Occidental meeting, 5 Things You Can Do
27 Now!, AmCan proposes drought surcharge for water customers, State regulators discuss water
28 pricing in drought, and Business Leaders put heads together.

29 Director Schoonvoer stated that he was pleased with the article in the Marin Independent
30 Journal regarding the District's Recycled Water Fill Station.

1 Mr. Clark advised the Board that 50 residential customers have signed up to use the
2 Recycled Water Fill Station in Novato and that 8000 gallons already has been distributed.

3 President Baker asked if Marin Municipal was going to have Recycled Water residential fill
4 station. Mr. McIntyre stated that MMWD is trying to get a permit to have a fill station and have been
5 communicating with the District regarding set up, training etc.

6 The Board received the following miscellaneous item at the Board meeting: Cartoonist's
7 take: Brown Lawn Service.

8 **ADJOURNMENT**

9 President Baker adjourned the meeting at 8:05 p.m.

10 Submitted by
11
12
13

14 Katie Young
15 District Secretary
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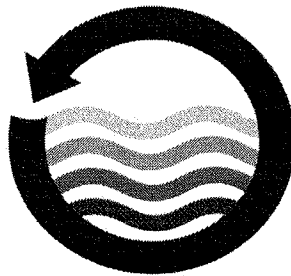
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NORTH MARIN WATER DISTRICT



FINANCIAL STATEMENT FISCAL YEAR 2014-15

**Preliminary
June 2015**

**NORTH MARIN WATER DISTRICT
FINANCIAL STATEMENTS
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MEMORANDUM

July 31, 2015

To: Board of Directors

From: David L. Bentley, Auditor-Controller

Subj: Information – FY14/15 June Preliminary Financial Statement

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FISCAL YEAR PERFORMANCE COMPARED TO THE ANNUAL BUDGET

CONSOLIDATED SUMMARY

	Jun-15	FY14/15 YTD Actual	FY14/15 Budget	FYTD / Budget %
Actual vs. Budget				
Operating Revenue	\$1,763,845	\$18,178,254	\$19,298,000	94%
Operating Expense	\$1,283,097	\$16,461,096	\$16,918,000	97%
Non-Operating Revenue / (Expense)	(\$42,473)	(\$520,206)	(\$598,000)	87%
Net Income / (Loss)	\$438,274	\$1,196,952	\$1,782,000	67%
Other Sources / (Uses)*	(\$962,965)	(\$1,805,656)	(\$6,285,000)	29%
Cash Increase / (Decrease)	(\$524,691)	(\$608,704)	(\$4,503,000)	14%

* See Page 8.

For the fiscal year the District generated a net income of \$1,196,952 and saw a net cash decrease of \$608,704. Operating Revenue came in 6% under budget and Operating Expense came in 3% under budget. Eighty-one percent of the Capital Improvement Projects Budget was expended this fiscal year. The District's cash balance decreased \$524,691 during the month. The cash decrease is due primarily to the payments for SRF STP and Deer Island Loans (\$847,828), the Atherton Tank Rehabilitation Project (\$185,378) and AEEP (\$195,974), increase in accounts receivable (\$820,778), offset by increase in accounts payable (\$1,472,487).

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

NOVATO WATER

Year over Year Comparison

	Jun-15	FYTD 14/15	FYTD 13/14	FY15 vs 14 Up/(Down)
Operating Revenue	\$1,539,915	\$16,489,831	\$18,646,876	(12%)
Operating Expense	\$1,192,539	\$14,772,991	\$15,688,436	(6%)
Other Income / (Expense)	(\$444)	(\$313,800)	(\$2,360,435)	(87%)
Net Income / (Loss)	\$346,931	\$1,403,039	\$598,005	135%
Active Accounts	20,498	20,498	20,505	(0%)
Consumption (MG)	215	2,444	2,948	(17%)
Average Commodity Rate / 1,000 gal (net)	\$5.33	\$4.90	\$4.66	5%
Income / (Loss) / Active Account	\$16.93	\$68.45	\$29.16	135%
Income / (Loss) / 1,000 Gal	\$1.61	\$0.57	\$0.20	183%
Connection Fee Revenue	\$0	\$763,600	\$99,600	667%
Caltrans Capital Contribution	\$1,145,050	\$7,831,387	\$0	
MMWD AEEP Capital Contribution	\$0	\$245,000	\$480,000	(49%)
Developer 'In-Kind' Contributions	\$45,041	\$317,030	\$393,766	(19%)

Fiscal year consumption was 17% less than the prior year. Total operating revenue, which includes wheeling and other miscellaneous service charges, decreased 12% (\$2,157,045) due to the consumption decrease offset by the 5% rate increase effective June 1, 2014. Total operating expense was 6% (\$915,445) less than last year, due primarily to a decrease in the volume of purchased water.

The Stafford Treatment Plant produced 573 MG this fiscal year at a cost of \$3,567/MG¹ versus \$2,276/MG³ from SCWA. The budget for Stafford is 750 MG at a cost of \$2,780/MG.

Salary and benefit cost charged to Novato operations was 3% more than last year. Staff time (hours) charged to Novato operations was 6% more than last year. Salary and benefit cost was \$5,541,801 which was 97% of the \$5,702,000 budget for Novato operations.

The fiscal year net income (which includes non-operating items such as interest revenue and expense) of \$1,403,039 compares to a budgeted net income for the year of \$1,919,000 and to a net income of \$598,005 for the prior year. \$14,239,200 (81%) of the Novato Water Capital Improvement Project Budget was spent versus \$3,676,648 (48%) for the prior year. \$763,600 in connection fees were collected (\$1,281,000 was budgeted). Connection Fee reserves totaling \$688,916 were transferred 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 \$3,838,646 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 \$239,439 in June, and stood at \$11,529,254 at year end, compared to a budgeted projection of \$10,067,000.

NOVATO RECYCLED

Year over Year Comparison

	<u>Jun-15</u>	<u>FYTD 14/15</u>	<u>FYTD 13/14</u>	<u>FY15 vs 14 Up/(Down)</u>
Operating Revenue	\$130,104	\$752,566	\$743,424	1%
Operating Expense	\$27,103	\$876,365	\$784,160	12%
Other Income / (Expense)	(\$31,737)	(\$248,864)	(\$253,512)	(2%)
Net Income / (Loss)	<u>\$71,263</u>	<u>(\$372,663)</u>	<u>(\$294,248)</u>	27%
Active Accounts	44	44	44	0%
Consumption (MG)	25.9	152.0	159.2	(5%)
Average Commodity Rate / 1,000 gal (net)	\$4.92	\$4.76	\$4.50	6%
Deer Island Production (MG)	0.0	1.0	5.8	(83%)
Novato Sanitary Production (MG)	13.7	98.0	94.0	4%
Las Gallinas Production (MG)	6.2	48.9	56.9	(14%)
Potable Water Input (MG)	0.0	6.9	10.9	(36%)

152.0 MG was delivered to RW customers this fiscal year, down 5% from the prior year. Operating revenue was up 1% due to the June 1, 2014 6.5% commodity rate increase offset by the consumption decrease. Total operating expense was \$92,205 (12%) more than the prior year due primarily to an increase in depreciation expense pertaining to the South Transmission System expansion which was completed and capitalized late last fiscal year. The recycled water was produced at a cost of \$2,788/MG² versus \$2,276/MG³ from SCWA. The budgeted production cost of recycled water is \$2,984/MG.

The fiscal year net loss of \$372,663 compares to a budgeted net loss for the year of \$303,000 and a net loss of \$294,248 for the prior year. \$264,758 (96%) of the Capital Improvement Project Budget was expended this fiscal year. Novato Recycled ended the year with a cash balance of \$1,169,502 compared to a budgeted projection of \$1,242,000.

¹ Stafford production cost = TP op expense (\$1,176,609) + SRF loan interest (\$308,789) + plant depreciation (\$558,748) / 573 MG produced

² Recycled Water production cost = purchase water cost (\$221,612) + treatment expense (\$2,379) + Deer Island RW Facility SRF loan interest (\$72,529) + Deer Island plant depreciation (\$136,678) / 155.4 MG produced

³ SCWA production cost per MG = O&M charge (\$1,897) + debt service charge (\$156) + Russian River conservation charge (\$196) + Russian River projects charge (\$27)

WEST MARIN WATER

Year over Year Comparison

	<u>Jun-15</u>	<u>FYTD 14/15</u>	<u>FYTD 13/14</u>	<u>FY15 vs 14 Up/(Down)</u>
Operating Revenue	\$78,254	\$748,853	\$809,210	(7%)
Operating Expense	\$47,999	\$626,505	\$629,019	(0%)
Other Income / (Expense)	(\$410)	\$15,460	(\$23,780)	-
Net Income / (Loss)	<u>\$29,846</u>	<u>\$137,808</u>	<u>\$156,411</u>	(12%)
Active Accounts	778	778	776	0%
Consumption (MG)	7.3	65.7	78.1	(16%)
Average Commodity Rate / 1,000 gal (net)	\$8.66	\$8.75	\$8.12	8%
Income/ (Loss) / Active Account	\$38.36	\$177.13	\$201.56	(12%)
Income / (Loss) / 1,000 Gal	\$4.09	\$2.10	\$2.00	5%
Connection Fee Revenue	\$0	\$22,800	\$22,800	0%
Developer 'In-Kind' Contributions	\$3,354	\$20,302	\$5,239	-

Fiscal year consumption was 65.7 MG, 16% less than the previous year. Operating revenue of \$748,853 was \$60,357 (7%) less than last year period due primarily to the consumption decrease offset by the 5% rate increase and the \$37,000 generated by the Drought Surcharge which was in effect from July 1 through October 31, 2014.

Operating expenditures were \$626,505, about the same as the previous year. The fiscal year net income of \$137,808 compares to a budgeted annual net income of \$196,000 and to a net income of \$156,411 for the prior year. \$1,279,662 (80%) of the Capital Improvement Project Budget was spent this fiscal year, and \$22,800 in connection fees were collected (\$23,000 was budgeted). West Marin Water ended the year with a cash balance of \$1,147,404, compared to a budgeted projection of \$791,000.

OCEANA MARIN SEWER

Year over Year Comparison

	<u>Jun-15</u>	<u>FYTD 14/15</u>	<u>FYTD 13/14</u>	<u>FY15 vs 14 Up/(Down)</u>
Operating Revenue	\$15,572	\$187,004	\$178,110	5%
Operating Expense	\$15,456	\$185,235	\$195,542	(5%)
Other Income / (Expense)	(\$14,740)	\$22,141	\$45,550	(51%)
Net Income / (Loss)	<u>(\$14,624)</u>	<u>\$23,910</u>	<u>\$28,118</u>	(15%)
Active Accounts	229	229	229	0%
Monthly Sewer Service Charge	\$68	\$68	\$65	5%
Income / (Loss) / Active Account	(\$63.86)	\$104.41	\$122.79	-
Connection Fee Revenue	\$0	\$15,200	\$30,400	(50%)

Operating revenue of \$187,004 was 5% higher than the previous year due to the 5% rate increase effective July 1, 2014. Operating expenditures were 5% (\$9,752) lower than the previous year. The fiscal year net income of \$23,910 compares to a budgeted annual loss of \$30,000 and to a net income of \$28,118 for the prior year. \$34,789 (50%) of the Capital Improvement Project Budget was expended this fiscal year.

\$15,200 in connection fees were collected (\$15,000 was budgeted). The master plan update, budgeted at \$30,000, will be completed shortly. Oceana Marin ended the year with a cash balance of \$341,145, compared to a budgeted projection of \$228,000.

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING JUNE 30, 2015**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
ASSETS					
Cash & Investments					
Unrestricted/Undesignated Cash	\$274,845	\$0	\$0	\$0	\$274,845
Restricted Cash (Note 1)					
Connection Fee Fund	\$176,345	\$0	\$0	\$176,345	\$0
Wohler Pipeline Financing Fund	398,456	398,456	0	0	0
Collector #6 Financing Fund	1,566,630	1,566,630	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	1,624,538	977,662	0	646,876	0
Deer Island RWF Replacement Fund	277,285	0	277,285	0	0
Capital Replacement & Expansion Fund	268,321	0	268,321	0	0
Tax Receipts Held in Marin Co Treasury	102	0	0	101	1
STP SRF Loan Fund-Marlin Co Treasury	629,578	629,578	0	0	0
RWS North/South SRF Payment Fund	614,299	0	614,299	0	0
Designated Cash (Note 2)					
Liability Contingency Fund	622,285	523,400	0	98,885	0
Self-Insured Workers' Compensation Fund	566,833	532,785	9,597	18,152	6,299
Retiree Medical Benefits Fund	3,436,181	3,436,181	0	0	0
Maintenance Accrual Fund	3,454,157	3,454,157	0	0	0
Conservation Incentive Rate Fund	41,441	0	0	41,441	0
Operating Reserve Fund	195,605	0	0	135,605	60,000
Total Cash	\$14,176,900	\$11,518,849	\$1,169,502	\$1,147,404	\$341,145
Gain/(Loss) on MV of Investments	10,406	10,406	0	0	0
Market Value of Cash & Investments	\$14,187,305	\$11,529,254	\$1,169,502	\$1,147,404	\$341,145
Current Assets					
Net Receivables - Consumers	\$2,699,221	\$2,221,111	\$333,599	\$143,081	\$1,430
Accounts Receivable - Other	1,239,579	1,032,622	206,155	802	0
Prepaid Expense	10,363	9,300	0	0	1,063
Reimbursable Small Jobs	41,049	41,049	0	0	0
Interest Receivable	18,767	18,767	0	0	0
Inventories	556,658	556,658	0	0	0
Deposits Receivable	23,480	23,480	0	0	0
Total Current Assets	\$4,589,117	\$3,902,987	\$539,754	\$143,883	\$2,493

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING JUNE 30, 2015**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Loans Receivable					
Employee Loans (Note 3)	\$1,234,641	\$1,234,641	\$0	\$0	\$0
Due From Other Funds (Note 9)	0	0	0	0	0
Other Long Term Receivables	1,942,648	0	1,942,648	0	0
Loans Receivable	\$3,177,289	\$1,234,641	\$1,942,648	\$0	\$0
Property and Plant					
Land & Land Rights	\$1,473,091	\$1,368,872	\$0	\$103,411	\$808
Dam, Lake, & Source Facilities	5,514,636	5,022,224	0	492,412	0
Treatment Facilities	21,082,445	17,561,535	2,666,198	319,913	534,799
Storage Facilities	20,586,721	18,203,039	519,014	1,864,669	0
Transmission Facilities	5,489,830	5,367,506	0	122,324	0
Distribution Facilities	81,721,188	58,711,715	17,266,234	5,743,239	0
Sewer Mains, Pumps, & Laterals	1,176,459	0	0	0	1,176,459
Sub-Total	\$137,044,370	\$106,234,891	\$20,451,445	\$8,645,967	\$1,712,067
Less Accumulated Depreciation (Note 4)	(44,078,675)	(38,167,430)	(1,864,352)	(3,166,661)	(880,231)
Net Property and Plant	\$92,965,695	\$68,067,460	\$18,587,093	\$5,479,306	\$831,836
Buildings and Equipment (Note 5)					
Buildings	\$1,902,893	\$1,902,893	\$0	\$0	\$0
Office Equipment	683,142	683,142	0	0	0
Laboratory Equipment	299,383	299,383	0	0	0
Trucks & Automobiles	1,249,952	1,249,952	0	0	0
Construction Equipment	776,935	776,935	0	0	0
Tools, Shop Equipment	215,148	215,148	0	0	0
Sub-Total	\$5,127,453	\$5,127,453	\$0	\$0	\$0
Less Accumulated Depreciation (Note 4)	(3,642,686)	(3,642,686)	0	0	0
Net Buildings and Equipment	\$1,484,768	\$1,484,768	\$0	\$0	\$0
Construction In Progress					
Developer	\$447,654	\$422,113	\$0	\$25,540	\$0
District	16,399,980	15,870,652	251,219	267,811	10,298
Total Construction in Progress	\$16,847,634	\$16,292,766	\$251,219	\$293,351	\$10,298
Net Utility Plant	\$111,298,097	\$85,844,994	\$18,838,311	\$5,772,657	\$842,134
TOTAL ASSETS	\$133,251,808	\$102,511,877	\$22,490,215	\$7,063,944	\$1,185,773

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING JUNE 30, 2015**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
LIABILITIES AND NET ASSETS					
Current Liabilities					
Trade Accounts Payable	\$3,373,133	\$3,266,347	\$106,015	\$0	\$771
Reimbursement Prog. Unclaimed Funds	2,655	2,655	0	0	0
Bond Debt Principal Payable-Current	20,000	0	0	20,000	0
Loan Debt Principal Payable-Current	1,001,936	390,388	609,185	2,364	0
Bank of Marin Principal Payable-Current	322,200	280,958	0	41,242	0
Bond/Loan Debt Interest Payable-Current	5,481	2,504	0	2,977	0
Accrued Interest Payable-SRF Loan	111,450	0	111,450	0	0
Deposits/Performance Bonds	122,747	102,247	0	18,500	2,000
Unemployment Insurance Reserve (Note 7)	23,400	23,400	0	0	0
Workers' Comp Future Claims Payable	58,721	54,796	1,472	1,784	669
Payroll Benefits (Note 8)	856,942	795,977	21,881	28,426	10,657
Due To Other Funds (Note 9)	0	0	0	0	0
Deferred Revenue	300,900	299,448	0	1,423	29
Total Current Liabilities	\$6,199,564	\$5,218,720	\$850,003	\$116,715	\$14,126
Restricted Liabilities					
Construction Advances	\$1,459,557	\$1,451,685	\$0	\$7,872	\$0
Total Restricted Liabilities	\$1,459,557	\$1,451,685	\$0	\$7,872	\$0
Long Term Liabilities (Note 6)					
Bonds Outstanding - PR6 (FmHA)	\$66,000	\$0	\$0	\$66,000	\$0
Bonds Outstanding - PRE1 (FmHA)	50,000	0	0	50,000	0
Drought Loan (EDA)	38,816	34,373	0	4,443	0
STP Rehab SRF Loan	11,991,187	11,991,187	0	0	0
RWF SRF Loan	2,615,529	0	2,615,529	0	0
RWS North/South Expansion SRF Loan	8,679,291	0	8,679,291	0	0
Bank of Marin Loan	6,588,613	5,745,203	0	843,410	0
Retiree Health Benefits Payable	792,339	792,339	0	0	0
Total Long Term Liabilities	\$30,821,775	\$18,563,102	\$11,294,820	\$963,853	\$0
TOTAL LIABILITIES	\$38,480,897	\$25,233,508	\$12,144,822	\$1,088,440	\$14,126

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING JUNE 30, 2015**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Net Assets					
Invested in Capital Assets					
Contributions in Aid of Construction	\$71,624,565	\$64,723,011	\$4,104,370	\$2,122,508	\$674,676
Grants in Aid of Construction	7,009,088	254,931	3,926,970	2,827,187	0
Connection Fees (Note 14)	31,892,401	25,894,727	4,343,176	1,177,603	476,895
Total Investment	\$110,526,053	\$90,872,670	\$12,374,516	\$6,127,297	\$1,151,570
Restricted Reserves					
Connection Fee Fund	(\$3,680,416)	(\$3,838,646)	\$0	\$176,345	(\$18,115)
Wohler Pipeline Financing Fund	398,456	398,456	0	0	0
Collector #6 Financing Fund	1,566,630	1,566,630	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	1,624,538	977,662	0	646,876	0
Deer Island RWF Replacement Fund	704,174	0	704,174	0	0
Capital Replacement & Expansion Fund	268,321	0	268,321	0	0
RWS North/South SRF Payment Fund	614,299	0	614,299	0	0
Designated Reserves					
Liability Contingency Fund	622,285	523,400	0	98,885	0
Maintenance Accrual Fund	4,115,681	4,115,681	0	0	0
Self-Insured Workers' Compensation Fund	508,113	477,990	8,125	16,368	5,630
Retiree Medical Benefits Fund	2,643,834	2,643,834	0	0	0
Conservation Incentive Rate Fund	41,441	0	0	41,441	0
Operating Reserve Fund	195,605	0	0	135,605	60,000
Earned Surplus - Prior Yrs	(30,850,639)	(26,630,908)	(2,861,804)	(1,307,521)	(50,407)
Net Income/(Loss)	1,192,095	1,403,039	(372,663)	137,808	23,910
Transfer (To)/From Reserves (see below)	4,250,442	4,768,561	(389,576)	(127,600)	(942)
Total Restricted & Designated	(\$15,755,142)	(\$13,594,301)	(\$2,029,124)	(\$151,793)	\$20,076
TOTAL NET POSITION	\$94,770,912	\$77,278,369	\$10,345,392	\$5,975,504	\$1,171,647
Transfer (To)/From Reserves					
Connection Fee	1,533,710	1,534,705	0	(995)	0
MMWD Wheeling Charge Capital Contribution	0	0	0	0	0
Maintenance Reserve	(100,000)	(100,000)	0	0	0
RWF Replacement Fund	(119,226)	0	(119,226)	0	0
Capital Replacement & Expansion Fund	(268,321)	0	(268,321)	0	0
Retiree Medical Insurance Fund	(26,765)	(26,765)	0	0	0
(Gain)/Loss Self-Insured WC Fund	(82,722)	(77,357)	(2,030)	(2,393)	(942)
Bank of Marin Project Fund	3,450,597	3,452,978	0	(2,381)	0
Conservation Incentive Rate Fund	14,001	0	0	14,001	0
Operating Reserve Fund	(135,605)	0	0	(135,605)	0
Total Transfer	\$4,250,442.39	\$4,768,560.66	(\$389,576.08)	(\$127,600.29)	(\$941.90)

NORTH MARIN WATER DISTRICT
SOURCES AND USES OF FUNDS STATEMENT - ALL SERVICE AREAS COMBINED
FOR PERIOD ENDING JUNE 30, 2015

	YTD Actual	Annual Budget	YTD/ Budget %	Prior YTD Actual
OPERATING REVENUE				
Water Sales	\$13,276,957	\$14,410,000	92%	\$15,085,910
Bimonthly Service Charge	4,312,109	4,316,000	100%	4,308,584
Sewer Service Charge	186,864	187,000	100%	177,970
Wheeling & Misc Service Charges	402,325	385,000	104%	805,157
TOTAL OPERATING REVENUE	\$18,178,254	\$19,298,000	94%	\$20,377,620
OPERATING EXPENDITURES				
Source of Supply	\$4,627,411	\$4,879,000	95%	\$6,226,250
Pumping	350,019	411,000	85%	362,997
Operations	746,389	620,000	120%	785,143
Water Treatment	2,013,487	2,042,000	99%	1,930,110
Sewer Service	111,679	149,000	75%	120,548
Transmission & Distribution	2,725,063	2,816,000	97%	2,416,368
Consumer Accounting	582,184	589,000	99%	587,067
Water Conservation	466,367	467,000	100%	439,235
General & Administrative	1,654,773	1,799,000	92%	1,301,139
Depreciation Expense	3,183,725	3,146,000	101%	3,128,302
TOTAL OPERATING EXPENDITURES	\$16,461,096	\$16,918,000	97%	\$17,297,157
NET OPERATING INCOME (LOSS)	\$1,717,158	\$2,380,000	72%	\$3,080,463
NON-OPERATING REVENUE/(EXPENSE)				
Tax Proceeds	\$94,424	\$85,000	111%	\$90,070
Interest Revenue	133,722	98,000	136%	108,914
Miscellaneous Revenue	191,933	144,000	133%	350,752
Bond & Loan Interest Expense	(848,120)	(867,000)	98%	(2,904,531)
Miscellaneous Expense	(97,023)	(58,000)	167%	(237,380)
TOTAL NON-OP REVENUE/(EXPENSE)	(\$525,063)	(\$598,000)	88%	(\$2,592,175)
NET INCOME/(LOSS)	\$1,192,095	\$1,782,000	67%	\$488,288
OTHER SOURCES/(USES) OF FUNDS				
Add Depreciation Expense	\$3,183,725	\$3,146,000	101%	\$3,128,302
Connection Fees	801,600	1,319,000	61%	152,800
Loan Proceeds	0	0	-	3,375,378
Grant Proceeds	1,259,624	1,286,000	98%	1,428,607
Caltrans AEEP Capital Contribution	7,831,387	8,840,000	89%	1,625,948
StoneTree RWF Loan Principal	201,274	201,000	100%	196,513
MMWD AEEP Capital Contribution	245,000	245,000	100%	480,000
Capital Acquisition and Disposal (15 Gustafson)	582,214	0	-	(579,767)
Capital Equipment Expenditures	(196,220)	(198,000)	99%	(202,768)
Capital Improvement Projects	(15,818,409)	(19,454,000)	81%	(4,455,644)
Bond & Loan Principal Payments	(1,686,342)	(1,670,000)	101%	(1,617,946)
Change in Working Capital	1,795,349	0	-	750,244
TOTAL OTHER SOURCES/(USES)	(\$1,800,799)	(\$6,285,000)	29%	\$4,281,666
CASH INCREASE/(DECREASE)	(\$608,704)	(\$4,503,000)	14%	\$4,769,954

**NORTH MARIN WATER DISTRICT
INCOME STATEMENT AND CASH FLOW BY SERVICE AREA
FOR PERIOD ENDING JUNE 30, 2015**

SUMMARY INCOME STATEMENT	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Operating Revenue	\$18,178,254	\$16,489,831	\$752,566	\$748,853	\$187,004
Operating Expense	16,461,096	14,772,991	876,365	626,505	185,235
OPERATING INCOME/(LOSS)	\$1,717,158	\$1,716,840	(\$123,799)	\$122,348	\$1,769
Non-Operating Revenue/(Expense)	(\$525,063)	(\$313,800)	(\$248,864)	\$15,460	\$22,141
NET INCOME/(LOSS)	\$1,192,095	\$1,403,039	(\$372,663)	\$137,808	\$23,910
CAPITAL CONTRIBUTIONS					
SCWA Prop 84 Water Conserv Grant	\$58,713	\$58,713	\$0	\$0	\$0
SCWA UFR Water Conservation Grant	23,000	23,000	0	0	0
Developer In-Kind Contributions	337,332	317,030	0	20,302	0
Caltrans AEEP Capital Contribution	7,831,387	7,831,387	0	0	0
MMWD Capital Contribution	245,000	245,000	0	0	0
Connection Fees	801,600	763,600	0	22,800	15,200
FRC Transfer	0	(688,916)	688,916	0	0
Prop 50 Gallagher Well Pipeline Grant	1,177,912	0	0	1,177,912	0
CAPITAL CONTRIBUTIONS	\$10,474,942	\$8,549,813	\$688,916	\$1,221,014	\$15,200
CHANGE IN NET POSITION	\$11,667,037	\$9,952,852	\$316,253	\$1,358,822	\$39,110
Net Position July 1, 2014	83,103,874	67,325,517	10,029,139	4,616,682	1,132,537
Net Position June 30, 2015	<u>\$94,770,912</u>	<u>\$77,278,369</u>	<u>\$10,345,392</u>	<u>\$5,975,504</u>	<u>\$1,171,647</u>

CASH FLOW STATEMENT

Net Income/(Loss)	\$1,192,095	\$1,403,039	(\$372,663)	\$137,808	\$23,910
Add Depreciation	3,183,725	2,507,124	471,674	155,067	49,860
Cash Generated From Operations	\$4,375,820	\$3,910,163	\$99,011	\$292,875	\$73,770
Other Sources (Uses) of Funds					
Connection Fee Revenue	\$801,600	\$763,600	\$0	\$22,800	\$15,200
Loan Proceeds	0	0	0	0	0
Grant Proceeds	1,259,624	81,713	0	1,177,912	0
Capital Assets Acquisition	(15,432,416)	(13,853,207)	(264,758)	(1,279,662)	(34,789)
Caltrans AEEP Capital Contribution	7,831,387	7,831,387	0	0	0
StoneTree RWF Loan Principal Pmts	201,274	0	201,274	0	0
MMWD AEEP Capital Contribution	245,000	245,000	0	0	0
Principal Paid on Debt	(1,686,342)	(1,021,801)	(598,605)	(65,935)	0
Consumer Receivables Decr (Incr)	526,877	579,059	(65,218)	11,640	1,396
Construction Advances (Decr) Incr	150,908	143,036	0	7,872	0
Other Assets/Liabilities Decr (Incr)	70,334	(7,724)	8,035	67,373	2,649
Trade Accounts Payable (Decr) Incr	1,047,230	998,711	48,495	0	24
Connection Fee Transfer	0	(688,916)	688,916	0	0
Interdistrict Loan Due To (From)	0	0	0	0	0
Total Other Sources (Uses)	(\$4,984,524)	(\$4,929,143)	\$18,139	(\$58,000)	(\$15,520)
Net Cash Provided (Used)	(\$608,704)	(\$1,018,979)	\$117,150	\$234,876	\$58,250
MV Cash & Investments July 1, 2014	14,796,009	12,548,234	1,052,352	912,528	282,895
MV Cash & Investments June 30, 2015	<u>\$14,187,305</u>	<u>\$11,529,254</u>	<u>\$1,169,502</u>	<u>\$1,147,404</u>	<u>\$341,145</u>

NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2015

	JUNE 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$1,151,540	\$12,060,530	92%	\$13,831,485
Bill Adjustments	(5,486)	(82,790)	73%	(95,470)
Bimonthly Service Charges	343,047	4,116,559	100%	4,112,544
Account Turn-on Charges	7,553	71,671	97%	75,744
New Account Charges	695	8,035	89%	8,745
Returned Check Charges	(152)	1,229	123%	1,441
Hydrant Meter Up/Down Charges	0	1,200	24%	3,780
Backflow Service Charges	10,437	128,914	104%	121,044
Lab Service-Outside Clients	5,074	53,369	121%	50,333
Wheeling Charges - MMWD	15,238	119,144	99%	100,527
Water Sales - MMWD	0	0	0%	432,294
Regulation 15 Forfeiture	11,970	11,970	599%	4,410
TOTAL OPERATING REVENUE	\$1,539,915	\$16,489,831	94%	\$18,646,876
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Supervision & Engineering	\$439	\$10,227	57%	\$9,697
Operating Expense - Source	1,272	11,044	100%	10,497
Maint/Monitoring of Dam	6,168	11,635	34%	19,438
Maint of Lake & Intakes	0	298	2%	11,371
Maint of Structures	0	0	0%	15
Maint of Watershed	5,633	15,118	63%	3,061
Water Quality Surveillance	0	7,467	57%	13,713
Fishery Maint	0	213	5%	330
Erosion Control	0	33	2%	13,939
Purchased Water	263,615	4,333,100	97%	5,698,211
Purchased Water-Resale MMWD	0	0	-	253,539
SOURCE OF SUPPLY	\$277,127	\$4,389,134	95%	\$6,033,812
PUMPING				
Operating Expense - Pumping	\$0	\$237	8%	\$0
Maint of Structures & Grounds	1,765	51,544	152%	46,502
Maint of Pumping Equipment	(3,997)	51,290	72%	27,696
Electric Power	22,754	213,909	83%	255,711
PUMPING	\$20,522	\$316,979	87%	\$329,909
OPERATIONS				
Supervision & Engineering	\$14,543	\$232,643	144%	\$219,520
Operating Expense - Operations	17,660	245,130	113%	274,893
Maintenance Expense	1,026	37,667	46%	79,906
Telemetry Equipment/Controls Maint	4,921	86,544	135%	62,223
Leased Lines	1,655	17,986	100%	17,674
OPERATIONS	\$39,805	\$619,970	114%	\$654,217

NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2015

	JUNE 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER TREATMENT				
Supervision & Engineering	\$12,898	\$112,434	120%	\$111,096
Operating Expense - Water Treatment	45,538	327,539	124%	285,050
Purification Chemicals	103,129	358,907	84%	316,762
Sludge Disposal	8,298	72,720	86%	66,085
Maint of Structures & Grounds	6,052	79,728	97%	60,148
Maint of Purification Equipment	6,596	104,290	80%	137,838
Electric Power	13,970	120,592	91%	135,637
Water Quality Programs	11,691	112,680	122%	107,113
Laboratory Direct Labor	32,791	357,697	105%	338,933
Lab Service-Outside Clients	4,862	55,882	87%	50,512
Water Quality Supervision	8,807	80,384	115%	79,036
Laboratory Supplies & Expense	1,626	65,025	92%	57,107
Customer Water Quality	6,037	44,889	72%	45,382
Lab Cost Distributed	(1,793)	(24,567)	117%	(22,768)
WATER TREATMENT	\$260,502	\$1,868,199	99%	\$1,767,931
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$40,612	\$563,164	96%	\$486,544
Maps & Records	22,224	108,956	87%	77,995
Operation of T&D System	3,412	73,617	43%	137,511
Facilities Location	6,833	94,670	155%	108,530
Safety: Construction & Engineering	2,142	46,249	80%	54,481
Customer Service Expense	12,542	141,199	88%	158,088
Flushing	0	48,508	97%	53,098
Storage Facilities Expense	12,235	160,755	136%	118,486
Cathodic Protection	0	6,607	29%	15,866
Maint of Valves/Regulators	3,929	151,483	74%	91,709
Maint of Mains	(8,716)	133,460	121%	72,176
Leak Detection - Mains	1,201	16,438	-	0
Backflow Prevention Program	12,205	156,590	151%	147,878
Maint of Copper Services	14,235	189,502	99%	168,002
Maint of PB Service Lines	28,903	432,820	99%	411,357
Single Service Installations	347	12,691	-	(26,015)
Maint of Meters	6,530	100,401	78%	94,418
Detector Check Assembly Maint	0	65,749	153%	52,369
Maint of Hydrants	1,378	25,655	24%	22,155
TRANSMISSION & DISTRIBUTION	\$160,012	\$2,528,513	95%	\$2,244,647
CONSUMER ACCOUNTING				
Meter Reading	\$15,624	\$138,934	86%	\$152,602
Collection Expense - Labor	2,345	25,670	80%	27,216
Collection Expense - Agency	240	2,315	77%	2,398
Billing & Consumer Accounting	23,294	262,861	106%	256,653
Contract Billing	1,325	16,946	89%	17,561
Stationery, Supplies & Postage	5,047	60,032	111%	61,791
Credit Card Fees	1,272	23,893	159%	14,149
Lock Box Service	0	10,080	112%	0
Uncollectable Accounts	399	14,818	82%	19,500
Office Equipment Expense	500	16,743	112%	23,904
Distributed to West Marin (4.1%)	(1,346)	(16,233)	101%	(15,276)
CONSUMER ACCOUNTING	\$48,700	\$556,058	99%	\$560,499

NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2015

	JUNE 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER CONSERVATION				
Residential	\$62,217	\$397,518	118%	\$362,499
Commercial	1,159	5,352	21%	2,605
Public Outreach/Information	5,595	34,148	64%	51,638
Large Landscape	390	10,747	36%	12,702
TOTAL WATER CONSERVATION	\$69,362	\$447,764	101%	\$429,444
GENERAL AND ADMINISTRATIVE				
Directors Fees	\$2,460	\$30,400	101%	\$25,300
Legal Fees	198	9,956	83%	20,906
Human Resources	5,485	33,356	108%	27,993
Auditing Fees	0	18,380	102%	21,050
Consulting Services/Studies	37,925	107,015	55%	0
General Office Salaries	106,344	1,170,514	96%	1,169,585
Safety: General District Wide	695	12,087	71%	14,579
Office Supplies	3,356	36,877	71%	46,174
Employee Events	37	7,379	61%	7,227
Other Administrative Expense	1,023	13,390	84%	13,240
Election Cost	0	0	-	250
Dues & Subscriptions	0	53,296	99%	47,842
Vehicle Expense	676	8,112	101%	8,112
Meetings, Conferences & Training	14,922	136,863	79%	117,425
Recruitment Expense	210	621	31%	393
Gas & Electricity	3,119	29,614	106%	27,572
Telephone	1,190	7,149	143%	4,042
Water	408	1,817	91%	1,714
Buildings & Grounds Maint	3,263	48,891	98%	35,642
Office Equipment Expense	6,722	97,868	96%	90,231
Insurance Premiums & Claims	21,041	102,073	96%	72,192
Retiree Medical Benefits	14,221	175,580	113%	159,691
(Gain)/Loss on Overhead Charges	(45,984)	(94,772)	74%	(222,710)
G&A Applied to Other Operations (5.9%)	(10,524)	(113,218)	94%	(76,538)
G&A Applied to Construction	(41,235)	(353,998)	97%	(389,569)
GENERAL & ADMINISTRATIVE	\$125,550	\$1,539,249	92%	\$1,222,342
Depreciation (Note 4)	190,960	2,507,124	100%	2,445,634
TOTAL OPERATING EXPENSE	\$1,192,539	\$14,772,991	97%	\$15,688,436
OPERATING INCOME/(LOSS)	\$347,376	\$1,716,840	75%	\$2,958,440

NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2015

	JUNE 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest:				
General Funds	\$0	\$0	0%	\$0
Wohler Pipeline Financing Fund	242	3,142	314%	1,799
Collector #6 Financing Fund	953	12,354	247%	7,071
Retiree Medical Insurance Fund	2,072	26,582	222%	14,723
Self-Insured Workers' Comp Fund	356	3,853	385%	1,381
Aqueduct Energy Efficiency Proj Fund	1,353	24,743	353%	24,390
Funds Held in County Treasury	0	596	30%	0
Recycled Water Advance (Note 10)	0	0	-	24,963
West Marin Water Advance (Note 10)	0	245	-	0
Total Interest Revenue	\$4,976	\$71,514	174%	\$74,326
Rents & Leases	3,916	85,216	88%	85,058
Other Non-Operating Revenue	33,921	100,901	235%	249,252
Gain/(Loss) on MV of Investments	587	1,088	-	11,756
NON-OPERATING REVENUE	\$43,401	\$258,720	143%	\$420,392
NON-OPERATING EXPENSE				
Bank of Marin AEEP Loan Interest Exp	\$17,238	\$211,114	95%	\$178,960
STP SRF Loan Interest Expense	24,982	308,753	99%	326,027
Drought Loan Interest Expense	209	2,504	83%	3,282
CalPERS Side Fund Payoff	0	0	-	2,073,701
Other Non-Operating Expense *	1,417	50,149	251%	198,856
NON-OPERATING EXPENSE	\$43,845	\$572,520	103%	\$2,780,826
NET INCOME/(LOSS)	\$346,931	\$1,403,039	73%	\$598,005
BEGINNING FUND EQUITY		\$67,325,517		\$67,245,547
NET INCOME/(LOSS)	346,931	1,403,039		598,005
CONTRIBUTED CAPITAL				
SCWA Prop 84 Water Conservation Grant	0	58,713	-	58,799
SCWA UFR Water Conservation Grant	0	23,000		0
Developer 'In-Kind' Contributions	45,041	317,030	-	393,766
Caltrans AEEP Capital Contribution	1,145,050	7,831,387	89%	0
MMWD AEEP Capital Contribution	0	245,000	100%	480,000
Connection Fees	0	763,600	89%	99,600
FRC Transfer to Recycled Water	(118,948)	(688,916)	129%	(1,550,201)
ENDING FUND EQUITY		\$77,278,369		\$67,325,517

* FY14 includes \$193,086 in FY13 Wheeling Charge Revenue from MMWD which was reclassified as a capital contribution under the terms of the Interconnection Agreement executed in February 2014.

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2015**

	JUNE 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Recycled Water Sales	\$127,944	\$723,940	106%	\$715,991
Bimonthly Service Charges	2,154	28,611	102%	27,001
Account Turn-on Charges	6	6	-	12
Returned Check Charges	0	9	-	0
Backflow Service Charges	0	0	-	420
TOTAL OPERATING REVENUE	\$130,104	\$752,566	105%	\$743,424
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Purchased Water - NSD	\$26,484	\$117,154	93%	\$90,062
Purchased Water - LGVSD	(53,190)	100,363	130%	81,203
SOURCE OF SUPPLY	(\$26,706)	\$217,517	107%	\$171,265
PUMPING				
Maint of Structures & Grounds	\$0	\$91	9%	\$0
Maint of Pumping Equipment	0	2,731	91%	747
Electric Power	256	2,001	67%	1,827
PUMPING	\$256	\$4,823	69%	\$2,574
OPERATIONS				
Supervision & Engineering	\$402	\$8,196	75%	\$10,882
Operating Expense - Operations	483	6,767	169%	10,381
Potable Water Consumed	249	35,023	350%	48,916
Maintenance Expense	0	0	0%	227
Telemetry Equipment/Controls Maint	4,575	13,500	150%	6,604
OPERATIONS	\$5,710	\$63,485	163%	\$77,010
WATER TREATMENT				
Purification Chemicals	\$0	\$250	6%	\$4,038
Maint of Structures & Grounds	0	297	-	0
Maint of Purification Equipment	0	1,831	31%	6,903
Electric Power	1,716	1,716	86%	2,000
Laboratory Direct Labor	0	1,067	21%	1,725
Laboratory Supplies & Expense	0	0	-	35
Lab Expense Distributed from Novato	(1)	659	22%	1,063
WATER TREATMENT	\$1,715	\$5,821	29%	\$15,764
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$1,862	\$12,587	105%	\$6,951
Maps & Records	0	1,443	-	563
Operation of T&D System	0	64	6%	365
Cathodic Protection	0	0	0%	0
Storage Facilities Expense	0	6,039	201%	6,635
Maint of Valves/Regulators	0	801	40%	2,640
Backflow Prevention Program	0	0	0%	0
Maint of Meters	0	537	54%	1,162
Maint of Mains	950	48,339	-	6,838
TRANSMISSION & DISTRIBUTION	\$2,812	\$69,811	233%	\$25,154

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2015**

	JUNE 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
CONSUMER ACCOUNTING				
Distributed from Novato (3.6%)	\$64	\$777	78%	\$0
CONSUMER ACCOUNTING	\$64	\$777	78%	\$0
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (1.6%)	\$3,947	\$42,457	94%	\$21,501
GENERAL & ADMINISTRATIVE	\$3,947	\$42,457	94%	\$21,501
Depreciation (Note 4)	39,306	471,674	110%	470,894
TOTAL OPERATING EXPENSE	\$27,103	\$876,365	113%	\$784,160
OPERATING INCOME/(LOSS)	\$103,000	(\$123,799)	210%	(\$40,736)
NON-OPERATING REVENUE				
Interest:				
General Funds	\$67	\$639	16%	\$683
RWF Replacement Fund	351	4,226	-	455
Capital Repl & Exp Fund	163	921	-	0
Self-Insured Workers' Comp Fund	0	55	-	11
StoneTree RWF Loan	3,940	49,296	101%	54,059
Total Interest Revenue	\$4,521	\$55,136	104%	\$55,207
Other Non-Operating Revenue	4,859	5,143	-	0
NON-OPERATING REVENUE	\$9,380	\$60,279	114%	\$55,207
NON-OPERATING EXPENSE				
RWF SRF Loan Interest Expense	\$5,895	\$72,529	99%	\$77,236
Expansion SRF Loan Interest Expense	17,698	214,582	99%	204,410
Other Non-Operating Expense	12,667	17,175	215%	2,111
Interest-Advance from Novato (Note 10)	0	0	-	24,963
NON-OPERATING EXPENSE	\$36,260	\$304,286	102%	\$308,719
NET INCOME/(LOSS)	\$76,120	(\$367,806)	121%	(\$294,248)
BEGINNING FUND EQUITY		\$10,029,139		\$8,633,142
NET INCOME/(LOSS)	76,120	(367,806)		(294,248)
State Prop 50 Grant	0	0	-	1,971
Water Smart Grant	0	0	-	138,073
FRC Transfer from Novato	118,948	688,916	93%	1,550,201
ENDING FUND EQUITY		\$10,350,249		\$10,029,139

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2015**

	JUNE 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$64,341	\$599,813	91%	\$650,646
Bill Adjustments	(1,088)	(24,537)	-	(16,742)
Bimonthly Service Charges	13,912	166,938	99%	169,038
Account Turn-on Charges	144	998	111%	1,098
New Account Charges	20	215	108%	185
Returned Check Charges	0	54	-	54
Backflow Service Charges	926	5,371	110%	4,931
TOTAL OPERATING REVENUE	\$78,254	\$748,853	90%	\$809,210
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Operating Expense	\$673	\$4,368	40%	\$6,966
Maint of Structures	0	7,525	84%	14,208
Water Quality Surveillance	920	2,215	222%	0
Purchased Water - MMWD	0	6,651	18%	0
SOURCE OF SUPPLY	\$1,593	\$20,760	35%	\$21,173
PUMPING				
Operating Labor	\$0	\$0	0%	\$0
Maint of Structures and Grounds	726	7,988	73%	3,785
Maint of Pumping Equip	356	7,146	60%	10,679
Electric Power	1,376	13,083	87%	16,050
PUMPING	\$2,458	\$28,217	72%	\$30,514
OPERATIONS				
Supervision & Engineering	\$546	\$7,915	132%	\$6,088
Operating Expense	3,315	31,604	263%	29,784
Maint of Telemetry Equipment	274	18,295	122%	12,327
Leased Lines	437	5,119	85%	5,717
OPERATIONS	\$4,572	\$62,933	161%	\$53,916
WATER TREATMENT				
Supervision & Engineering	\$297	\$4,291	61%	\$5,981
Operating Expense	747	23,541	147%	24,529
Purification Chemicals	0	2,767	55%	1,392
Maint of Structures & Grounds	0	2,350	235%	2,234
Maint of Purification Equipment	124	5,788	34%	22,181
Electric Power	2,148	23,693	88%	25,606
Laboratory Direct Labor	2,941	35,355	122%	34,107
Laboratory Services	0	8,294	207%	2,279
Water Quality Supervision	309	5,464	137%	3,099
Customer Water Quality	1,219	6,084	122%	4,224
Lab Expense Distributed from Novato	1,795	21,841	137%	20,784
WATER TREATMENT	\$9,580	\$139,467	106%	\$146,415

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2015**

	JUNE 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$608	\$14,018	100%	\$13,337
Maps & Records	0	3,004	100%	5,754
Operating Expense	0	0	-	21
Facilities Location - USA	0	2,708	90%	2,019
Customer Service Expense	1,098	16,871	105%	15,459
Flushing	0	6,956	99%	8,274
Storage Facilities Expense	5,595	19,950	100%	26,511
Cathodic Protection	0	383	8%	2,006
Maint of Valves	322	13,234	265%	10,687
Valve Operation Program	0	0	0%	3,083
Maint of Mains	246	1,956	39%	6,460
Water Quality Maintenance	0	0	-	239
Maint of Backflow Devices	0	484	48%	273
Backflow Dev Inspection/Survey	0	66	1%	2,021
Maint of Copper Services	555	5,104	128%	9,236
Maint of PB Service Lines	0	27,255	248%	33,350
Maint of Meters	1,549	2,076	104%	3,525
Detector Check Assembly Maint	0	2,290	229%	1,110
Maint of Hydrants	0	6,378	319%	4,503
Hydrant Operation	0	0	0%	2,616
Single Service Installation	0	4,005	-	(3,916)
TRANSMISSION & DISTRIBUTION	\$9,973	\$126,739	114%	\$146,566
CONSUMER ACCOUNTING				
Meter Reading	\$389	\$7,454	62%	\$9,254
Collection Expense - Labor	100	1,145	57%	1,337
Uncollectable Accounts	0	952	-	247
Distributed from Novato (3.6%)	1,133	13,707	105%	13,495
CONSUMER ACCOUNTING	\$1,622	\$23,257	86%	\$24,334
WATER CONSERVATION				
Water Conservation Program	\$1,866	\$18,603	85%	\$9,791
TOTAL WATER CONSERVATION	\$1,866	\$18,603	85%	\$9,791
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (3.2%)	\$4,784	\$51,463	94%	\$41,561
GENERAL & ADMINISTRATIVE	\$4,784	\$51,463	94%	\$41,561
Depreciation (Note 4)	11,552	155,067	97%	154,749
TOTAL OPERATING EXPENSE	\$47,999	\$626,505	97%	\$629,019
OPERATING INCOME/(LOSS)	\$30,255	\$122,348	65%	\$180,191

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2015**

	JUNE 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest - General Funds	\$18	\$238	-	\$183
Interest - FRC	108	1,223	122%	671
Interest - Self-Insured WC Fund	0	0	-	24
Interest - Bank of Marin Project Fund	393	3,274	164%	2,414
Interest - CIR Fund	25	273	-	0
Rents & Leases	0	3,941	99%	4,035
Tax Proceeds - OL-2 G.O. Bond	0	661	-	3,064
Tax Proceeds - PR-2 Tax Allocation	2,178	45,390	111%	42,119
Other Non-Operating Revenue	0	0	-	150
NON-OPERATING REVENUE	\$2,723	\$55,000	115%	\$52,661
NON-OPERATING EXPENSE				
Bank of Marin Loan Interest Expense	\$2,530	\$30,989	97%	\$32,002
OL-2 G.O. Bond Interest Expense	0	99	-	285
PRE-1 Revenue Bond Interest Exp	254	3,463	96%	3,975
PR-6 Revenue Bond Interest Exp	313	3,750	96%	4,200
Drought Loan Interest Expense	28	339	85%	454
Interest-Advance from Novato (Note 10)	0	245	-	0
Master Plan Update	0	0	-	20,206
Other Non-Operating Expense	7	656	-	15,319
NON-OPERATING EXPENSE	\$3,132	\$39,540	99%	\$76,441
NET INCOME/(LOSS)	\$29,846	\$137,808	70%	\$156,411
BEGINNING FUND EQUITY		\$4,616,682		\$4,166,173
NET INCOME/(LOSS)	29,846	137,808		156,411
CONTRIBUTED CAPITAL				
Prop 50 Gallagher Well Pipeline Grant	0	1,177,912	92%	266,060
Developer 'In-Kind' Contributions	3,354	20,302	-	5,239
Connection Fees	0	22,800	99%	22,800
ENDING FUND EQUITY		\$5,975,504		\$4,616,682

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2015**

	JUNE 2015	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Sewer Service Charges	\$15,572	\$186,864	100%	\$177,970
Inspection Fees	0	140	-	140
TOTAL OPERATING REVENUE	\$15,572	\$187,004	100%	\$178,110
OPERATING EXPENSE				
SEWAGE COLLECTION				
Supervision & Engineering	\$469	\$11,072	58%	\$11,066
Inspection	0	244	-	988
Maps & Records	0	14	-	77
Operating Expense	196	5,894	147%	5,933
Facilities Location	924	2,277	228%	1,262
Maint of Telemetry Equipment	0	5,952	-	0
Maint of Lift Stations	202	1,677	12%	5,760
Maint of Manholes	0	0	0%	0
Maint of Sewer Mains	0	0	0%	0
Electric Power	846	9,208	102%	8,502
SEWAGE COLLECTION	\$2,636	\$36,338	66%	\$33,587
SEWAGE TREATMENT				
Operating Expense	\$580	\$34,771	174%	\$18,165
Treatment Supplies & Expense	0	0	0%	35
Maint of Structures	0	9	0%	9
Maint of Equipment	0	2,025	10%	2,162
Laboratory Direct Labor	0	3,347	67%	1,493
Lab Expense Distributed from Novato	(2)	2,067	103%	920
Electric Power	629	6,814	97%	9,116
SEWAGE TREATMENT	\$1,206	\$49,033	78%	\$31,901
SEWAGE DISPOSAL				
Operating Expense	\$836	\$14,887	496%	\$5,722
Maint of Pump Stations	89	1,050	13%	1,535
Maint of Storage Ponds	0	2,086	15%	0
Maint of Irrigation Field	4,533	8,284	138%	0
SEWAGE DISPOSAL	\$5,458	\$26,308	85%	\$7,257
CONTRACT OPERATIONS				
Contract Operations	\$0	\$0	-	\$47,803
CONTRACT OPERATIONS	\$0	\$0	-	\$47,803
CONSUMER ACCOUNTING				
Collection Expense - County of Marin	\$0	\$342	-	\$454
Distributed from Novato (0.5%)	149	1,749	87%	1,781
CONSUMER ACCOUNTING	\$149	\$2,091	105%	\$2,235
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (1.0%)	\$1,794	\$19,299	96%	\$13,476
Liability Insurance	177	2,306	77%	2,259
GENERAL AND ADMINISTRATIVE	\$1,971	\$21,604	94%	\$15,735
Depreciation (Note 4)	4,035	49,860	86%	57,024
TOTAL OPERATING EXPENSE	\$15,456	\$185,235	80%	\$195,542
OPERATING INCOME/(LOSS)	\$116	\$1,769	(4%)	(\$17,432)

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING JUNE 30, 2015**

	<u>JUNE 2015</u>	<u>YEAR TO DATE ACTUAL</u>	<u>YTD/ BUDGET%</u>	<u>PRIOR YTD ACTUAL</u>
<u>NON-OPERATING REVENUE</u>				
Rents & Leases	\$0	\$500	-	\$500
Interest - General Funds	214	2,264	226%	1,034
Interest - Self Insured WC Fund	4	45	-	17
Tax Proceeds - OM-1/OM-3 Tax Alloc	2,321	48,373	110%	44,887
NON-OPERATING REVENUE	<u>\$2,539</u>	<u>\$51,183</u>	114%	<u>\$46,438</u>
<u>NON-OPERATING EXPENSE</u>				
Interest - Advance from Novato (Note 11)	\$0	\$0	-	\$0
County O&M Tax Collection Fee	0	0	-	0
County Tax Administration Expense	0	0	-	0
Master Plan Update	\$17,280	\$28,234	94%	\$0
Other Non-Operating Expense	0	808	-	888
NON-OPERATING EXPENSE	<u>\$17,280</u>	<u>\$29,042</u>	97%	<u>\$888</u>
NET INCOME/(LOSS)	<u>(\$14,624)</u>	<u>\$23,910</u>	(80%)	<u>\$28,118</u>
BEGINNING FUND EQUITY		\$1,132,537		\$1,074,019
NET INCOME/(LOSS)	(14,624)	23,910		28,118
CONTRIBUTED CAPITAL				
Contribution in Aid of Construction	0	0	-	0
Connection Fees	0	15,200	101%	30,400
PRIOR YEAR ADJUSTMENTS (Note 11d)	0	0		0
ENDING FUND EQUITY		<u>\$1,171,647</u>		<u>\$1,132,537</u>

**NORTH MARIN WATER DISTRICT
ANALYSIS OF WORKER'S COMP, CONNECTION FEE AND CIR FUNDS
FOR PERIOD ENDING JUNE 30, 2015**

		NOVATO	WEST MARIN	OCEANA	RECYCLED
	TOTAL	WATER	WATER	MARIN SEWER	WATER
<u>WORKERS' COMPENSATION FUND</u>					
WC Cash Balance 7/1/14	\$450,347	\$424,124	\$14,770	\$4,946	\$6,507
Less: Projected Prior FY Claims Liability	24,956	23,492	795	258	411
Add: Funds borrowed to subsidize operations	0	0	0	0	0
WC Reserve Balance 7/1/14	\$425,391	\$400,632	\$13,975	\$4,688	\$6,096
Add: WC Expense Charged to Operations FYTD	203,722	190,107	6,189	2,320	5,105
Interest Earned	3,953	3,853	0	45	55
Subtotal	\$633,066	\$594,592	\$20,164	\$7,053	\$11,256
Less: Claims Expense Paid	69,296	64,665	2,105	789	1,737
Excess Insurance Premium	51,756	48,298	1,572	590	1,297
Administration Fees	12,000	11,198	365	137	301
Correction to Prior Year Balance	(8,100)	(7,559)	(246)	(92)	(203)
WC Reserve Balance 6/30/15	\$508,113	\$477,990	\$16,368	\$5,630	\$8,125
Add: Projected Claims Liability	58,721	54,796	1,784	669	1,472
Funds borrowed to subsidize operations	0	0	0	0	0
WC CASH BALANCE 6/30/15	<u>\$566,834</u>	<u>\$532,786</u>	<u>\$18,152</u>	<u>\$6,299</u>	<u>\$9,597</u>
<u>CONNECTION FEE FUND</u>					
Connection Fee Cash Balance 7/1/14	\$170,309	\$0	\$170,309	\$0	
Add: funds borrowed to subsidize operations	(2,576,836)	(2,554,488)	0	(22,348)	
Connection Fee Reserve Balance 7/1/14	(\$2,406,527)	(\$2,554,488)	\$170,309	(\$22,348)	
Add: Connection Fees Collected FYTD	801,600	763,600	22,800	15,200	
Interest Earned	1,223	0	1,223	0	
Subtotal	(\$1,603,704)	(\$1,790,888)	\$194,332	(\$7,148)	
Less: Fees Expended FYTD	1,387,796	1,358,842	17,987	10,967	
Fees transferred to RWS FYTD (Note 15)	688,916	688,916	0	0	
Connection Fee Reserve Balance 6/30/15	(\$3,680,415)	(\$3,838,645)	\$176,345	(\$18,115)	
Less: Funds borrowed to subsidize operations	(3,856,760)	(3,838,645)	0	(18,115)	
CONNECTION FEE CASH BALANCE 6/30/15	<u>\$176,345</u>	<u>\$0</u>	<u>\$176,345</u>	<u>\$0</u>	
<u>CONSERVATION INCENTIVE RATE FUND</u>					
CIR Cash Balance 7/1/14	\$55,442	\$0	\$55,442		
Add funds borrowed to subsidize operations	0	0	0		
CIR Reserve Balance 7/1/14	\$55,442	\$0	\$55,442		
Add: CIR Charges Billed FYTD	64,757	57,809	6,948		
Regulation 15 Forfeitures	11,970	11,970	0		
Interest Earned	273	0	273		
Subtotal	\$132,442	\$69,779	\$62,663		
Less: CIR Funds Expended FYTD ¹	54,704	37,968	16,736		
Bill Adjustments	34,723	30,237	4,486		
CIR Reserve Balance 6/30/15	\$43,016	\$1,575	\$41,441		
Less funds borrowed to subsidize operations	1,575	1,575	0		
CIR CASH BALANCE 6/30/15	<u>\$41,441</u>	<u>\$0</u>	<u>\$41,441</u>		

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

**NORTH MARIN WATER DISTRICT
EQUIPMENT EXPENDITURES
PERIOD ENDING JUNE 30, 2015**

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	JUNE 2015	FYTD TOTAL	FY 14/15 BUDGET	(OVER) UNDER	Notes
1 CONSTRUCTION					
a. 2" Mole for Services		\$0	\$6,000	\$6,000	1,2
b. Leak Calculator with 12 Data Loggers		17,143	12,000	(5,143)	
c. Hydraulic Power Grit Utility Saw		6,088	5,000	(1,088)	1
	\$0	\$23,231	\$23,000	(\$231)	
2 VEHICLE & ROLLING EQUIPMENT EXPENDITURES					
a. 4 X 4 Loader	\$0	\$84,700	\$89,000	\$4,300	1
b. Forklift	31,447	31,447	30,000	(1,447)	1
c. Ford F150 Pickup	22,089	23,503	28,000	4,497	1
d. Ford Escape	28,828	30,242	28,000	(2,242)	1
e. Radios for 3 New Trucks Purchased in FY14		3,098	0	(3,098)	1
	\$82,363	\$172,989	\$175,000	\$2,011	
TOTAL EQUIPMENT EXPENDITURES	\$82,363	\$196,220	\$198,000	\$1,780	

Notes:

(1) Replacement item.

(2) Purchased for \$3,710, which is below the capitalization threshold, and expensed to the Small Tools Budget.

**NORTH MARIN WATER DISTRICT
OVERHEAD ACCOUNT ANALYSIS
FOR PERIOD ENDING JUNE 30, 2015**

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YTD/ BUDGET%	PRIOR YTD ACTUAL
<u>Material Handling</u>				
Material Overhead Recovered (15%)	\$50,057	\$112,000	45%	\$53,272
Labor	\$89,901	\$99,000	91%	\$66,075
Materials, Supplies & Expense	13,855	9,000	154%	6,875
Correction to Inventory Counts	(6,048)	0	-	5,168
Write-down of Obsolete Inventory	26,622	0	-	0
Depreciation	3,746	4,000	94%	4,168
	<u>\$128,076</u>	<u>\$112,000</u>	114%	<u>\$82,286</u>
Net Material Handling Gain / (Loss)	<u>(\$78,019)</u>	<u>\$0</u>	-	<u>(\$29,014)</u>
<u>Construction Supplies</u>				
Const Supplies Overhead Recovered (10%)	\$237,241	\$310,000	77%	\$231,350
Labor	\$89,747	\$72,000	125%	\$85,158
Materials, Supplies & Expense	88,531	86,000	103%	106,566
Small Tools	17,138	19,000	90%	16,188
Depreciation	4,281	4,000	107%	4,071
	<u>\$199,697</u>	<u>\$181,000</u>	110%	<u>\$211,983</u>
Net Constr Supplies Gain / (Loss)	<u>\$37,544</u>	<u>\$129,000</u>	29%	<u>\$19,367</u>
<u>Vehicle & Equipment</u>				
Vehicle & Equipment Recovered ¹	\$380,480	\$340,000	112%	\$345,343
Labor	\$61,104	\$100,000	61%	\$76,160
Materials, Supplies & Expense	65,651	57,000	115%	67,132
Fuel	96,965	110,000	88%	113,037
Depreciation	116,633	153,000	76%	98,245
	<u>\$340,353</u>	<u>\$420,000</u>	81%	<u>\$354,574</u>
Net Vehicle & Equip Gain / (Loss)	<u>\$40,126</u>	<u>(\$80,000)</u>	-50%	<u>(\$9,231)</u>
<u>Payroll</u>				
Overhead Payroll Recovered	\$7,019,974	\$7,177,000	98%	\$6,942,227
Salary Including Leave Time	\$4,638,294	\$4,699,000	99%	\$4,348,758
Employer FICA & Medicare Tax	352,047	350,000	101%	329,314
Insurance ²	1,018,638	1,107,000	92%	990,689
Retiree Medical	98,692	78,000	127%	75,375
CalPERS Retirement	836,146	840,000	100%	1,045,209
Unreconciled Difference	(19,163)			(88,367)
	<u>\$6,924,653</u>	<u>\$7,074,000</u>	98%	<u>\$6,700,978</u>
Net Payroll Gain / (Loss)	<u>\$95,321</u>	<u>\$103,000</u>	³	<u>\$241,249</u>
Total Overhead Gain / (Loss)	<u>\$94,972</u>	<u>\$152,000</u>	62%	<u>\$222,371</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, & Workers' Compensation

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

**NORTH MARIN WATER DISTRICT
EXPENDITURES BY CATEGORY
FOR PERIOD ENDING JUNE 30, 2015**

	Novato	Recycled	West Marin	Oceana Marin	YTD Total	Annual Budget	YTD Budget %	Prior YTD Actual	% Change
Operating Expense									
1 Salaries & Benefits	\$5,541,801	\$51,473	\$219,163	\$56,949	5,869,386	\$6,012,000	98%	\$5,844,917	0 %
2 Water Purchases	4,333,100	217,517	0	0	4,550,617	4,721,000	96%	6,123,015	-24 %
3 Depreciation	2,507,124	471,674	155,067	49,860	3,183,725	3,146,000	101%	3,128,302	1 %
4 Materials, Services & Supplies	1,306,424	82,440	94,388	31,655	1,514,906	1,530,000	99%	1,179,741	29 %
6 Electric Power	334,501	3,717	36,775	16,021	391,015	449,000	87%	454,450	-14 %
5 Chemicals	358,907	250	2,767	0	361,924	436,000	83%	322,192	12 %
8 Vehicles and Equipment (Distrib)	240,020	2,589	17,398	3,677	263,684	242,000	109%	233,065	13 %
9 Consulting Services/Studies	107,015	0	0	0	107,015	232,000	46%	0	-
7 Tools & Supplies (Distrib)	176,859	2,812	12,924	3,718	196,313	172,000	114%	195,657	0 %
10 Retiree Medical Expenses	175,580	0	0	0	175,580	156,000	113%	159,691	9 %
11 Office Supplies & Postage	96,909	0	0	0	96,909	115,000	84%	122,114	-20 %
12 Insurance & Claims	102,073	0	0	2,306	104,379	109,000	96%	74,451	40 %
13 Water Conservation Rebates	95,467	0	1,013	0	96,480	94,000	103%	72,762	31 %
14 Overhead Charges (Gain)/Loss	(94,772)	0	0	0	(94,772)	(128,000)	74%	(222,710)	-47 %
15 Distributed Costs (Lab,G&A,ConsAcctg)	(508,016)	43,893	87,010	21,048	(356,065)	(368,000)	97%	(390,489)	-8 %
16 Total Operating Expense	\$14,772,992	\$876,365	\$626,505	\$185,235	16,461,096	\$16,918,000	97%	\$17,297,157	-4 %
17 Interest Expense & Other*	572,520	304,286	39,540	29,042	945,387	925,000	102%	1,071,812	-16 %
18 Total Expense	\$15,345,512	\$1,180,651	\$666,045	\$214,277	\$17,406,484	\$17,843,000	98%	\$18,368,969	-5 %
Warehouse, Shop & Yard									
19 Salaries & Benefits	\$231,028	\$0	\$0	\$0	\$231,028	\$267,000	85%	\$224,464	2 %
20 Materials, Services & Supplies	432,866	0	0	0	432,866	292,000	148%	305,364	41 %
21 Distributed Costs	(663,894)	0	0	0	(663,894)	(559,000)	118%	(529,827)	25 %
22 Total W/H, Shop & Yard	\$0	\$0	\$0	\$0	\$0	\$0	-	\$0	-
District Capital Outlay									
23 Salaries & Benefits	\$518,678	\$108,918	\$138,972	\$9,103	\$775,671	\$785,000	99%	\$912,898	-15 %
24 Equipment Expenditures	196,220	0	0	0	196,220	198,000	99%	209,647	-6 %
25 Debt Principal Payments	1,021,801	392,947	65,935	0	1,480,683	1,670,000	89%	1,375,221	7 %
26 Materials, Services & Supplies	13,616,956	155,840	1,140,690	25,686	14,939,172	18,669,000	80%	3,528,478	323 %
27 Total District Capital Outlay	\$15,353,654	\$657,705	\$1,345,597	\$34,789	\$17,391,745	\$21,322,000	82%	\$6,026,244	188 %
Developer Funded Projects									
28 Salaries & Benefits	\$152,502	\$0	\$9,981	\$0	\$162,483	\$203,000	80%	\$132,681	22 %
29 Materials, Services & Supplies	182,132	0	12,933	0	195,065	119,000	164%	167,271	16 %
30 Total Developer Projects	\$334,634	\$0	\$22,914	\$0	\$357,548	\$322,000	111%	\$299,952	19 %
31 Total	\$31,078,046	\$1,806,475	\$2,034,537	\$221,387	\$35,140,445	\$39,487,000	89%	\$24,695,165	42 %

*Includes Interfund Interest

**NORTH MARIN WATER DISTRICT
VEHICLE FLEET ANALYSIS
FOR PERIOD ENDING JUNE 30, 2015**

Fiscal Year to Date								Vehicle Cost per Mile				
Year	Description	Veh#	Assigned	Mileage	Expense ¹	Recovery ²	Gain/(Loss)	Mileage	Life to Date	FYTD	FY14	FY13
1	1999 Dodge Ram 1500	32	Pool	4,539	\$1,786	\$2,148	\$363	79,441	\$0.44	\$0.39	\$0.66	\$0.54
2	2000 Dodge Dakota	40	Auction	3,495	\$1,820	\$2,158	\$338	115,778	\$0.48	\$0.52	\$0.63	\$0.41
3	2001 Dodge Ram 1500	41	Auction	4,619	\$2,477	\$2,466	(\$12)	126,299	\$0.54	\$0.54	\$0.76	\$0.49
4	2002 Chev K1500 4x4	47	LeBrun	5,298	\$2,788	\$2,878	\$90	112,550	\$0.36	\$0.53	\$0.71	\$0.54
5	2003 Dodge Dakota 4x4	49	Stompe	5,282	\$1,988	\$2,261	\$273	87,611	\$0.42	\$0.38	\$0.60	\$3.08
6	2003 Chev C1500	51	FSR	5,945	\$3,278	\$5,383	\$2,105	119,051	\$0.39	\$0.55	\$0.51	\$0.69
7	2004 Chev C1500	53	Kurfirist	8,765	\$3,487	\$10,547	\$7,060	115,214	\$0.45	\$0.40	\$1.52	\$0.69
8	2004 Chev C1500 Xtra Cab	54	Pool	10,447	\$4,032	\$3,419	(\$613)	92,085	\$0.40	\$0.39	\$0.62	\$0.42
9	2005 Honda Civic Hybrid	56	Engineering	6,385	\$1,873	\$3,702	\$1,830	73,501	\$0.24	\$0.29	\$0.42	\$0.16
10	2005 Honda Civic Hybrid	57	Clark	7,167	\$4,161	\$2,941	(\$1,220)	53,921	\$0.25	\$0.58	\$0.16	\$0.13
11	2005 Ford Ranger	58	Frazer	12,132	\$5,123	\$9,790	\$4,668	115,456	\$0.45	\$0.42	\$0.64	\$0.37
12	2005 Ford Ranger	59	Bynum	10,454	\$6,748	\$9,740	\$2,993	109,637	\$0.46	\$0.65	\$0.34	\$0.76
13	2006 Chev Colorado	501	Lab	12,106	\$5,079	\$9,935	\$4,856	126,890	\$0.37	\$0.42	\$0.41	\$0.40
14	2007 Chev K2500 4x4	502	Corda, Joe	9,913	\$5,000	\$18,522	\$13,522	78,575	\$0.53	\$0.50	\$0.52	\$0.51
15	2007 Chev Colorado	504	Roberto	3,762	\$2,675	\$6,665	\$3,990	35,987	\$0.47	\$0.71	\$0.72	\$0.35
16	2008 Ford F250 4x4	505	Cilia	6,892	\$4,276	\$12,203	\$7,927	77,056	\$0.71	\$0.62	\$0.91	\$0.82
17	2008 Ford F250 4x4	506	STP	6,899	\$6,603	\$5,070	(\$1,533)	48,475	\$0.83	\$0.96	\$0.52	\$0.85
18	2008 Chev Colorado 4x4	509	Engineering	13,167	\$4,284	\$5,976	\$1,692	86,652	\$0.33	\$0.33	\$0.41	\$0.31
19	2009 Toyota Prius Hybrid	510	Frazer	11,546	\$4,048	\$4,264	\$215	91,225	\$0.20	\$0.35	\$0.15	\$0.21
20	2010 Ford F150 4x4	511	STP	9,963	\$4,076	\$9,360	\$5,285	52,122	\$0.46	\$0.41	\$0.68	\$0.37
21	2010 Ford F150	512	Ortiz	13,316	\$4,805	\$6,470	\$1,665	76,101	\$0.46	\$0.36	\$0.59	\$0.41
22	2010 Ford F150	513	On-Call	9,102	\$3,770	\$3,600	(\$170)	42,247	\$0.49	\$0.41	\$0.61	\$0.45
23	2012 Ford F250	515	Reed	10,761	\$7,068	\$21,812	\$14,744	25,720	\$0.67	\$0.66	\$0.65	\$0.75
24	2012 Ford F250	516	Castellucci	10,754	\$5,120	\$15,757	\$10,637	24,817	\$0.59	\$0.48	\$0.64	\$0.71
25	2014 Ford F150	517	Grisso	3,706	\$1,235	\$5,400	\$4,165	3,980	\$0.33	\$0.33	\$0.26	-
26	2015 Ford F250 4x4	518	Kehoe, Chris	17,379	\$6,439	\$20,874	\$14,436	17,919	\$0.39	\$0.37	\$0.91	-
27	2015 Ford Escape 4X4	520	Arendell	620	\$100	\$503	\$403	620	\$0.16	\$0.16	-	-
28	2015 Ford F150 4X4	521	Lemos	0	\$160	\$0	(\$160)	-	-	-	-	-
Total 3/4 Ton & Under				224,414	\$104,299	\$203,848	\$99,549	1,988,930	\$0.44	\$0.46	\$0.56	\$0.51
1	1999 Ford F350 W/Svc Body	19	Pool	1,349	\$1,412	\$978	(\$433)	130,398	\$0.76	\$1.05	\$2.97	\$1.40
2	2002 Int'l 5 Yd Dump	44	Construction	4,993	\$7,429	\$16,208	\$8,779	89,184	\$1.61	\$1.49	\$2.21	\$2.02
3	1999 Ford F550 3-Yd Dump ³	52	Construction	4,000	\$4,876	\$11,769	\$6,894	81,558	\$0.96	\$1.22	\$1.34	\$5.46
4	2006 Int'l 4300 Crew	503	Breit	3,974	\$10,698	\$19,098	\$8,400	30,633	\$2.61	\$2.69	\$2.20	\$1.82
5	2008 Ford F350 4x4	507	Latanyszyn	12,635	\$7,901	\$16,277	\$8,376	86,231	\$0.81	\$0.63	\$0.73	\$1.15
6	2009 Peterbilt 335 Crew	508	Ochoa	2,733	\$5,418	\$19,387	\$13,969	22,271	\$2.00	\$1.98	\$2.20	\$2.81
7	2012 Int'l 5 Yd Dump	514	Rupp	5,056	\$6,246	\$14,332	\$8,087	18,818	\$1.57	\$1.24	\$1.45	\$2.50
8	2015 Int'l 5 Yd Dump	519	Sjoblom	7,449	\$8,512	\$15,966	\$7,454	8,578	\$1.08	\$1.14	\$0.64	-
Total 1 Ton & Over				42,189	\$52,491	\$114,017	\$61,526	467,671	\$1.18	\$1.24	\$1.53	\$1.84

¹ Expense amount shown excludes depreciation (approximately \$77,000 for FY15).

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, 2015**

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Description		COST THRU JUNE 2014	JUNE 2015	FYTD TOTAL	FY 14/15 BUDGET	(OVER) UNDER	TOTAL COST
NOVATO							
a. Residential							
1-7700-01	1 Cash for Grass	\$255,240	\$6,723	\$60,224	\$50,000	(\$10,224)	\$315,464
1-7700-02	2 Landscape Efficiency Rebates	19,855	522	1,264	7,500	6,237	21,118
1-7700-03	3 Fixtures Purchases	37,905	499	3,007	5,000	1,993	40,911
1-7700-06	4 Washing Machine Rebates	325,825	1,426	11,165	20,000	8,835	336,990
1-7700-07	5 Demonstration Garden Improvements	54,377	0	0	500	500	54,377
1-7700-11	6 Toilet Rebate SF	901,752	7,544	35,636	34,000	(1,636)	937,388
1-7700-12	7 Toilet Rebate MF	18,173	0	0	4,000	4,000	18,173
1-7700-13	8 Residential Audits	256,068	303	37,772	50,000	12,228	293,840
1-7700-15	9 High Efficiency Toilet Distribution	221,913	14,954	16,093	0	(16,093)	238,006
1-7700-16	10 Water Waste Ordinance Monitoring	35,046	6,816	28,690	10,000	(18,690)	63,736
1-7700-17	11 Swimming Pool Cover Rebate	226	455	1,363	2,000	637	1,589
1-7700-19	12 ET Controller Rebate	25,150	0	3,627	8,000	4,373	28,777
1-7700-08	13 Administration	1,053,000	9,652	130,497	131,000	503	1,183,497
1-7700-20	14 New Development Wtr Cons Program	48,060	1,112	10,656	8,000	(2,656)	58,716
1-7700-21	15 Demand Offset Rebate Program	1,811	0	615	2,000	1,385	2,425
1-7700-23	16 Grant Administration	1,292	0	546	1,000	454	1,838
1-7700-24	17 Hot Water Recirculation Rebate	0	653	1,466	4,000	2,534	1,466
1-4047-00	18 Test-Unmetered Flow Reducers	0	0	10,025	0	(10,025)	10,025
1-7700-25	19 Residential Fill Station	0	11,561	44,872	0	(44,872)	44,872
b. Commercial							
1-7701-02	1 Toilet Rebate Program	65,027	784	1,682	10,000	8,318	66,709
1-7701-03	2 Commercial Audits	8,761	375	3,670	15,000	11,331	12,431
c. Public Outreach/Information							
1-8672-16	1 Fall Newsletter	39,107	4,563	8,289	8,000	(289)	47,396
1-8672-17	2 Spring Newsletter	63,693	0	1,056	12,000	10,944	64,749
1-8672-18	3 Summer Newsletter	12,533	0	7,756	7,000	(756)	20,290
1-7700-04	4 Public Outreach / H ₂ O Fair	100,945	192	3,841	10,000	6,159	104,786
1-7700-05	5 Marketing	128,964	840	13,205	16,000	2,795	142,169
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	78,901	192	5,615	10,000	4,385	84,516
1-7702-01	2 Large Landscape Budgets	29,441	198	3,652	3,000	(652)	33,093
1-7702-02	3 Large Landscape Irrig Efficiency Rebates	13,460	0	1,000	8,000	7,000	14,460
1-8653-01	4 CIMIS Station Maintenance	18,653	0	0	2,000	2,000	18,653
1-7702-03	6 Administration-Large Landscape	23,625	0	480	7,000	6,520	24,105
TOTAL NOVATO WATER CONSERVATION		\$3,849,899	\$69,362	\$447,764	\$445,000	(\$2,764)	\$4,297,663
WEST MARIN WATER							
2-5166-00	a. Water Conservation Program	\$53,039	\$1,866	\$18,603	\$22,000	\$3,397	\$71,641
TOTAL WATER CONSERVATION EXPENDITURES¹		\$53,039	\$1,866	\$18,603	\$22,000	\$3,397	\$71,641

¹FY15 total excludes \$258,000 (\$39.35/AF) paid to SCWA for water conservation services provided to NMWD.

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING JUNE 30, 2015**

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Description		COST THRU JUNE 2014	JUNE 2015	FYTD TOTAL	FY 14/15 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
1 PIPELINE REPLACEMENTS/ADDITIONS							
a. Main/Pipeline Replacements							
1-7067-20	1 So Novato Blvd-Rowland to Sunset (12"CI @ 1,000')	\$25,136	\$69,409	\$105,573	\$350,000	\$244,427	\$130,709
1-7130-00	2 STP 18" Transmission Line Evaluation (13,200')	34,426	19	200,875	130,000	(70,875)	235,301
1-7142-00	3 Shields Ln 6" Cast Iron (6" @ 1,120')	144,724	0	99,963	105,000	5,037	244,688
1-7144-00	4 Grant/5th 1" Galvanized Steel (6" @ 400')	11,030	12,143	60,860	0	(60,860)	71,890
1-7143-00	5 Ashley Ct 2" Thinwall Plastic (6" @ 200')	2,395	38,339	45,227	0	(45,227)	47,622
b. Main/Pipeline Additions							
1-7145-00	1 Zone A Pressure Improvements - Ignacio	35,915	6,032	77,410	200,000	122,590	113,325
1-7150-00	2 San Mateo 24" Inlet/Outlet	0	0	15,291	30,000	14,710	15,291
c. PB Service Line Replacements							
1-7123-11	1 Pacheco Valle (42 Svcs)	3,449	0	(3,449)	125,000	128,449	0
1-7123-15	2 Atherton Oaks/Summit Lane (17 Svcs)	2,068	0	53,095	0	(53,095)	55,163
	3 Replace PB in Sync w/City Paving (30 Svcs)	0	0	0	90,000	90,000	0
1-7139-10	4 Measure A ,Group 7 (33 Svcs)	10,073	1,315	22,298	0	(22,298)	32,371
d. Relocations to Sync w/City & County CIP							
	1 Other Relocations	0	0	0	80,000		
TOTAL PIPELINE REPLACEMENTS/ADDITIONS		\$269,217	\$127,257	\$677,144	\$1,110,000	\$352,858	\$946,362
e. Aqueduct Replacements & Enhancements							
1-7118-01	1 MSN B1-Utility Agreement Costs	\$205,639	\$0	\$60,996	\$13,000,000	\$12,939,004	\$266,635
1-7118-02	2 MSN B2-Utility Agreement Costs	33,875	11	1,308	0	(1,308)	35,183
1-7118-03	3 MSN B3-Utility Agreement Costs	994,557	350,209	7,303,607	0	(7,303,607)	8,298,164
1-7118-04	4 AEEP Permit/Design/Construction	1,184,422	1,247,139	4,468,353	0	(4,468,353)	5,652,775
1-7118-05	5 AEEP Legal Challenge/Litigation	10,679	0	0	0	0	10,679
1-7118-07	6 MSN B1-Co-Op Agreement Costs	454,553	0	(32,930)	0	32,930	421,623
1-7118-10	7 MSN B2/Gunn Ln-Utility Agreement Costs ⁵	40,958	0	0	0	0	40,958
1-7118-17	8 AEEP B1 Betterment & Depreciation Cost	381,578	0	29,586	0	(29,586)	411,164
1-7118-18	9 AEEP B2 Betterment & Depreciation Cost	765	0	0	0	0	765
1-7118-20	10 MSN B3 Advance Tree Removal Costs	296,424	0	(296,424)	0	296,424	0
1-7118-21	11 AEEP-Reach B Tree Removal ⁷	19,689	0	(89)	0	89	19,600
TOTAL AQUEDUCT REPLACEMENTS AND ENHANCEMENTS		\$3,623,137	\$1,597,359	\$11,534,407	\$13,000,000	\$1,465,593	\$15,157,544

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING JUNE 30, 2015**

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Description	COST THRU JUNE 2014	JUNE 2015	FYTD TOTAL	FY 14/15 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
2 SYSTEM IMPROVEMENTS						
1-7008-11 a. RTU Upgrades	\$0	\$5,182	\$13,043	\$10,000	(\$3,043)	\$13,043
1-7007-09 b. Detector Check Assembly Repair/Repl (~14/yr)	0	0	68,924	150,000	81,076	68,924
1-7090-02 c. Anode Installations (150/yr)	9,002	(1,330)	10,009	30,000	19,991	19,011
1-7132-01 d. Radio Expansion Telemetry Upgrades	14,675	0	22,986	25,000	2,014	37,661
1-7054-05 e. Inaccurate Meter Replacement	0	0	4,542	10,000	5,458	4,542
1-7137-00 f. Backflow Device Upgrade-BMK (15 Svcs)	15,732	0	0	30,000	30,000	15,732
1-7146-00 g. Tank Access Hatch/Level Alarms (10 sites)	32,137	0	22,607	35,000	12,393	54,744
1-8650-20 h. Sampling Stations (6 biennially)	736	3,838	29,177	50,000	20,823	29,914
1-7136-00 i. Facilities Security Enhancements	0	21,355	34,067	25,000	(9,067)	34,067
1-7151-00 j. Emergency Generator Connections	0	0	12,297	15,000	2,703	12,297
TOTAL SYSTEM IMPROVEMENTS	\$72,283	\$29,045	\$217,651	\$380,000	\$162,349	\$289,934
3 BUILDINGS, YARD, & S.T.P. IMPROVEMENTS						
a. Administration Building						
1-6501-41 1 Admin Office/Lab/Yard Remodel Plan	\$0	\$0	\$0	\$50,000	\$50,000	\$0
1-6501-45 2 Office HVAC	0	0	0	200,000	200,000	0
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 Rework (@ Golden Gate Pl)	379	(379)	(379)	0	379	0
1-8738-02 2 SMART Crossing Rework (@ Roblar Rd)	4,657	0	43,347	0	(43,347)	48,004
1-8738-03 3 SMART Crossing Rework (@ Hanna Ranch)	182,599	0	31,363	0	(31,363)	213,962
c. Stafford Treatment Plant						
1-6600-54 1 Start-Up Flushing Connection	14,428	0	16,248	50,000	33,752	30,676
1-6600-82 2 STP Emergency Power Generator	0	0	0	150,000	150,000	0
1-6600-69 3 Stafford Dam Concrete Spillway Repair	109,828	850	3,480	0	(3,480)	113,308
TOTAL BUILDING, YARD, & STP IMPROVEMENTS	\$311,892	\$471	\$94,058	\$600,000	\$455,942	\$405,950
4 STORAGE TANKS & PUMP STATIONS						
1-6201-21 a. Atherton Recoat/Mixing System	\$116,960	\$163,864	\$1,619,573	\$2,200,000	\$580,427	\$1,736,532
1-6112-24 b. Lynwood Pump Station Motor Control Center	58,761	6,652	48,052	90,000	41,948	106,813
1-6222-23 c. Sunset Tank C12 Mixing System	0	6,453	23,240	100,000	76,760	23,240
1-6141-00 d. Crest P.S.(Design/Const)/Reloc School Rd P.S.	19,133	683	8,906	30,000	21,094	28,039
1-6117-26 e. San Marin P.S. Pump Barrel Leak Repair	0	6,275	16,170	0	(16,170)	16,170
TOTAL STORAGE TANKS & PUMP STATIONS	\$194,854	\$183,926	\$1,715,940	\$2,420,000	\$704,060	\$1,910,794
5 RECYCLED WATER						
5-7127-00 a. NBWRA Grant Program Administration	\$933,115	\$0	\$38,283	\$100,000	\$61,717	\$971,398
5-6056-11 b. Expansion to South Svc Area-Phase 1A ^{1,3}	1,457,095	0	17,563	0	(17,563)	1,474,659
5-6056-15 c. Expansion to South Svc Area-Phase 1B-Claims	33,063	0	0	0	0	33,063
5-6056-16 d. RW Expansion S Svc Area-PH1A Post Mitigation Monitoring	18,696	0	0	0	0	18,696
5-6058-10 e. RW Exp-Central Area-Pre Design ²	4,024	88,461	208,582	150,000	(58,582)	212,607
5-7155-00 f. Deer Island Wet Well Drain	0	0	329	19,000	18,671	329
5-7156-00 g. Deer Island SCADA/Reporting Move to STP	0	(4,550)	0	6,000	6,000	0
TOTAL RECYCLED WATER	\$2,445,994	\$83,911	\$264,758	\$275,000	\$10,242	\$2,710,752

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING JUNE 30, 2015**

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Description	COST THRU JUNE 2014	JUNE 2015	FYTD TOTAL	FY 14/15 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
6 WEST MARIN WATER SYSTEM						
System Improvements:						
2-6130-21 a. Olema PS Flood Protection & RTU Upgrade	\$19,057	\$0	\$20,206	\$100,000	\$79,794	\$39,262
2-7147-00 b. Emergency Generator Connections	14,405	0	6,553	15,000	8,447	20,958
2-7087-03 c. Gallagher Pipeline ⁶	56,959	5,826	1,200,594	1,286,000	85,406	1,257,553
2-7152-00 d. THM Spray Systems (3 Tanks)	0	0	0	10,000	10,000	0
2-7153-00 e. Upsize 4" Pipe from Bear Valley Tanks	0	1,244	33,406	120,000	86,594	33,406
2-6602-23 f. Replace Pump in Well #2	0	2811	5894	18,000	12,106	5,894
2-6605-23 g. Abandon Downey Well	0	0	0	50,000	50,000	0
2-6601-32 h. TP Solids Handling & Land Acquisition ⁶	190,026	0	892	0	(892)	190,918
2-7087-02 k. Gallagher Auxiliary Stream Gauge ⁷	71,570	0	5,298	0	(5,298)	76,868
2-7087-00 i. Gallagher Well Pipeline CEQA ⁷	29,845	0	0	0	0	29,845
2-7087-01 j. Gallagher Well Pipeline Design ⁷	107,687	0	0	0	0	107,687
2-6257-20 l. PR Tank #2 & 3 Seismic Piping Upgrade	40,823	6,819	6,819	0	(6,819)	47,641
TOTAL WEST MARIN WATER SYSTEM	\$530,371	\$16,699	\$1,279,662	\$1,599,000	\$319,338	\$1,810,033
7 OCEANA MARIN SEWER SYSTEM						
8-8672-28 a. Infiltration Repair-FY15	\$0	\$0	\$0	\$15,000	\$15,000	\$0
8-7154-00 b. Pond Power Relocation	0	0	10,186	15,000	4,814	10,186
8-6606-23 c. Disposal Field Fencing Upgrade	0	0	12,026	40,000	27,974	12,026
8-7148-00 d. SCADA RTU Upgrade and Install	9,356	0	12,578	0	(12,578)	21,934
TOTAL OCEANA MARIN SEWER SYSTEM	\$9,356	\$0	\$34,789	\$70,000	\$35,211	\$44,146
TOTAL PROJECT EXPENDITURES	\$7,457,105	\$2,038,667	\$15,818,409	\$19,454,000	\$3,505,592	\$23,275,514
8 LESS FUNDED BY GRANTS, LOANS & REIMBURSEMENTS						
(Accrued)/Deferred						
a. RW Expansion - South Service Area Grant ¹	(\$12,187)	\$0	\$12,187	\$0	(\$12,187)	\$0
b. RW Expansion - Central Service Area SRF Loan ²	0	(88,461)	(208,582)	\$0	208,582	(208,582)
c. MSN Aqueduct Caltrans Reimb-Segment B1-B3 ³	(640,152)	(265,991)	169,983	0	(169,983)	(470,169)
d. AEEP Segment B1-B3 ³	5,402,869	(1,247,139)	(4,497,850)	(4,160,000)	337,850	905,019
e. AEEP- B1 Construction ³	(30,641)	0	34,017	0	(34,017)	3,376
f. MSN Aqueduct Caltrans Reimb-Segment B2 Gunn Dr ³	(334)	0	334	0	(334)	0
g. MSN B3 Advance Tree Removal Costs ⁴	(296,424)	0	296,424	0	(296,424)	0
h. TP Solids Handling & Land Acquisition ⁶	639,044	0	(669)	0	669	638,375
i. Gallagher Well Pipeline & Stream Gauge ⁷	(65,160)	649,984	37,179	0	(37,179)	(27,981)
FUNDING BY OTHERS (ACCRUED)/DEFERRED	\$4,997,016	(\$951,606)	(\$4,156,977)	(\$4,160,000)	(\$3,023)	\$840,038
Received						
a. RW Expansion - South Service Area Grant ¹	(\$2,117,562)	\$0	(\$12,187)	\$0	\$12,187	(\$2,129,749)
b. RW Expansion - Central Service Area SRF Loan ²	0	0	0	0	0	0
c. MSN Aqueduct Caltrans Reimb-Segment B1-B3 ³	(359,723)	(84,229)	(7,206,540)	(8,840,000)	(1,633,460)	(7,566,263)
d. AEEP Segment B1-B3 ⁶	(7,123,441)	0	0	0	0	(7,123,441)
e. AEEP- B1 Construction ³	(420,458)	0	(1,087)	0	1,087	(421,545)
f. MSN Aqueduct Caltrans Reimb-Segment B2 Gunn Dr ³	(40,624)	0	(334)	0	334	(40,958)
g. AEEP-B3 Tree Removal-CT Reimb ⁵	0	0	0	0	0	0
h. TP Solids Handling & Land Acquisition ⁶	(781,564)	0	0	0	0	(781,564)
i. Gallagher Well Pipeline & Stream Gauge ⁷	(200,901)	(655,810)	(1,243,071)	(1,286,000)	(42,929)	(1,443,972)

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING JUNE 30, 2015**

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Description	COST THRU JUNE 2014	JUNE 2015	FYTD TOTAL	FY 14/15 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
FUNDING BY OTHERS RECEIVED	(\$11,044,273)	(\$740,039)	(\$8,463,219)	(\$10,126,000)	(\$1,662,781)	(\$19,507,493)
NET PROJECT EXPENDITURES	\$1,409,848	\$347,022	\$3,198,212	\$5,168,000	\$1,839,789	\$4,608,060

CIP SUMMARY-GROSS EXPENDITURES:	Current Month	FYTD Total	FY 14/15 Budget	FYTD/ Budget%
Novato Water Capital Projects	\$1,938,058	\$14,239,200	\$17,510,000	81%
Novato Recycled Water Capital Projects	83,911	264,758	275,000	96%
West Marin Water Capital Projects	16,699	1,279,662	1,599,000	80%
Oceana Marin Sewer Capital Projects	0	34,789	70,000	50%
Gross Capital Improvement Project Outlays	\$2,038,668	\$15,818,409	\$19,454,000	81%

CIP SUMMARY-NET EXPENDITURES:	Current Month	FYTD Total	FY 14/15 Budget	FYTD/ Budget%
Novato Water Capital Projects	\$340,699	\$3,034,147	\$4,510,000	67%
Novato Recycled Water Capital Projects	(4,550)	56,176	125,000	45%
West Marin Water Capital Projects	10,874	73,101	313,000	23%
Oceana Marin Sewer Capital Projects	0	34,789	70,000	50%
Net Capital Improvement Project Outlays	\$347,022	\$3,198,212	\$5,018,000	64%

Notes to Capital Improvement Projects Schedule:

- (1) The District will receive State Prop 84 Grant Funding equal to project cost less overhead.
- (2) RW Expansion Costs for the Central Service Area will be funded by a Federal Title XVI grant of \$1.5M and the remainder will be funded by a 1% interest rate State Revolving Fund Loan.
- (3) Funding includes a \$7M Bank Loan plus reimbursement from Caltrans for 100% of costs charged to jobs 1.7118.01-1.7118.03, & 1.7118.10.
- (4) Funding provided 100% by Caltrans.
- (5) Funding provided 100% by NMWD.
- (6) Funding provided 75% by Bank of Marin Loan & 25% by connection fees.
- (7) Funding provided 100% by State Dept of Public Health Prop 50 Grant up to \$1,486,000.

CONSULTING SERVICES/STUDIES	COST THRU JUNE 2014	JUNE 2015	FYTD TOTAL	FY 14/15 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
1-7140-00 a. Stafford Dam Emergency Action Plan	\$0	\$31,505	\$64,214	\$100,000	\$35,786	\$64,214
1-6600-81 b. STP Taste & Odor Consultant	0	6,420	19,628	30,000	10,372	19,628
1-4048-00 c. Hydropneumatic Tank Inspections	0	0	0	50,000	50,000	0
1-4049-00 d. Cyber Liability Audit	0	0	12,375	14,000	1,625	12,375
1-4050-00 e. 2015 Urban Water Management Plan	0	0	10,797		(10,797)	10,797
5-4045-00 f. Recycled Water Engr Report Update	0	0	4,509	8,000	3,492	4,509
8-4046-00 g. OM Long Range Master Plan Update	0	17,280	28,234	30,000	1,766	28,234
	\$0	\$55,204	\$139,757	\$232,000	\$92,243	\$139,757

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 10/27/31. In June 2012 the Board authorized reallocating \$1 million of this loan to West Marin Water to repay Novato Water \$223,000 owed for previous loans to fund Long Range Improvement Projects and the remainder to fund the Solids Handling Facility at the Point Reyes Water Treatment Plant. The unexpended fund balance accrues interest monthly.

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 rented to an employee who provides after-hours presence in the community to respond to emergencies. In 2006, \$8,885 was added from the sale of surplus property in West Marin. 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. In 2013 an Actuarial Analysis calculated NMWD's total actuarial liability at \$4.2 million. This reserve fund earns interest monthly, and currently has a balance of \$3.3 million. Accounting Standards require that the \$4.2M reserve be fully funded in 20 years.

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

Maintenance Accrual Fund: Established in FY91 to provide a source of maintenance money for replacement of treatment, storage, transmission and distribution facilities as they wear out. The annual contribution from operating reserves was initially \$200,000. Net polybutylene claim settlement proceeds

of \$671,060 were closed into the fund in FY93. In FY94 the annual contribution was reduced to \$100,000. The District's goal is to build a reserve equal to 10% of the net book value of Novato's existing plant, currently \$7.0M. Funds are borrowed from the Maintenance Accrual Fund to offset the shortfall in unrestricted Cash & Investments. The fund balance does not accrue interest.

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

Operating Reserve Fund: This reserve, comprised of four months of budgeted operating expenditures (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 seven employee-housing loans currently outstanding totaling \$1,234,200: a \$250,000 loan dated August 2004, a \$39,200 loan dated September 2004, a \$300,000 loan dated October 2006, a \$150,000 loan dated November 2007, a \$245,000 loan dated June 2010, and a \$250,000 loan dated March 2015.

Personal Computer Loans: Up to \$3,500 may be loaned to an employee for a period of up to 36 months under the District's Personal Computer Loan Program. Loans are repaid with interest at the rate earned on the District's investment portfolio at the time of the loan plus one percent. Currently there is one employee loan outstanding totaling \$448.

Note 4 – Depreciation

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

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

Note 5 - 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 6 – Bond & Loan

Servicing Schedule for Fiscal Year 2014-2015

Service Area	Description	Issue Date	Rate	Original Amount	Payment Due	Final Pmt	FY15		6/30/15 Outstanding Balance
							Interest Expense	Principal Paid	
1 Novato	EDA Loan	1977	5.0%	\$351,770	7/1	7/1/17	\$2,504	\$15,152	\$50,293
2 Novato	SRF Loan - STP	2004	2.39%	\$16,528,850	7/1 & 1/1	7/1/29	\$308,753	\$735,721	\$12,365,655
3 Novato	Bank Marin Loan	2011	3.54%	\$7,000,000	27 th /mo	10/27/31	\$211,114	\$270,928	\$5,983,301
Novato Total							\$522,371	\$1,021,801	\$18,399,249
4 RW TP	SRF Loan	2006	2.4%	\$4,302,560	6/19	6/19/27	\$72,529	\$200,838	\$2,821,188
5 RW North	SRF Loans (4)	2013	2.6%	\$4,375,605	Varies	Varies	\$104,166	\$175,741	\$3,907,002
6 RW South	SRF Loans (3)	2013	2.2%	\$5,359,858	Varies	Varies	\$110,416	\$222,026	\$4,961,115
Recycled Water Total							\$287,110	\$598,605	\$11,689,305
7 Olema	OL-2 GO Bond	1975	5.0%	\$70,000	1/1	1/1/15	\$99	\$ 3,916	\$0
8 Point Reyes	EDA Loan	1977	5.0%	\$46,000	7/1	7/1/17	\$339	\$2,250	\$6,807
9 PRE	PRE-1 Revenue	1980	5.0%	\$240,000	10/1 & 4/1	4/1/20	\$3,463	\$11,000	\$62,000
10 Point Reyes	PR-6 Revenue	1981	5.0%	\$217,800	7/1 & 1/1	7/1/21	\$3,750	\$9,000	\$66,000
11 WM Water	Bank Marin Loan	2012	3.54%	\$1,000,000	27 th /mo	10/27/31	\$30,989	\$39,769	\$884,653
West Marin Water Total							\$38,639	\$65,935	\$1,019,460
FY15 Total							\$848,120	\$1,686,342	\$31,108,014

1. In 1977 the Federal Economic Development Administration issued a 40-year 5% loan of \$351,770 to assist in the funding emergency Novato Water system projects in response to the drought.
2. In April 2004 the California State Department of Water Resources approved a 2.39% 20-year loan for reconstruction of the Stafford Water Treatment Plant. The project was completed in FY09 with repair of the Outlet Tower Sluice Gate. Interest paid during construction totaled \$1,636,378. The loan covenants require an annual reserve fund contribution of \$104,447 (10% of the annual debt service obligation) be deposited into the Marin County Treasury during each of the first ten years of the repayment period. Debt service is funded 25% by Facility Reserve Charges. 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 June 1973, after petition and creation of an improvement district (OL-1) for the investigation of water service to Olema and the Point Reyes National Seashore Headquarters, Olema voters, by a 92% "yes" vote, approved formation of an improvement district (OL-2) and a bonded debt of \$70,000 to acquire and improve the Olema Water Company owned by W. Robert Phillips and others and to service that area. The Farmers Home Administration purchased the 1975 bond issue in its entirety. On 6/1/91, at the demand of the FHA, the Novato Water District repurchased the remaining \$56,760 balance in the Olema bond debt. The interest rate paid to Novato Water on the OL-2 bond was thereafter reset to the higher of the rate earned by the District treasury or the stated rate of 5%. The bond will be paid off in December of 2014.
8. In 1977 the Federal Economic Development Administration issued a 40-year 5% loan of \$46,000 to assist in the funding emergency West Marin Water system projects, including temporary diversions from Bear Valley Creek and Lagunitas Creek in response to the drought.
9. The Paradise Ranch Estates private water system was created by David Adams and Sons in 1952 to provide water to 85 homes in the PRE subdivision located north of Inverness Park. Problems with water quality and quantity developed and in 1969 the Marin County Health Department issued a boil-water order to all customers of the company. In 1972 the County declared a moratorium on issuance of building permits. A suit by property owners resulted in an agreement reached in Marin Superior Court in late 1978 directing Adams to finance a District feasibility study for the takeover of the system. This culminated in formation of Improvement District PRE-1 and an election authorizing issue of \$240,000 of 5% 40-year revenue bonds, which, in conjunction with a \$720,000 Farmers Home Administration grant, financed system rehabilitation. Service was provided from the Point Reyes System by installation of an additional well, expansion of the treatment plant, and a 6-inch pipeline connection at the Inverness Park pump station extending 1.6 miles along Sir Francis Drake Boulevard to the newly reconstructed Paradise Ranch Estates distribution system. On 4/22/80 the USDA purchased the revenue bond issue in its entirety.
10. In 1981 work commenced on rehabilitating the Point Reyes Inverness Park water system. 18,865 feet of pipeline was either replaced or installed, a 300,000-gallon tank was added in Point Reyes Station and a 100,000-gallon tank was added in Inverness Park. Total cost of these improvements was \$820,015. A 72% grant combined with a \$217,800 5% 40-year revenue bond acquired 8/28/81 by the Farmers Home Administration financed the project.
11. In June 2012 the Board authorized reallocating \$1 million of the Bank of Marin loan to West Marin Water to repay Novato Water \$223,000 owed for loans to fund Long Range Improvement Projects and the remainder to fund the Solids Handling Facility at the Point Reyes Water Treatment Plant. See note to loan 3 above.

Note 7 – Unemployment Insurance Reserve

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

Note 8 – 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 9 - Interest Policy on Inter-District Loans

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

No interest shall be paid by an improvement district on funds borrowed from that improvement district's Board Designated Fund reserves. Interest on loans from the Novato Improvement District shall be paid by the recipient district to the Novato district based upon the outstanding loan balance at the close of the previous accounting period. Interest shall be calculated at the higher of: 1. The weighted average interest rate of Novato improvement district debt (2.75% at 6/30/14); or 2. The average interest rate earned on the District treasury since the close of the previous accounting period; plus \$50 per month.

Note 10 – Budget Augmentations

The Board augmented this year's Recycled Water Capital Improvement Project Budget by \$150,000 on April 7, 2015 for the accelerated design work on the Central Service Area Expansion Project in an effort to qualify for low interest rate SRF loans from the State of California as well as any potential available grant funds.

Note 11 – Prior Period Adjustment

The threshold for prior period adjustments is determined using the guidelines from the *GCX-8 Planning Materiality Worksheet for Governmental Engagements*. The limits for FY2015 are: Novato \$77,000; Recycled Water \$25,000, West Marin Water \$13,000, and Oceana Marin Sewer \$5,000.

Note 12 – Provision for Pension Related Debt and Side Fund

NMWD participates in the CalPERS 2.5% at age 55 retirement plan. Per CalPERS Actuarial Valuation as of June 30, 2013 (most recent data available) NMWD had an accrued liability of \$36.2 million and assets with a market value of \$25.9 million, rendering an unfunded liability of \$10.3 million (\$36.2 - \$25.9), and a funded ratio of 71.7% ($\$25.9 / \36.2), up 4.4% from June 30, 2012.

In 2003 when NMWD was included in a CalPERS pool of agencies with less than 100 employees, a "side fund" was created by CalPERS to account for the difference between the funded status of the pool and the funded status of NMWD's plan. NMWD paid off the CalPERS side fund (\$2,073,701) as of June 30, 2014.

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			NBWRA	SRF RWF Expansion		Total	Transfer Executed
	North	South	Central		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
	\$603,428	\$1,006,589	\$0	\$971,400	\$182,359	\$1,579,401	\$4,343,177	\$4,343,177

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.

	FY11	FY12	FY13	FY14	FY15
Net Income/(Loss)	(\$1,156,582)	(\$217,163)	\$2,036,943	\$488,288	\$1,192,095
Depreciation	\$2,660,418	\$2,726,598	\$2,784,648	\$3,128,302	\$3,183,725
Interest Expense	\$710,416	\$654,484	\$778,762	\$830,830	\$848,120
Connection Fees	\$387,610	\$1,005,680	\$876,350	\$152,800	\$801,600
Total Available For Debt Service	\$2,601,862	\$4,169,599	\$6,476,703	\$4,600,219	\$6,025,540
Annual Debt Service	\$1,385,156	\$1,770,894	\$2,118,314	\$2,425,585	\$2,534,462
Debt Service Coverage Ratio	1.88	2.35	3.06	1.90	2.38

Bank of Marin Debt Service Coverage Calculation¹	FY15 Actual	FY15 Budgeted
Change in Net Assets ²	\$11,667,037	\$13,472,000
Interest Expense	\$848,120	\$867,000
Depreciation & Amortization	\$3,183,725	\$3,146,000
Total Available for Debt Service	\$16,885,732	\$17,485,000
Bank of Marin Annual Debt Service	\$552,800	\$552,800
Bank of Marin Coverage Ratio	30.55	31.63

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

6

MEMORANDUM

To: Board of Directors

July 31, 2015

From: David L. Bentley, Auditor-Controller

Subj: Legal Services Fee Increase – Bold, Polisner, Maddow, Nelson & Judson

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RECOMMENDED ACTION: Approve**FINANCIAL IMPACT: Approximately \$2,200 Annually**

Robert Maddow, lead partner in the firm of Bold, Polisner, Maddow, Nelson and Judson (BPMNJ), which firm has served as the District's general legal counsel since 1959, has proposed an increase in legal fees effective January 1, 2016. The proposal is to standardize the fee of all attorneys at \$210 per hour. Fees currently range from \$175 to \$195 per hour, depending upon the attorney used. BPMNJ's last increased their fees July 1, 2006. Thus it will be 9½ years between fee increases.

Based on the District's FY15 utilization of BPMNJ attorneys, the proposed increase to NNMWD would be 14%, or approximately \$2,200 annually. The San Francisco Bay Area All Urban Consumers Price Index, which the District uses for labor and contract cost escalation, will see an increase of about 25% over the same 9½-year period.

The District has been well-served by BPMNJ over the years, as evidenced by the District's relatively low annual legal expense, which last fiscal year averaged \$1,350 per month. This is significantly less than that afforded by many other local public agencies.

Recommendation

Approve the proposed BPMNJ fee increase to \$210 per hour effective January 1, 2016.

ROBERT B. MADDOW
CARL P. A. NELSON
CRAIG L. JUDSON

JEFFERY D. POLISNER
(RETIRED)

BOLD, POLISNER, MADDOW, NELSON & JUDSON

A PROFESSIONAL CORPORATION
500 YGNACIO VALLEY ROAD, SUITE 325
WALNUT CREEK, CALIFORNIA 94596-3840
TELEPHONE (925) 933-7777
FAX (925) 933-7804
OFFICE@BPMNJ.COM

SHARON M. NAGLE
DOUGLAS E. COTY
MICHAEL W. NELSON

FREDERICK BOLD, JR.
(1913-2003)

July 27, 2015

Chris DeGabriele, General Manager
NORTH MARIN WATER DISTRICT
999 Rush Creek Place
P.O. Box 146
Novato, CA 94948-0146

RE: Fees for Legal Services

Dear Chris:

Please consider this letter as our firm's proposal for an adjustment in the hourly rates North Marin pays for our legal services as General Counsel. We propose a new single (blended) hourly rate of \$210 for typical legal services rendered by any of the attorneys in or associated with our firm who work on District matters, commencing January 1, 2016. We would intend to retain the current litigation premium at its current \$25 per hour.

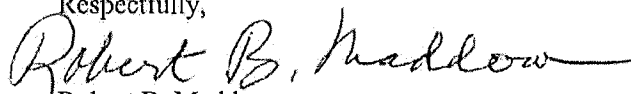
As you know, this is the first adjustment we have requested in 10 years. Our current fees range from \$175 – 195 per hour. Since much of our work has been at the \$195 hourly rate, this proposal translates to less than an 8% increase.

The adjustment we are proposing is primarily driven by cost increases we have experienced, including support staff salaries and benefits, technology upgrades, costs of insurance, rising miscellaneous but necessary costs, and rent increases over the 10 years. We plan to continue our long-standing practice of not charging the District for costs of ordinary copying, word processing, fax, or telephone usage, even though several of these costs have also increased. Other than the hourly rate change, the balance of our fee arrangement and invoicing would not change.

As you know, our firm is undergoing some transitional changes, but our preferred approach is for the District to continue to consider me as your principal point of contact. In consultation with you or the appropriate District person, I will see to it that we assign all work you request or direct us to perform to the attorney who is best suited to handle it in a timely fashion. As you know, I am in the office less frequently than has historically been the case, but I am generally always available via my cellular phone and via e-mail. If I am not available and you have an immediate need to reach some one here, Carl Nelson or Doug Coty are usually available.

Our firm is honored to have served the District as its General Counsel for so long, and we are hoping that our working relationship will continue long into the future.

Respectfully,


Robert B. Maddow

7

MEMORANDUM

To: Board of Directors July 31, 2015

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

Subject: Notice of Completion for Atherton Tank Rehabilitation Project (Blastco Inc.)
R:\Folders by Job No\6000 jobs\6201.21\BOD memos\6201.21 Atherton Tank Notice of Completion BOD memo.doc

RECOMMENDED ACTION: Authorize the General Manager to execute and file a Notice of Completion for the Atherton Tank Rehabilitation project.

FINANCIAL IMPACT: None

Pursuant to and in conformance with contract requirements for the Atherton Tank Rehabilitation project (Atherton Tank), the contractor (Blastco, Inc.) has fulfilled their obligations under the contract. Corrections of all work deficiencies and punch list items have been completed. All work performed by Blastco, Inc. (Blastco) has been inspected by District staff and the coating inspector (D.B. Gaya Consulting). Blastco's work was completed on June 23, 2015.

Per the Contract Documents, Blastco has furnished written notice that the work is complete and that all subcontractors and equipment suppliers have been paid (see Attachment A). Blastco has released the District of all claims. A Notice of Completion is provided as Attachment B which, if approved, will be filed with Marin County on August 5, 2015. Final payment (for monies held in retention) in the amount of \$67,946.65 will be processed for release, on September 10, 2015 subject to absence of any additional claims filed during the 30-day notice period.

Project Cost Summary

The Board approved the award of the contract with Blastco for \$1,348,850 for rehabilitation of the Atherton Tank Project with a contingency of \$70,000 (5% of contract value). The net change orders amounted to \$10,083 (0.75% of the contract amount) with additive change orders for \$22,613 and deductive change orders for \$12,530. Total payment to Blastco will be \$1,358,933. The final project cost summary as of June 12, 2015 is provided as Attachment C. Final tank access road paving restoration is scheduled to be finished by Fall of this year using McLellan Paving under a separate contract. A project summary presentation will be provided by staff at the meeting (Attachment D).

RECOMMENDATION

Authorize the General Manager to execute and file a Notice of Completion for the Atherton Tank Rehabilitation project.

CONDITIONAL WAIVER AND RELEASE ON FINAL PAYMENT

NOTICE: THIS DOCUMENT WAIVES THE CLAIMANT'S LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND RIGHTS EFFECTIVE ON RECEIPT OF PAYMENT. A PERSON SHOULD NOT RELY ON THIS DOCUMENT UNLESS SATISFIED THAT THE CLAIMANT HAS RECEIVED PAYMENT.

Identifying Information

Name of Claimant: Blastco, Inc.

Name of Customer: North Marin Water District

Job Location: Atherton Tank Rehabilitation (Project 1 6201.21), End of Morning Star Ct., Novato, CA

Owner: North Marin Water District

Conditional Waiver and Release

This document waives and releases lien, stop payment notice, and payment bond rights the claimant has for labor and service provided, and equipment and material delivered, to the customer on this job. Rights based upon labor or service provided, or equipment or material delivered, pursuant to a written change order that has been fully executed by the parties prior to the date that this document is signed by the claimant, are waived and released by this document, unless listed as an Exception below. This document is effective only on the claimant's receipt of payment from the financial institution on which the following check is drawn:

Maker of Check: North Marin Water District

Amount of Check: \$ 67,946.65

Check Payable to: Blastco, Inc.

Exceptions

This document does not affect any of the following: None
Disputed claims for extras in the amount of: \$

Signature

Claimant's Signature:



Claimant's Title: General Manager

Date of Signature: 07/27/2015

7/1/12

ATTACHMENT A

Posting requested by:

NORTH MARIN WATER DISTRICT

After Posting Time has Expired Mail To:

North Marin Water District
P. O. Box 146
Novato, CA 94948-0146

NORTH MARIN WATER DISTRICT
NOVATO, CALIFORNIA

NOTICE OF COMPLETION

To: Marin County Clerk
3501 Civic Center Dr., Rm 234
San Rafael, CA 94903

Date: July 22, 2015
File No.: 1 6201.21
Date of Completion: June 23, 2015

Owner: North Marin Water District
999 Rush Creek Place
Novato, CA 94947

OWNER'S ESTATE OR INTEREST:

Easement _____ Fee Title X Encroachment Permit _____
Other (describe) _____

CONTRACTOR:

Blastco, Inc.
11905 Regentview Ave.
Downey, CA 90241

TITLE OF PROJECT: Atherton Tank Rehabilitation

DESCRIPTION OF PROJECT: Repair of roof outer ring girders, installation of a tank mixing system, modifications to overflow pipe/drain connection, seismic retrofitting of tank inlet/outlet connection, installation of a second shell manway, sample taps, level transducer assembly and replacement of half travel level gauge, prepare surfaces, furnish and apply material for a full interior and exterior recoating of the existing 5 MG Atherton steel water storage tank, installation of cathodic protection and removal and disposal of spent abrasive and coating residue including material classified as hazardous waste and reporting.

DESCRIPTION OF SITE (LOCATION): End of Morning Star Ct., Novato, CA.

Final payment will be made to the above contractor on or after 35 days from the recording date of this notice of completion, except where otherwise provided for by law.

The undersigned under penalty of perjury says that he is the General Manager of the North Marin Water District, the public agency authorizing the work or improvement referred to in the foregoing notice of completion; that he has executed such notice of completion on behalf of such public agency and likewise makes this verification on behalf of said public agency pursuant to authority granted by the District's Board of Directors; and that he has read said notice of completion and knows the contents thereof and that the facts therein stated are true.

Chris DeGabriele, General Manager

VERIFICATION
STATE OF CALIFORNIA)
COUNTY OF MARIN)

THE UNDERSIGNED, declares that he has read the foregoing notice, knows the contents thereof, and the same is true of his own knowledge. I certify under penalty of perjury that the foregoing is true and correct.

SEAL:

Chris DeGabriele, General Manager

Date and Place

Disposition:
Original: County Clerk
Copy: Contractor
Copy: Project File

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

COMPLETED BY: David Jackson
DATE: 3/18/2013

UPDATED BY: Carmela Chandrasekera
DATE: 6/12/2015

SERVICE AREA: ☒ **NOVATO**

☐ **WEST MARIN**

☐ **OCEANA MARIN**

Job No.	6201.21	Job Title:-Atherton Tank Rehabilitation Project					Facility Type (Pipelines, Pump Stations, etc.): TANK				
Facility No. 6201											
Description: - Recoat interior and exterior of Atherton Tank. Perform structural strengthening of roof outer ring girder. A tank mixing system will be added. Install new flex connection at tank inlet/outlet. A second shell manway will be added and the overflow pipe to drain connection will be modified to include air gap. The half-height staff gauge will be replaced and three sample taps will be added. - Interior work consists of removing existing coating, none of which is anticipated to be disposed of as hazardous waste due to high zinc or lead levels, and surface preparation to SSPC-SP10, white metal blast. New interior coating consists of a single coat of NSF 61 approved 100% solids epoxy. - Exterior work consists of complete coating removal and replacement. Lead abatement will be required. New exterior coating consists of a 2-coat system of epoxy primer & urethane topcoat. - Dehumidification equipment is mandated for the interior recoating of this job. - Coating inspection is to be provided under the lead of an outside consultant. environmental monitoring shall be conducted during exterior lead-based paint removal. A new cathodic protection system will be installed. Project Justification: Due to deteriorated original (circa 1973) interior and exterior coatings, high structural corrosion levels, and updated construction standards; this tank is scheduled for recoating and repairs.											
Baseline Cost Estimate		Initial (3/13)	Updated (3/14)	Updated (6/14)	Updated (8/14)	Updated (6/15)	Expended to Date	Baseline Schedule	Start	Finish (Est.)	Finish (Actual)
1	Project Dev.	\$13,000	\$13,000	\$13,000	\$13,000	\$14,007	\$14,007	Project Dev.	7/1/2013	2/1/2014	
2	Design		\$60,000	\$60,000	\$60,000	\$63,130	\$63,130				
3	Env. Compliance (Vantage Point)					\$3,286	\$3,286				
4	Contract Blastco	1382000	1835768	1982141	1348850	\$1,369,397	\$1,333,274				
5	Labor Compliance (CCMI)					\$22,750	\$16,250	Design	3/1/2014	6/20/2014	
6	Outside Inspection (DB Gaya)	\$75,000	\$75,000	\$90,000	\$90,000	\$39,070	\$36,370	Construction	8/20/2014	6/30/2015	
7	NMWD Const	\$10,000	\$45,000	\$45,000	\$45,000	\$50,000	\$32,954				
8	NMWD Maint	\$10,000	\$10,000	\$10,000	\$50,000	\$15,000	\$8,795				
9	NMWD Operations	\$10,000	\$10,000	\$10,000	\$50,000	\$15,000	\$3,438				
10	Materials						\$19,869				
11	Legal + Misc.	\$10,500	\$10,500	\$10,500	\$20,000	\$2,057	\$1,272	Closeout		7/31/2015	
12	Const. Admin. (eng. Labor+veh)	\$25,000	\$25,000	\$25,000	\$35,000	\$50,000	\$46,292				
13	Paving tank pad and access road					\$105,000					
14	Project Closeout	\$10,000	\$10,000	\$10,000	\$15,000	\$5,000					
15	SubTotal	\$1,545,500	\$2,094,268	\$2,255,641	\$1,726,850						
16	Project Contingency (10%)	\$154,550	\$209,427	\$225,564	\$172,685						
	Total	\$1,700,000	2,303,695	2,481,205	1,900,000	\$1,753,697	\$1,578,938				

Item 4- Contract Total includes Change Orders
 Item 7 - Temp Tanks install, Drain changes, misc
 Item 8 - Elec switch over, before and after Rehab
 Item 9 - Draining and startup, testing WQ
 Item 10 - AP materials (\$7146), Inventory (\$12,723) for temp tank and drain changes



ATHERTON TANK REHABILITATION PROJECT

PRESENTATION
AUGUST 2015



HISTORY

- 5 MG Atherton Tank was put in service in 1973
- No work other than repair of vents and replacement of center column bolts prior to this project
- Inspection in 2006 showed rusting of interior roof beams and bolts
- CIP budget for tank rehabilitation project 2013 - 2015

PROJECT PLANNING

- Topographic Survey of Site
- Installation of temporary tanks and related plumbing
- Tank interior inspection while tank in service and report by consultant KTA-Tator Inc.
- Need for structural strengthening of roof girders— Evaluation of options for rehab
- Coating Specifications – review by KTA-Tator
- Address Lead in exterior tank coating and problems with VOCs and taste/ odor
- Letters to residents near the tank about the project
- Design Bid and Contract award

DESIGN PHASE

- Tank roof outer ring girder rehabilitation
- Install tank mixing system
- Overflow pipe and drain modifications
- Install modifications to 20" inlet/outlet tank connection
- Install Second Manway (Maintenance Access Hatch)
- Install Cathodic Protection System
- Install three (3) sample taps and other misc. Appurtenances
- Prepare surfaces, furnish and apply material for a full interior and exterior coating.

BID PHASE AND AWARD

- NMWD received 6 bids.

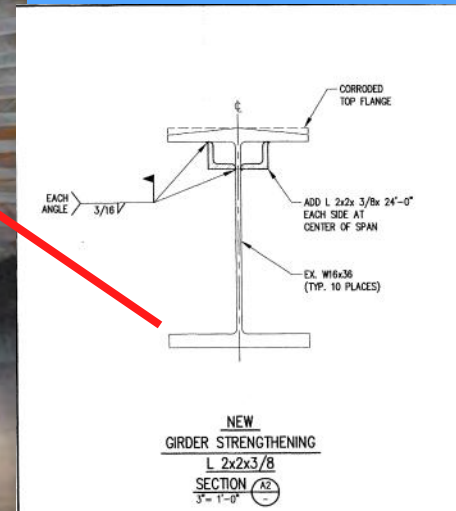
Bidder	Total Base Bid	\$\$ Above Low Bidder
Blastco, Inc.	\$1,348,850	
Advanced Industrial Services	\$1,414,690	\$65,840
Utility Services	\$1,575,000	\$226,150
Farr Construction	\$1,631,359	\$282,509
Crosno Construction	\$1,695,500	\$346,650
Paso Robles Tank	\$2,193,001	\$844,151
Engineers Estimate	\$2,200,000	\$851,150

- Bid protest by second low bidder.
- Contract Awarded to Blastco after consulting with Legal staff

NMWD INSTALLED TEMPORARY TANKS



OUTER RING GIRDER STRENGTHENING



OTHER IMPROVEMENTS

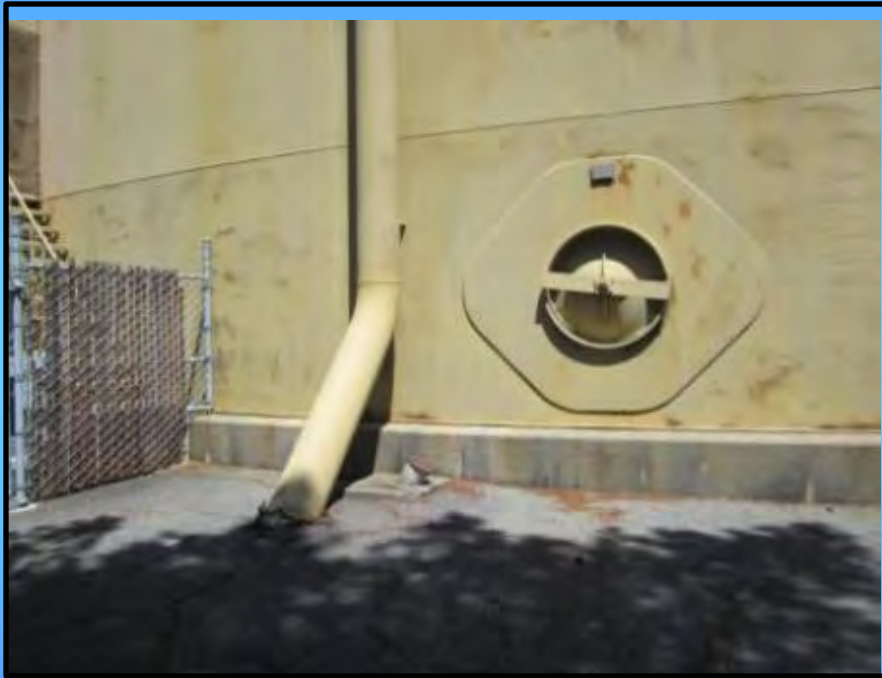


**Inlet/Outlet
Before**



**Inlet/Outlet
Seismic Retrofit**

OTHER IMPROVEMENTS



**Overflow/Drain
Before**



**Overflow/Drain Air Gap
After**

ADDITIONS



TANK INTERIOR RECOATING



TANK INTERIOR RECOATING



TANK EXTERIOR RECOATING



TANK EXTERIOR RECOATING



MIXING SYSTEM & TANK FLOOR RECOATING



TANK ROOF RECOATING & FINISHES



REHABILITATED TANK



Before



After

CONTRACT SUMMARY

- Notice to Proceed – September 12, 2014
- Original Contract Amount - \$1,348,850
- Change Orders \$10,083
- Final Amount - \$1,358,933
- Percent Total Change Orders – 0.75%
- Construction Completion– June 10, 2015.
- Tank Back in Service –June 23, 2015.

TEAM OF CONSULTANTS/ CONTRACTORS

- Survey – Pacific Land Survey.
- Tank Structural Inspection and Report KTA-Tator, Inc.
- New Tank Coating Specifications – KTA-Tator, Inc
- Roof Girder Strengthening Design – Brian Ward, P.E.
- Environmental Compliance – Vantage Point Consulting
- Labor Compliance - CCMI
- Tank Coating Inspection – DB Gaya Inc.
- Contractor – Blastco Inc.

PROJECT COST SUMMARY

Description	\$\$
Project Development	\$14,000
Design	\$63,000
Consultants	\$97,000
NMWD Material, Const. Maintenance, Operations	\$85,000
Contractor	\$1,358,933
NMWD Const. Management	\$35,000
Future Paving	\$100,000
Total	\$1,752,933

PROJECT HIGHLIGHTS

- Challenges to NMWD operations / distribution when tank out of service
- Lead paint and environmental concerns
- Keeping neighbors / updated and working with them
- Regular construction progress meetings
- Communication and coordination with NMWD staff / contractor
- Steps taken to prevent water waste
- Single coat high solids coating for tank interior

QUESTIONS?




8

MEMORANDUM

To: Board of Directors

July 31, 2015

From: Chris DeGabriele, General Manager 

Subj: Marin LAFCO Countywide Water Study – Draft Executive Summary

l:\gm\lafco\countywide water study draft es 0715.docx

RECOMMENDED ACTION: Information Only**FINANCIAL IMPACT:** None

Marin LAFCO is in the home stretch of their comprehensive Municipal Service Reviews for Public Water Utilities in Marin County. The effort started nearly two years ago and the comprehensive report along with the Draft Executive Summary (Attached) will be considered as part of a noticed public hearing at the Marin LAFCO August 13th meeting. My understanding is that Marin LAFCO will open the public hearing, take comments from interested parties and continue the item to its September 10th meeting to give everyone more time to go over the document before the LAFCO Commission decides whether it is ready for formal public review in anticipation of coming back for final action later this calendar year.

NMWD staff has had an opportunity to comment on the Agency Profiles prepared by Marin LAFCO for NMWD's Novato and West Marin service areas over the past 18 months. Although NMWD staff has provided data as requested to Marin LAFCO and made extensive comments on the Agency Profiles, the LAFCO study reflects their independent projections of population, water demand and water supply and do not match data calculated by NMWD. Since the recommendations and determinations included in the Executive Summary are just now available, staff has not had an opportunity to completely review them. The determinations, appear to be principally data driven and it's my estimation that reconciliation with NMWD data or projections is likely too time consuming to take on and would likely have limited benefit.

Staff will review the full report which should be available on Marin LAFCO's website beginning this weekend and be prepared to make comments for the Board's consideration at its meeting on September 1st, prior to the anticipated continued public hearing before Marin LAFCO on September 10th.

DRAFT

CHAPTER TWO EXECUTIVE SUMMARY

2.1 OVERVIEW

A. Study Purpose

This study represents Marin LAFCO's scheduled countywide municipal service review on water service that has been prepared by staff consistent with the scope of work approved by the Commission. The underlying aim of the study is to produce an independent assessment of public water service in Marin County over the next 10 years relative to the Commission's regional growth management duties and responsibilities with particular focus on *potable* retail services (emphasis). This includes evaluating the current and future relationship between supply and demand countywide and within the service areas of the six affected agencies subject to the Commission's oversight. Information generated as part of the study will be directly used by the Commission in (a) guiding subsequent sphere of influence updates, (b) informing future boundary changes, and (c) engendering possible government reorganizations, such as special district formations, consolidations, and/or dissolutions.

The underlying purpose of the study is to independently assess the relationship between countywide supplies and demands for public water services relative to the Commission's regional growth management duties. The study central focus is potable water service over the next 10 years. Information generated in the study will inform future actions by the Commission with respect to sphere of influence updates, boundary changes, and possible reorganizations.

B. Study Organization

This chapter serves as the Executive Summary and outlines the key conclusions and findings generated within the study. This includes addressing the mandatory service and governance factors required by the Legislature anytime the Commission performs a municipal service review. The Executive Summary is preceded by a review of key countywide service characteristics (Chapter Three) underlying potable water services. This includes providing regional and agency comparisons with respect to demographics, supplies, demands, and costs now and going forward. The third and final section involves individual agency profiles (Chapter Four) of all six affected public service providers responsible for providing retail potable water under the Commission's jurisdiction in Marin County. These profiles transition between narrative descriptions of the historical background and development of these agencies' service areas to quantifying specific data-driven categories, such as population and growth trends, water service capacities, and financial standing. Supplemental information on recycled water supplies, private water service providers, and watersheds is provided as appendices.

Two important premises underlie the preparation of the study and as consequence influence the resulting conclusions and findings. First and foremost the study is premised on the Commission conducting its own analysis as directed by the Legislature. This means the study generates independent projections ranging from population counts to water supply/demand ratios that do not necessarily match the estimates of other agencies. The Commission believes these distinctions are appropriate and ultimately contributes to the greater public policy discussion given the study is purposefully prepared as a municipal service review compared to the purpose of other planning documents, such as urban water management plans.

Two important premises underlie the study: (a) the Commission has prepared its own projections that do not necessarily match estimates from other agencies and (b) the related findings draw on information collected between 2009 and 2013 and vetted through LAFCO's own regression analysis.

Second, the study's analysis draws on data from 2009 to 2013 in making projections going forward over the next 10 years. The Commission believes this five-year window serves as an appropriately sized sample to assess near-term supply-to-demand relationships with the qualifier that regression analysis has been applied to avoid influences of outliers.

C. Affected Public Agencies

The study examines the services provided by the six public agencies directly providing retail potable water services in Marin County.⁶ These six affected agencies are divided by region and listed below.

West Marin Agencies	East Marin Agencies
Bolinas Community Public Utility District	Marin Municipal Water District *
Inverness Public Utility District	North Marin Water District *
Muir Beach Community Services District	- Novato System
Stinson Beach County Water District	- Point Reyes Station System

* All six public agencies provide retail potable water services. Marin Municipal Water District and North Marin Water District also provide retail non-potable water services within limited portions of their service areas. An overview of these non-potable services is provided as an appendix.

D. Study Review Opportunities

Consistent with the approved scope of work this study has been prepared with an emphasis in soliciting outside public review and comment as well as multiple opportunities for input from the affected agencies. These efforts are summarized below.

- LAFCO staff appeared before all affected agencies' governing bodies at public meetings prior to the initiation of the study to discuss the scope of work and possible outcomes byway of the Legislature's direction (i.e., sphere of influence amendments, boundary changes, and formations and/or consolidations).

⁶ Consistent with the Commission's approved scope of work the study incorporates the wholesale non-potable services provided by the Las Gallinas Valley Sanitary District and the Novato Sanitary District. Both of these agencies provide wholesale non-potable supplies to Marin Municipal Water District and North Marin Water District and the affected services are incorporated into the reviews of the retail providers.

- Administrative copies of all agencies profiles with focus on technical data were provided to the affected agencies for their internal review. Comments received from the agencies were incorporated into completed draft profiles.
- Draft profiles on all agencies were presented to the Commission by region (West and East) for initial discussion and feedback at noticed public hearings and then circulated out for review and comment for a minimum of 60 days.
- Copies of the draft profiles were posted on the LAFCO website.
- LAFCO staff appeared before several city/town councils to invite public review and comment. Presentations were made to Corte Madera, Novato, San Rafael, Fairfax, and Mill Valley as well as the County of Marin Board of Supervisors. Presentations on the study were also made to Marin County's League of Women Voters, Marin Coalition, and Marin Conservation League.

2.2 STUDY SUMMARY

A. General Conclusions

The six affected agencies organized to provide public water service directly effect nearly every resident in Marin County. This relationship is marked by the six agencies' water systems collectively serving an estimated 256,230 total residents within their seven service areas that accounts for 98% of the entire countywide population as of the term of this study.⁷ The relationship also helps to explain the relatively high engagement existing between the agencies and their constituencies, and it produces governing boards largely responsive to community needs with no obvious discord; needs that nevertheless vary due to regional and subregional distinctions in social and economic interests.

This study identifies twelve central themes or takeaways underlying the Commission's review of the availability, capacity, and performance of public water services now and going forward relative to the agency's regional growth management duties. These takeaways range in substance from recent usage trends to financial standing and are entirely generated from information detailed in the succeeding sections.

• **Recent Growth Proportionally Higher Among West Marin Agencies**

Overall resident growth within the six affected agencies' service areas over the five-year review period of this study has been modest with a total estimated change of 0.40%. This change is nonetheless noteworthy given it counters historical trends with the proportional intensity being more than two times greater in West Marin's service areas at 1.00% compared to 0.38% in East Marin's service areas.

⁷ The term end of the study is 2013. The six affected agencies – BCPUD, IPUD, MBCSD, SBCWD, MMWD, and NMWD – collectively include seven service areas with NMWD serving two: Novato and Point Reyes Station. There are also an estimated 3,250 residents in Marin County that lie outside the seven areas and dependent on either private water companies and or private groundwater/spring sources. (This estimate does not consider parcels within the seven service areas that have not established connections to the public water systems.)

- **New Growth Will Occur - Albeit Slowly and Less Intense than Others Estimate**

The six affected agencies are collectively at 90% of their current planned buildout and additional residential growth is expected in the near-term, albeit at measurably less intensities than projected by other regional governing bodies. This includes the Commission estimating six of the seven service areas will collectively add close to 2,000 new residents over the next 10 year period and result in a joint annual growth rate of 0.08% through 2023; a rate that is close to recent changes and five times less than the 0.43% annual projection calculated for the county for the period by the Association of Bay Area Governments (ABAG).⁸

- **Current Buildout Will Add 30,000 New Residents to Public Water Systems**

The seven service areas are positioned to add an additional 30,000 new residents based on present-day buildout assumptions made by the local land use authorities.⁹ These buildout assumptions – which will presumably increase going forward given the State’s legislative intent to facilitate housing opportunities – would result in a net increase of 11.5% (or 4,166 acre-feet) in annual demands over current year-end averages, and further stress systems already projected with deficits in single-dry year conditions.

- **Regional Factors Are Influencing Public Water Systems Differently**

There are substantive demographic and related distinctions existing between East and West Marin’s service areas that have pronounced and different influences on their respective water systems now and going forward. Examples follow.

- Residency type within the two regions is significantly different with part-time or non-owner residents making up more than 50% of the combined population within West Marin’s five service areas compared to only 20% in East Marin’s two service areas. This distinction helps explain why peak-day ratios (i.e., the difference between average day-use and single highest day-use) in West Marin are 25% above East Marin, and as a result the former service areas have proportionally greater system stress in accommodating high-usage periods.¹⁰
- Recent census data shows stark and growing differences between East and West Marin’s service areas with the latter being significantly older and having lower household incomes compared to the former.¹¹ These differences – which are also reflected in increasingly higher unemployment in West Marin despite having a greater share of residents falling within the prime working age (25 to 64) – suggest increasing challenges for the West Marin agencies in funding water operations and improvements over the long-run.

⁸ No new residential growth is expected within the next 10 years in BCPUD’s service area due to the ongoing moratorium on new water service connections.

⁹ The 12 land use authorities (County of Marin and the 11 cities in Marin County) collectively contemplate up to 8,810 new housing units – producing a projected 28,728 additional residents – may be constructed in the seven service areas at buildout based on current land use policies.

¹⁰ Peak-day ratios over the five-year period reviewed in this study show West Marin’s five service areas averaged 2.0 compared to 1.6 in East Marin’s two service areas.

¹¹ The median age within the five West Marin service areas is 53.5 and is nearly one-fourth higher than the median age of 43.9 within the two East Marin service areas. (This separation is also increasing with the median age rising by 6.9% over the prior five-year period in West Marin compared to only 0.7% in East Marin.) A similar separation exists with respect to median household incomes with West Marin’s five service areas averaging \$71,000 compared to \$93,000 in East Marin’s two service areas.

- Differences in the affected agencies' economies of scale helps to explain why the medium rate for potable water in West Marin is \$1.28 for every 100 gallons compared to \$0.70 for every 100 gallons in East Marin; almost a twofold difference between the regions.
- **Usage for Most Public Water Systems Have Been Intensifying**
Relative demand – i.e., agency production measured by residents – during the study's five-year term has increased for five of the seven service areas. These increases, which affects BCPUD, IPUD, MBCSD, SBCWD, and NMWD-Novato, have all exceeded the corresponding change in population growth within the respective service areas by no less than threefold and signals usage intensity – and not new development – has been underlying increases in demands. Additionally, and pertinently, this dynamic suggest overall usage trends will likely revert and increase from their most recent decline in 2015 in response to public calls for conservation once the drought is declared over.
- **Supplies Under Normal/Maximum Conditions are in Good Shape**
Existing potable water supplies are sufficient for all six affected agencies to meet current annual demands within the seven service areas under normal and non-peak conditions now and through the end of this study period in 2023. This sufficiency is marked by noting the individual agency annual demand-to-supply ratios range from a low of 15.1% for IPUD to a high of 76.3% for BCPUD with minimal changes for any expected over the next 10 year period. Individual agency peak-day demand-to-supply ratios are generally much higher but remain well within capacity for most of the agencies with the lone exception of BCPUD, which currently tallies 82.7% and expected to rise to capacity at 96.4% by 2023.
- **Supplies Under Projected 1976/77 Conditions Create System Stress**
Projected single dry-year conditions paralleling 1976/77 show moderate to significant system stresses for five of the seven service areas based on current and/or projected demands through 2023. The agencies with one or more supply deficits under single dry-year conditions are BCPUD, MBCSD, SBCWD, MMWD, and NMWD-Novato. The agencies with the most substantive deficit demand-to-supply ratios are BCPUD and MMWD with both having shortages in all four demand-to-supply categories measured by the Commission.
- **Treatment Capacities are Sufficient With Some Exceptions**
Nearly all of the affected agencies have existing treatment capacities and/or contracts therein to accommodate their five-year average peak-day demands within their respective service areas. The lone immediate exception involves BCPUD whose average peak-day demand equals 103% of the agency's maximum daily treatment capacity and is on pace to reach 107% by 2023. Two other agencies – IPUD and SBCWD – are projected to have their peak-day demands reach their respective daily treatment capacity by 2023.

- **Storage Capacities are Sufficient**

All six affected agencies have existing storage capacities to accommodate their current five-year average peak-day demands within their respective service areas and all have at least 50% additional capacity with minimal changes expected over the next 10 years; all of which helps to mitigate against any treatment shortfalls. However, and while not explicit deficit, it is pertinent to note three of the seven service areas have less than three days of potable storage capacity to meet continuous peak-day demands – such as a summer-time fire incident – without recharge. The agencies with less than three days of continuous peak-demand storage are NMWD-Point Reyes at 2.2, MMWD at 2.3, and NMWD-Novato at 2.4.

- **Current Drought Does Not Compare to 1976/77 Drought in Marin County**

The current four-year drought has generated significant and adverse impacts for many communities in California, but not necessarily to date in Marin County. Recent local rainfall totals, markedly, have remained relatively close to historical averages with the notable outlier of 2013 when totals reached only 7.8 inches and fell close to six times below the average tallied over the prior 50 years.¹² Further, rainfall totals have averaged close to one-fourth more each year during the current drought compared to annual averages during the 1976/77 drought.¹³ These collective factors affirm utilizing the 1976/77 drought as the benchmark in projecting single dry-year conditions remains appropriate for planning purposes.

- **Near-Term Finances are Good; Long-Term Finances are Mixed**

All six affected agencies have maintained positive current ratios over the five-year review period and finished at no less than 4 to 1; meaning the agencies at a minimum ended with \$4 in current assets for every \$1 in short-term liabilities/obligations. This measurement paired with positive ending operating margins of no less than 8.6% show the agencies' water systems have been generally well-funded and void of structural deficits, and as such indicates near-term finances are in good shape. Similar measurements for long-term solvency, however, are mixed and highlighted by three of the six agencies – SBCWD, MMWD, and NMWD – all ending the five-year period with debt-to-net asset ratios approaching 50%; meaning \$0.50 of every \$1.00 in assets has been financed by debt. All five agencies with pension obligations – BCPUD, IPUD, SBCSD, MMWD, and NMWD – are also underfunded with only one – BCPUD – finishing the most recent reporting period with a funded ratio above 80%

¹² Average annual rainfall amounts measured at the Mount. Tamalpais station (Kentfield) between 1962 and 2011 totaled 47.6 inches. Annual rainfall amounts over the current 2012-2015 statewide drought totaled 57.5 inches in 2012, 7.8 inches in 2013, and 48.3 inches in 2014.

¹³ Average annual rainfall amounts measured at the Mount Tamalpais station near Kentfield during the 1976-77 drought totaled 30.8 inches (20.6 inches in 1976 and 40.9 inches in 1977).

- **Conservation Has Limitations / Additional Supplies are Needed**

All six affected agencies have been diligent in pursuing conservation savings in their respective service areas with all appropriately focusing on community education and the larger – MMWD and NMWD – offering various rebate programs. And while conservation is the best and most efficient tool to manage demands it would be prudent planning for all agencies to invest resources aimed at developing additional supplies - and in particular potable - by enhancing existing sources and/or establishing new sources; a focus that appears to have been generally deemphasized in recent years. This planning is particularly pertinent given non-potable offset opportunities appears limited for most Marin County lands coupled with the narrowing demand-to-supply ratios for the majority of agencies with most projected to have shortfalls under single dry-year conditions.

B. Recommendations

The following recommendations call for specific action either from the Commission and/or by the affected agencies based on information generated as part of this study and outlined below in order of their placement in Section 2.3 (Written Determinations). Recommendations for Commission action are premised on a subsequent directive from the membership and to be memorialized in the annual work plan.

1. The Commission should proactively work with local agencies – and in particular water, sewer, and fire providers – to develop a definition of “disadvantaged unincorporated community” consistent with SB 244 to ensure an appropriate and equitable level of municipal services is available for qualifying areas.
2. BCPUD should expedite the expansion of its water treatment facility to abate current shortfalls and accommodate current and projected peak-day demands.
3. MMWD should expedite the expansion of potable storage in the Ross Valley service zone to abate existing shortfalls and accommodate current and projected peak-day demands.
4. The Commission recommends the West Marin agencies – BCPUD, IPUD, MBCSD, and NMWD (Point Reyes Station) – jointly invest resources to prepare a water reliability report assessing each system’s available supplies under different hydrologic periods based on shared planning assumptions.
5. All six affected agencies should consider pooling their respective resources by region (i.e., West and East) and establish joint procurement processes in securing services and supplies given their combined buying power would presumably produce cost-savings on items of mutual need and benefit.
6. The Commission recommends all six affected agencies make a concerted effort to consider supply enhancements to complement ongoing conservation programs going forward to remain fully accountable to future constituents given new growth will occur.

7. The Commission requests the five mutual water companies that have not responded to date – Nicasio Valley, Vista Grande, Shallow Beach, Duck Cove, and Hamilton – comply with AB 54 and file their service information with LAFCO without further prompting or action by the membership.
8. The Commission should consider directing staff to prepare an addendum to this study with participation from area landowners to evaluate local needs and priorities within Dillon Beach and Nicasio with respect to possible governance and related options under LAFCO law involving water services.
9. BCPUD should provide an update to the public on the status of the agency's moratorium on new water service connections and efforts therein to address the underlying constraints to help – among other items – inform the County of Marin's ability to effectuate planning policies in the area proceeding ahead.
10. MBCSD should engage an outside consultant to prepare audits of the agency's financial statements to attest and, if applicable, identify improvements in the District's fiduciary duty to manage and record its finances consistent with governmental accounting standards.
11. The Commission should incorporate into its pending sphere of influence updates for the affected agencies the policy items marked in this study and include consideration of expansions to account for standing extraterritorial service contracts belonging to MBCSD and NMWD.
12. NMWD and the Commission should collaborate on a boundary change to detach approximately 7,700 acres of unincorporated land from the District that includes Tomales Bay and Marshall. This should include consideration of special legislation to expedite the boundary change and avoid the costs and uncertainties tied holding protest proceedings.
13. The Commission should considering directing staff to prepare an addendum to this study with agency participation to assess the viability of any service and cost efficiencies tied to consolidating MMWD and NMWD. The central objective of the addendum would be to inform the membership, agencies, and general public with respect to the merits/demerits of a potential consolidation and to justify any subsequent actions, including maintain the status quo.

2.3 WRITTEN DETERMINATIONS

The Commission is directed to prepare written determinations to address the multiple governance factors enumerated under G.C. Section 56430 anytime it prepares a municipal service review. These determinations are similar to findings and serve as independent statements based on information collected, analyzed, and presented in this study's subsequent sections. The underlying intent of the determinations is to provide a succinct detailing of all pertinent issues relating to the planning, delivery, and funding of public water services as it relates to the Commission's role and responsibilities. An abridged version of these determinations will be separately prepared for Commission consideration and adoption with the final report.

A. Growth and Population Projections

Regional

1. The Commission estimates there are 256,230 total residents directly served by the six agencies' potable water systems as of the term of this study. It is also estimated the combined service population has modestly increased by 992 or 0.38% over the prior five-year review period.
2. The Commission estimates overall resident growth in the five service areas in West Marin has increased by 1.0% over the last five years and is more than two times greater than the 0.4% growth rate in the two East Marin service areas.
3. It is projected by the Commission recent residential growth trends will largely continue over the succeeding 10-year period and produce a modest overall annual resident change of 0.08% and add 2,002 new persons by 2023 within the six affected agencies' seven service areas.
4. A significant distinction exists between West and East Marin with respect to residency type with part-time or non-owner residents making up more than 50% of the combined population within the former's five service areas compared to 20% in the latter's two service areas. This distinction helps to explain why peak-demands in West Marin are nearly 25% greater in intensity to East Marin.
5. It is anticipated by the Commission for planning purposes a total of 8,810 new housing units – producing a projected 28,728 additional residents – will eventually be constructed within the six affected agencies' seven service areas at buildout based on current land use policies.
6. Current demographic information shows marked differences between East and West Marin with increasing challenges for the latter residents' ability to fund water operations and improvements in the long-run given relative advanced age, low household incomes, and higher poverty rates.
7. Totaled assessed value for the six affected agencies' jurisdictional lands equals \$41.7 billion and represents 70% of the countywide valuation total.
8. Population density ratios range from a low of 196 residents for every square mile in SBCWD to a high of 1,255 residents for every square mile in MMWD.

Agencies

9. The Commission estimates BCPUD is at 89% of the service area's current buildout population with 1,574 residents served by the District's potable water system as of the term of this study. It is reasonable to assume BCPUD's resident population will remain stagnant through 2023 given the existing moratorium on new water service connections. Related statements follow.
 - a) BCPUD's fulltime residents are generally at an economic disadvantage compared to countywide averages based on median household income and poverty rate discrepancies. The rate of these discrepancies is also escalating and marked by a significantly one-half increase in the number of persons living under the poverty rate over the last several years.
10. The Commission estimates IPUD is at 87% of the service area's current buildout projection with 1,375 residents served by the District's potable water system as of the term of this study. It is reasonable to assume the annual growth rate will match the preceding five-year period with an overall yearly change of 0.12% and lead to an increase of 17 to 1,391 by 2023. Related statements follow.
 - a) IPUD's fulltime residents are significantly older – and getting older – compared to countywide averages. Residents have also experienced a notable decline in economic standing with close to a one-fourth decrease in the median household income along poverty rates more than doubling over the last several years.
11. The Commission estimates MBCSD is at 94% of the service area's current buildout projection with 431 residents served by the District's potable water system as of term of this study. It is reasonable to assume the growth rate will match the preceding five-year period with an overall yearly change of 0.40% and lead to an increase of 19 to 448 by 2023. Related statements follow.
 - a) MBCSD's fulltime residents are generally more affluent, homogeneous, and formally educated compared to countywide averages despite similar ages. Further, the rate of the community's affluence is escalating with the median household income having recently increased by two-thirds and now standing nearly double the countywide average.
12. The Commission estimates SBCWD is at 92% of the service area's current buildout projection with 1,957 residents served by the District's potable water system as of the term of this study. It is reasonable to assume the annual growth rate in SBCWD will match the preceding five-year period with an overall yearly change of 0.14% and lead to an increase of 28 to 1,985 by 2023. Related statements follow.
 - a) SBCWD's fulltime residents are becoming increasingly older and more homogenous relative to countywide averages. SBCWD's residents have also experienced a sharp decline in economic standing over the last decade with median houseline income declining by over one-fourth.

13. The Commission estimates MMWD is at 89% of the service area's current buildout projection with 186,048 residents served by the District's potable water system as of the term of this study. It is reasonable to assume the growth rate within MMWD will match the preceding five-year period with an overall yearly change of 0.07% and lead to an increase of 2,038 to 187,399 by 2023. Related statements follow.
 - a) MMWD's fulltime constituents are aligned with countywide averages with respect to social and economic indicators with the two statistical significant exceptions: District customers have increasingly higher median household incomes and more formal education. A growing economic disparity has also emerged in which overall median incomes have generally remained stagnant while unemployment levels have increased by nearly one-half.
14. The Commission estimates NMWD is at 94% of the service areas' current buildout projection with 64,845 total residents served by the District's two potable water systems as of the term of this study. It is reasonable to assume the growth rates within NMWD and for its two service areas – Novato and Point Reyes Station – will match the preceding five-year period with an overall yearly change of 0.08% and lead to an increase of 587 to 65,432 by 2023. Related statements follow.
 - a) NMWD's fulltime residents served by the Novato system are generally statistically aligned with countywide averages with respect to social and economic indicators with the notable exceptions of lower median household incomes and higher unemployment levels.

B. Location and Characteristics of Disadvantaged Unincorporated Communities

Regional

1. Two unincorporated communities in Marin County presently qualify as disadvantaged under the statewide definition according to recent census information: Alto and Marin City. Both communities – whose median incomes fall below 80% of the statewide average and therefore qualify as disadvantaged under the statewide definition – are located in southern Marin County and lie in MMWD with an estimated joint population of 20,680 with over 90% in Marin City.
2. A third unincorporated community – Nicasio in central Marin County – previously qualified as disadvantaged under the statewide definition before slightly exceeding the median household income threshold in the latest census. This community and its estimated population of 100 lies outside of any public water system's sphere of influence and dependent on private groundwater sources.
3. It is reasonable to assume other unincorporated communities in Marin County would qualify as "disadvantaged" upon completion of the Commission's scheduled policy review to establish its own definition as provided under Senate Bill 244 in 2011. The Commission should proactively work with other local agencies – and in particular water, sewer, and fire providers – in developing a definition to meet the legislation's intent to ensure an appropriate and equitable level of municipal services is available for the affected areas.

C. Capacity of Public Facilities and Infrastructure Needs and Deficiencies

Regional

1. The Commission estimates the six affected agencies collectively have sufficient supplies under normal condition with combined access to a maximum annual amount of 119,080 acre-feet. Recent five-year averages show system demands equaling 31% of these estimated supplies.
2. All six affected agencies have positive annual demand-to-supply ratios under normal conditions based on recent five-year averages within their seven service areas ranging from a low of 15% for IPUD to a high of 76% for BCPUD. Minimal changes to these ratios are expected through 2023.
3. The Commission estimates the six affected agencies collectively are at supply capacity under single dry-year conditions with combined access to a maximum annual amount of 37,758 acre-feet of potable water; a net decrease of (68%) compared to normal conditions. Recent five-year averages show demands equaling 98% of these estimated supplies.
4. Two of the six affected agencies – BCPUD and MMWD – have negative annual demand-to-supply ratios under projected single dry-year conditions based on recent five-year averages within their service areas. Two additional agencies – MBCSD and NMWD (Novato) – are expected to reach supply capacity relative to annual demands by 2023.
5. Agency demands have been rising within five of the seven service areas experiencing increases in overall water production over the five-year review period. These agencies are BCPUD, IPUD, MBCSD, SBCWD, and NMWD (Novato).
6. Average daily water use per resident in the two East Marin service areas over the five-year review period has been 128 gallons. This amount is nearly double the average rate of 77 gallons within the five service areas in West Marin.
7. Recent five-year trends show usage intensity occurring for four of the five services areas in West Marin with all experiencing rises in per capita demands that exceed their estimated population change. These West Marin agencies are BCPUD, IPUD, MBCSD, and SBCWD.
8. The Commission projects an overall decrease in potable water demands among the six affected agencies of (3.4%) by 2023; a net savings of (1,268) acre-feet over the baseline year and largely attributed to decreases within MMWD. This projection is also reflected in combined relative demand with the combined per capita daily usage decreasing from 131 to 126 gallons.
9. Irrespective of overall savings, annual demands are expected to increase for four of the seven service areas served by the six affected agencies by collectively 506 acre-feet or 5.0% and involve IPUD, MBCSD, SBCWD and NMWD (Novato). The remaining three service areas served by MMWD, BCPUD, and NMWD (Point Reyes) are expected to experience decrease demands collectively totaling (1,774) acre-feet or (6.4%).

10. The Commission projects the six affected agencies shared average per capita water allowance at current buildout under normal and single dry-year conditions is 373 and 118 gallons, respectively; a difference of (68%).
11. Nearly all six affected agencies have adequate treatment capacity to accommodate peak-day demands within their service areas based on recent averages over the last five-year period. The lone exception is BCPUD with a current demand-to-supply ratio of 102% or (2%). Two additional agencies – IPUD and SBCWD – are projected to approach their treatment capacity limits by 2023.
12. All six affected agencies have adequate storage capacity to accommodate peak-day demands within their service areas based on recent averages over the last five-year period with excess capacity of no less than 50%. Minimal changes in these ratios are expected within the succeeding 10-year period.
13. BCPUD's water infrastructure is currently operating with available capacity in supply and storage now and over the next 10-year period under normal conditions. Only treatment capacity is an existing deficit relative to current and projected peak-day demands. Additional deficits emerge now and over the next 10-year period under single dry-year conditions with annual and peak-day demands exceeding available supplies. Ratios follow.
 - a) BCPUD's potable supplies under normal conditions operate with available capacity given recent annual average usage within the service area equals 69% of the District's accessible sources. This ratio changes under projected single dry-year conditions to (12%) now and slightly lower to (10%) in 2023.
 - b) Annual demands in BCPUD over the five-year review period increased by an equivalent of 2.3% each year. The Commission estimates annual demands over the next 10-year period relative to recent averages will reverse and decrease by (1.0%) each year while per capita uses also declining – albeit less intensely – from 66 to 65 gallons.
 - c) The recent five-year average for peak-day demands within BCPUD equals 66% of available daily supplies under normal conditions and rises to a (6%) deficit during projected single dry-year conditions.
 - d) The projected maximum daily per capita supply allowance for BCPUD at current buildout of the service area under normal and single dry-year conditions is 84 and 52 gallons, respectively.
 - e) BCPUD's treatment capacity is at capacity at 97% in accommodating existing peak-day averages within the service area and will reach (7%) by 2023.
 - f) BCPUD's storage capacity is at 27% in accommodating existing peak-day averages within the service area and expected to rise to 28% by 2023. The total number of days current storage capacity can accommodate recent average peak-day demands is 3.7.

Agencies

14. IPUD's water infrastructure is currently operating with available capacity in all three measured categories – supply, storage, and treatment – now and over the next 10-year period under both normal and single dry-year conditions with only one qualification. This qualification involves IPUD's current treatment capacity, which by 2023 will be closing in on its respective capacity in terms of meeting peak-day demands. Ratios follow.
- a) IPUD's potable supplies under normal conditions operate with available capacity given recent annual average usage within the service area equals 13% of the District's accessible sources. This ratio rises to 52% under projected single dry-year conditions now and to 63% in 2023.
 - b) Annual demands in IPUD over the five-year review period increased by an equivalent of 1.7% each year. The Commission estimates annual demands during the next 10-year period relative to recent averages will similarly increase by 0.8% each year while per capita uses will also rise – and more intensely – from 45 to 55 gallons.
 - c) The recent five-year average for peak-day demands within IPUD equals 14% of available daily supplies under normal conditions and rises to 30% during projected single dry-year conditions.
 - d) The projected maximum daily per capita supply allowance for IPUD at current buildout of the service area under normal and single dry-year conditions is 297 and 77 gallons, respectively.
 - e) IPUD's treatment capacity is at 70% in accommodating existing peak-day averages within the service area. The Commission projects this ratio will rise and reach near capacity at 87% by 2023.
 - f) IPUD's storage capacity is at 29% in accommodating existing peak-day averages within the service area and expected to rise to 35% by 2023. The total number of days current storage capacity can accommodate recent average peak-day demands is 3.5.
15. MBCSD's water infrastructure is currently operating with available capacity in storage and treatment now and over the next 10-year period under both normal and single dry-year conditions. Supplies under normal conditions are also adequate with respect to annual demands now and through 2023, but are nearing capacity in meeting peak-day demands. Supplies under single dry-year conditions are measurably more taxed with annual demands approaching capacity over the next 10 year-period while current and projected peak-day demands run significant deficits. Ratios follow.
- a) MBCSD's potable supplies under normal conditions operate with available capacity given recent annual average usage within the service area equals 50% of the District's accessible sources. This ratio rises close to capacity at 81% under projected single dry-year conditions now and to 94% in 2023.

Agencies

- b) Annual demands in MBCSD over the five-year review period increased by an equivalent of 1.8% each year. The Commission estimates annual demands during the next 10-year period relative to recent averages will increase by 1.0% while per capita uses will similarly rise from 53 to 59 gallons.
 - c) The recent five-year average for peak-day demands within MBCSD equals 83% of available daily supplies under normal conditions and rises to a (214%) deficit during projected single dry-year conditions.
 - d) The projected maximum daily per capita supply allowance for MBCSD at current buildout of the service area under normal and single dry-year conditions is 98 and 61 gallons, respectively.
 - e) MBCSD's treatment capacity is at 27% in accommodating existing peak-day averages within the service area. The Commission projects this ratio will rise slightly and reach 31% by 2023.
 - f) MBCSD's storage capacity is at 8% in accommodating existing peak-day averages within the service area and expected to rise to 10% by 2023. The total number of days current storage capacity can accommodate recent average peak-day demands is 11.9.
16. SBCWD's water infrastructure is currently operating with available capacity in supply and storage now and over the next 10-year period under normal conditions. Treatment is the one outlier under normal conditions and is expected to be near capacity by 2023. Capacities under single dry-year conditions now and going forward over the next 10 years generally holds with the exception of peak-day demands significantly exceeding supplies. Ratios follow.
- a) SBCWD's potable supplies under normal conditions operate with available capacity given recent annual average usage within the service area equals 13% of the District's accessible sources. This ratio rises to 55% under projected single dry-year conditions now and to 76% by 2023.
 - b) Annual demands in SBCWD over the five-year review period increased by an equivalent of 1.9% each year. The Commission estimates annual demands during the next 10-year period relative to recent averages will increase by 3.3% while per capita uses will similarly rise from 75 to 102 gallons.
 - c) The recent five-year average for peak-day demands within SBCWD equals 22% of available daily supplies under normal conditions and rises to near capacity at 91% during projected single dry-year conditions.
 - d) The projected maximum daily per capita supply allowance for SBCWD at current buildout of the service area under normal and single dry-year conditions is 531 and 125 gallons, respectively.

Agencies

- e) SBCWD's treatment capacity is at 63% in accommodating existing peak-day averages within the service area. The Commission projects this ratio will rise and reach near capacity at 87% by 2023.
 - f) SBCWD's storage capacity is at 21% in accommodating existing peak-day averages within the service area and expected to rise to 29% by 2023. The total number of days current storage capacity can accommodate recent average peak-day demands is 4.9.
17. MMWD's water infrastructure is currently operating with available capacity in all three measured categories – supply, storage, and treatment – now and over the next 10-year period under normal conditions including accommodating peak uses. System stresses specific to supplies emerge under single dry-year conditions when annual demands reach capacity and peak-day usages exceed capacity by more than one-half. Ratios follow.
- a) MMWD's potable supplies under normal conditions operate with available capacity given recent annual average usage within the service area equals 28% of the District's accessible sources. This ratio changes under projected single dry-year conditions to an estimated deficit of (2%) now and slightly less to 98% by 2023.
 - b) Annual demands in MMWD over the five-year review period decreased by an equivalent of (0.3%) each year. The Commission estimates MMWD's annual demands during the next 10-year period relative to recent averages will decrease by 0.6% each year while per capita uses will also decline – albeit less intensely – from 127 to 122 gallons.
 - c) The recent five-year average for peak-day demands within MMWD equals 47% of available daily supplies under normal conditions and rises to a (59%) deficit during projected single dry-year conditions.
 - d) The projected maximum daily per capita supply allowance for MMWD at current buildout of the service area under normal and single dry-year conditions is 199 and 111 gallons, respectively.
 - e) MMWD's treatment capacity is at 61% in accommodating existing peak-day averages within the service area. The Commission projects this ratio will slightly adjust to 59% by 2023.
 - f) MMWD's overall storage capacity is at 44% in accommodating existing peak-day averages within the service area and expected to decrease to 42% by 2023. The total number of days current storage capacity can accommodate recent average peak-day demands is 2.3.
 - g) Irrespective of the preceding comment, storage improvements are needed in Ross Valley to improve holdings to accommodate this pressure zone's existing and projected peak-day demands.

18. NMWD's water infrastructure for the Novato system is currently operating with available capacity in all three measured categories – supply, storage, and treatment – now and over the next 10-year period under normal conditions including accommodating peak uses. System stresses specific to supplies emerge under single dry-year conditions when annual demands close in on capacity and peak-day usages trigger slight deficits. Ratios follow.
- a) NMWD's potable supplies for the Novato system under normal conditions operate with available capacity given recent annual average usage within the service area equals 41% of the District's accessible sources. This ratio rises close to capacity at 87% projected single dry-year conditions now and to 98% by 2023.
 - b) Annual demands in the Novato system over the five-year review period increased by an equivalent of 0.8% each year. The Commission estimates the Novato system's annual demands during the next 10-year period relative to recent averages will increase by 0.4% while per capita uses will also rise – and more intensely – from 130 to 144 gallons.
 - c) The recent five-year average for peak-day demands within the Novato system equals 53% of available daily supplies under normal conditions and rises to a (5%) deficit during projected single dry-year conditions.
 - d) The projected maximum daily per capita supply allowance for the Novato system at current buildout of the service area under normal and single dry-year conditions is 305 and 142 gallons, respectively.
 - e) Treatment capacity for the Novato system is at 57% in accommodating existing peak-day averages within the service area. The Commission projects this ratio will rise to 64% by 2023.
 - f) Novato system's storage capacity is at 42% in accommodating existing peak-day averages within the service area and expected to rise to 45% by 2023. The total number of days current storage capacity can accommodate recent average peak-day demands is 2.4.
19. NMWD's water infrastructure for the Point Reyes Station system is currently operating with available capacity in all three measured categories – supply, storage, and treatment – now and over the next 10-year period under both normal and single dry-year conditions. System stresses are minimal. Ratios follow.
- a) NMWD's potable supplies for the Point Reyes Station system under normal conditions operate with available capacity given recent annual average usage within the service area equals 39% of the District's accessible sources. This ratio rises to 45% under projected single dry-year conditions now and slightly less to 44% by 2023.
 - b) Annual demands in the Point Reyes Station's system over the five-year review period decreased by an equivalent of (3.1%) each year. The Commission estimates Point Reyes Station's annual demands during the next 10-year

period relative to recent averages will decrease by (0.2%) while per capita uses are also on pace to decline – and more intensely – from 118 to 109 gallons.

- c) The recent five-year average for peak-day demands within the Point Reyes Station system equals 78% of available daily supplies under normal conditions and holds during projected single dry-year conditions.
- d) The projected maximum daily per capita supply allowance for the Point Reyes Station system at current buildout of the service area under normal and single dry-year conditions is 178 and 153 gallons, respectively.
- e) Treatment capacity for the Point Reyes Station system is at treatment capacity is near capacity at 68% in accommodating existing peak-day averages within the service area. The Commission projects this ratio will slightly adjust to 67% by 2023.
- f) Point Reyes Station system's storage capacity is at 45% in accommodating existing peak-day averages within the service area and expected to generally hold through 2023. The total number of days current storage capacity can accommodate recent average peak-day demands is 2.2.

D. Agencies' Financial Ability to Provide Services

Regional

1. All six affected agencies experienced moderate to significant gains in their overall financial standing as measured by total net assets or equity during the recent five-year review period. The collective increase in the agencies combined net assets totaled \$35.4 million and represents a difference of 9.6%.
2. All six affected agencies finished the five-year review period in generally good position with respect to liquidity and profitability with all finishing with current ratios of no less than 4 to 1 and operating margins that exceed corresponding changes in inflation. Three of the agencies – SCBWD, MMWD, and NMWD – however finished with relatively high debt ratios that approach 50% of their respective net assets.
3. Five of the six affected agencies – BCPUD, IPUD, SBCWD, MMWD, and NMWD – have existing pension obligations through separate contracts with CalPERS. These contracts include mandatory contributions based on annual actuarial reports prepared by CalPERS with the corresponding rates collectively increasing over the most recent five year period (2010-15) by an approximate 20% average.
4. The combined active-to-retiree ratio between the five subject agencies is 0.79 to 1.00; an amount meaning there are approximately four active employees contributing to the pension system for every five retired employees.
5. Four of the five subject agencies – BCPUD, IPUD, SBCWD, and NMWD – with pension have experienced no less than a 13.5% increase in the actual pension costs over the last three available years of documentation (2011-13); a change nearly three times greater than the corresponding inflation rate for the region.

Agencies

6. Only BCPUD has a funded status above 80% as of the last report issuance by CalPERS; the standard threshold used in governmental accounting to identify relatively stable pension plans.
7. The current average residential cost for potable water service weighted among all seven service areas is \$0.78 for every 100 gallons, and translates to an annual cost of \$1,175 based on consumption rates over the five-year review period.
8. BCPUD has maintained positive year-end operating balances in four of the five years reviewed with an average net of 25% of revenues over expenses. Trends also are positive with the growth rate of revenues exceeding the growth rate in expenses by more than threefold. Related statements follow.
 - a) BCPUD's liquidity is good with current assets outpacing current liabilities at the close of the five-year review period by 3 to 1.
 - b) BCPUD's capital is good with low long-term debts equaling only 18% of total net assets at the close of the five-year period.
 - c) BCPUD finished the five year-review period with one of the highest unrestricted fund balances relative to service population with a per capita amount of \$1,037.
 - d) BCPUD's pension obligations is in relatively good shape with a funded ratio (market) at the end of the five-year review period of 81.4%; the highest and best ratio among the five subject agencies.
9. IPUD has maintained positive year-end operating balances in all five years of the five-year reviewed with an average net of 18% of revenues over expenses. Trends also are positive with the growth rate of revenues exceeding the growth rate in expenses by more than twofold. Related statements follow.
 - a) IPUD's liquidity is extremely high with current assets outpacing current liabilities at the close of the five-year review period by 227 to 1.
 - b) IPUD's capital is good with very low long-term debts equaling only 3% of total net assets at the close of the five-year period.
 - c) IPUD finished the five year-review period with a relatively low unrestricted fund balance relative to service population with a per capita amount of \$175.
 - d) ICPUD's pension obligations are modestly underfunded relative to accounting standards with a funded ratio (market) at the end of the five-year review period of 75%; the second highest and best ratio among the agencies.

Agencies

10. MBCSD has maintained positive year-end operating balances in all five years of the five-year reviewed with an average net of 118% of revenues over expenses. Trends also are positive with the growth rate of revenues exceeding the growth rate in expenses by more than one-tenth. Related statements follow.
 - a) MBCSD's liquidity is relatively high with current assets outpacing current liabilities at the close of the five-year review period by 37 to 1.
 - b) MBCSD's capital is untouched with no long-term debts booked at the close of the five year-period.
 - c) MBCSD finished the five-year review period with a relatively high unrestricted fund balance relative to service population with a per capita amount of \$1,761; the highest ratio among the agencies.
 - d) MBCSD has no pension obligations.
11. SBCWD has maintained positive year-end operating balances in all five years of the five-year reviewed with an average net of 15% of revenues over expenses. Trends during this period, however, are narrowing with the growth rate of revenues falling short of the growth rate of expenses by one-tenth. Related statements follow.
 - a) SBCWD's liquidity is good with current assets outpacing current liabilities at the close of the five-year review period by 5 to 1.
 - b) SBCWD's capital is marginal with long-term debts equaling 46% of total net assets at the close of the five-year period.
 - c) SBCWD finished the five year-review period with a relatively moderate unrestricted fund balance relative to service population with a per capita amount of \$679.
 - d) SBCWD's pension obligations are moderately underfunded relative to accounting standards with a funded ratio (market) at the end of the five-year review period of 67%; the lowest ratio among the agencies.
12. MMWD has maintained positive year-end operating balances in all five years of the five-year reviewed with an average net of 8% of revenues over expenses. Trends during this period are also positive with the growth rate of revenues exceeding the growth rate of expenses by over threefold. Related statements follow.
 - a) MMWD's liquidity is good with current assets outpacing current liabilities at the close of the five-year review period by 5 to 1.
 - b) MMWD's capital is marginal with long-term debts equaling 43% of total net assets at the close of the five-year period.

Agencies

- c) MMWD finished the five-year review period with a relatively modest unrestricted fund balance relative to service population with a per capita amount of \$209.
 - d) MMWD's pension obligations are moderately underfunded relative to accounting standards with a funded ratio (market) at the end of the five-year review period of 68%; the second lowest ratio among the agencies.
13. NMWD has experienced negative year-end operating balances in four of the five-year reviewed with an average net loss of (19%) of revenues over expenses. Trends during this period, however, are improving with the growth rate of revenues exceeding the growth rate of expenses by two-fifths. Related statements follow.
- a) NMWD's liquidity is good with current assets outpacing current liabilities at the close of the five-year review period by 4 to 1.
 - b) NMWD's capital is marginal with long-term debts equaling 45% of total net assets at the close of the five-year period.
 - c) NMWD finished the five-year review period with a relatively modest unrestricted fund balance relative to service population with a per capita amount of \$202.
 - d) NMWD's pension obligations are moderately underfunded relative to accounting standards with a funded ratio (market) at the end of the five-year review period of 72%.

E. Status and Opportunities for Shared Facilities and Resources

Regional

1. The five agencies serving West Marin have developed an informal network to communicate current and pending activities within their respective service areas and share best practices.
2. The Commission recommends the West Marin agencies jointly invest resources to prepare a water reliability report assessing each system's available supplies under different hydrologic periods based on shared planning assumptions.
3. MMWD and NMWD have effectively partnered with other local agencies in jointly funding and establishing regional recycled water programs as part of the North Bay Water Reuse Authority. This joint-powers provides a mechanism for MMWD and NMWD to pool resources in securing competitive governmental subventions to implement and expand recycled water services in their service areas to help offset potable demands and have generated a combined average savings over the five-year review period of 836 acre-feet.
4. Near-term opportunities for West Marin agencies to partner and/or develop their own recycled water services to offset potable demands is minimal given the lack of current community wastewater collection systems.

5. All six affected agencies have their own procurement processes with respect to purchasing supplies and materials in support of providing potable water services within their respective service areas. Given their relative close proximity, it would seem reasonable and more efficient for the agencies to consider pooling their respective resources by region (i.e., West and East) and establish joint procurement processes given their combined buying power would presumably produce cost-savings on items of mutual need and benefit.

F. Local Accountability and Government Restructure Options

Regional

1. All six affected agencies and their constituents benefit from employing capable and dedicated management that appear to effectively administer day-to-day activities consistent with governing directives and community needs.
2. The general managers and staff for the six affected agencies have shown timely leadership by proactively engaging their boards and constituents on the ongoing status of their water systems in response to the current statewide drought. This includes partnering together in various cross-community forms to discuss and educate the public on the challenges and opportunities tied to the drought and promotion therein of more sustainable land/water use relationships.
3. There is noticeable silence among the majority of the six affected agencies with respect to adding potable supplies to meet future system demands despite most having deficits under single dry-year conditions. While the Commission recognizes conservation is the best and most efficient tool to manage demands it is equally important to consider supplies and enhancement opportunities given its perennial need, value, and – based on history – escalating costs. The Commission, accordingly, recommends the agencies consider supply enhancements in line with ongoing conservation programs going forward to remain fully accountable to future constituents given new growth will occur.
4. As of date only 5 of the 10 identified mutual water companies in Marin County have provided the Commission with service information – including boundary maps – as required under Assembly Bill 54 (2012). The Commission requests the five mutual water companies that have not responded to date – Nicasio Valley, Vista Grande, Shallow Beach, Duck Cove, and Hamilton – comply with this legislative requirement without further prompting.
5. Information collected to date suggest there may be merit for the Commission to explore public water service options for two unincorporated communities: Dillon Beach and Nicasio. Both areas are presently dependent on a combination of mutual water companies and/or private groundwater sources that are generating increasing questions regarding availability and quality. If agreeable the County should direct staff to prepare an informational report with participation from area landowners on these communities' governance and related options therein under LAFCO law for future discussion and possible action.

Agencies

6. BCPUD has maintained an emergency moratorium on new water service connections since 1971 due to concerns over supply deficiencies that as a consequence has effectively curbed new growth and development. It would be prudent for BCPUD to provide an update to the public on the status of the moratorium and efforts to address the underlying constraints in order – among other factors – to help clarify the ability of the County of Marin to effectuate planning policies within the community proceeding ahead.
7. MBCSD should engage an outside consultant to prepare audits of the agency's financial statements to attest and, if applicable, identify improvements in the District's fiduciary duty to effectively manage its resources consistent with governmental accounting standards.
8. In step with a future sphere of influence update for MBCSD it would be appropriate for the Commission to consider the merits/demerits of expanding the designation to include existing outside service connections located in Frank Valley along Muir Woods Road.
9. A cursory review of reorganization options indicates a more detailed review is appropriate to more clearly assess the merits of a consolidation between MMWD and NMWD with respect to syncing water services along the 101 corridor. If agreeable the Commission should direct staff with agency participation to prepare an informational report assessing the viability of any service and cost efficiencies tied to consolidation with the central objective of informing the membership, agencies, and the public of options – including justification for the baseline.
10. In step with a future sphere of influence update for NMWD it would be appropriate for the Commission to consider all of the following.
 - a) NMWD's existing jurisdictional boundary entirely overlaps the jurisdictional boundary of IPUD. This overlap merits correction and the Commission should work with the affected agencies to expedite an appropriate adjustment to both the spheres and boundaries as the membership deems appropriate.
 - b) NMWD's potable water services in the Point Reyes Station system extends beyond the agency's sphere and jurisdictional boundary and provides services to several commercial agricultural properties. The Commission should consider the merits/demerits of expanding the sphere and possible annexation of these outside lands to memorialize NMWD's existing commitments and provide long-term assurances to the landowners of service availability to support the viability of agricultural production going forward.
 - c) NMWD's existing sphere excludes a portion of the District jurisdictional boundary comprising the unincorporated communities of Tomales Bay and Marshall. NMWD provides no services within these lands and has stated there are no plans in the future to initiate any services. Accordingly, it would be appropriate for the Commission to work with NMWD and area landowners to facilitate detachment with the additional consideration of pursuing special legislation to mitigate against the costs and uncertainties tied to going through regular protest proceedings.

- d) NMWD's potable water services extends beyond the sphere of influence and into Sonoma County byway of both earlier annexations and outside service contracts. This Commission should consider the merits/demerits of expanding the sphere to recognize these existing service commitments in consultation with Sonoma LAFCO.

9

MEMORANDUM

To: Board of Directors

July 31, 2015

From: Chris DeGabriele, General Manager 

Subject: North Bay Water Reuse Authority Board Meeting – July 27, 2015

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RECOMMENDED ACTION: Information Only**FINANCIAL IMPACT:** None

Supplemental information is provided as follows using item numbers referenced in the attached meeting agenda. Draft minutes are also included.

2. Roll Call

NMWD Board was represented by Director Schoonover

7. Financial Report for the Period Ending June 30, 2015

There were no budget irregularities to report for the fourth quarter this fiscal year. The Program Manager, Mr. Chuck Weir, reports that all budget items are tracking normally through June 30, 2015. Spreadsheets were included showing costs for FY 2014/15, as well as the proposed budgets for FY2015/16 and FY2016/17 and 3-Year total. Napa Sanitation District shared a cost benefit calculation showing Napa Grants (Sanitation and County) related to NBWRA totaled \$14.16M and their costs totaled \$1.86M resulting in a benefit/cost ratio of 7.61.

10. Workshop North Bay Water Reuse Program Phase 2

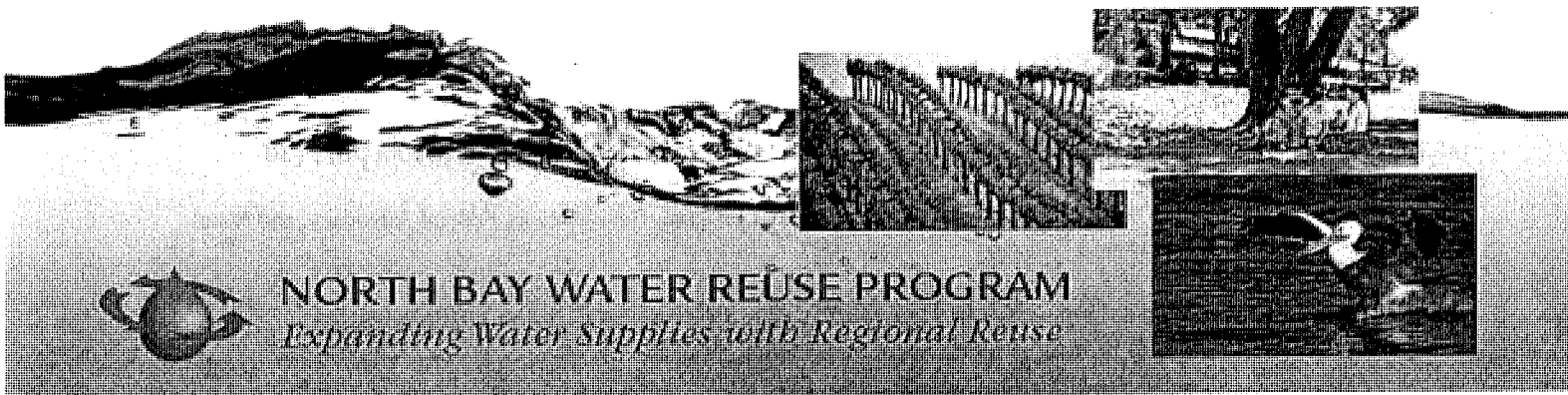
The consultant team presented the results of Phase 2 project screening (see attached maps and tables). There was substantial critique from the Board on information provided in support of a request for action. There was even more discussion on how to improve funding for the region and expand membership. The consultant recommended to identify projects in three areas:

- Phase 2 projects fully covered in the Feasibility Study,
- Projects mentioned in the Phase 2 Feasibility Study but not moving forward at this time, and
- Projects outside the Feasibility Study and may be even outside the region.

The former Chair, Bill Long, suggested the Board discuss governance further and how to address hesitancy of some members.

11. Approval of Recommended Phase 2 Program for Feasibility Study

The Board approved the list of projects with two abstentions (MMWD & LGVSD).



BOARD OF DIRECTORS MEETING

AGENDA

**Monday, July 27, 2015
9:30 A.M.**

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

Consultants and others unable to attend in person may call in: 1-866-906-7447 Pass Code: 2428170#

1. Call to Order (1 minute)

2. Roll Call (1 minutes)

3. Public Comment (3 minutes)

(Any member of the public may address the Board at the commencement of the meeting on any matter within the jurisdiction of the Board. This should not relate to any item on the agenda. It is the policy of the Authority that each person addressing the Board limit their presentation to three minutes. Any member of the public desiring to provide comments to the Board on an agenda item should do so at the time the item is considered. It is the policy of the Authority that oral comments be limited to three minutes per individual or ten minutes for an organization. Speaker's cards will be available in the Boardroom and are to be completed prior to speaking.)

4. Introductions (2 minutes)

Action

5. Board Meeting Minutes of April 27, 2015 (1 minute)

(The Board will consider approving the minutes from the April 27, 2015 Board meeting.)

Information

6. Report from the Program Manager (2 minutes)

6.a Consultant Progress Reports

(The Board will review the Report from the Program Manager and Consultant Progress Reports.)

Information

7. Financial Report for the Period Ending June 30, 2015 (3 minutes)

(The Board will review the financial report for the period ending June 30, 2015.)

Information

8. Outreach Program Update (5 minutes)

(The Board will be updated on the Outreach Program.)

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

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

- Information**
9. **Program Development, Federal, and State Advocacy Status Report (20 minutes)**
(The Board will be updated on the status of Program Development, Federal Advocacy, and State Advocacy.)
10. **Workshop – North Bay Water Reuse Program Phase 2 (60 minutes)**
- Screening Projects for Feasibility Study
 - Formulating Alternatives
 - Recommended Program for Feasibility Study
 - Extended Seasonal Storage Analysis
 - Program Evolution
- Action**
11. **Approval of Recommended Phase 2 Program for Feasibility Study (3 minutes)**
(The Board will consider approval of a recommended Phase 2 program for feasibility analysis.)
12. **Adjournment (1 minute)**

Next Board Meeting
Monday, October 26, 2015, 9:30 A. M.

(In compliance with the Americans with Disabilities Act of 1990, if you need special assistance to participate in a Board meeting, or you need a copy of the agenda, or the agenda packet, in an appropriate alternative format, please contact the Program Manager at (510) 410-5923. Notification of at least 48 hours prior to the meeting or time when services are needed will assist in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service. A copy of all the documents constituting the agenda packet is available for public inspection prior to the meeting at 500 Davidson Street, Novato, CA 94945. Any person may request that a copy of the agenda or the agenda packet be mailed to them for a fee of \$.10 per page plus actual mailing costs. If you wish to request such a mailing, please contact Chuck Weir, Weir Technical Services, 3026 Ferndale Court, Pleasanton, CA 94588, 510-410-5923, chuckweir@sbcglobal.net. The agenda for each meeting is also available on-line at www.nbwra.org and will be available at the meeting.)

**North Bay Water Reuse Authority • c/o Sonoma County Water Agency • 404 Airport Boulevard, Santa Rosa, CA 95403
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Novato Sanitary District • Sonoma County Water Agency • Sonoma Valley County Sanitation District • Marin Municipal Water District • City of American Canyon

North Bay Water Reuse Authority
Board of Directors Meeting
Minutes
July 27, 2015

1. Call to Order

Chair Rabbitt called the meeting to order at 9:36 a.m. on Monday, April 27, 2015 at the Novato City Hall Council Chambers, 901 Sherman Drive, Novato, CA 94945. Consultants and others who were unable to attend participated via telephone, 1-866-906-7447, passcode 2428170#.

2. Roll Call

PRESENT:	David Rabbitt, Chair	Sonoma County Water Agency
	Bill Long, Vice Chair	Novato Sanitary District
	Keith Caldwell	Napa County
	Grant Davis	Sonoma Valley County Sanitation District
	Rabi Elias	Las Gallinas Valley Sanitary District
	Jack Gibson	Marin Municipal Water District
	Mike Healy	City of Petaluma
	John Schoonover	North Marin Water District
	Jill Techel	Napa Sanitation District

ABSENT: Steve Kinsey, Marin County
Jason Holley, City of American Canyon

OTHERS

PRESENT:	Chuck Weir, Program Manager	Weir Technical Services
	Jack Baker	North Marin Water District
	Kevin Booker	Sonoma County Water Agency
	Chris DeGabriele	North Marin Water District
	Jenny Gain	Brown & Caldwell
	Robin Gordon	Data Instincts
	Jim Graydon	Brown & Caldwell
	Tim Healy	Napa Sanitation District
	Pam Jeane	Sonoma Valley County Sanitation Agency
	Craig Lichty	Kennedy Jenks Consultants
	Phillip Miller	Napa County
	Pilar Oñate-Quintana	The Oñate Group (via telephone)
	Larry Russell	Marin Municipal Water District
	Dan St. John	City of Petaluma
	Mike Savage	Brown & Caldwell
	Brad Sherwood	Sonoma County Water Agency
	Jake Spaulding	Sonoma County Water Agency
	Dawn Taffler	Kennedy Jenks Consultants
	Jeff Tucker	Napa Sanitation District
	Leah Walker	City of Petaluma

3. Public Comments

There were no comments from the public

4. Introductions

Introductions were made as there were several new people in attendance.

5. Board Meeting Minutes of April 27, 2015.

A motion by Director Long, seconded by Director Caldwell to approve the April 27, 2015 minutes was unanimously approved.

6. Report from the Program Manager

a. Consultant Progress Reports

The Board reviewed the consultant progress reports for June 2015. The Program Manager highlighted the remaining agenda items.

7. Financial Report for the Period Ending June 30, 2105

The Board reviewed the Financial Report and noted that all expenses were well within budget for the fiscal year. The report is essentially completed with possibly a few minor items still to be added. A final report will be presented at the October 26, 2015 meeting.

8. Outreach Program Update.

Robin Gordon provided an update for the Board. They have been working with the Program Development consultant to update items for use in Washington D.C.

9. Program Development, Federal, and State Advocacy Update

The Program Manager, on behalf of Ginger Bryant, provided an update for the Board on RE-ACT, Washington D.C. activities and a planned tour for North Bay Congressional representatives on August 20, 2015.

Pilar Oñate-Quintana discussed state issues including the State Board's Recycled Water Funding Guidelines, and an updated CEQA exemption for recycled water projects. She also discussed current legislation, including AB606 (Levine) and SB 471 (Pavley). She is also working on a potential state tour in the fall.

10. Workshop – North Bay Water Reuse Program Phase 2

Mike Savage and Dawn Taffler discussed the following topics: Screening Projects for Feasibility Study, Formulating Alternatives, Recommended Program for Feasibility Study, and Schedule. The list of projects has continued to evolve and most recently a range of storage projects was added to the recommended program to allow further evaluation and analysis before selecting one storage project for those agencies needing seasonal storage. The recommended projects include treatment plant capacity increases, seasonal storage, habitat restoration, distribution, and groundwater management. The total costs range from \$140 - \$205 Million depending on the range of storage projects. Costs will be reduced as storage projects are selected and as the size of projects are modified. Currently \$80 Million in projects can be funded through Title XVI. Non-Title XVI projects will also receive full EIR/EIS analysis and be eligible for other federal and state funding.

11. Approval of Recommended Phase 2 Program for Feasibility Study

The Board was asked to approve the list of projects as recommended for the Phase 2 Program for Feasibility Study. There was considerable discussion on the process of approving the projects. The Board was concerned that there had not been adequate information in the packet to allow them to properly consider the projects. The consultant team agreed to send information on the list of projects, seasonal storage, and costs to the Board for their information. A motion by Director Healy, seconded by Director Long to approve the Recommended Phase 2 Program for Feasibility Study was approved with two abstentions.

The Board also discussed methods for keeping the Board better informed and getting additional agencies to participate in order to better serve the region. Chair Rabbitt was asked to lead a group to examine issues and report back at a future Board meeting.

12. Adjournment

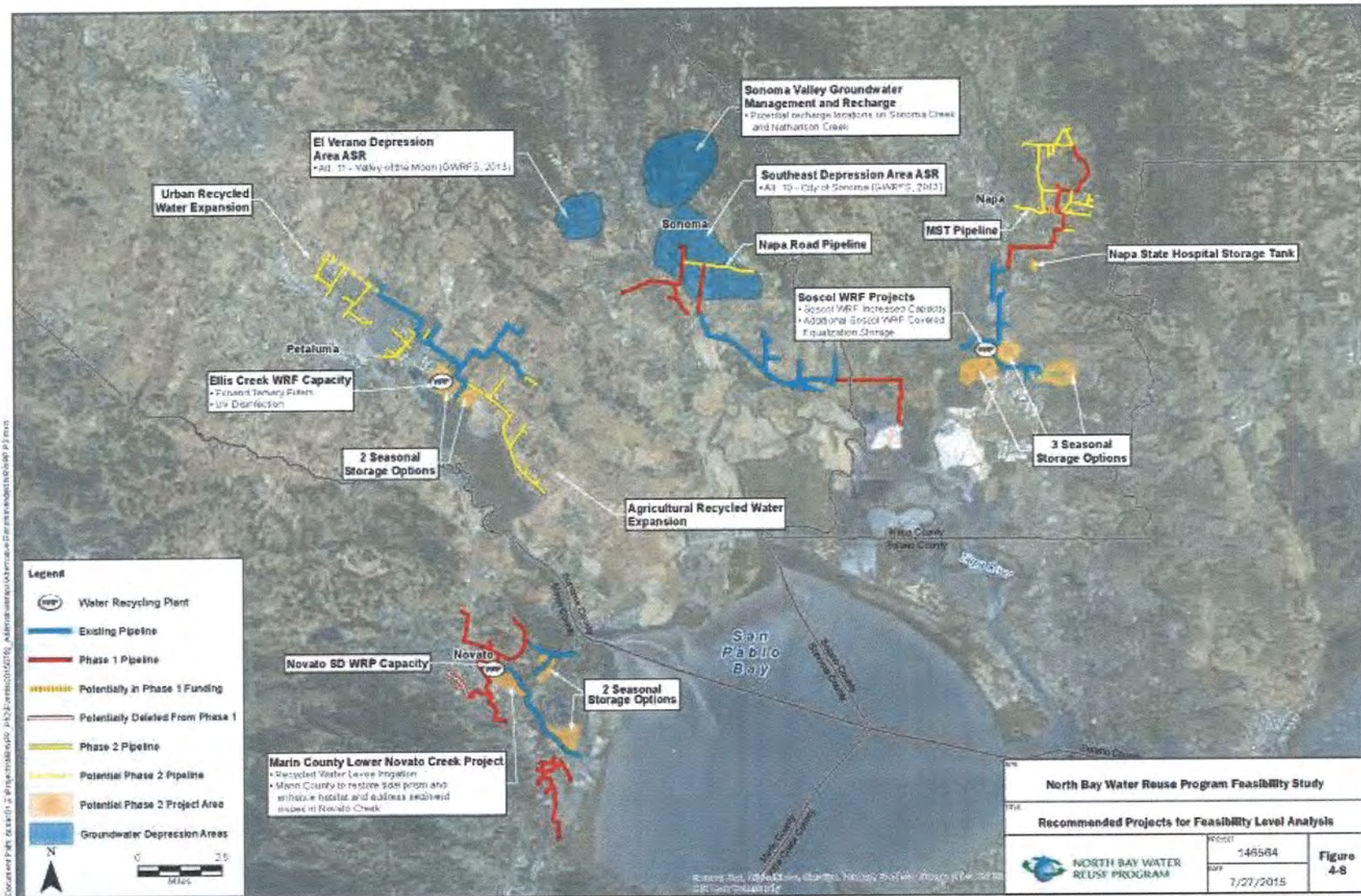
Chair Rabbitt adjourned the meeting at 11:23 a.m. The next meeting will be Monday, October 26, 2015 at 9:30 a.m. at Novato City Hall Council Chambers.

Minutes approved by the Board _____.

Charles V. Weir
Program Manager

C:\Users\Chuck\Documents\Weir Technical Services\NBWRA\Agendas\2015\2015-07\2015-07-27_Board_TAC\2015-07-27_NBWRA_Board_Minutes.docx

Recommended for Feasibility Level Analysis



NORTH BAY WATER REUSE PROGRAM
Water Supply Reliability through Regional Reuse

Board Action: Approve Projects for Feasibility Analysis

Agency	Project Type	Project Title	Cost (\$ Million)	Cost by Agency
Novato SD	Treatment	Novato SD WRP Capacity	\$14	\$29
	Storage	2 Seasonal Storage Options	\$14	
	Other Beneficiary Project Habitat Restoration	Marin County Lower Novato Creek Project irrigation	\$1	
SVCSD	Distribution	Napa Road Pipeline	\$3	\$3
SCWA	Storage	El Verano Depression Area ASR	\$4	\$22
		Southeast Depression Area ASR	\$10	
	Groundwater Management	Sonoma Valley Groundwater Management and Recharge	\$7	
Petaluma	Treatment	ECWRF Capacity	\$3	\$45 - \$75
	Storage	2 Seasonal Storage Options	\$16 - \$45	
	Distribution	Urban Recycled Water Expansion	\$12	
		Agricultural Recycled Water Expansion	\$15	
Napa SD	Treatment	Soscol WRF Increased Filter Capacity	\$2	\$41 - \$77
	Storage	Additional Soscol WRF Covered Equalization Storage	\$3	
		Napa State Hospital Storage Tank	\$9	
		3 Seasonal Storage Options	\$15 - \$51	
	Distribution	MST Pipeline	\$12	
Appraisal Level Estimate of Costs for Screening			\$140 - \$205 M	

* Cost only for screening not final Program selection



NORTH BAY WATER REUSE PROGRAM
Water Supply Reliability through Regional Reuse

Need for Extended Seasonal Storage Analysis

- 💧 Storage costs are a large percentage of the total project costs
- 💧 Projects to date analyzed at “Appraisal Level” for screening
- 💧 TAC indicated that greater detail is needed to select a storage project for feasibility analysis
- 💧 At request of TAC proceeding with a focused study on storage volume needs and storage facility options
- 💧 Reservoir sizing dictated by water to be served:
 - Operations studies to focus on the extent of service area and, therefore, storage volume requirements
 - Balance distribution system extent and storage volumes to meet agency constraints



Storage Options to be Addressed

💧 Napa SD

- Seasonal Storage Option 1 – Raise Pond Levees (1 volume)
- Seasonal Storage Option 2 – Somky Ranch Equalization Reservoir (2 volumes)
- Seasonal Storage Option 3 – Jameson Ranch (2 volumes)
- Split storage between options and phase implementation

💧 Petaluma

- Seasonal Storage Option 1 – New Ponds Southeast of ECWRF (2 volumes)
- Seasonal Storage Option 2 – Raise Oxidation Ponds (2 volumes)

💧 Novato SD

- Seasonal Storage Option 1 – Novato SD Wetland/Storage Project (2 volumes)
- Seasonal Storage Option 2 – Novato SD Pasture north of Highway 37 (2 volumes)

* 13 Reservoir Configurations



NORTH BAY WATER REUSE PROGRAM
Water Supply Reliability through Regional Reuse

Near Term Member Agency Projects

“Near Term Member Agency Projects” to be considered for Title XVI feasibility level study were those within the 10 year period of 2017 to 2027.

Table 4-2. Near Term Member Agency Projects		
Agency	Project Type	Project Title
Novato SD	Treatment	Novato SD WRP Capacity
	Transitional (Brackish) Wetlands/ Storage	Novato SD Wetland/ Storage Project (Discharge to State Coastal Conservancy/ Novato SD Transitional Brackish Wetland Project)
SVCSO	Storage	Sonoma Valley Reuse Storage
	Distribution	Napa Road Pipeline
SCWA	Storage	El Verano Depression Area ASR
		Southeast Depression Area ASR
	Groundwater Management	Sonoma Valley Groundwater Management and Recharge Study
Petaluma	Treatment	ECWRF Capacity
	Storage	Seasonal Storage Alternative 1 – New Ponds Southeast of ECWRF
		Seasonal Storage Alternative 2 – Raise Oxidation Ponds
	Distribution	Urban Recycled Water Expansion
		Agricultural Recycled Water Expansion
Napa SD	Treatment	Soscol WRF Increased Filter Capacity
	Storage	Additional Soscol WRF Covered Equalization Storage
		Napa State Hospital Storage Tank
		Seasonal Storage Alternative 1 – Raise Pond Levees
		Seasonal Storage Alternative 2 – Somky Ranch Equalization Reservoir
		Seasonal Storage Alternative 3 – Jameson Ranch
	Distribution	MST Pipeline



NORTH BAY WATER REUSE PROGRAM
Water Supply Reliability through Regional Reuse

Long Term Member Agency Projects

- Projects with an estimated start of construction after 2027, which is outside the Title XVI construction window.
- Described at appraisal level and will be included in the environmental document at a programmatic level.

Table 4-3. Long Term Member Agency Projects

Novato SD	Distribution	Indian Valley College Pipeline
	Distribution	Potential Intertie to LGVSD
	Distribution	NVMD West Service Area Pipelines
SVCSO	Distribution	Peru Road Pipeline
SOVA and Petaluma	Distribution	Petaluma-Sonoma Intertie
Napa SD	Treatment	Soscol WRF Expanded Treatment
	Distribution	Maximum Distribution System



NORTH BAY WATER REUSE PROGRAM
Water Supply Reliability through Regional Reuse

Other Beneficiary Projects

- Not Member Agencies but either have a linkage to the Member Agencies or are a project of an Associate Member.
- May receive water from the Program, but the distribution or onsite storage facilities are for an Associate Member or non-member
- Could benefit the Program by providing additional recycled water demands, environmental benefits, or on-site agricultural seasonal storage, thereby reducing the need for a Member Agency to provide seasonal storage.
- May be included in the Program, with the agreement of the Member Agencies, if they provide benefits to Program.
- At a minimum, these projects will be retained at an appraisal level in the study and included in the environmental document at a programmatic level.

Table 4-4. Other Beneficiaries Projects

Novato SD	Marin County Lower Novato Creek Project
SCWA	Agricultural On-Site Storage Ponds
Petaluma	Agricultural Groundwater Pumping Offset
	Storage on Agricultural Properties
Napa SD	American Canyon Partnership - Jameson Ranch
	Los Carneros Area Agricultural On-Site Storage



NORTH BAY WATER REUSE PROGRAM
Water Supply Reliability through Regional Reuse

10

FOR ACCESSIBLE
MEETING INFORMATION
CALL: (707) 543-3350
ADD: (707) 543-3031



**WATER ADVISORY COMMITTEE
AND
TECHNICAL ADVISORY COMMITTEE**

MONDAY, AUGUST 3, 2015

9:00AM

Utilities Field Operations Training Center
35 Stony Point Road, Santa Rosa, CA

This is a combined WAC and TAC meeting.

1. Check In
2. Public Comment
3. Recap from the May 4, 2015 WAC/TAC Meeting and Approval of Minutes
4. Recap from the July 6, 2015 TAC Meeting and Approval of Minutes
5. Water Supply Coordination Council
6. Water Supply Conditions and Temporary Urgency Change Order
7. SMSWP – Water Production Relative to 2013 Benchmark
8. Private-Public Partnership: North Bay Water Sustainability Coalition
9. Isolation Valves – Hazard Mitigation Project Update
10. Sustainable Groundwater Management Act Update
11. WAC Chair/Vice Chair Nomination Process
12. Biological Opinion Status Update
13. Integrated Regional Water Management Plan(s) Update
14. Items for next agenda
15. Check Out

Draft Minutes of Technical Advisory Committee
35 Stony Point Road, Santa Rosa, California
July 6, 2015

Attendees: David Guhin, City of Santa Rosa
Jennifer Burke, City of Santa Rosa
Rocky Vogler, City of Santa Rosa
Linda Hall, City of Santa Rosa
Toni Bertolero, Town of Windsor
James Smith, Town of Windsor
Mary Grace Pawson, City of Rohnert Park
Mike Healy, City of Petaluma
Dan St. John, City of Petaluma
Damien O'Bid, City of Cotati
Dan Takasugi, City of Sonoma
Dan Muelrath, Valley of the Moon Water District
Chris DeGabriele, North Marin Water District
Drew McIntyre, North Marin Water District
Larry Russell, Marin Municipal Water District
Mike Ban, Marin Municipal Water District
Grant Davis, SCWA
Pam Jeane, SCWA
Mike Thompson, SCWA
Don Seymour, SCWA
Mike Gossman, SCWA
Brian Lee, SCWA
Greg Plumb, SCWA

Public Attendees: David Keller, FOER
Deborah Tavares
Margaret DiGenova, California American Water

1. Check-in
Chair Chris DeGabriele called the meeting to order at 9:05 a.m.
2. Public Comment
Deborah Tavares commented on water in another community with a high level of chloramine. She asked for the level of chloramine in Sonoma County water. Per Chris DeGabriele the water supplied by SCWA is not chloraminated.
3. Recap from the June 1, 2015 TAC Meeting and Approval of Minutes
David Guhin, TAC Vice Chair, moved to approve the minutes as published, seconded by Dan Muelrath, Valley of the Moon Water District; unanimously passed.
4. Water Supply Conditions and Temporary Urgency Change Order
Grant Davis, SCWA, reported that Lake Sonoma is at 80% capacity and Lake Mendocino is at 62%. The coffer dam on the Russian River has been constructed a month early. SCWA is now operating under the Temporary Change Order that has been amended as of June 15. Flow is 25cfs in the upper Russian River, 50cfs in the lower Russian River. Lake Sonoma release was increased for two days to fill the impoundment upstream of the coffer dam. Flat demands for water continue even though we have had some hot days. Questions and comments followed.

5. Sonoma Marin Saving Water Partnership – Water Use Relative to 2013 Benchmark
Chris DeGabriele, North Marin Water District, reported on the water production in May, compared to 2013. We are meeting the State's requirement for water conservation. Comments followed.
6. North Bay Drought Coalition Private-Public Partnership
A logo has been developed for the coalition, now called North Bay Water Sustainability Coalition. On July 9 there will be a drought drive-up event at Friedman's with displays for water saving. The City of Santa Rosa is will be on hand to hand out buckets. There will be a press conference. Drought tolerant landscape is being considered at The Press Democrat facility on Hwy. 101. The coalition is going to get more information out to the public. A Drought Drive-Up ad has run in the Press Democrat. Santa Rosa is working with the Chamber of Commerce to reach out to Santa Rosa businesses to conserve. Valley of the Moon is also doing a drought drive-up event on July 22 in front of Sonoma High School, followed by a community drought meeting. Comments and questions followed.
7. 2015 UWMP Progress Update
Rocky Vogler, City of Santa Rosa, gave an update. 95% of the plan work is completed. The Town of Windsor is also almost complete. The plan should be completed by next week, on schedule and on budget.
8. Biological Opinion Status Update
Pam Jeane, SCWA, reviewed the Biological Opinion Status Update sent via email to the committee and interested parties. Questions and comments followed.
9. Items for Next Agenda
August WAC/TAC Meeting
Water Supply Conditions and Temporary Urgency Change Order
Biological Opinion Status Update
10. Check Out
Next WAC/TAC meeting is August 3, 2015
Next TAC meeting is September 14

Meeting was adjourned at 9:43a.m.

Draft Minutes of Water Advisory Committee and Technical Advisory Committee
35 Stony Point Road, Santa Rosa, California
May 4, 2015

Attendees: Tom Schwedhelm, City of Santa Rosa
David Guhin, City of Santa Rosa
Linda Hall, City of Santa Rosa
Mark Millan, Town of Windsor
Toni Bertolero, Town of Windsor
Jim Smith, Town of Windsor
Paul Piazza, Town of Windsor
Susan Harvey, City of Cotati
Damien O'Bid, City of Cotati
Mark Heneveld, Valley of the Moon Water District
Dan Muelrath, Valley of the Moon Water District
Laurie Gallian, City of Sonoma
Dan Takasugi, City of Sonoma
Joseph Callinan, City of Rohnert Park
Jake Mackenzie, City of Rohnert Park
Mary Grace Pawson, City of Rohnert Park
Mike Healy, City of Petaluma
Dan St. John, City of Petaluma
Dennis Rodoni, North Marin Water District
Jack Baker, North Marin Water District
Chris DeGabriele, North Marin Water District
Drew McIntyre, North Marin Water District
Larry Russell, Marin Municipal Water District
Krishna Kumar, Marin Municipal Water District
Mike Ban, Marin Municipal Water District
Efren Carrillo, Board of Supervisors
Grant Davis, SCWA
Pam Jeane, SCWA
Mike Thompson, SCWA
Mike Gossman, SCWA
Jay Jasperse, SCWA
Carrie Pollard, SCWA

Public Attendees: Brenda Adelman, RRWPC
Dietrich Stroeh, Stuber-Stroeh Engineering Group
Dawna Gallagher Stroeh
Margaret DiGenova, California American Water
David Keller, FOER
Jim Downey, Penngrove/Kenwood Water District
Bob Anderson, United Winegrowers
Deborah Tavares

1. Check-in

Dennis Rodoni, WAC Chair, called the meeting to order at 9:05a.m.

2. Public Comment

Deborah Tavares spoke on Tan Oak tree poisoning purportedly being carried on in Mendocino County by The Redwood Timber Company.

Brenda Adelman spoke to the lack of testing of edible fish. She also expressed concern about the use of recycled water as she believes it contains endocrine disrupting chemicals.

3. Recap from the April 6, 2015 WAC/TAC Meeting and Approval of Minutes

Moved by Laurie Gallian, City of Sonoma, seconded by Mark Millan, Town of Windsor, to approve the minutes of the April 6, 2015 WAC/TAC meeting; unanimously approved.

4. Water Supply Coordination Council

Efren Carrillo, Sonoma County Board of Supervisors, commented on the report which was provided to the members via email. The Sonoma County Water Agency Board of Directors/Board of Supervisors will hear a drought update presentation from Water Agency/county representatives, including members of the Sonoma-Marin Saving Water Partnership on May 12.

5. Approve Renewed Agreements between SCWA and MMWD

Chris DeGabriele, NMWD, advised the TAC recommend that the WAC approve the renewed agreements.

Comments were made regarding the use of water by Marin and the use of recycled water. Krishna Kumar commented that Marin Municipal Water District gets 25% of its water supply from SWCA. Moved by Joseph Callinan, Rohnert Park, seconded by Mike Healy, City of Petaluma, to approve the renewed agreements between SCWA and MMWD; unanimously passed.

6. Sonoma Marin Saving Water Partnership – Regional Alliance 2014 GPCD Update and Proposed Collective Conservation Standard to meet SWRCB Emergency Regulations

Chris DeGabriele reviewed the requirements for conservation from the State Water Control Board based on gallons per capita per day. The regional approach that was proposed by the Sonoma Marin Water Saving Partnership to the state was not accepted. Targets for conservation have been established. TAC will meet in an ad hoc committee to keep on track with conservation. David Guhin, TAC Vice Chair, commented that Santa Rosa's conservation efforts have been recognized by the Governor, and the Mayor of Santa Rosa attended a meeting in Sacramento along with 13 other California Mayors. Final plans will be in place for cities by the next WAC meeting. The Sonoma Marin Water Saving Partnership will continue to work as a region and pursue the established goals for water conservation.

7. Water Supply Conditions and Temporary Urgency Change Order

Pam Jeane, SCWA, reported that Lake Mendocino is at 67% capacity and Lake Sonoma is at 86% capacity. On May 1 the State Water Resources Control Board issued a Temporary Urgency Change Order allowing the Sonoma County Water Agency to reduce Russian River flows from May 1 through October 27, 2015. Minimum instream flows in the Upper Russian River will be reduced from 185cfs to 75cfs and in the Lower Russian River from 125cfs to 85cfs. To improve efforts to optimally manage flows in the Russian River, minimum instream flow requirements will be implemented on a 5-day running average of average daily stream flow measurements with instantaneous flows on the Upper Russian River being no less than 65cfs and on the Lower Russian River being no less than 75cfs. Water stored in Lake Pillsbury is falling rapidly to meet Eel River minimum flows and could run out of water by the end of the summer. PG&E controls the water outflow and a

possible amendment may be requested by them to adjust that flow. Questions and comments followed from the public.

8. Sustainable Groundwater Management Act

Jay Jasperse reported on the Sustainable Groundwater Management Act, which took effect on January 1, 2015. The work group formed to implement the act has provided updates to all groundwater constituent groups. In Sacramento legislation is being introduced to clean up elements not originally included in the act. Basin boundaries need to be established. Groundwater Sustainability agencies need to be formed by 2017. Sonoma Valley, Petaluma Valley and the Santa Rosa Plain ground water basins are the areas that will have agencies. Gina Bartlett has been hired to collect information which will be evaluated to move forward with the formation of the sustainability agencies. Information will be available on the SCWA website. Comments were made by Grant Davis, SCWA, and David Guhin, TAC Vice Chair, City of Santa Rosa.

9. Biological Opinion Status Update

Pam Jeane, SCWA, reviewed the update that was sent to the members. Questions and comments followed her review.

10. Integrated Regional Water Management Plan(s) Update

Efren Carrillo, Sonoma County Board of Supervisors, reported on the April 16 North Coast Region meeting. Prop 84 allocation is \$1M for the North Coast. Projects will be recommended for use of the allocated funds.

Grant Davis, SCWA, reported the Bay Area IRWMP is accepting project recommendations until May 16.

11. Items for next TAC Agenda

Water Supply Conditions

Biological Opinion Status Update

12. Check Out

Next TAC meeting is June 1

Next WAC/TAC meeting is August 3

Meeting was adjourned at 10:15a.m.

8/3/2015
WAC/TAC
#5

Water Supply Coordination Council

MEETING AGENDA

Wednesday, July 22, 2015
11am - 12pm
Board Caucus Room
575 Administration Drive, Room 113A

- 1) Review summary of last meeting (April 24, 2015 summary attached)
- 2) August 3 WAC/TAC meeting
- 3) Water Supply
 - a. Water Supply Conditions
 - b. Temporary Urgency Change Order
 - c. Lake Mendocino Reliability Report Term 17
- 4) CalAm Water - Sonoma Marin Saving Water Partnership
- 5) Updates on:
 - a. Groundwater
 - b. FIRO
- 6) Schedule Next Meeting

*If you need to call in, please contact Jane Gutierrez at jane.gutierrez@scwa.ca.gov at least 2 days in advance so a phone line can be arranged.

Summary
July 22, 2015
Water Supply Coordination Council Meeting

The WSCC is intended to coordinate activities of the Agency, WAC/TAC and other parties as necessary and to report on same pursuant to the Sonoma County Water Agency's September 15, 2009 Resolution #09-0871 to commence and continue development of new water supply projects, plans and strategies to meet the reasonably expected future water demands for the agency's water contractors. The WSCC makes no policy decisions. This WSCC summary is intended to disclose WSCC discussions with the WAC/TAC and other interested parties.

Attendees: Efren Carrillo, James Gore, Dennis Rodoni, Mike Healy, Grant Davis, Jay Jasperse, David Guhin, Chris DeGabriele

1. Review Summary of Last Meeting (April 24, 2015)

A summary of the April 24, 2015 WSCC meeting was reviewed.

2. August 3 WAC/TAC Meeting

The agenda for the Water Advisory Committee and Technical Advisory Committee scheduled for August 3, 2015 was reviewed. It was recommended to add verbal update on the Private-Public Partnership: North Bay Water Sustainability Coalition. Chris DeGabriele will request Cynthia Murray from NBLC attend the meeting and provide the update. A verbal update on the Sustainable Groundwater Management Act implementation progress in Sonoma County will also be on the agenda. It was noted that the Ad Hoc Committee for the WAC Chair and Vice-Chair nomination (Mike Healy, Laurie Gallian, David Guhin and Grant Davis) have met and developed a process to be presented at the August 3 meeting. The group decided not to include an update on the San Juan Capistrano case.

3. Water Supply

Grant Davis reported that Lake Mendocino holds approximately 50,000AF and Lake Sonoma 195,000AF. The TUCO has been amended to further reduce Russian River in stream flow and preserve Lake Mendocino storage for fall fish releases and to meet Biological Opinion requirements.

Grant further reported that it is hoped the draft Lake Mendocino Reliability Report prepared for the SWRCB can be shared with the WAC in November.

4. CalAm Water – Sonoma Marin Saving Water Partnership

The participants learned that California American Water (Larkfield) will join the Sonoma Marin Saving Water Partnership. DeGabriele advised that the TAC had discussed in an Ad Hoc meeting the desire to add more RR water users to the SMSWP.

5. Updates on:

Jay Jasperse reported that DWR has released draft emergency regulations which outline the process for local agencies to follow when requesting modifications to groundwater basin and sub-basin boundaries. The regulations are expected to be adopted in October-November, 2015.

Jay further reported on meetings held at Scripps Institute last week on Forecast-Informed Reservoir Operations (FIRO). SCWA and Mendocino County Flood Control and Water Conservation District attended with state and federal agencies (USGS, USACOE, NOAA, NMFS, DWR) to start on a work plan to be used as a road map for forecasting and reoperation of Lake Mendocino which will be the demonstration model for the FIRO. The work plan will lead to a series of actions, both operational and research to support the effort. The USACOE has funding for the program.

6. Schedule Next Meeting

The next meeting will be scheduled prior to the November 2, 2015 WAC/TAC meeting.

Sonoma County Water Agency

8/3/2015
WAC/TAC
#7

Table 1: Current Month - Water Use Relative to 2013 Benchmark

Water Retailer	June 2015	2013 Benchmark	Relative to 2013 Benchmark	Conservation Standard
Cotati	25,340,097	31,868,228	20%	20%
Marin Municipal	702,274,075	924,114,653	24%	20%
North Marin	253,009,453	357,000,000	29%	24%
Petaluma	230,855,658	314,960,360	27%	16%
Rohnert Park	132,992,827	158,000,000	16%	16%
Santa Rosa	577,229,793	655,669,334	12%	16%
Sonoma	51,733,734	75,597,532	32%	28%
Valley of the Moon	78,953,697	102,317,349	23%	20%
Windsor	100,525,034	138,812,709	28%	16%
SMSWP Total	2,152,914,368	2,758,340,165	22%	19%

8/3/2015
WAC/TAC
#11

MEMORANDUM

To: Dennis Rodoni
From: Mike Healy
Date: May 7, 2015
Re.: WAC Ad Hoc Committee on Nominating Process

The WAC ad hoc met following the May 4 WAC meeting. In terms of process, we'd still like to keep things relatively informal. At the August WAC meeting there should be an announcement that any WAC members interested in putting their names forward for chair or vice chair should let you know. They don't have to submit a letter.

Prior to the November WAC meeting, the "nominating committee" (current chair & vice chair) will consult to come up with a proposed slate. That would then be announced at the November WAC meeting. Then the election would be at the first meeting in 2016.



Russian River Biological Opinion Update – August 2015

The Sonoma County Water Agency is continually planning and implementing the Russian River Biological Opinion requirements. The following project updates provide a brief synopsis of current work. For more detailed information about these activities, please visit www.sonomacountywater.org.

Dry Creek Habitat Enhancement and Demonstration Project

- The draft Environmental Impact Report for miles two through six of habitat enhancement was released on July 11. Comments are due by 5 p.m. August 24. A public hearing will be held at 10 a.m., August 11, at the Board of Supervisors chambers.
- Site identification, environmental studies and topographic surveys are underway for the second and third miles of habitat enhancement. Two firms, Interfluve and ESA PWA, are designing the second and third miles of habitat enhancement. Water Agency staff are in the process of meeting with landowners to receive input on the 30% designs.
- Three firms were selected for design of miles four through six of habitat enhancement: Interfluve, ESA-PWA and Cardno.

Fish Monitoring

In March, downstream migrant traps were installed at Austin Creek, Dutch Bill Creek, Mark West Creek, and at Dry Creek. Due to low flows in the creeks, all the traps but Dry Creek have been removed. Monthly beach seining is occurring at multiple locations throughout the Russian River estuary.

Mirabel Screen and Fish Ladder Replacement

Construction of the Mirabel Fish Passage Improvement Project is proceeding, with concrete being poured to create the viewing gallery. Because construction will continue through the summer, the contractor installed a temporary (coffer) dam at Wohler Bridge to create a backwater pool in order to meet projected summer water demands.

Russian River Estuary Management Project

- The 2015 Lagoon Management Period began on May 15. The lagoon management plan has been approved and all permits received. The barrier beach closed on May 29 and opened on its own on June 14. Due to the beach formation, there was no access for equipment, so the Water Agency was unable to implement an outlet channel.
- Field investigations of the jetty are complete. In 2014, monitoring wells were installed and other tests were conducted. The purpose of the studies is to determine if and how the jetty impacts the formation of the barrier beach and lagoon water surface elevation. Consultants are currently writing the report which is expected to be released in August. Biological and water quality monitoring is ongoing.

Fish Flow Project

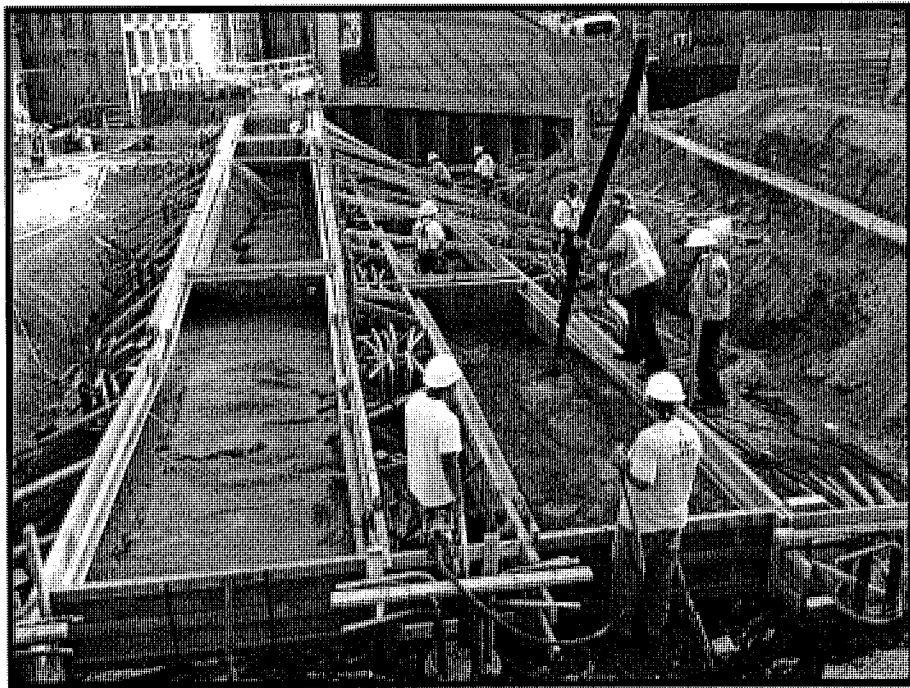
Work is occurring internally on the preparation of the draft Environmental Impact Report for the Fish Habitat Flows and Water Rights Project. The EIR is being prepared by Water Agency staff, with assistance from consultants on some areas of impact analysis. A draft EIR is anticipated to be released early Fall 2015.

Interim Flow Changes

On May 1, the State Water Resources Quality Control Board issued a Temporary Urgency Change Order for Russian River flows. The change was requested by the Water Agency to preserve water in Lake Mendocino. Within a few days of the order being issued, the Water Agency was informed by PG&E of its pending request to reduce diversions from the Eel River through its Potter Valley Project, as a result of the drought. The reduction represents a loss of about 30-100 acre-feet of water per day. To preserve water in the lake, the Water Agency went back to the State Water Board to request additional reductions in releases from Lake Mendocino; on June 17, the State Water Board issued an amendment to the TUC. As a result, the minimum flow requirement in the upper river is 25 cfs and 50 cfs in the lower river.

Public Outreach, Reporting & Legislation

- The annual Estuary Community Meeting was held on June 11 in Monte Rio, with about 50 people attending. The meeting covered this year's lagoon management plan, 2014 water quality observations and the jetty study. Immediately following the estuary meeting, the Water Agency held a meeting to discuss summer flows.
- The annual Dry Creek Community meeting will be held in late fall. In August, an informational flyer will be sent to Dry Creek residents updating them on the project.
- WAC and TAC members are invited to view construction of the fishway improvement project on Wednesday, August 26 at 4:00 p.m., prior to the Grand Opening of the new water education facility (5:30 p.m.).



Construction at the Mirabel Fishway Improvement Project, July 20

11

DISBURSEMENTS - DATED JULY 30, 2015

Date Prepared 7/28/15

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
EFT*	US Bank	June Bank Analysis Charge (Lockbox \$912, Credit Card Processing \$738 & Other \$699) (Less Interest Credit of \$171)	2,178.33
1	Alliance for Water Efficiency	Membership Dues (7/8/15-8/7/16) (Budget \$520) (Grisso)	500.00
2	All Star Rents	High Weed Mower (1 Day) (\$338) & Portable Air Compressor Rental	462.73
3	American Family Life Insurance	July Employee Contribution for Accident, Disability & Cancer Insurance	3,996.19
4	American Water Works Assoc	Pro-Rated Dues (8/15-12/15) (Chandrasekera) (Budget \$100)	130.00
5	Bay Area Traffic Solutions	Progress Pymt#1: Traffic Control (50 hrs) (So Novato Blvd) (Balance Remaining on Contract \$3,750)	15,450.00
6	Bold & Polisner	June Legal Services: AEEP Caltrans Reimb - B3 (\$105), Atherton Tank Recoat (\$185), Marin County Club Recycled Water (\$463), Prevailing Wage (\$37), Rate Increase (\$105) & Tier Rates (\$56)	950.00
7	Burke, Robert	Novato " Toilet" Rebate Program	100.00
8	California Water Service	May-July 2015 Water Service (0 ccf)	143.07
9	CalPERS	Health Insurance Premium (Employees \$51,160, Retirees \$10,185 & Employee Contrib \$12,073)	73,416.99
10		Cafeteria Plan: Uninsured Medical Reimbursement	400.00
11	Connolly, James	Novato "Pool Cover" Rebate Program	41.62

Seq	Payable To	For	Amount
12	Core Utilities	Consulting Services: June IT Support (\$5,000), P RTP PLC (\$550), Troubleshoot SCADA Alarm (\$25), Resolved Hydro Control/PSI Program (\$50), Adjusted RWF Alarm System (\$25), Modified E-mail Bills (\$75), Post Compensation Report to Website (\$50), Water Cost Calculator (\$75) & Internet Tracking Program (\$1,350)	7,200.00
13	Coyle, Nani	Novato "Cash for Grass" Rebate Program	400.00
14	Creighton, Guy	Novato "Pool Cover" Rebate Program	50.00
15	CSW/Stuber-Stroeh Engineering	Progress Pymt#29: Marin Sonoma Narrows NMWD Aqueduct Energy Efficiency Project (Balance Remaining on Contract \$56,890)	8,695.16
16	CWEA	Membership Renewal (Reischman) (7/15-7/16) (Budget \$150)	156.00
17	Delgado, Irene	Refund Overpayment on Closed Account	24.06
18	Duncan, Hide	Novato "Cash for Grass" Rebate Program	200.00
19	Environmental Express	Pre-Cleaned Bottles (72) (Lab)	113.14
20	Erickson, Carl	Novato "Pool Cover" Rebate Program	28.00
21	Gallagher, Eileen	Novato "Toilet" Rebate Program	200.00
22	Garbarino, Sheryl	Novato "Pool Cover" Rebate Program	50.00
23	Gempler's	Irrigation Hose (1' x 50')	155.33
24	GHD	Progress Pymt#21: NMWD General Services Agreement (Balance Remaining on Contract \$972)	2,472.50
25	Ghilotti Construction	Progress Pymt#15: Construct AEEP Reaches A-D/MSN B3 Pipeline Project (Bal Remaining on Contract \$1,228,617)	494,482.66
26	Golden Gate Petroleum	Gas (\$3.16/gal)	2,049.87
27	Grainger	10' Aluminum Ladder (\$330) & Bayonet Filters (2)	365.29
28	Gutierrez, Noel	Novato "Washer" Rebate Program	50.00

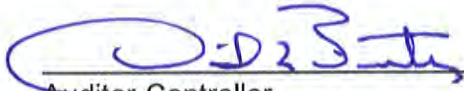
Seq	Payable To	For	Amount
29	Hach	Annual Service Contract for Hach Equipment @ STP & PRTP (\$18,685) & Sodium Persulfate Solution (5 gal) (STP)	18,965.51
30	Hanson, Boyd	Novato "Smart Irrigation Controller" Program	210.00
31	Hartley, Karen	Refund Overpayment on Closed Account	118.95
32	Hasstedt, Eldon	Novato "Washer" Rebate Program	50.00
33	HUB International Insurance	Insurance for NMWD Picnic on 7/25/15	162.10
34	InfoSend	June Processing Fee for Water Bills (\$1,371) & Postage (\$4,048)	5,419.88
35	Intellaprint Systems	Quarterly Maintenance on Engineering Wide Carriage Scanner/Copier (7/1-9/30)	417.00
36	Janssen, Ulrich	Novato "Pool Cover" Rebate Program	50.00
37		Vision Reimbursement	158.00
38		Vision & Cafeteria Plan: Uninsured Medical Reimbursement	269.85
39	Keith, Margaret	Novato "Pool Cover" Rebate Program	36.50
40	Kemira Water Solutions	Ferric Chloride (10 dry tons) (STP)	5,518.80
41	Kennedy, Dennis	Novato "Rainwater Harvesting" Rebate Program	37.50
42	Kim, Cherrie	Novato "Cash for Grass" Rebate Program	200.00
43	Greg Krakua & Valerie Melville	Refund Overpayment on Closed Account	27.74
44	L & P Enterprises	Refund Overpayment on Closed Account	10.53
45		Vision Reimbursement	184.00
46	Landeros, Dianne	Exp Reimb: Baywork Meeting in San Jose on 7/22/15. Mileage (\$93) & Bridge Toll (\$6)	99.15
47	Macdonald Architects	Progress Pymt#8: Engineering Services for Lynwood P/S (Balance Remaining on Contract \$1,689)	1,582.90
48	Maltby Electric	Telemetry Cable Splices (12) (\$2,159), Conduits & Fittings	2,394.38


Seq	Payable To	For	Amount
49	Marcelle, Ronald	Novato "Hot Water Recirculation System" Rebate Program	75.00
50	Marin County Tax Collector	LAFCO Expense Allocation FY15/16 (Budget \$9,910)	10,995.41
51	Marvier, Melissa	Novato "WSLE" Rebate Program Residential	41.26
52	Miller Pacific Engineering	Progress Pymt#1: Engineering Services: Recycled Water Central Service Area (Balance Remaining on Contract \$22,533)	21,600.00
53	Neopost USA	Quarterly Postage Meter Rental (Aug 1-Oct 31)	234.33
54	Novato Sanitary District	Lab Monitoring Fees for RW Facility (4/13-5/15) (\$25,646) (FY14 \$12,667) (FY15 \$12,979), April Recycled Water (\$8,385) & FY15 Electric Power for Deer Island Recycled Water Facility (\$1,716)	35,746.59
55	Nrekic, Mati	Novato "Cash for Grass" Rebate Program	200.00
56	Pace Supply	Box Lids (7) (\$108) & 3/4" Coupling	123.12
57	Pacific Coast Cutters	Cut Asphalt @ S. Novato Blvd	2,065.84
58	Parkinson Accounting Systems	June Accounting Support	341.25
59	Peterson, Ruth	Novato "Washer" Rebate Program	50.00
60	Point Reyes Prop Mgmt Assn	July HOA Dues (25 Giacomini Rd)	75.05
61	Prolman, Raquell & Gerald	Refund Overpayment on Closed Account	107.81
62	Purece, Sarita	Novato "Washer" Rebate Program	50.00
63	Ramanurthy, Sridhar	Refund Overpayment on Closed Account	112.58
64	Ruiz, Raymond	Novato "Cash for Grass" Rebate Program	357.00
65	Scott, Renee	Novato "Cash for Grass" Rebate Program	400.00
66	Sebastopol Bearing & Hydraulic	Hydraulic Hose Fittings & Assembly (8') & Hydraulic Pump (\$361)	444.48
67	Shell	Tool Fuel (4 gal)	14.16
68	Shields Consulting Group	Mandated Cost Reimbursement Processing Fee (15%)	5,843.10

Seq	Payable To	For	Amount
69	Sonoma County Water Agency	June Contract Water	368,670.23
70	SpeedTech Lights	Light Bar for New Pick-up	538.73
71	SPG Solar	June Energy Delivered Under Solar Services Agreement	13,911.55
72	SRT Consultants	Progress Pymt#4: Consultation for Taste & Odor Control for Stafford Lake (Balance Remaining on Contract \$25,821)	1,160.00
73	State Water Resources Control	Clean Drinking Water SRF Loan Principal & Interest (RW S PH2)	100,232.68
74	SWRCB Accounting Office	D3 Certificate Renewal (Clark) (Budget \$60) (12/15-12/17)	90.00
75	Stephens, Dawn	Refund Overpayment on Closed Account	154.73
76	Township Building Services	June Janitorial Service	1,822.84
77	Twitchell, Douglas	Novato "Cash for Grass" Rebate Program	400.00
78	U.S. Bank Card	Printer Drum Unit (Cons Billing) (\$96), Horseshoe Set, Bean Toss (\$68) (NMWD Picnic), Service Award (Cilia), Replacement iPad Charger, Office Phone (Water Cons.) (\$196), Parking (\$16), Memory Book (\$52) (Mello), Facebook Advertising (Water Conserv) (\$160) & Business Lunches (DeGabriele) (\$177)	941.33
79	Verizon California	Leased Lines	256.13
80	Waite, Anita	Novato "Pool Cover" Rebate Program	50.00
81	Westberg, Catherine	Refund Overpayment on Closed Account	47.95

Seq	Payable To	For	Amount
82	Wiley Price & Radulovich	June Professional Services: Venegas (\$1,311) & New Sick Leave Law (\$224)	1,535.02
		TOTAL DISBURSEMENTS	<u>\$1,219,061.90</u>

The foregoing payroll and accounts payable vouchers totaling \$1,219,061.90 are hereby approved and authorized for payment.


7/28/15
 Auditor-Controller
 Date


7/27/2015
 General Manager
 Date

DISBURSEMENTS - DATED JULY 23, 2015

Date Prepared 7/21/15

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

Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll 7/15/15 PPE	\$127,976.12
EFT*	US Bank	Federal & FICA Taxes 7/15/15 PPE	56,173.71
EFT*	State of California	State Taxes & SDI 7/15/15 PPE	9,858.28
1	Able Fence	Fence Materials for Lynwood Tank Project	326.92
2	All Star Rents	Air Compressor Rental (returned -wrong type)	6.25
3	Alpha Analytical Labs	Lab Testing	144.00
4	AT&T	Leased Line	64.66
5	Bank of Marin	Bank of Marin Loan Principal & Interest (Pymt 45 of 240)	46,066.67
6	BATS	Traffic Control - So Novato Blvd (Balance Remaining on Contract \$19,200)	5,800.00
7	Blastco	Final Pymt: Atherton Tank Rehab Project (Total Project Cost \$1,358,933.00)	24,376.53
8	Building Supply Center	Pipe Insulation (\$76), PVC Pipe, Couplings & Zip Ties	110.88
9	CalPERS Retirement System	Pension Contribution PPE 7/15/15	31,662.66
10	CalPERS	FY15 Unfunded Liability Lump Sum Prepayment	400,174.00
11	Clipper Direct	Commuter Benefit Program (2)	186.00
12	Comcast	July Office Internet Connection	149.02
13	Cummings Trucking	Rock (65 yds) & Sand (65 yds)	5,649.79
14	Davis Sign	Recycled Water Signs (50) (6" x 18")	708.50
15	EcoCut and Trim	Cut Back Poison Oak & Removed Brush @ STP	11,264.06
16	Employer Resource Institute	Cal/OSHA Compliance Advisor (Clark) (9/15-8/16) (Budget \$350)	299.00

Seq	Payable To	For	Amount
17	Environmental Express	Standards (Lab)	363.89
18		Cafeteria Plan: Uninsured Medical Reimbursement	129.00
19	Fire Hose Direct	Misc Fittings & Short Pieces of Hose for Hydrant Connections (15)	1,394.88
20	Fisher Scientific	Sulfuric, Nitric Acid & Glass Ampules (20) (\$176) (Lab)	236.85
21	Gempler's	Irrigation Adaptor	23.16
22	GFOA	Membership Renewal (Landeros) (8/15-9/16) (Budget \$160)	160.00
23	Golden Gate Petroleum	Gas (\$3.04/gal) & Diesel (\$2.82/gal)	2,585.78
24	Grainger	Battery	14.57
25	Hach	Reagents (2) (\$112), Buffer & Solutions (3) (\$84)	298.16
26	Holton, Nancy	Exp Reimb: Holiday Party Centerpieces	40.59
27	International Dioxide	pH Probe for Carbon Dioxide Generator (STP)	150.48
28	Kehoe, Theresa	Exp Reimb: Decorations for Holiday Party	47.56
29	Kehoe, Chris	Exp Reimb: Safety Boots	200.00
30	Maltby Electric	Conduit Straps (24)	10.75
31	Marin County Recorder	April & May Official Copy of Records (5)	26.00
32	Marin, County of	Annual Septic Permit (25 Giacomini Rd)	505.00
33	Niagara Conservation	Ultra High Efficiency Toilets (Novato & W. Marin) (100)	14,954.00
34	Open Spatial	Setup & Data Preparation of District Facility Maps for GIS Software (\$7,800) & Convert Files to PDF Format (\$1,600)	9,400.00
35	Pace Supply	Nipples (26) (\$47), Bushings (15) (\$139), Box Valves (11) (\$129), Box Lids (12) (\$529), Caps (2), Coupling Adaptor, Flanges (2) (\$83), Corp Stops (2) (\$417), Meter Stops (5) (\$1,041) & Meter Spuds (20)	4,500.70

Seq	Payable To	For	Amount
36	Parkinson Accounting Systems	Annual Software Maintenance Fee	10,634.54
37	NMWD Petty Cash	Petty Cash Reimb: Picnic Supplies (\$8), Mileage Reimbursement (\$45), Candy for Picnic Pinata (\$18), Bridge Toll (\$10) & Parking	87.91
38	PG&E	Power: Bldgs/Yard (\$4,618), Rectifier/Controls (\$445), Pumping (\$24,076), Treatment (\$146) & Other (\$119)	29,404.92
39	Point Reyes Light	WM Water & OM Sewer Rate Hearing Notices on June 25 (2) (39")	579.50
40	Pollard Water	Pressure Gauge for RW Fill Station	79.71
41	Preferred Alliance	Pre-Employment Physicals (Barrilleaux, Bergstrom, Frazer, Lucchesi & Naranjo)	210.00
42	The Pun Group	Registration Fee - Accounting Seminar on 8/18/15 in Danville (Landeros)	100.00
43	Ray's Catering	Catering Service for NMWD Summer Picnic and John Mello's Retirement Party (\$460 Reimbursed by Participants)	3,573.86
44	Rotary Club of Novato-Sunrise	Annual Dues (McIntyre) (7/15-6/16) (Budget \$180)	150.00
45	Safeguard	Operating Checks (5,000)	463.37
46	Sequoia Safety Supply	Brief Relief Urine Bags (100) (\$254), Ear Plugs (400) & Sunscreen Toilettes (50)	347.05
47	Shirrell Consulting Services	July Dental Insurance Administration Fee	288.15
48	Sierra Chemical	Chlorine (2,000 lbs)	1,013.33
49	Staples Business Advantage	ID Card Holders (115)	215.31
50	Syar Industries	Asphalt (6 tons)	961.26
51	Tamagno Green Products	Sludge Removal (STP) (145 yds)	2,900.00
52	TelePacific Communications	June Telephone Service	576.53
53	Terryberry	Service Awards (4) (Cantiller, Lucchesi, Reed & Williamson)	399.20
54	Verizon California	Leased Line	44.85

Seq	Payable To	For	Amount
55	VWR International	Starch Indicator, Phosphoric (\$89) Acid & Hydrogen Peroxide	212.91
56	Winzer	Bolts, Wire Ties (\$47) (200) & Hand Cleaner	164.62
57	Zenith Instant Printing	2-Part NCR Notice of Violation (Water Conservation) (200)	103.55
58	ZFA Structural Engineers	Progress Pymt #1: Structural Engineering Design for Lynwood Pump Station Building & Site Screen Addition (Balance Remaining on Contract \$4,500)	3,000.00
TOTAL DISBURSEMENTS			<u>\$811,548.99</u>

The foregoing payroll and accounts payable vouchers totaling \$811,548.99 are hereby approved and authorized for payment.


Auditor-Controller

7/21/15
Date


General Manager

7/21/2015
Date

RECENT CALIFORNIA DECISIONS**THIRD DISTRICT COURT APPLIES STREAMBED ALTERATION REQUIREMENTS TO EXISTING WATER DIVERSIONS**

Siskiyou County Farm Bureau v. California Department of Fish and Wildlife,
___ CalApp.4th ___, Case No. C073735 (3rd Dist. June 4, 2015).

The Third District Court of Appeal has held that Fish and Game Code § 1602 applies to existing water right diversions even if those diversions do not propose to physically alter streambeds. The decision reversed the trial court's ruling, which had enjoined the California Department of Fish and Wildlife (CDFW) from bringing enforcement actions against agricultural water users for continuing to divert surface waters from within Siskiyou County without first obtaining a streambed alteration agreement. The Court of Appeal concluded that § 1602 embraces water rights diversions even though the legislative history of the statute instead pointed to the California Legislature's concerns with the effects of mining and other industrial activities on stream channels.

Background

Section 1602 provides that any person contemplating activity that substantially diverts or obstructs the natural flow of—or substantially changes or uses material from the bed, channel, or bank of—a water course is required to give prior notice to CDFW. CDFW must then determine whether the planned activity could adversely affect the fish and wildlife that depend on that water course. If so, CDFW and the property owner enter into a streambed alteration agreement that includes terms to mitigate the planned activity's potentially adverse consequences on fish and wildlife. The matter can be submitted to arbitration if the property owner disagrees with CDFW's determination or proposed mitigation terms.

Following the coho salmon's listing under the California Endangered Species Act in 2005, CDFW developed the so-called "Stopher criterion" which presumed that any diversion of water pursuant to a water right was "substantial" and therefore subject to notification requirements under § 1602. The Stopher criterion represented a significant departure from CDFW's approach to enforcement since § 1602 was enacted in 1961 in response to concerns that mining

activities had adversely affected wildlife dependent on instream resources. Previously, CDFW had primarily targeted new or modified diversions that physically altered the bed or bank of the water course, and applied the statute on a case by case basis. In 2005, however, CDFW sent letters to diverters within Siskiyou County—including diverters taking water under 100-year old water rights—informing them of the new notice obligations. Recipients of these letters had two compliance options: participate in a watershed-wide agreement through Siskiyou Resource Conservation District or obtain a streambed alteration agreement individually. Both options required compliance with all applicable code provisions, including the California Environmental Quality Act (CEQA).

The Trial Court Proceedings

The Siskiyou County Farm Bureau (Farm Bureau) filed an action for declaratory relief on behalf of agricultural water users challenging CDFW's expansive interpretation of § 1602. The suit alleged that the California Legislature never intended § 1602 to apply to existing water rights diversions that did not physically alter a streambed; that CDFW's broad interpretation would fundamentally alter the administration of water rights in California; and that CDFW's enforcement of § 1602 in this manner imposed significant new burdens and uncertainties on longtime water users. The suit further alleged that CDFW's arrogation of this authority over agricultural water use encroached on the authority of the State Water Resources Control Board (SWRCB).

The trial court agreed with the Farm Bureau that the purpose of § 1602 was to require notice to CDFW for activities that physically alter the water course, not for the mere continuing exercise of a water right. Had the Legislature intended § 1602 to apply to all existing agricultural diversions, the court reasoned, there would have been at least some discussion in the legislative record of the impacts to that industry, as

there was with respect to mining and other industrial activities. Accordingly, the court found that CDFW's interpretation of § 1602 was contrary to the purposes of the statute.

More significantly, the trial court held that CDFW's interpretation of § 1602 could lead to a situation in which, after the SWRCB considered all factors—including an appropriative water right's effects on fish and wildlife—a water right granted by the SWRCB could be nullified by the later regulation of the CDFW. The court found the California Legislature could not possibly have intended such a result.

The Court of Appeal's Decision

Following the adverse ruling, CDFW appealed and the Third District Court of Appeal reversed the trial court's decision in nearly every respect. The Court of Appeal ruled that § 1602 applies to existing water rights diversions even if they do not physically alter the bed or channel of a stream. Relying in large part on an *amicus* brief submitted by the SWRCB on behalf of CDFW, the court held that CDFW's enforcement of § 1602 in no way conflicts with the SWRCB's authority over appropriative water rights.

Looking to the Definition of 'Divert'

In rejecting the Farm Bureau's argument that the legislative history contradicted CDFW's interpretation of § 1602, the court noted that contemporaneous dictionary definitions of the term "divert" included the mere act of extracting water from a stream. The court relied on the long use of the word in California water rights law to refer to water extraction regardless of physical alterations to a streambed, and observed that contemporaneously enacted statutes expressly limited the definition of "divert" where the California Legislature intended to exclude pumping. The court also stated that even though mining and concomitant physical alterations to streambeds may have motivated the adoption of § 1602, such motivations did not limit the meaning of "divert" under current application.

Because the court found that the statute was facially unambiguous, it held that the trial court erred in considering the absurd results and constitutional doubt doctrines in overturning CDFW's interpretation of § 1602. Nevertheless, the court noted that even had the statute been facially ambiguous, it was simply a notification statute with no effect on vested

water rights. It therefore rejected the notion that an expansive definition of "divert" would result in a taking of private property requiring compensation under the state and federal constitutions. The court summarily dismissed the notion that CDFW's expansive interpretation of § 1602 and the term "divert" would necessarily lead to absurd results. Indeed, the court referenced the effects of "severe drought" on endangered fish as an example of why an expansive definition is eminently reasonable.

The State Water Resources Control Board's Authority Remains Intact

Finally, the court held that CDFW's interpretation of the statute did not encroach on the SWRCB's authority to regulate water rights. Specifically, the court observed that CDFW does not seek or determine appropriative rights in enforcing § 1602, but only seeks the opportunity to determine whether a diversion is substantial enough to harm fish dependent on in-stream resources. In doing so, the court relied heavily on an *amicus* brief in which SWRCB argued that it and CDFW have "always had the statutory authority and duty to work cooperatively on issues of common concern." Accordingly, the court held that CDFW's construction of § 1602 does not impermissibly intrude on the SWRCB's jurisdiction.

Conclusion and Implications

The Third District's ruling is the first to hold that § 1602 applies to the diversion of water without a concurrent modification to the bed or bank of the water course. And with CDFW's broad view of what constitutes a "substantial" diversion, even small water rights holders may be forced to obtain a streambed alteration agreement to divert water pursuant to rights that predate § 1602. This would place an inordinate burden on small water rights holders as such agreements must typically be renewed every five years, can include onerous conditions, and require CEQA review (which is a process fraught with pitfalls). The time to petition the California Supreme Court for review has not yet expired. If a petition is filed, and given the importance of this case in light of ongoing and severe drought conditions, the California Supreme Court could grant review and hear the case during its next term.

(Christian L. Marsh, Samuel E. Bivins, Meredith Nikkel)

Modified sales tax proposal to go before Novato voters in November

Novato Council members (from left) Denise Athas, Jeanne MacLeamy, Pat Eklund and Eric Lucan debate whether to put a sales tax measure on the ballot. Robert Tong — Marin Independent Journal

By Stephanie Weldy, Marin Independent Journal

POSTED: 07/29/15, 4:26 PM PDT | UPDATED: 2 HRS AGO 3 COMMENTS

After more than three hours of debate and four separate votes, the Novato City Council unanimously approved a sales tax measure for the Nov. 3 ballot — a lower tax rate than originally proposed.

The council Tuesday agreed to ask voters to approve a quarter-cent sales tax for 20 years, rather than extend the existing half-cent tax.

The proposal was promoted by Councilman Eric Lucan, who said he favors the lower rate because residents shouldn't be responsible for paying high taxes to fix a "broken" budget system he believes is destined to fail.

"The budget inevitably will be broken in five years," he said. "At some point, expenses will outgrow revenue and we'll likely be in the same position again."

By law, at least four council members need to agree on a ballot measure, but finding that four-member majority proved elusive, with Lucan and Councilwoman Pat Eklund advocating a lower tax rate and Mayor Jeanne MacLeamy and council members Madeline Kellner and Denise Athas pushing for continuation of the half-cent tax.

Eklund said she couldn't approve a sales tax measure unless she fully backed it. She said she has not approved of the way sales tax revenue has been spent, and she called potential extension of the existing half-cent rate a poorly written "sales job" by city staff.

VARIETY OF SERVICES

After it became clear there would be no agreement on the higher rate, MacLeamy said she was glad the council was able to come to terms.

"I appreciate all council members' willingness to consider compromise so we can have a unanimous decision," she said. "We already may be facing some cuts and reallocation of funds, but this way there's a guaranteed \$2

million in revenue each year more than we have now.”

Measure F, the half-cent sales tax approved by 58 percent of voters in 2010, is set to expire in March 2016. The tax yields about \$4.5 million a year that the city uses to maintain a variety of services, including emergency response crews, after-school programs at select Novato schools, city technology, roads, traffic signals, parks and more.

A quarter-cent increase won't bring in as much revenue, but Lucan said it will require the council to revisit the city's expense structure, which he said is necessary. The city's last two budgets have been approved on split votes, with Lucan dissenting both times.

“As of now, even with the half-cent increase — our expenses, we're still growing faster than our revenue,” he said. “Going with the quarter-cent increase, it'll be a catalyst for the council to revisit our revenue and expense structure.”

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STAFF RECOMMENDATION

The city staff recommended the council approve the ordinance at the existing half-cent rate permanently. When council members, during the evening's first proposal, voted 3-2 without enough support to continue the rate and place it on the ballot, City Manager Michael Frank expressed concern.

“It means service reductions,” he said. “It's as simple as that.”

Lucan pushed for a quarter-cent tax early on, but that was not seen as feasible by MacLeamy, Athas and Kellner during the first hour of the meeting.

“(The half-cent increase) must go to the people,” Athas said.

Lucan later suggested a quarter-cent increase that could be ended by a four-member council majority, but Athas said she’d only support those terms with the half-cent increase.

A bid by Lucan to extend a quarter-cent rate for 10 years was shot down by MacLeamy, Athas and Kellner.

BUDGET STRUGGLES

Novato has a history of struggling to balance its budget largely since voter adoption of Proposition 13 in 1978. The proposition locked in cities’ property tax rates at a time when the Novato council had reduced the tax by 19 percent — significantly lower than other Marin County cities, according to the city.

The city’s financial situation became more dire during the recession due to a drop in tax revenue. During the recession’s peak years, the city’s general fund revenue over four years was reduced by \$3.7 million, and budget cuts ensued.

During Tuesday’s public hearing, residents and council members expressed a variety of opinions on what’s best for Novato.

Resident Al Dugan said the City Council was entrusted to use the temporary tax revenue responsibly, but it failed. The 2015-16 proposed budget requires a deficit backfill of more than \$2 million in Measure F funds to be balanced, which is not what the tax was intended for, he said.

“Each year after, the budget will need steadily increased Measure F funds to fund ongoing deficits,” Dugan said. “By fiscal year 2019-20, the general fund budget will require \$4.4 million in Measure F funds to fund the budget deficit.”

SUPPORTS LOWER RATE

Seven-year resident Pam Drew said she’s spent two days trying to run her own calculations on the city’s expenditures, but they didn’t add up. Drew said she’s glad only a quarter-cent increase will go before voters.

“I would like clarity,” she said. “I don’t like when a city manager says, ‘trust me.’ It’s not wise to be making decisions at finger-pointing. I want to know the facts.”

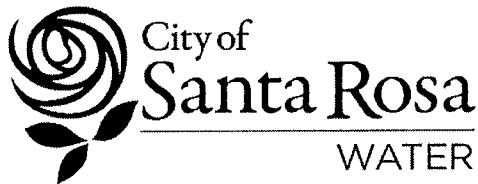
After the first few motions for ballot measures didn’t receive the necessary council support, Dave Meyers, a Petaluma resident who has worked for Novato’s maintenance department for the past nine years,

said he was upset an increase wasn't getting support. But even with less funding, the department would somehow find a way to muddle through, he said.

"I'd like to see it pass, but that's the way it goes with politics," he said.

After the quarter-cent provision was approved for the ballot, Frank said it is less than the city staff desired, but it will address some of Novato's short-term needs.

"It's less than we need for long-term, but something is better than nothing," he said. "It will help us to continue to provide the services that are most important to our community, and if approved, the council will identify and prioritize areas of investment for the next budget cycle."



BOD MISC

NEWS RELEASE

FOR IMMEDIATE RELEASE:

July 30, 2015

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Santa Rosa Reduces Water Use by 30% in June

Santa Rosa, CA – Today the State Water Board released their monthly water savings report showing a 12% water savings for Santa Rosa during the month of June. The saving numbers fell just short of the 16% conservation standard that is required for our community by the State. Urban water suppliers, such as Santa Rosa, are expected to meet or exceed their individual conservation standard between June 2015 and February 2016.

“Although it appears that we did not achieve our conservation requirement for the month of June, Santa Rosa knows that we are successful in our efforts”, said Jennifer Burke, Deputy Director of Water and Engineering Resources for Santa Rosa Water. “By normalizing for the number of days in the production cycle, Santa Rosa’s Water savings in June were actually 30%.”

The reason for the discrepancy between the State’s 12% savings and the City’s 30% savings is in the calculation. The State’s monthly water savings calculations do not account for the number of days in the production cycle. Instead, the State’s calculation is based on comparing month to month data. Meaning, in June 2013 the production cycle was 28 days, whereas in June 2015 the production cycle was 35 days. The fluctuation in number of days in the production cycles varies from month to month, but the State’s calculation will normalize over time in the cumulative water savings.

“Santa Rosa continues to implement measures that support the statewide drought efforts,” said David Guhin, Director of Santa Rosa Water. “Our community has proven that it is committed to doing its part and Santa Rosa Water is here to help support our customers.”

Since January of 2015, Santa Rosa has reduced water usage by 19% in 2015 compared to the same time period in 2013. This accomplishment is a result of Santa Rosa residents taking simple steps to reduce water use, which include:

- Taking advantage of free water saving resources (e.g. water audits, rebates)
- Following water smart recommendations for irrigation
- Finding and fixing leaks

CURRENT WATER-USE RESTRICTIONS

Santa Rosa is closely following the State's drought requirements and has the following requirements in place:

- Outdoor irrigation must occur between 8pm and 6am
- Outdoor irrigation must not result in runoff
- No washing down of hardscapes, unless required for public health and safety
- No use of potable water for street washing
- Must use a shut-off hose nozzle on all garden and utility hoses
- Restaurants must participate in the "water-on-request" program
- Hotels and motels must allow guests the option of not having linens and towels laundered daily
- Fountains may only operate if water is recirculating
- No irrigation is allowed during and up to 48 hours after measurable rainfall

MORE WAYS TO SAVE

Santa Rosa Water offers many tools and incentives to help customers reach their water saving goals:

- Free water audits for homes and businesses
- Free high efficiency showerheads and aerators
- Free toilet leak detection dye tabs
- Free shut-off hose end nozzles
- Rebates to transform lawns into low water use landscapes (i.e. cash for grass rebate and irrigation hardware rebate)

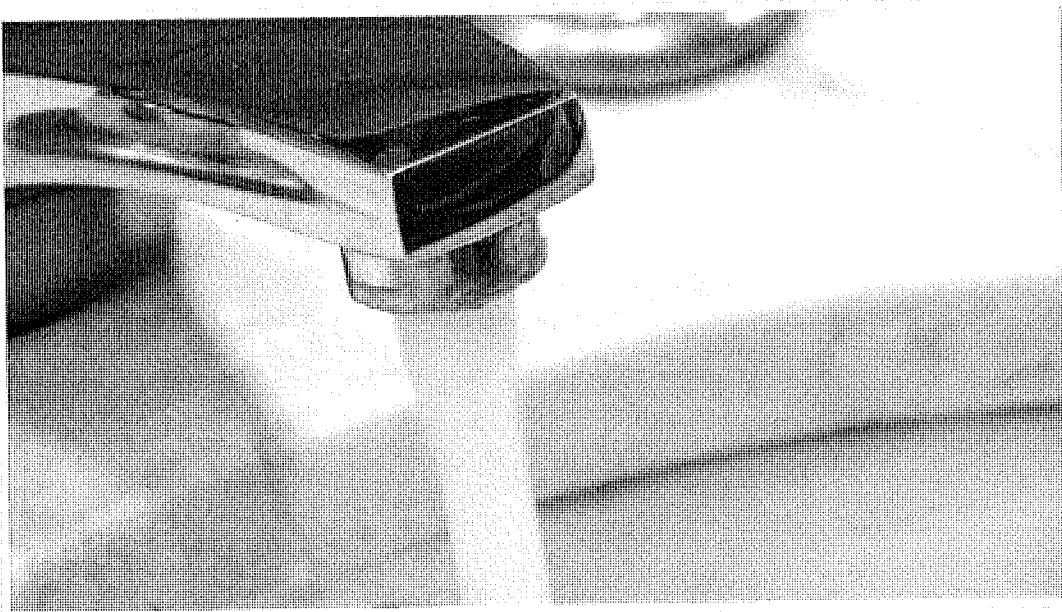
Santa Rosa Water is here to help our customers save water by offering rebates, workshops, education and tips. For more information about ways to save call 707.545.3985, email wue@srcity.org, or visit srcity.org/wue. Santa Rosa is also a member of the Sonoma-Marin Saving Water Partnership, a coalition of water providers collaborating on regional drought outreach and water education. For more information about the Partnership, visit wateroff.org.

About Santa Rosa Water

Santa Rosa Water is governed by a seven-member Board appointed by the Santa Rosa City Council. The City of Santa Rosa Water Department provides water and sewer service to 53,000 customer accounts and operates a wastewater treatment plant and recycled water distribution system that serves a regional population of 230,000. For more information, visit srcity.org/water, email srwater@srcity.org, or call (707) 543-4200.

Santa Rosa Water | Our Future in Every Drop!

BEAT THE DROUGHT CALIFORNIA WATER USE FELL BY 27 PERCENT IN JUNE



A running faucet is shown in this undated file photo. (KABC)

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AP

Thursday, July 30, 2015 01:09PM

SACRAMENTO, Calif. -- Water use in California fell by 27 percent in June, passing the conservation target set by Gov. Jerry Brown during the drought, regulators said Thursday.

Data released by the State Water Resources Control Board shows 265 out of 411 local agencies hit or nearly reached savings targets.

The savings came during the hottest June on record, which would normally lead to an uptick in water use. Prior savings have occurred during unusually wet months

The report confirms figures previously released by California's largest cities, including Los Angeles, San Diego, San Jose and San Francisco, showing strong water conservation.

The agencies that met or came within 1 percent of their mandatory water conservation target serve 27 million Californians.

"The June numbers tell a story of conscious conservation, and that's what we need and are applauding today," said Felicia Marcus, chairwoman of the water board. "We need to save as

much as possible. That is water essentially in the bank for a future dry year or more."

Brown previously ordered an overall 25 percent reduction in urban water use compared to 2013 levels. His administration gave each community nine months to hit assigned conservation targets as high as 36 percent.

The water board says it will contact every agency that didn't come close to its targets and ask for more information about what it's doing to conserve. The worst performers will be told to ramp up water waste enforcement or limit the number of days residents can water lawns.

Water waste enforcement also shot up drastically in June. Agencies issued more than 9,500 penalties compared to about 1,900 in May.

June was the month conservation went from a polite request to a demand by the governor to let lawns go brown, take shorter showers and implement other measures. Programs in Southern California offering millions of dollars to residents who rip out lawns have been exhausted.

State regulators assigned conservation targets between 8 and 36 percent. Water savings are compared to 2013, the year before Brown declared a drought emergency.

Meteorologists say a wet California winter is increasingly likely as a strong El Nino condition builds in the Pacific Ocean, although it's unclear if it will be a drought-buster.

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