



NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
 August 15, 2017 – 7:00 p.m.
 District Headquarters
 999 Rush Creek Place
 Novato, California

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Est. Time 7:00 p.m.	Item	Subject
	CALL TO ORDER	
	1.	APPROVE MINUTES FROM REGULAR MEETING , August 1, 2017
	2.	GENERAL MANAGER'S REPORT
	3.	OPEN TIME: (Please observe a three-minute time limit) This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.
	4.	STAFF/DIRECTORS REPORTS
	5.	MONTHLY PROGRESS REPORT
	CONSENT CALENDAR The General Manager has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.	
	6.	Consent - Approve Letter Response to Marin Civil Grand Jury Marin's Retirement Health Care Benefits: The Money Still Isn't There
	7.	Consent - Approve Advertisement for Recycled Water Central – On-Site Private Retrofits
	8.	Consent - Approve North Bay Water Reuse Authority Fourth Amended Memorandum of Understanding
	ACTION CALENDAR 9. Approve: San Mateo Tank Rehabilitation – Award Construction Contract (Farr Construction) 10. Approve: Third Party Coating Inspection for San Mateo Tank Rehabilitation Project – Award Contract (D.B. Gaya Consulting LLC) 11. Approve: Opposition to SB 623 (Monning) Safe and Affordable Drinking Water Bill	
	INFORMATION ITEMS	
	12.	Scrap Metal Receipts

All times are approximate and for reference only.

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

(Continued)

Est. Time	Item	Subject
	13.	MISCELLANEOUS Disbursements Sonoma Marin Saving Water Partnership letter to Senator Robert Hertzberg re Comments on Legislation Necessary to Help with “Making Water Conservation a California Way of Life” Working Group on Preservation and Conversion of the Pt. Reyes Coast Guard Facility to permanently affordable homes <u>News Articles:</u> Marin, other U.S. water supplies targeted by advocacy group over safety Salinity Intrusion Notice (Pt. Reyes Light) NMWD Board Vacancy Notice
8:30 p.m.	14.	ADJOURNMENT

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
August 1, 2017

CALL TO ORDER

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

District employees Robert Clark (Operations/Maintenance Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience. Novato residents Renton Rolph and Gary Butler were in the audience.

MINUTES

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

AYES: Director Baker, Fraites, Joly, and Petterle

NOES: None

GENERAL MANAGER'S REPORT

Drew McIntyre informed the Board that NMWD's legal counsel will be electronically submitting the Board approved comment letter regarding Potter Valley Project Relicensing before the August 4, 2017 due date. Mr. McIntyre had a meeting with Senator McGuire during which he made sure the Senator was aware that NMWD relies on Potter Valley Project operation for water supply reliability.

Mr. McIntyre will be attending a Marin County Flood Control Zone 1 meeting August 3 and Director Baker will also attend the August 7, 2017 WAC/TAC meeting with him. Mr. McIntyre also has a meeting on August 7, 2017 with Marin Municipal Water District and Supervisor Dennis Rodoni regarding long term water supply deliveries for the Nicasio area.

Director Joly inquired about the security breach at Wild Horse Valley Tank. Robert Clark explained that the Sheriff Department is still performing an investigation and we are waiting on the report. Mr. Clark also commented that staff is installing deadbolts on the hatch and gates to prevent

1 future break-ins. If the deadbolt locks work, we will install them on our other tanks. Director Baker
2 inquired if there are other locks that could be more successful and Mr. Clark responded that a
3 deadbolt would eliminate ability to cut the lock.

4 **OPEN TIME**

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

7 **STAFF / DIRECTORS' REPORTS**

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

10 Robert Clark informed the Board that he was advised from Lab staff that NMWD had
11 exceeded 50 ppm for sodium related to salinity intrusion in the Pt. Reyes well supply and a notice
12 has been placed in the Pt. Reyes Light newspaper. He explained that this has been a problem in
13 the past partly due to the time of year and also when there is limited blending with the Gallagher well
14 supply which has low salinity. NMWD will be doing maintenance on the Gallagher well to increase
15 capacity. Director Joly asked when the last time was that we had informed residents of salinity
16 intrusion and Mr. Clark responded that it was last spring.

17 David Bentley informed the Board that the application period is closed for the Assistant
18 Auditor-Controller position and we have received 32 applications.

19 **PRELIMINARY FY 2016/17 FINANCIAL STATEMENT**

20 David Bentley presented the FY16/17 Year End Report. It was noted that the Sonoma
21 County Water Agency meter was overbilling due to a malfunction and NMWD was refunded
22 \$566,000. Novato potable had a net income of \$730,000 and water sales were up 7%. Stafford
23 Treatment Plant produced 756 M gallons. We collected \$973,000 in connection fees, equal to 34
24 EDUs. The Novato service area cash balance is at \$7.4M. Recycled water sales were down but
25 cost of production was also down. For West Marin water, the net income was \$107,000. Water
26 sales were up 9% and there is a \$1.3M cash balance. Rates were raised 10% in Oceana Marin,
27 resulting in an 11% increase in revenue and a cash balance of \$430,000.

28 Director Baker asked if the SCWA meter issue had been resolved and Mr. Bentley said we
29 will be keeping a close eye on the billing to make sure.

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1 **ACTION CALENDAR**

2 **ENGINEERING TECHNICIAN IV DRAFTSPERSON POSITION**

3 Drew McIntyre briefed the Board on the Engineering Technician Draftsperson position that
4 was advertised due to the upcoming retirement of Arthur Cantiller. Currently, the position has been
5 held at the Engineering Technician III level however staff requested to have the Board approve the
6 Eng Tech IV level due to qualifications of the applicant as well as additional drafting requirements.

7 On motion of Director Fraites seconded by Director Baker, the Board approved the
8 Engineering Technician IV Draftsperson position by the following vote:

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

10 NOES: None

11 **INFORMATION ITEMS**

12 **DISCUSSION ON DEBT MANAGEMENT POLICY**

13 David Bentley explained to the Board this is an Initial Review of the proposal for a Debt
14 Management Policy. Senate Bill 1029 (SB 1029), signed into law in September 2016, requires that
15 all local agencies adopt a Debt Management Policy. The bill also requires debt issuers to file a
16 report to the California Debt and Investment Advisory Commission (CDIAC) at the end of each fiscal
17 year detailing any new debt authorized, debt outstanding, and use of debt proceeds. A draft Debt
18 Management Policy was prepared by District staff, with input from bond counsel Jones Hall and
19 District legal counsel.

20 SB 1029 requires the policy to include all of the following: the purposes for which the debt
21 proceeds may be used; the types of debt that may be issued; the relationship of the debt to, and
22 integration with, the issuer's capital improvement program or budget; policy goals related to the
23 issuer's planning goals and objectives; and the internal control procedures that the issuer has
24 implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be
25 directed to the intended use.

26 The District intends to maintain a debt service coverage ratio of 1.5 which can a higher debt
27 rating. Directors Joly and Fraites liked the idea of the new policy

28 **MISCELLANEOUS**

29 The Board received the following miscellaneous information: Disbursements, Fleet Fuel
30 Economy – Gasoline, Self-Insured Workers' Comp – 4th Quarter Status Report, Disposal of Surplus
31 Equipment.
32

1 The Board received the following news articles: Water District seeks applicants for Board, An
2 Unconventional New Captain for California's Water Agency, Water Agency General Manager Grant
3 Davis Appointed to Head California Department of Water Resources, Novato approves language for
4 anti-sprawl ballot measure.

5 The Board also received the following miscellaneous items at the meeting: Letter from
6 Sonoma LAFCo- Comments Regarding NMWD Municipal Service Review and Sphere of Influence
7 Amendment and Response Letter from City of Petaluma.

8 **CLOSED SESSION**

9 President Petterle adjourned the Board into closed session at 7:58 p.m. In accordance with
10 California Government Code Section 54956.8 for Real Property Negotiator (Drew McIntyre)
11 regarding 8161 Redwood Blvd, Novato, CA.

12 **OPEN SESSION**

13 Upon returning to regular session at 8:10 p.m., President Petterle stated that during the
14 closed session the Board had discussed the issue with the General Manager and no action had
15 been taken.

16 **ADJOURNMENT**

17 President Petterle adjourned the meeting at 8:10 p.m.

18 Submitted by
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21
22 Eileen Mulliner
23 Acting District Secretary

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NORTH MARIN WATER DISTRICT
MONTHLY PROGRESS REPORT FOR *July 2017*
August 15, 2017

1.

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

Month	FY17/18	FY16/17	FY15/16	FY14/15	FY13/14	18 vs 17 %
July	296	310	227	319	385	-5%

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

Month	FY17/18	FY16/17	FY15/16	FY14/15	FY13/14	18 vs 17 %
July	9.5	7.9	6.6	8.6	9.3	19%

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

Month	FY17/18	FY16/17	FY15/16	FY14/15	FY13/14	18 vs 17 %
July	113	70	108	83	98	61%

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

Month	FY17/18	FY16/17	FY15/16	FY14/15	FY13/14	18 vs 17 %
July	27.7	27.1	21.3	21.8	27.6	2%

*Excludes potable water input to the RW system: FY18=0.7MG; FY17=0.0MG; FY16=1.1MG; FY15=4.5MG; FY14=0.1MG

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2. **Stafford Lake Data**

	July Average	July 2016	July 2017
Rainfall this month	0.01 Inches	0.0 Inches	0.0 Inches
Rainfall this FY to date	0.01 Inches	0.0 Inches	0.0 Inches
Lake elevation*	187.7 Feet	188.9 Feet	188.9 Feet
Lake storage**	MG	MG	MG

* Spillway elevation is 196.0 feet

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

Temperature (in degrees)

	Minimum	Maximum	Average
July 2016 (Novato)	52	106	71
July 2017 (Novato)	52	107	74

3. **Number of Services**

July 31	Novato Water			Recycled Water			West Marin Water			Oceana Marin Swr		
	FY18	FY17	Incr %	FY18	FY17	Incr %	FY18	FY17	Incr %	FY18	FY17	Incr %
Total meters installed	20,779	20,770	0.0%	50	48	4.2%	788	787	0.1%	-	-	-
Total meters active	20,546	20,536	0.0%	47	44	6.8%	781	780	0.1%	-	-	-
Active dwelling units	24,003	23,976	0.1%	0	0	-	830	825	0.6%	231	230	0.4%

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4. Oceana Marin Monthly Status Report (July)

Description	July 2016	July 2017
Effluent Flow Volume (MG)	0.588	0.644
Irrigation Field Discharge (MG)	0	0
Treatment Pond Freeboard (ft)	4.8	7.5
Storage Pond Freeboard (ft)	9.0	6.3

5. Developer Projects Status Report (July)

Job No.	Project	% Complete	% This month
1.2774.00	Mt. Burdell Place	100	1
1.2783.00	Redwood Blvd. Chevron Car Wash	99	2

Employee Hours to Date, FY 17/18

As of Pay Period Ending July 31, 2017
Percent of Fiscal Year Passed = 8%

Developer Projects	Actual	Budget	% YTD Budget	District Projects	Actual	Budget	% YTD Budget
Construction	0	1,400	0%	Construction	105	4,920	2%
Engineering	18	1,404	1%	Engineering	185	4,000	5%

6. Safety/Liability

FY 18 through July

FY 17 through July

Days without a lost time accident through July 31, 2017 = 25 days

Industrial Injury with Lost Time				Liability Claims Paid	
Lost Days	OH Cost of Lost Days (\$)	No. of Emp. Involved	No. of Incidents	Incurred (FYTD)	Paid (FYTD) (\$)
1	\$336	1	1	0	\$0
0	\$0	0	0	0	\$0

7. Energy Cost

FYE	Kwh	July		Fiscal Year-to-Date thru July		
		¢/Kwh	Cost/Day	Kwh	¢/Kwh	Cost/Day
2018 Stafford TP	83,766	19.2¢	\$518	83,766	19.2¢	\$518
Pumping	178,709	20.5¢	\$1,143	178,709	20.5¢	\$1,143
Other*	50,034	26.3¢	\$411	50,034	26.3¢	\$411
	312,509	21.0¢	\$2,122	312,509	21.0¢	\$2,122
2017 Stafford TP	74,275	18.6¢	\$447	74,275	18.6¢	\$447
Pumping	164,041	20.1¢	\$1,032	164,041	20.1¢	\$1,032
Other*	48,449	26.5¢	\$414	48,449	26.5¢	\$414
	286,765	20.8¢	\$1,926	286,765	20.8¢	\$1,926
2016 Stafford TP	74,399	18.1¢	\$433	74,399	18.1¢	\$433
Pumping	114,345	18.6¢	\$733	114,345	18.6¢	\$733
Other*	38,889	26.2¢	\$351	38,889	26.2¢	\$351
	227,633	19.7¢	\$1,496	227,633	19.7¢	\$1,496

*Other includes West Marin Facilities

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8. Water Conservation Update

	Month of July 2017	Program Total to Date
High Efficiency Toilet (HET) Rebates	15	3,750
Retrofit Certificates Filed	22	5,853
Cash for Grass Rebates Paid Out	1	886
Washing Machine Rebates	3	6,760
Water Smart Home Survey	23	2,928

9. Utility Performance Metric

SERVICE DISRUPTIONS (No. of Customers Impacted)	July 2017	July 2016	Fiscal Year to Date 2018	Fiscal Year to Date 2017
PLANNED				
Duration Between 0.5 and 4 hours	6	11		11
Duration Between 4 and 12 hours	3			
Duration Greater than 12 hours				
UNPLANNED				
Duration Between 0.5 and 4 hours	2	1		1
Duration Between 4 and 12 hours				
Duration Greater than 12 hours				
SERVICE LINES REPLACED				
Polybutylene	10	6		6
Copper (Replaced or Repaired)	0	6		6

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders July 2017

8/10/2017

Type	Jul-17	Jul-16	Action Taken July 2017
<u>Consumers' System Problem</u>			
Service Line Leaks	23	26	Notified Consumer
Meter Leak Consumer's Side	0	0	~
House Plumbing	0	0	~
Noisy Plumbing	0	0	~
Seepage or Other	0	0	~
House Valve / Meter Off	2	4	Notified Consumer
Nothing Found	8	9	Notified Consumer
Low Pressure	0	1	~
High Pressure	1	0	Pressure @ 100 PSI. Customer was notified.
Water Waster Complaints	0	0	~
Total	34	40	
<u>Service Repair Reports</u>			
Register Replacements	0	0	~
Meter Replacement	3	1	Replaced
Meter Box Alignment	0	0	~
Meter Noise	0	0	~
Dual Service Noise	0	0	~
Box and Lids	0	0	~
Water Off/On Due To Repairs	6	7	Notified Consumer
Misc. Field Investigation	3	2	Notified Consumer
Total	12	10	
<u>Leak NMWD Facilities</u>			
Main-Leak	0	0	~
Mains-Nothing Found	0	0	~
Mains-Damage	0	0	~
Service- Leak	7	6	Repaired
Services-Nothing Found	1	5	Notified Consumer
Service-Damaged	0	0	~
Fire Hydrant-Leak	2	0	Repaired
Fire Hydrants-Nothing Found	0	0	~
Fire Hydrants-Damaged	0	0	~
Meter Replacement	0	1	~
Meter Leak	0	0	~
Meters-Nothing Found	0	0	~
Meters Damaged	0	0	~
Washer Leaks	3	8	Repaired
Total	13	20	
<u>High Bill Complaints</u>			
Consumer Leaks	12	6	Notified Consumer
Meter Testing	0	0	~
Meter Misread	0	3	~
Nothing Found	25	23	Notified Consumer
Projected Consumption	0	0	~
Excessive Irrigation	0	0	~
Total	37	32	

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders July 2017

8/10/2017

Type	Jul-17	Jul-16	Action Taken July 2017
<u>Low Bill Reports</u>			
Meter Misread	0	0	~
Stuck Meter	0	0	~
Nothing Found	0	0	~
Projected Consumption	0	0	~
Minimum Charge Only	0	0	~
Total	0	0	
<u>Water Quality Complaints</u>			
Taste and Odor	0	3	~
Color	0	0	~
Turbidity	0	0	~
Suspended Solids	1	0	Customer reported sediment coming out of bathroom faucet. (Vineyard Rd) Hot water heater sediment buildup was the cause.
Other	2	0	Customer was concerned about water quality. (Alameda De La Loma) Results were normal for NMWD supply. Customer was notified of results. Customer wanted water tested for lead. (Villa Pl) Lead was not detected. Customer was notified of results.
Total	3	3	
TOTAL FOR MONTH:	99	105	-6%
<u>Fiscal YTD Summary</u>			
Consumer's System Problems	34	40	-15%
Service Repair Report	12	10	20%
High Bill Complaints	37	32	16%
Low Bills	0	0	~
Water Quality Complaints	3	3	0%
Total	86	85	1%
			<u>Change Primarily Due To</u>
			Decrease In Service Line Leaks
			Increase In Meter Replacement
			Increase In Consumer Leaks

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders July 2017

8/10/2017

<u>Type</u>	<u>Jul-17</u>	<u>Jul-16</u>	<u>Action Taken July 2017</u>
<u>"In House" Generated and Completed Work Orders</u>			
<u>Check Meter:</u> possible consumer/District leak, high bill, flooded, need read, etc.	281	323	
<u>Change Meter:</u> leaks, hard to read	3	7	
<u>Possible Stuck Meter</u>	0	0	
<u>Repair Meter:</u> registers, shut offs	0	0	
<u>Replace Boxes/Lids</u>	1	2	
<u>Hydrant Leaks</u>	0	0	
<u>Trims</u>	8	110	
<u>Dig Outs</u>	42	73	
<u>Letters to Consumer:</u> meter obstruction, trims, bees, gate access, etc. get meter number, kill service, etc.	0	0	
	<u>335</u>	<u>515</u>	

Bill Adjustments Under Board Policy:

July 17 vs. July 16

Jul-17	19	\$10,653
Jul-16	12	\$4,934

Fiscal Year vs Prior FY

17/18 FY	19	\$10,653
16/17 FY	12	\$4,934

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MEMORANDUM

To: Board of Directors

August 11, 2017

From: David L. Bentley, Auditor-Controller

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

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RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

At month end the District's Investment Portfolio had an amortized cost value (i.e., cash balance) of \$10,367,280 and a market value of \$10,352,171. During July the cash balance increased by \$256,790. The market value of securities held decreased \$15,109 during the month. The ratio of total cash to budgeted annual operating expense stood at 67%, the same as the prior month.

At July 31, 2017, 20% of the District's Portfolio was invested in California's Local Agency Investment Fund (LAIF), 29% in Time Certificates of Deposit, 19% in Federal Agency Securities, 19% in US Treasury Notes, and 8% in the Marin County Treasury. The weighted average maturity of the portfolio was 245 days, compared to 272 days at the end of June. The LAIF interest rate for the month was 1.05%, compared to 0.98% the previous month. The weighted average Portfolio rate was 1.00%, compared to 0.99% the previous month. Including interest paid by The Bay Club on the StoneTree Golf Recycled Water Facilities Loan, the District earned \$25,398 in interest revenue during July, with 81% earned by Novato Water, 12% earned by Recycled Water (by virtue of the StoneTree Golf Loan) and the balance distributed to the two West Marin districts.

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

Type	Description	S&P Rating	Purchase Date	Maturity Date	Cost Basis ¹	7/31/2017 Market Value	Yield ²	% of Portfolio
LAIF	State of CA Treasury	AA-	Various	Open	\$2,123,266	\$2,121,517	1.05% ³	20%
Time Certificate of Deposit								
TCD	Capital One National Assoc	n/a	8/5/15	8/7/17	248,000	248,000	1.20%	2%
TCD	American Express Centurion	n/a	10/7/15	10/10/17	248,000	248,000	1.20%	2%
TCD	BMW Bank	n/a	12/14/15	12/11/17	248,000	248,000	1.20%	2%
TCD	Wells Fargo Bank	n/a	3/23/16	3/23/18	248,000	248,000	1.10%	2%
TCD	Mercantil Commerce Bank	n/a	6/17/16	6/15/18	248,000	248,000	1.00%	2%
TCD	Customers Bank	n/a	6/24/16	6/25/18	248,000	248,000	1.20%	2%
TCD	Merrick Bank	n/a	7/19/16	7/19/18	249,000	249,000	1.00%	2%
TCD	BMO Harris Bank	n/a	8/18/16	8/17/18	248,000	248,000	1.05%	2%
TCD	Ally Bank	n/a	10/4/16	9/28/18	248,000	248,000	1.15%	2%
TCD	Everbank	n/a	11/17/16	11/15/18	248,000	248,000	1.20%	2%
TCD	Investors Bank	n/a	12/16/16	12/17/18	248,000	248,000	1.35%	2%
TCD	Capital One Bank	n/a	7/14/17	7/19/19	247,000	247,000	1.70%	2%
					\$2,976,000	\$2,976,000	1.20%	29%
US Treasury Notes								
Treas	1,000 - 1.375%	n/a	11/17/16	12/31/18	\$1,004,601	\$1,000,977	1.05%	10%
Treas	1,000 - 1.50%	n/a	1/10/17	2/28/19	1,004,192	1,002,656	1.23%	10%
					\$2,008,793	\$2,003,633	1.14%	19%
Federal Agency Securities								
FICO	0.86% MTN	n/a	4/22/16	5/11/18	\$1,010,266	\$1,005,324	0.85%	10%
FNMA	0.875% MTN	n/a	7/19/16	7/19/18	999,362	996,105	0.97%	10%
					\$2,009,628	\$2,001,429	0.91%	19%
Other								
Agency	Marin Co Treasury	AAA	Various	Open	\$843,602	\$843,603	0.58%	8%
Other	Various	n/a	Various	Open	405,990	405,990	0.41%	4%
TOTAL IN PORTFOLIO					\$10,367,280	\$10,352,171	1.00%	100%

Weighted Average Maturity = **262 Days**

LAIF: State of California Local Agency Investment Fund.

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

FICO: Financing Corporation, FNMA: Federal National Mortgage Association

Agency: STP State Revolving Fund Loan Reserve.

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

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

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

3 Earnings are calculated daily - this represents the average yield for the month ending July 31, 2017.

Interest Bearing Loans		Loan Date	Maturity Date	Original Loan Amount	Principal Outstanding	Interest Rate
StoneTree Golf Loan		6/30/06	2/28/24	\$3,612,640	\$1,518,888	2.40%
Employee Housing Loans (5)		Various	Various	934,200	934,200	Contingent
TOTAL INTEREST BEARING LOANS				\$4,546,840	\$2,453,088	

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

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MEMORANDUM

To: Board of Directors

August 11, 2017

From: David L. Bentley, Auditor-Controller

Subj: Response to Civil Grand Jury Report –

Marin's Retirement Health Care Benefits – The Money Still Isn't There

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RECOMMENDED ACTION: Approve Response**FINANCIAL IMPACT:** None

In May the Marin County Civil Grand Jury released a report entitled: *Marin's Retirement Health Care Benefits – The Money Still Isn't There (attached)*. This is the fourth Other Post-Employment Benefits (OPEB) related report issued by the Civil Grand Jury since 2005. The report includes seven findings and nine recommendations. The Civil Grand Jury has requested all 39 Marin County Municipalities, School Districts and Special Districts to respond. The 14 Special Districts are asked to respond to the recommendations only.

North Marin Water District provides retirees between age 55 and 65 who have more than twelve years of service with a subsidy of up to 85% of the Kaiser 2-party premium amount. All other annuitants receive up to the amount contributed on behalf of employees (\$3,830 annually). There are 33 annuitants participating in the District's group medical plan. Twenty of the annuitants retired prior to the 2005 labor agreement that enhanced the retirement plan to 2.5% at age 55 and capped the retiree medical benefit at \$3,830 per year. The District continues to honor the higher medical benefit amount promised to the twenty pre-2005 annuitants who do not benefit from the enhanced retirement plan. The District's FY18 cash outlay for retiree medical insurance is budgeted at \$172,000, a 2% increase over FY17 actual.

Like a retirement annuity, retiree health insurance benefits are a promise of future compensation in exchange for service provided today. Under the accounting "matching principle", it is appropriate to accrue the projected cost of the future benefit by recognizing the expense as the benefit is earned, and setting the funds aside so that the money to pay the benefit is available when the employee retires.

With foresight the District recognized its retiree medical liability prior to any accounting requirement to do so. In August 2003, the Board designated \$2.3 million as a reserve to meet the District's retiree medical obligation. In 2004 the Government Accounting Standards Board (GASB) issued accrual accounting standards for retiree healthcare benefits. GASB 45 requires the District to conduct triennial actuarial valuations to measure and disclose its retiree healthcare liability. The first (FY06) actuarial report, conducted by the actuarial firm Demsey

Filliger, calculated the District's accrued retiree medical liability at \$2.6 million. Upon receipt of the first report in 2007 the Board approved adding \$1,500 per employee annually as a payroll overhead cost to be accrued and added into the designated reserve.

The FY09 actuarial report again calculated the District's accrued liability at \$2.6 million. The FY12 report included some actuarial adjustments increasing the District's accrued liability to \$3.1 million. The last (FY15) report included some major new assumptions increasing the accrued liability to \$4.1 million. The District has \$3.9 million in its retiree medical reserve today.

The FY15 growth in the District's retiree medical liability is primarily attributable to a new Actuarial Standard requiring recognition of an "implicit subsidy" available through CalPERS, the District's health insurance provider. The Actuarial Standards Board ruled that actuaries should not use unadjusted CalPERS premiums for GASB 45 purposes. This is due to CalPERS practice of blending the health premium of active employees with early retirees (those retiring before age 65) which results in a premium that is the same for both groups. The Actuarial Standards Board posits that, on average, the medical claim costs of an early retiree, with an average age of 60, is greater than the utilization of the typical 40-year-old active employee. Therefore, given that the premiums are uniform, early retirees are being subsidized by active employees. Since CalPERS blends the utilization of the two groups, the Actuarial Standards Board directs actuaries to impute the "implicit subsidy" early retirees receive and add that subsidy amount to the OPEB liability, which for North Marin's Accrued Liability is \$771,000. The addition of this implicit subsidy to the liability explains over 80% of the liability increase seen in the FY15 valuation.

The District's actuarial firm, Demsey Filliger, believes that while the measurement of the implicit subsidy may be appropriate for GASB 45 (expensing) purposes, it is not necessary to pre-fund for the implicit subsidy. Your Auditor-Controller concurs. In their report, Demsey Filliger points out that if CalPERS were to increase the premium for early retirees to the full actuarial cost of their benefits, the premium for active employees could be reduced, thereby offsetting the implicit subsidy amount. For this reason, Demsey Filliger does not recommend that the District fund the implicit subsidy. They state: "We believe that pre-funding of the full GASB liability would be redundant."

That said, the good news is that, absent application of the new implicit subsidy standard,

the District's cash reserve designated to fund this obligation now stands at 118% of the Accrued Liability, i.e., it is fully funded.

The District merits credit when the Board designated funds in 2003 to be set-aside for this liability, and again in 2007 when the Board authorized setting aside an additional \$1,500 per employee (approximately \$75,000 annually) to accelerate amortization of the unfunded liability.

The policy question that arises every three years when the District reviews its OPEB liability, and which is also addressed in the Civil Grand Jury report, is whether or not to deposit the designated cash reserve, now \$3.9 million, into an irrevocable trust, outside of the District's control. Depositing the funds into an irrevocable trust is a GASB 45 prerequisite to showing the \$3.9M as an offset to the retiree medical liability in the District's financial statement. Failure to deposit the money into an irrevocable trust increases the District's required annual expense calculated under GASB 45 as if there were no money set-aside to pay the liability, and similarly the liability shown in the financial statement notes is not reduced by the amount in the designated reserve. GASB's concern is that the District could elect to use the designated funds for another purpose, then enter bankruptcy and thereby potentially defraud retirees. In addition, those who make a cursory review of the District's financial statement can come away with the mistaken impression that the District has done nothing to address this liability.

In 2007 CalPERS established a subsidiary to accept GASB 45 monies (through which the funds can be invested in equities) and many investment houses have sprung up that covet GASB 45 assets. Recall that public agencies that moved their money into an irrevocable trust in 2007 immediately lost 30% in the market downturn that occurred shortly thereafter.

Staff continues to believe that placing the money in an irrevocable trust is not in the best interest of the District's customers at this time. The District has historically met its obligations to its retirees, and the loss of control of \$3.9 million in reserve funds could hamper the District's flexibility in dealing with financial events that may arise in the future.

Demsey Filliger estimates that about 20% of California public agencies have established an irrevocable trust to date. They point out that interest in using an irrevocable trust may increase with GASB 75, which replaces GASB 45 this year, and which will require the OPEB liability be placed on each agency's financial statement, rather than simply in the financial

statement notes. This closely mirrors GASB 68 pension accounting requirements implemented two years ago. Also, some California school districts have shown interest in using an irrevocable trust because of the recently imposed state revenue caps. Amounts placed into a trust get around the caps.

Maintaining the cash reserve outside of a dedicated irrevocable trust will mean that the District's audited financial statement will continue to indicate that the District's post-employment health care benefit is an unfunded liability.

Recommendation:

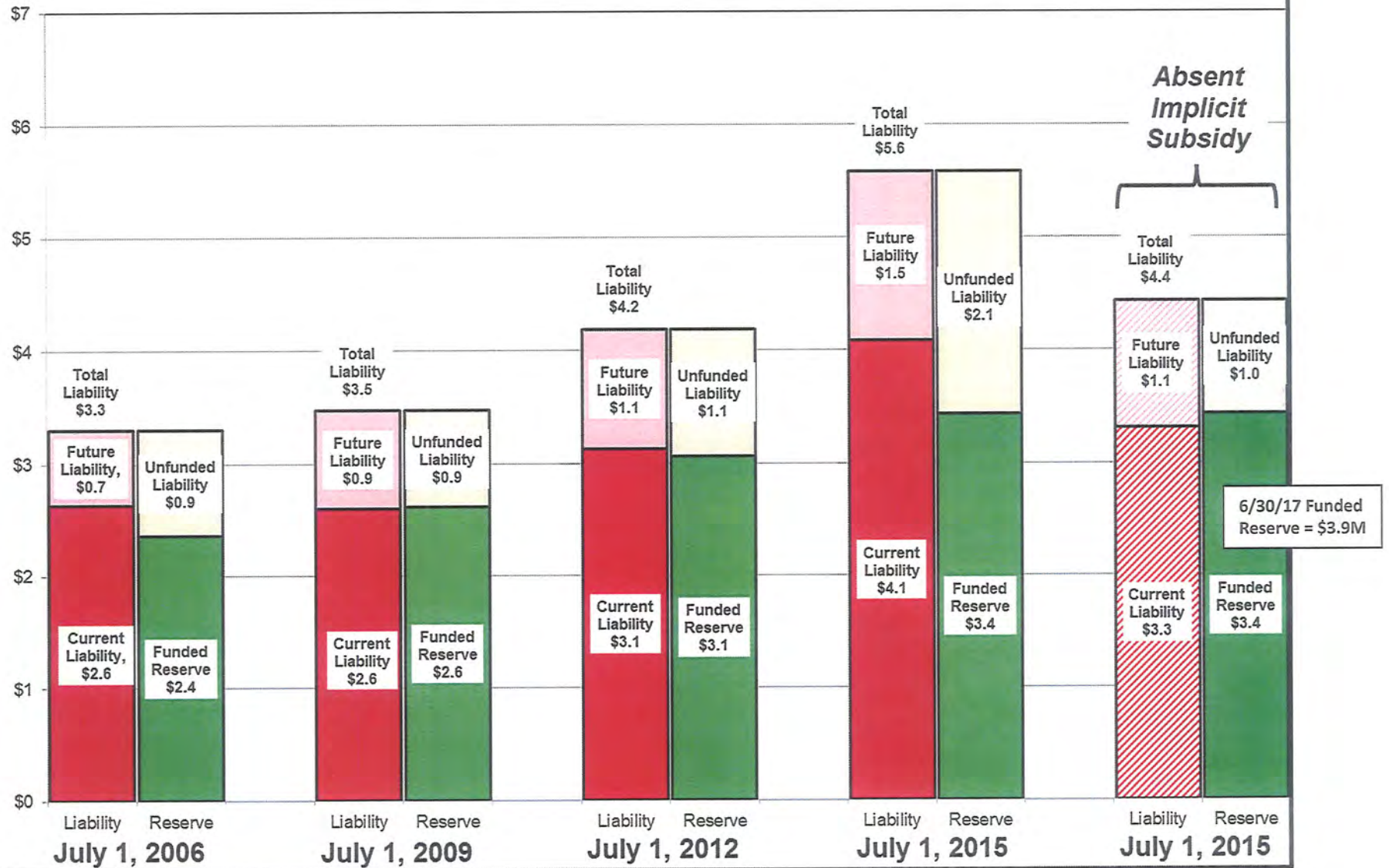
Approve the proposed responses to the Marin County Civil Grand Jury Retirement Health Care Benefits Report.

9/21/15

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Retiree Health Insurance Actuarial Liability Funding Progress

Millions



DRAFT

August 16, 2017

The Honorable Kelly Simmons
Judge of the Marin County Superior Court
Post Office Box 4988
San Rafael, CA 94913-4988

Jay Hamilton-Roth, Foreperson
Marin County Civil Grand Jury
3501 Civic Center Drive, Room 275
San Rafael, CA 94903

Re: Response to Civil Grand Jury Report
Marin's Retirement Health Care Benefits: The Money Still Isn't There

Dear Honorable Judge Simmons and Mr. Hamilton-Roth:

North Marin Water District commends the Marin County Civil Grand Jury for its time and effort in compiling, reviewing and summarizing the information presented on this important subject. Actuarial science is complex and technical, yet the Civil Grand Jury report has distilled this complicated information into findings and recommendations that are clear and insightful.

Following are the District's responses to the nine recommendations in the referenced report that NMWD was invited to respond to.

R1: Each agency should adopt a formal, written policy for contributions to its OPEB plan.

North Marin Water District began aggressively funding its OPEB liability in 2003, prior to GASB 45, however it has not adopted a formal, written policy. The Board will consider adopting such a policy.

R2: Each agency's standard practice should be to consistently satisfy its formal, written OPEB contribution policy.

NMWD will consider this as part of the evaluation of R1.

R3: Each agency's OPEB contribution policy and practice should support a projection under GASB 75 that its OPEB plan assets will be sufficient to make all projected OPEB benefit payments.

NMWD has been aggressively funding its OPEB liability since 2003. When the first GASB 75 actuarial report is received, NMWD will work with its actuaries to consider changes to its current funding practice.

R4: Each agency that uses special reserve funds for Postemployment Benefits should transition to a trust meeting the criteria of GASB 75.

NMWD believes that placing its OPEB reserve into an irrevocable trust as specified under GASB 75 is not in the best interest of the District's customers at this time. The loss of control of \$3.9 million in reserve funds could hamper the district's flexibility in dealing with financial events that may arise in the future.

R5: Each term of service, elected or appointed officials of each agency should take a public agency financial class.

NMWD will research appropriate public agency financial classes for its elected and appointed directors.

R6: Each agency should make its CAFRs, Audits, and GASB valuations more readily understandable by the general public.

NMWD agrees that the format and language included in CAFRs, Audits and GASB valuations are formal and structured. It has been NMWD's experience that accountants, auditors and actuaries are very reluctant to deviate from the templates developed by their legal advisors and codified in their professional standards. NMWD strives to provide user friendly verbiage and charts in the staff memorandums and commentaries used to introduce these formal reports.

R7: Each agency should ensure that all of its public financial presentations are more readily understandable and scheduled during hours convenient for the public.

NMWD prepares detailed monthly financial statements along with a written management discussion and analysis. These reports are placed at the beginning of the Board agenda quarterly and discussed at regularly scheduled public meetings held at 7:00 PM. All are invited to attend.

R8: Each agency should have the following downloadable and text-searchable documents readily accessible on their website: the last five years of CAFRs/Audits and the last three actuarial reports.

NMWD has the last seven years of CAFRs/Audits on its website and the last 3 years actuarial reports.

R9: Before the next round of bargaining begins, each agency should prioritize the cost containment strategies to be used, including reducing or eliminating OPEB benefits for future employees.

During the District's last round of bargaining, concluded in 2012, employees agreed to freeze the retiree medical contribution to a fixed dollar amount. In the next round of bargaining, the District will negotiate OPEB benefits in conjunction with a review of all salaries, benefits and working conditions.

Sincerely,

Drew McIntyre
General Manager

c: The Honorable Kelly Simmons, Marin County Superior Court
Dennis Rodoni, Supervisor, Marin County Board of Supervisors
Judy Arnold, Supervisor, Marin County Board of Supervisors

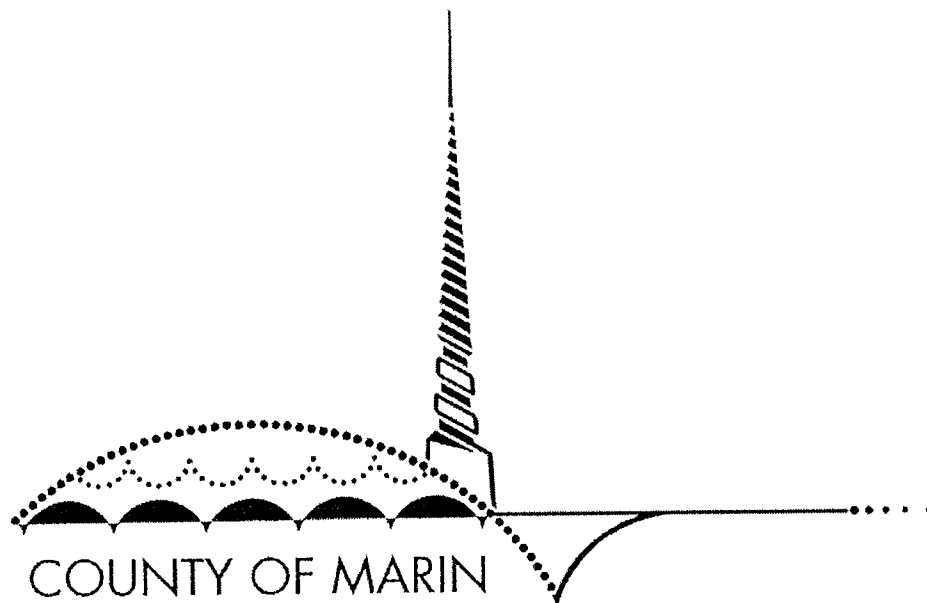
2016–2017 MARIN COUNTY CIVIL GRAND JURY

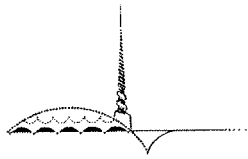
Marin's Retirement Health Care Benefits

The Money Still Isn't There

Report Date: May 10, 2017

Public Release Date: May 17, 2017





Marin's Retirement Health Care Benefits *The Money Still Isn't There*

SUMMARY

Four years ago, the Grand Jury released a report titled *Marin's Retirement Health Care Benefits: The Money Isn't There*,¹ that discussed the funding of public agency liabilities for retiree health benefits. They discovered that most agencies were neither saving adequately nor implementing best practice cost containment strategies, and warned of the consequences.

Since then, some agencies have started paying more attention to their unfunded benefit liabilities and are choosing to prepay at least a portion of their liabilities, as financial advisors recommend. However, while 16 of the 39 agencies we studied in this report collectively *decreased* their unfunded liability by \$108.1 million (the County of Marin reduced its unfunded liability by \$88.3 million), the remaining 23 agencies collectively *increased* their unfunded liability by \$41.9 million. This problem has been escalating for years and will not be magically gone tomorrow. Left unchecked, the growing liabilities may eventually challenge agencies' fiscal health.

The Grand Jury recognizes that all agencies face day-to-day operational challenges and that retiree health liabilities are likely not top-of-mind for many agencies. Officials and board members may not be expert at interpreting financial documents nor aware of the long-term implications of retiree health liabilities for their agency's viability – but they need to be. In this report, we offer strategies to help Marin agencies deal with their Other Postemployment Benefits liability (primarily health benefits) and make it easier for the average person to understand the scope and potential effects of such liabilities on our communities.

¹ "Marin's Retirement Health Care Benefits: The Money Isn't There." *Marin County Civil Grand Jury*. 3 June 2013.

BACKGROUND

Public employees are typically granted two retirement benefits: a pension and “Other Postemployment Benefits” (OPEB) – primarily retiree health care. This report is a follow-up to previous OPEB-related Marin County Grand Jury Reports from: 2004-2005,² 2006-2007,³ and 2012-2013.⁴ We wanted to see how local public agencies’ OPEB liabilities have changed since the 2012-2013 Report, and examine the impact of OPEB on agencies’ financial health.

METHODOLOGY

The Grand Jury, in order to understand the financial and historical details of OPEB plans:

- Reviewed Marin County Civil Grand Jury OPEB-related reports and agency responses: 2004-2005, 2006-2007, and 2012-2013.
- Distributed detailed financial questionnaires (and analyzed responses) to the same public agencies surveyed in the 2012-2013 Grand Jury Report (see Appendix A: OPEB Questionnaire to Public Agencies).
- Researched OPEB legal issues.
- Reviewed OPEB-related Governmental Accounting Standards Board Statements 43, 45, 74, and 75 (GASB 43, GASB 45, GASB 74, and GASB 75) and related literature.
- Analyzed all Comprehensive Annual Financial Reports (CAFRs) and audits of public agencies since Fiscal Year 2012.
- Analyzed GASB 45 Actuarial Valuations of OPEB benefits and liabilities, prepared for public agencies.
- Watched city/town council audit and financial presentations.
- Interviewed agency staff and consultants involved with the actuarial process.
- Surveyed literature for examples and best practices of OPEB.

² “The Bloated Retirement Plans of Marin County, Its Cities and Towns.” *Marin County Civil Grand Jury*. 9 May 2005.

³ “Retiree Health Care Costs: I Think I’m Gonna Be Sick.” *Marin County Civil Grand Jury*. 19 March 2007.

⁴ “Marin’s Retirement Health Care Benefits: The Money Isn’t There.” *Marin County Civil Grand Jury*. 3 June 2013.

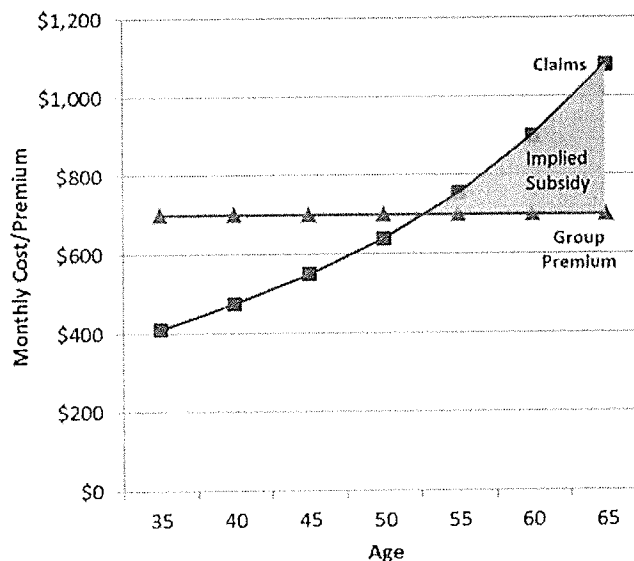
DISCUSSION

If a public agency provides an employee with *Other Postemployment Benefits* (OPEB), and the employee meets specified periods of service and age, the agency will pay these benefits upon retirement to the employee (and to his/her spouse and/or dependents under some OPEB plans). The liability for providing these benefits is determined by an *actuary* and reported in an *actuarial valuation*. In accounting terminology, such a future financial obligation is called an *Actuarial Accrued Liability* (AAL). If an agency does not annually prepay their actuarial-determined *Annual Required Contribution* (ARC), the agency creates an *Unfunded Actuarial Accrued Liability* (UAAL).

Retiree Health Care

OPEB “principally involve health care benefits, but also may include life insurance, disability, legal and other services.”⁵

Health care insurance costs continue to rise. These increased costs affect both the active employees and retirees. Public agencies blend employees and retirees into a single health care plan to calculate a premium that applies to both groups. The blending causes active employees, who are statistically healthier, to pay more for their health care to defray some of the additional costs of retiree health care. The additional cost of retiree claims is called an *implied rate subsidy*. If retiree health insurance costs rise, and employees are not charged sufficient premiums, then the public agency will have increased liabilities from the implied rate subsidy shortfall.



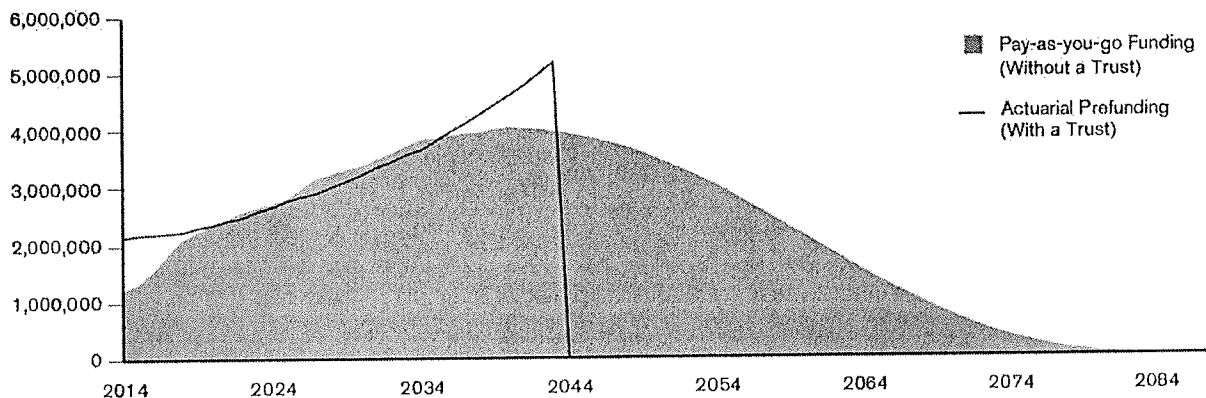
From: “Retiree Health Care: A Cost Containment How-To Guide.” *League of California Cities*. Sep. 2016

⁵ “Other Postemployment Benefits (OPEB).” *Governmental Accounting Standards Board*.

Prefunding vs. Pay-As-You-Go

Public agencies can choose to either prefund their Actuarial Accrued Liability (AAL) or pay the annual retiree benefits as they come due (*pay-as-you-go* or *pay-go*). Prefunding into an OPEB trust fund allows the contributions to be invested, which can further reduce both the agency's AAL and Unfunded Actuarial Accrued Liability (UAAL). While prefunding is a smart long-term strategy, it may affect an agency's ability to pay its short-term bills. That is why some agencies choose pay-go – they do not have a sufficient budget or adequate cash flow. Basic aid school districts⁶ for example, depend upon local property tax distribution to cover both their short-term and long-term obligations.

Nevertheless, prefunding OPEB liabilities is a widely accepted best practice. As the Government Finance Officers Association (GFOA) states, "It is widely acknowledged that the appropriate way to attain reasonable assurance that benefits will remain sustainable is for a government to accumulate resources for future benefit payments in a systematic and disciplined manner during the active service life of the benefitting employees."⁷ The following graph shows a hypothetical example of the annual cost for an agency's OPEB payments⁸ for a closed group (no new employees) and illustrates how prefunding could be less expensive than pay-go, using 7.25% as the assumed rate of return on investments:



	WITHOUT A TRUST	WITH A TRUST
Employer payments	\$160,000,000	\$98,000,000
Investment income (7.25%)	0	62,000,000
Total cost of benefits	160,000,000	160,000,000

⁶ Weston, Margaret. "Basic Aid School Districts." *Public Policy Institute of California*. September 2013.

⁷ "Sustainable Funding Practices for Defined Benefit Pensions and Other Postemployment Benefits (OPEB)." *Government Finance Officers Association*. January 2016.

⁸ "Establishing an OPEB trust fund." *Milliman, Inc.* 2014.

The Actuarial Valuation Process

Actuaries prepare their valuations using Actuarial Standards of Practice and applicable standards of the Governmental Accounting Standards Board (GASB). The accounting standards are issued as implementation guides. During the 2012-2016 time period, actuaries followed the GASB 45⁹ implementation. The purposes of a GASB 45 actuarial valuation include:

- Informing an agency of its retiree benefits' financial future obligations,
- Determining how much an agency should consistently prefund to ensure there will be sufficient funding for the retirees' benefits, and
- Determining and measuring the funded status and funding progress of an OPEB plan.

The agency initiates the actuarial valuation process by providing basic data to the actuarial consultant, including:

- **Agency overview:** agency directions and intentions for the valuation.
- **Valuation data:** employee data, updates to health & welfare benefits and/or Memorandums of Understanding (MOUs), new resolutions about agency contributions, plan summaries and rates, and retiree benefits and other contributions paid recently.
- **Assumptions:** rates of retirement, termination, disability, mortality, prefunding, and discount rates.

Within a few months, the actuary arrives at a draft actuarial valuation report. The draft is shared with the finance or budget director, who can correct misunderstandings or misinterpretations. The final (GASB 45) valuation report is then used in the preparation of annual Comprehensive Annual Financial Reports (CAFRs) (See Appendix B: Example Actuarial Valuation Certification.) For agencies that have 200 or more employees, GASB 45 requires actuarial valuations at least biennially, and for smaller agencies at least triennially.

⁹ "Statement No. 45 of the Governmental Accounting Standards Board: Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." *Governmental Accounting Standards Board*. June 2004.

What Has Changed Since the 2012-2013 Report?

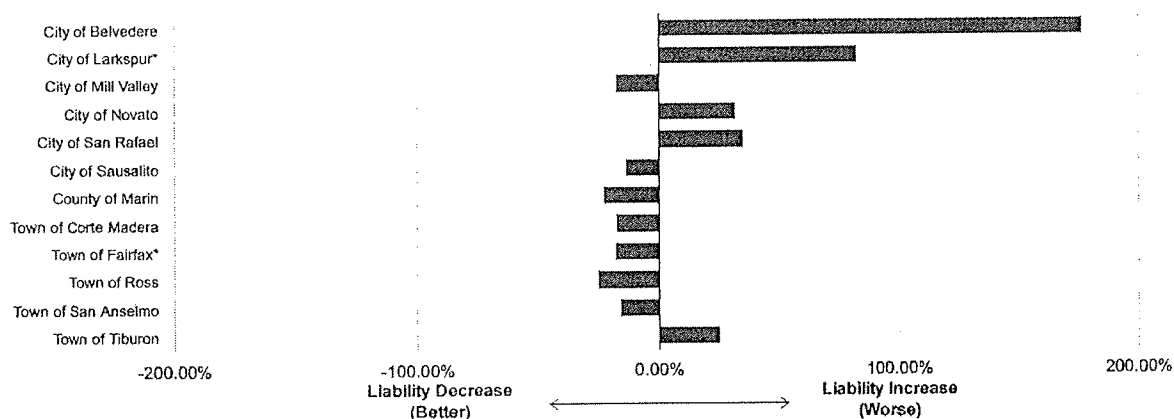
In the 2012-2013 report “Marin’s Retirement Health Care Benefits: *The Money Isn’t There*,”¹⁰ the 2012-2013 Marin County Grand Jury reviewed the OPEB funding status of 40 local government agencies. Since one agency (Sewerage Agency of Southern Marin) responded that it was staffed by City of Mill Valley employees, only 39 agencies were examined. This year’s Grand Jury compared the financial information published in agencies’ Audits and Comprehensive Annual Financial Reports (CAFRs) for Fiscal Year 2012 (FY 2012) and FY 2016. (For an example of locating OPEB financial data, please see Appendix C: Finding Key OPEB Information in CAFRs or Audits.) By this comparison, the Grand Jury discovered:

OPEB Highlights	FY2012	FY 2016
# of agencies that funded over 5% of their liability	11	18
# of agencies that funded between 1-5% of their liability	2	0
# of agencies that had not funded any of their liability	26	21
Collective 39-agency liability (AAL)	\$630.7 Million	\$650.2 Million
Collectively set aside (OPEB plan assets)	\$24.6 Million	\$110.2 Million
Collective Unfunded Actuarial Accrued Liability (UAAL)	\$606.1 Million	\$540.0 Million
Collective Unfunded Actuarial Accrued Liability (UAAL) excluding County of Marin	\$223.4 Million	\$245.7 Million

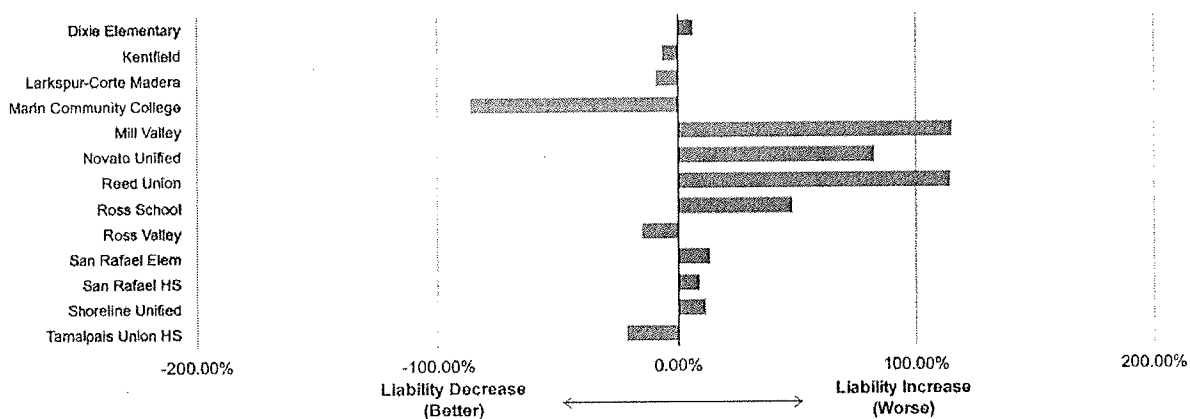
Because agencies have very different budgets, we chose to compare liabilities as the percentage Unfunded Actuarial Accrued Liability (UAAL) change from Fiscal Year FY 2012 to FY 2016. As of April 19, 2017, the City of Larkspur, the Town of Fairfax, and the Central Marin Police Authority had not released their FY 2016 CAFRs. For those agencies, we therefore needed to use their “older” FY 2015 financial data and applicable GASB 45 actuarial valuation data instead. Those agencies are indicated with an asterisk [*] following their names throughout this report.

¹⁰ “Marin’s Retirement Health Care Benefits: The Money Isn’t There.” *Marin County Civil Grand Jury*. 22 May 2013.

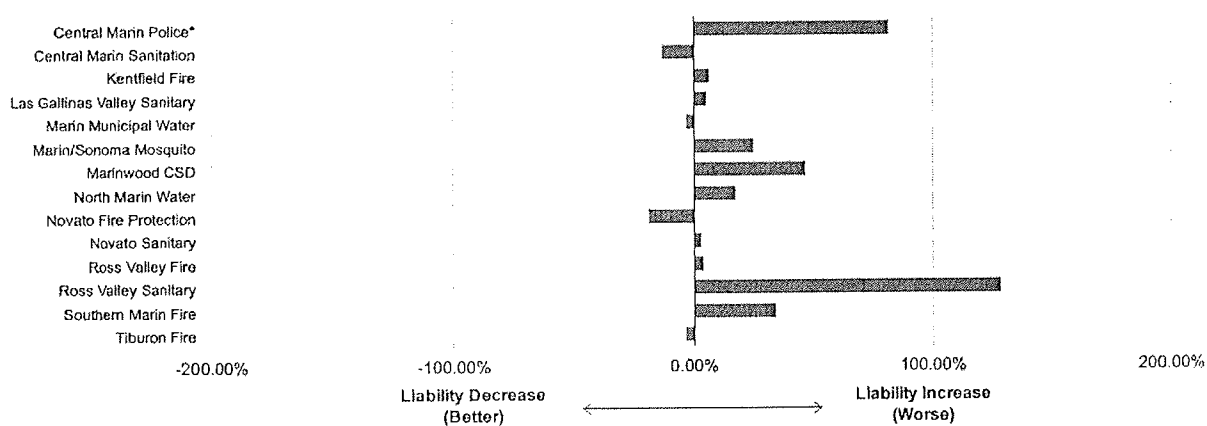
% UAAL Change For Local Governments (FY 2012 to FY 2016)



% UAAL Change For School Districts (FY 2012 to FY 2016)



% UAAL Change For Special Districts (FY 2012 to FY 2016)



By reviewing agencies' published financial documents, we were able to prove that the agencies reduced their unfunded liability by a combination of actions:

- **Fully contributing their Annual Required Contribution (ARC) and establishing an investment account.** By keeping up-to-date with actuarial payments, future financial obligations are kept in check.
- **Setting aside “substantial assets” for OPEB liability.** Putting aside more money into a trust account for future OPEB benefits reduces the unfunded liability.

Since FY 2012, the overall unfunded liability of \$606.1 million (UAAL) was *reduced* to \$540.0 million. However, for agencies that have *increased* their UAAL, we found two basic causes:

- **Underfunding the Annual Required Contribution (ARC).** Agencies that opt to use pay-go and not completely fund their ARC, compound their UAAL each year (i.e., it grows).
- **Not Reporting Implied Rate Subsidies.** As described previously, the implied rate subsidy effectively requires public agencies to calculate an implied liability whenever their retirees participate in group medical plans, but pay the same premiums as active employees. Effective March 31, 2015, all actuarial valuations must include the implicit subsidy liability.¹¹

The Liability Fear

Newspapers regularly cover the looming *unfunded* pension crisis across America. Where will the money come from to pay the retirees' pension? Less commonly reported is the looming *unfunded* OPEB crisis. “The logic has been that the OPEB funding problem is 25 years old, so it can wait another year or two — even though procrastinating simply makes the liabilities mushroom ... The problem of zero-funded OPEB plans is often ignored.”¹² In Marin County, for the 39 agencies we studied, the unfunded pension liability is \$956.3 Million and the unfunded OPEB liability (UAAL) is \$540.0 Million.

Agencies need to look at their future budgets to decide if they will be able to pay an increasingly larger UAAL obligation. If they can, then the unfunded liability is simply an anticipated expense. If they cannot, then the unfunded liability is a much more urgent issue. To give some insight into the agency's potential challenge paying off its UAAL obligation, we compared each agency's most recent Annual Required Contribution (ARC) with its most recent total revenue. See Appendices D (municipalities), E (school districts), and F (special districts) for details.

If an agency does not plan sufficiently for paying their OPEB liability, citizens may be asked to make hard choices:

- **Agencies may try to find the money.** Agencies may reduce services (“crowd-out”), increase fees, attempt to raise taxes or issue bonds (with voter approval). If an agency proposes new taxes or bonds which may be used to reduce OPEB debt, the Grand Jury

¹¹ “Actuarial Standard of Practice No. 6.” *Actuarial Standards Board*. May 2014.

¹² Miller, Girard and Link, Jim. ““New Normal” Retirement Plan Designs.” *Government Finance Review*. Aug. 2009.

believes it should fully disclose that purpose, and not use language that is “virtually impenetrable, written by lawyers for lawyers who are also accountants.”¹³

- **Retiree benefits may be reduced.** “However, unlike pensions, OPEBs are typically not guaranteed or protected by state law. State and local governments have much more latitude to scale back OPEBs and share OPEB-related costs with retirees. Many have implemented several changes to that effect.”¹⁴

Approaching Cost Containment

Over the years, many organizations have investigated reducing OPEB liabilities through cost containment strategies. Because of legal and political issues, these strategies may not be appropriate for every public agency. Rather than limit agencies to specific strategies, the Grand Jury wants to ensure that decision makers in the agencies are aware of the breadth and depth of these options to better inform any future liability-reducing actions.

In 2006, Governor Schwarzenegger established the *Public Employee Post-Employment Benefits Commission*¹⁵ to identify the extent of unfunded OPEB liabilities and evaluate approaches for addressing the liabilities. The 34 recommendations contained in the Commission’s final report addressed both pension and OPEB funding. While some of these recommendations are now legally required or obsolete, the Grand Jury believes two recommendations are still warranted today:

- ✓ **Public agencies providing OPEB benefits should adopt prefunding as their policy.** As a policy, prefunding OPEB benefits is just as important as prefunding pensions. The ultimate goal of a prefunding policy should be to achieve full funding.
- ✓ **Any employer considering the use of OPEB bonds should fully understand, and make public, the potential risks they bring.** Such risks include: shifting costs to future generations and converting a future estimated OPEB liability into fixed indebtedness.

In 2015, Smart Business Magazine highlighted cost containment strategies¹⁶ for company employee benefits, including:

- ✓ **Consumer-Directed Health Plans (CDHPs).** Combines a high-deductible plan with a health savings account.
- ✓ **Adding Voluntary Benefits.** Employees can add benefits as-needed with pre-tax dollars.
- ✓ **Self-Funding the Health Plan.** Employers directly pay for health care claims, and reduce their financial risk by purchasing stop loss insurance from an insurance carrier.

¹³ Herhold, Scott. “How ballot questions for bonds mislead voters.” *The Mercury News*. 22 Aug. 2016.

¹⁴ “Effective Advocacy & Key City Issues.” *League of California Cities*. 20 Jan. 2016.

¹⁵ “Funding Pensions & Retiree Health Care for Public Employees.” *Public Employee Post-Employment Benefits Commission*. Jan. 2008.

¹⁶ Pritts, Craig. “Benefit Renewals: Cost containment strategies that can control your health care costs.” *Smart Business Pittsburgh*. Sep. 2015.

- ✓ **Expanding Wellness Programs.** Reportedly, 75% of health costs are preventable.
- ✓ **Reduce Spousal Subsidies or Add Spousal Surcharges.**

In 2016, the League of California Cities OPEB Task Force¹⁷ listed a number of strategies that agencies could consider to reduce OPEB costs. The Grand Jury agrees that these strategies should be examined:

- ✓ **Benefit Changes for Future Employees.** Reduce benefits for new hires.
- ✓ **Benefit Changes for Existing Employees.** Reduce benefits for current employees (not retirees).
- ✓ **Change Contributions to Fixed Amounts.** Instead of paying a percentage of premiums, agencies would pay a fixed dollar amount as premiums increase.
- ✓ **Limit Duration of Retiree Medical Benefit.** Medical benefits would only extend until the retiree is eligible for Medicare.
- ✓ **Close the Benefit to New Employees.** Remove the benefit for new hires.
- ✓ **Adopt or Increase Tenure Requirements.** Require longer employment tenure before being eligible for benefits.
- ✓ **Cover Only Retirees.** Currently public agencies may cover the retiree's dependents as well.
- ✓ **Make Agency Insurance Secondary.** If the retiree has access to additional health care (from a spouse, previous employer, or veteran's program), use that primarily.
- ✓ **Eliminate Retiree Health Care for New Employees.** As pensions have become more generous, require retirees to pay for their own health care.
- ✓ **Buy Down/Buy Out Benefits.** Public agencies would pay a lump sum to reduce or eliminate their health care benefit.
- ✓ **Adjust Health Care Plans.** Changing the health care plans offered can reduce both employee and retiree health costs.
- ✓ **League Health Benefits Marketplace (Exchange).** This plan "provides cities the flexibility lacking in other group coverage medical plan designs to decouple and unbundle active employee and retiree costs, which is key to reducing OPEB liabilities."¹⁸
- ✓ **Audit Retiree Medical Benefits.** Ensure benefits are both compliant and not duplicative.
- ✓ **Enroll Retirees in Medicare Part A.** To the extent that some retirees are ineligible for full Medicare coverage and must pay for Medicare Part A, it may be more cost effective to pay for their enrollment in Part A.

¹⁷ "Retiree Health Care: A Cost Containment How-To Guide." *League of California Cities*. Sep. 2016

¹⁸ "Health Benefits Marketplace." *League of California Cities*. Accessed Feb 2017.

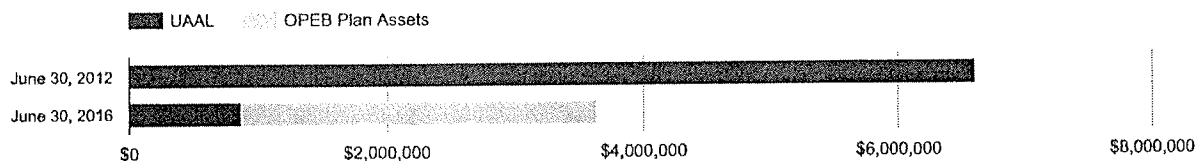
- ✓ **Utilize Federally Subsidized Prescription Plan for Medicare Retirees.** As possible, use available subsidies.

The Grand Jury recognizes that there is no one-size-fits-all acceptable solution to reduce unfunded OPEB liabilities, and that changing benefits requires a dialogue not only with agency staff but also union representatives. Therefore, we encourage agencies to clearly articulate the risk that the promised retiree benefits may not be able to be funded and to work with unions and staff to create a solution that is sustainable and fair for all parties, including the public.

Making a Dent

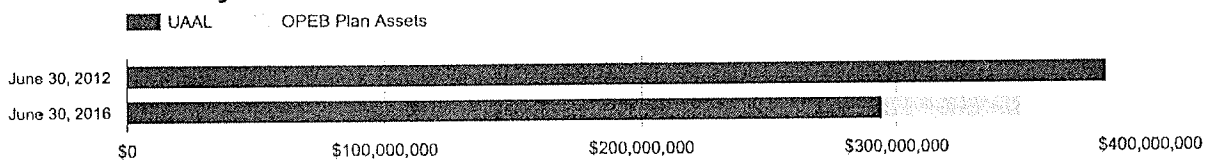
The Grand Jury found that some agencies have made notable reductions in their unfunded liability (UAAL) and are implementing best practice cost containment strategies. Their efforts are highlighted below, as reported in their financial statements and actuarial valuations. The valuation dates shown in the charts are from the agencies' actual valuation reports.

Marin Community College District's UAAL



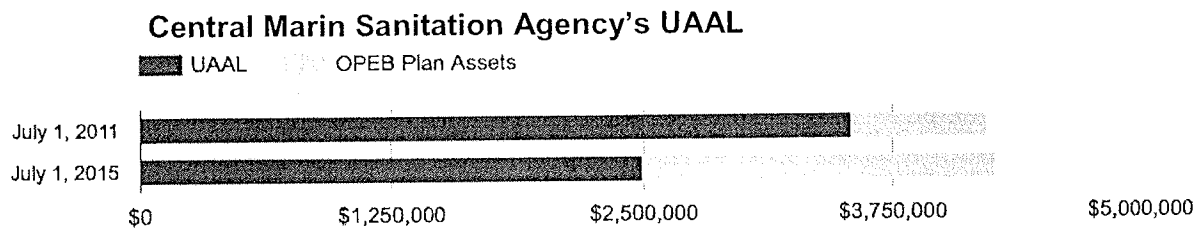
Marin Community College District ("College of Marin") decreased its UAAL by changing its OPEB funding policy. Through FY 2012, the district operated its OPEB plan solely on a pay-as-you-go basis ("pay-go"). However, during FY 2013, it established an irrevocable trust with the California Employers' Retiree Benefit Trust (CERBT) to prefund its OPEB costs through CalPERS, in addition to its regular pay-go costs.

County of Marin's UAAL

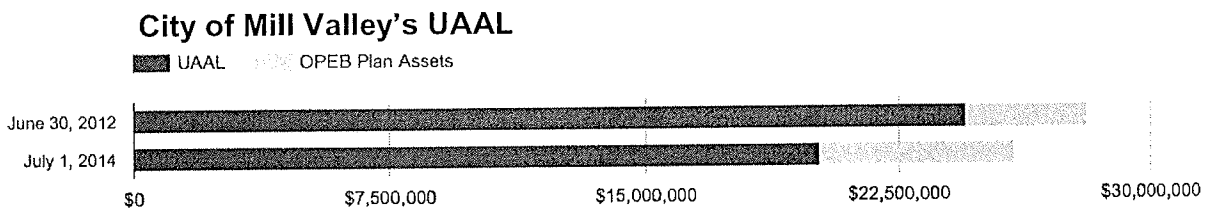


According to the CAFRs and actuarial valuations, the **County of Marin** accomplished its improvements primarily by changing its OPEB funding policy. Through FY 2012, the County was a pay-go funder but had also contributed to a reserve intended to be used to fund its OPEB plan. In February 2013, the County entered into an irrevocable trust agreement with the CERBT to prefund the County's OPEB costs through CalPERS, in addition to the regular pay-go contributions. The County transferred the reserve balance to the CERBT and began prefunding its full ARC during FY 2013. From FY 2013 through FY 2016, the County contributed 103.57% of its total ARC for that period. The most recent actuarial valuation reflects that the County also

decreased its AAL by another factor within its control. It did not increase the maximum benefit for retirees eligible for its OPEB "Plan 3": retirees hired between October 1, 1993 and December 31, 2007 and those hired earlier who elect Plan 3.

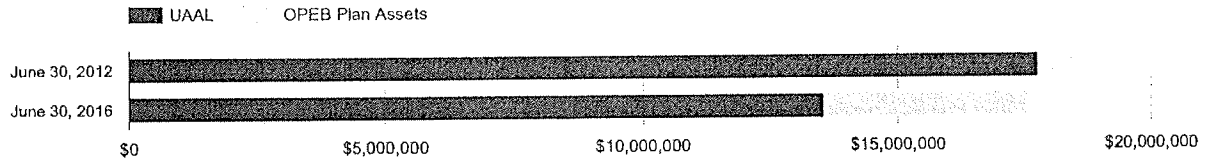


Before FY 2012, the **Central Marin Sanitation Agency** (CMSA) contracted with CalPERS to administer its OPEB plan and entered into an irrevocable trust agreement with the CERBT to prefund future OPEB costs.



Through FY 2014, the **City of Mill Valley's** CAFRs reflect that the City was funding its OPEB on a pay-go basis, plus some amounts to its trust account to prefund future OPEB costs. The most recent actuarial valuation noted the City's increased trust account contributions and the City's intent to consistently make total OPEB contributions greater than or equal to ARC each year. During 2013, Mill Valley implemented two OPEB cost-containment methods for new employees: (1) it increased their length of service required to be eligible for OPEB from 15 years to 20 years; and (2) it restricted any OPEB benefit to the employee only. In March 2017, the City started public discussions to eliminate OPEB benefits for American Federation of State, County and Municipal Employees (AFSCME) union members hired after January 1, 2017 and establishing a Retiree Health Savings Account, which is estimated to save \$3,000/year for each employee.

Novato Fire Protection District's UAAL

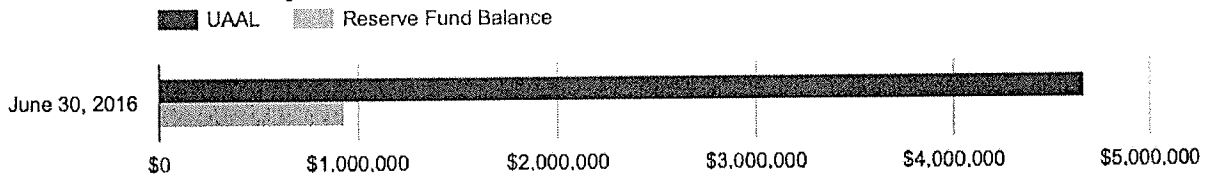


Starting in FY 2012, the **Novato Fire Protection District** (NFPD) has contributed 110.49% of its total ARC. The District implemented a cost-containment method providing that a retiree reaching age 65 must change to Medicare, pay its premiums, and has the option to select a Medicare supplement plan through the district. However, NFPD will only pay a maximum of 80% of the applicable Kaiser Medicare supplemental rate.

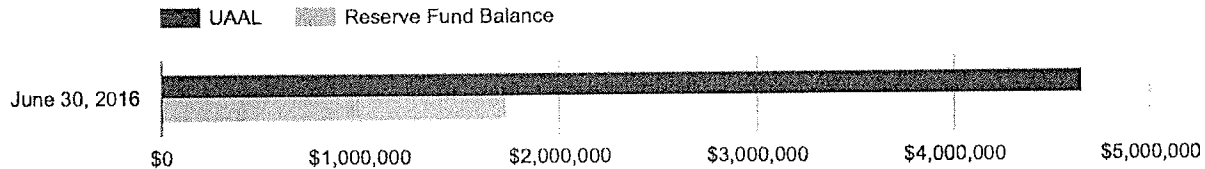
A Fund Which Would Make a Dent

The Grand Jury also found that at least three school districts in Marin County have established *substantial* Special Reserve Funds for OPEB:

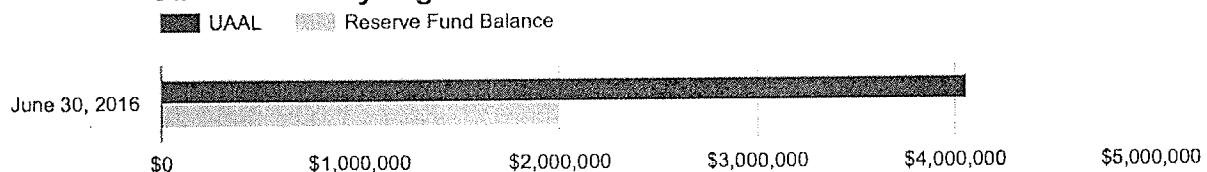
Mill Valley School District's UAAL



San Rafael Elementary School District's UAAL



San Rafael City High School School District's UAAL



California law authorizes these funds and many school districts throughout the state have them. They are commonly referred to as a *Fund 20, Special Reserve Fund for Postemployment Benefits*. Such Funds may be an important step in financing future benefits, and these school districts should be commended for establishing a Fund 20. However, funds set aside for future benefits (as opposed to pay-go costs) should be considered contributions to an OPEB plan only "if the vehicle established is one that is capable of building assets that are separate from and independent of the control of the employer and legally protected from its creditors. Furthermore, the sole purpose of the assets should be to provide benefits under the plan. These conditions

generally require the establishment of a legal trust.”¹⁹ The Mill Valley School District should also be commended for establishing a trust with CERBT. Yet, if a school district deposits its Fund 20 balance into a trust, the district will reduce (or further reduce) its UAAL.

GASB 75

Most Marin agencies began implementing Governmental Accounting Standards (GASB) Statement 45 for their OPEB financial reporting on July 1, 2009. Beginning July 1, 2017, agencies will switch to using GASB 75. The changes to OPEB reporting are similar to changes in the GASB reporting of net pension liability (GASB 67 and 68). It states, “Employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position.”²⁰ These changes have increased financial scrutiny, and triggered public agencies across the United States to make changes to their pension funding strategies.²¹ The primary objective of GASB 75 is to improve governmental accounting and financial reporting for OPEB, by improving the consistency, comparability and transparency of the information reported.²² The new reporting standards will cause actuaries to change how they prepare their OPEB valuations and cause agencies to change their financial reporting. (See Appendix G: GASB 45 vs. 75 Overview for more details.) Three important changes are GASB 75’s requirements for *biennial actuarial valuations*, *balance sheet liability reporting*, and *single blended discount rate*.

Biennial Actuarial Valuations. GASB 75 requires all agencies to obtain OPEB actuarial valuations biennially. In contrast, GASB 45 allowed agencies having fewer than 200 OPEB plan members to obtain such valuations triennially. This change affects several Marin agencies.

Balance Sheet Liability Reporting. GASB 75 requires agencies to report their Net OPEB Liability (NOL) for agencies with an OPEB trust, or Total OPEB Liability (TOL) for agencies that do not have an OPEB trust, *upfront* on the face of their balance sheets. NOL and TOL are the equivalent of UAAL and AAL under GASB 45 with some technical differences. GASB 75 also requires disclosure of how and why OPEB liability changed from year to year.

Single Blended Discount Rate. The *discount rate* is the rate used to discount future benefit payments (i.e. actuarial accrued liability) to a present value. A lower rate *increases* that liability, and a higher rate *decreases* that liability. Both GASB 45 and GASB 75 permit having higher long-term discount rates with full prefunding over the amortization period and plan assets exist.

¹⁹ “City of Mill Valley, Actuarial Valuation of Other Post-Employment Benefit Programs As of July 1, 2014” Bickmore. Aug. 2015

²⁰ “Notes to the Agent Multiple-Employer Defined Benefit Pension Plan GASB 68 Accounting Valuation Reports.” California Public Employees Retirement System. 30 Jun. 2016.

²¹ Farmer, Liz and Maciag, Mike. “Why Some Public Pensions Could Soon Look Much Worse.” *Governing*. 17 Mar. 2015.

²² “Summary of Statement No. 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” Governmental Accounting Standards Board. June 2015.

However, GASB 75 requires a single blended discount rate if the plan has some assets, but is projected to be insufficient to make benefit payments at some future point. The single rate combines the long-term rate when assets are projected to cover the payments and a municipal bond (lower) rate when assets are projected to be insufficient.

The Grand Jury also notes that actuaries determined an Annual Required Contribution (ARC) under GASB 45, while GASB 75 uses the term Actuarially Determined Contribution (ADC). However, both terms have a similar meaning. The ARC represents a target contribution required to ensure there are sufficient savings to finance and cover the promised OPEB.²³ GASB 75 similarly defines the ADC as also representing a target contribution to an OPEB plan, determined in conformity with Actuarial Standards of Practice (ASOP). ASOP No. 6, adopted in 2014, defines the ADC as a potential payment to prefund an OPEB plan, using a contribution allocation procedure that may include an amortization method.²⁴ The ARC method may be used for the ADC.²⁵

The Grand Jury believes that GASB 75 will cause a local public agency's financial situation to look much worse. The agency "should expect a larger total OPEB liability because the single blended rate calculated under [GASB] 75 is likely to be lower than the discount rate under existing standards."²⁶ "The recognition of the Net OPEB Liability in the employer's financial statements will likely be a significant increase in the amount of liability that was reported under prior GASB standards."²⁷ This change will likely increase scrutiny of the agencies' balance sheet OPEB obligations, and force agencies to focus on addressing these liabilities. For example, the previous section ("Making a Dent") shows that agencies following full prefunding policies with plan assets achieve the goal of reducing their unfunded OPEB liabilities. Under GASB 75, an agency can reach that goal with a prefunding policy and practice supporting a projection that plan assets will be sufficient to make *all* projected benefit payments.

"It's Hard to Wrap Your Head Around This!"

— Marin County Elected Official

"One of the most important responsibilities a local elected official has is oversight of the agency's spending."²⁸ However, understanding the ins-and-outs of financial and actuarial standards imposed on public agencies is not easy, as evidenced by the (above) official's exclamation. Even if an elected official has business financial expertise, the standards that guide public agencies differ significantly. If an elected official has trouble understanding these

²³ "Guide to Implementation of GASB Statements 43 and 45 on Other Postemployment Benefits." *Governmental Accounting Standards Board*. 2005.

²⁴ "Actuarial Standard of Practice No. 6." *Actuarial Standards Board*. May 2014.

²⁵ "GASB Approves New OPEB Employer Accounting Standard (No. 75)." *Bartel Associates*. July 2015.

²⁶ McAllister, Brian and Spinelli, Connie and Belger, Diane. "Getting familiar with OPEB." *Journal of Accountancy*. 1 Aug. 2016.

²⁷ "GASB Issues Two Other Postemployment Benefit (OPEB) Related Exposure Drafts." *Milliman*. Aug. 2014.

²⁸ "Budgeting and Finance." *Institute for Local Government*. Accessed Feb. 2017.

concepts, how can the average citizen hope to understand the annual Comprehensive Annual Financial Reports (CAFRs), budgets, or Audits?

“Relatively few educational opportunities are provided to help trustees and policy makers understand how liabilities are calculated, in the role and sensitivity of actuarial assumptions, the impact that amortization periods and actuarial smoothing have on the retirement plan’s short-term and long-term contribution rates, and of the full meaning of a plan’s funded status.”²⁹

Therefore, the Grand Jury recommends that public agencies improve both their financial literacy and transparency:

- Elected officials should take (and invite the public to attend) a financial literacy class such as one offered by: League of California Cities,^{30,31} UC Davis,³² ICMA University,³³ Government Finance Officers Association,³⁴ or the California State Association of Counties.³⁵
- Financial documents issued by public agencies should be made easier to understand by the average resident.
- Public financial presentations both by and to public agencies should be easier to understand.

For example, the Government Finance Officers Association has established best practices for budget documents,³⁶ and annually recognizes agencies with “Distinguished Presentation Awards.” Governing Magazine’s “Guide to Financial Literacy: Connecting Money, Policy and Priorities,”³⁷ explains not only the terminology and purpose of various financial documents, it also offers essential questions that leaders should know to ask. Additional examples of classes and presentations can also be found in Appendix H (Example Financial Literacy Classes and Presentations).

²⁹ Kehler, David. “Public Pension Plan Financing: The Devil’s in the Actuarial Details.” *Society of Actuaries*. 2010.

³⁰ “New Mayors & Council Members Academy.” *League of California Cities*. Accessed Mar. 2017.

³¹ “Municipal Finance Institute.” *League of California Cities*. Accessed Mar. 2017.

³² Brinkley, Dr. Catherine. “Community Governance.” *UC Davis*. Spring 2016.

³³ “Local Government 101 Online Certificate Program.” *ICMA University*.

³⁴ “Government Finance Officers Association Training.” *Government Finance Officers Association*.

³⁵ “California State Association of Counties Upcoming Courses.” *California State Association of Counties*.

³⁶ “Making the Budget Document Easier to Understand.” *Government Finance Officers Association*. Feb 2014.

³⁷ Marlowe, Justin. “Guide to Financial Literacy: Connecting Money, Policy and Priorities.” *Governing*. 2014.

We Are Not Alone

Marin County's public agencies are not unique in facing the challenges of OPEB liabilities.

"Total unfunded state other postemployment (OPEB) liabilities have increased, according to S&P Global Ratings' latest survey of U.S. states. For states that have completed new OPEB actuarial studies since our last survey (which used 2013 or prior studies), total liabilities increased \$59.4 billion, or 12% over a span of two years."³⁸

In January 2016, California Controller Betty Yee "pegged the state's unfunded liability for other post-employment benefits (OPEB) at \$74.1 billion. That's how much it will cost to allow workers to stay on their health plans after they retire until they're eligible for Medicare, subsidize their premiums, and then provide them with supplemental benefits after Medicare kicks in. The benefit's value can exceed \$16,000 in the case of married couples and \$20,000 in the case of retirees with children."³⁹

The City of San Luis Obispo (California) reduced their 2009 estimated \$5.9 million OPEB liability to \$4.2 million by changing their amortization period and changing from pay-go to prefunding their Annual Required Contribution (ARC). In January 2010, the City of Beverly Hills (California) eliminated OPEB liabilities for new non-safety hires by shifting from a defined *benefit* health plan to a defined *contribution* retiree health plan.⁴⁰ South Lake Tahoe (California) collaborated with its stakeholders to reduce OPEB liability by 73 percent by creating a new insurance plan.⁴¹

Sharing Our Data

Despite the fact that agencies' OPEB financial documents are publicly available, the Grand Jury spent an enormous effort to gather the documents (not all of the documents were available online, nor text-searchable), extract the data, and analyze it. With the rise of the Open Data Movement (examples include: Data.gov, the Data Foundation, OpenGov, Marin County's Open Data Portal, and the City of Sausalito's Budget Transparency Tool), we wanted other organizations – including future Grand Juries – to be able to leverage our public data. Therefore, we have created a data portal consisting of all the Comprehensive Annual Financial Reports (CAFRs) and Audits for the 39 agencies we researched for FY 2011– FY 2016 along with a spreadsheet containing validated data extracted from those and other financial reports (including Annual Required Contributions (ARCs), discount rates, amortization periods, and the change of assets, liabilities, and unfunded liability). This information is available online, for free access here: <https://goo.gl/fSgOfX>.

³⁸ Spain, Carol. "Rising U.S. State Post-Employment Benefit Liabilities Signal An Unsustainable Trend." *Standard and Poors*. 7 Sep. 2016.

³⁹ Eide, Stephen and Disalvo, Daniel. "Phase out costly perks for retired state workers." *San Diego Union Tribune*. 1 Apr 2016.

⁴⁰ "Retiree Health Care: A Cost Containment How-To Guide." *League of California Cities*. Sep. 2016

⁴¹ Kerry, Nancy. "Reducing Unfunded Liabilities for Other Post-Employment Benefits." *Western City*. May 2015.

CONCLUSION

Other Postemployment Benefits (OPEB) are just one of many financial obligations that public agencies face. Since the amount of the Annual Required Contribution (ARC) is a relatively small percentage for many agencies' annual total revenue, it is easy for them to not be too concerned (especially when faced by a much larger underfunded pension benefit). However, unlike pensions, agencies have more opportunities to reduce their OPEB obligations. The Grand Jury sees the delicate balance that agencies are facing: attracting new employees, negotiating with existing employees and retirees, and responsibly managing expenses in the public's interest. While some Marin agencies continue to reduce their unfunded OPEB liability, we are concerned that many agencies still have not yet done so. We hope that this report will give the agencies the additional reminders and tools to address this looming financial burden before more drastic measures need to be taken.

FINDINGS

- F1. Many of the municipalities have *decreased* their UAAL obligation since FY 2012.
- F2. Some of the schools that have *increased* their UAAL obligation (since FY 2012) are setting aside OPEB contributions into reserve funds (rather than irrevocable trust funds).
- F3. Many of the special districts have *increased* their UAAL obligation since FY 2012.
- F4. Some of the agencies that stated they comply with their actuarial funding guidelines, are not in compliance as shown in their CAFRs.
- F5. GASB 45 has increased the agency's reporting transparency, but the information in these financial reports is difficult for the average person to understand.
- F6. GASB 45 permits an agency with a full ARC funding policy in its GASB 45 valuation to increase its discount rate, thereby decreasing its OPEB liability and ARC payments.
- F7. Upcoming GASB 75 reporting will further improve an agency's OPEB reporting transparency.

RECOMMENDATIONS

- R1. Each agency should adopt a *formal, written policy* for contributions to its OPEB plan.
- R2. Each agency's standard practice should be to consistently satisfy its formal, written OPEB contribution policy.

- R3. Each agency's OPEB contribution policy and practice should support a projection under GASB 75 that its OPEB plan assets will be sufficient to make all projected OPEB benefit payments.
- R4. Each agency that uses special reserve funds for Postemployment Benefits should transition to a trust meeting the criteria of GASB 75.
- R5. Each term of service, elected or appointed officials of each agency should take a public agency financial class.
- R6. Each agency should make its CAFRs, Audits, and GASB valuations more readily understandable by the general public.
- R7. Each agency should ensure that all of its public financial *presentations* are more readily understandable and scheduled during hours convenient for the public.
- R8. Each agency should have the following downloadable and text-searchable documents readily accessible on their website: the last five years of CAFRs/Audits and the last three actuarial reports.
- R9. Before the next round of bargaining begins, each agency should prioritize the cost containment strategies to be used, including reducing or eliminating OPEB benefits for future employees.

REQUEST FOR RESPONSES

Pursuant to Penal code section 933.05, the grand jury requests responses as follows:

From the following governing bodies:

Municipalities

- City of Belvedere (R1-R9)
- City of Larkspur (R1-R9)
- City of Mill Valley (R1-R9)
- City of Novato (R1-R9)
- City of San Rafael (R1-R9)
- City of Sausalito (R1-R9)
- County of Marin (R1-R9)
- Town of Corte Madera (R1-R9)
- Town of Fairfax (R1-R9)
- Town of Ross (R1-R9)
- Town of San Anselmo (R1-R9)
- Town of Tiburon (R1-R9)

School Districts

- Dixie Elementary School District (R1-R9)
- Kentfield School District (R1-R9)
- Larkspur-Corte Madera School District (R1-R9)
- Marin Community College District (R1-R9)
- Mill Valley School District (R1-R9)
- Novato Unified School District (R1-R9)
- Reed Union School District (R1-R9)
- Ross School District (R1-R9)
- Ross Valley School District (R1-R9)
- San Rafael City Schools (R1-R9)
- Shoreline Unified School District (R1-R9)
- Tamalpais Union High School District (R1-R9)

Special Districts

- Central Marin Police Authority (R1-R9)
- Central Marin Sanitation Agency (R1-R9)
- Kentfield Fire Protection District (R1-R9)
- Las Gallinas Valley Sanitary District (R1-R9)
- Marin Municipal Water District (R1-R9)
- Marin/Sonoma Mosquito & Vector Control District (R1-R9)
- Marinwood Community Services District (R1-R9)
- North Marin Water District (R1-R9)
- Novato Fire Protection District (R1-R9)
- Novato Sanitary District (R1-R9)
- Ross Valley Fire Department (R1-R9)
- Ross Valley Sanitary District (R1-R9)
- Southern Marin Fire Protection District (R1-R9)
- Tiburon Fire Protection District (R1-R9)

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted in accordance with Penal Code section 933 (c) and subject to the notice, agenda and open meeting requirements of the Brown Act.

Note: At the time this report was prepared information was available at the websites listed.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

GLOSSARY

Actuary: A professional dealing with the assessment and management of risk for financial investments, insurance policies, and any other ventures involving a measure of uncertainty.⁴²

Actuarial Accrued Liability (AAL): The portion of the actuarial present value benefits allocated to prior years of employment—and thus not provided for by future normal costs.⁴³

Actuarially Determined Contribution (ADC): “A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.”⁴⁴

Annual Required Contribution (ARC): The ARC is the employer’s periodic required contribution to a defined benefit OPEB plan. The ARC is the sum of two parts: (1) the normal cost, which is the cost for OPEB benefits attributable to the current year of service, and (2) an amortization payment, which is a catch-up payment for past service costs to fund the Unfunded Actuarial Accrued Liability (UAAL) over the next 30 years.⁴⁵ Despite the name “Annual Required Contribution,” the contribution is not legally required.

California Employers’ Retiree Benefit Trust (CERBT): This trust fund is dedicated to prefunding Other Post Employment Benefits (OPEB) for all eligible California public agencies. Even those not contracted with CalPERS health benefits can prefund future retiree benefits such as health, vision, dental, and life insurance.⁴⁶

California Public Employees’ Retirement System (CalPERS): An agency in the California executive branch that serves more than 1.7 million members in its retirement system and administers benefits for nearly 1.4 million members and their families in its health program.⁴⁷

Discount Rate: A percentage rate required to calculate the present value of a future cash flow.⁴⁸

Governmental Accounting Standards Board (GASB): “The independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. Established in 1984 by agreement of the Financial Accounting Foundation (FAF) and 10 national associations of state and local government officials, the GASB is recognized by governments, the accounting industry, and the capital markets as the official source of generally accepted accounting principles (GAAP) for state and local governments.”⁴⁹

⁴² “Definition of ‘Actuary.’” *Investopedia*.

⁴³ “Other Postemployment Benefits: A Plain-Language Summary of GASB Statements No. 43 and No. 45.” *Governmental Accounting Standards Board*.

⁴⁴ “Statement No. 75 of the Governmental Accounting Standards Board.” *Governmental Accounting Standards Board*, No. 350. June 2015.

⁴⁵ “GASBhelp.” *Governmental Accounting Standards Board*.

⁴⁶ “California Employers’ Retiree Benefit Trust (CERBT) Fund.” *CalPERS*. Accessed March 2017.

⁴⁷ “CalPERS Story.” *CalPERS*. Accessed March 2017.

⁴⁸ “Fixed Income Bond Terms.” *Corporate Finance Institute*.

⁴⁹ “FACTS about GASB.” *Governmental Accounting Standards Board*. 2012–2014.

Implied Rate Subsidy: The implicit rate is an inherent subsidy of retiree health care costs by active employee health care costs when health care premiums paid by retirees and actives are the same.⁵⁰

Net OPEB liability: Introduced in GASB 75, the liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust.⁵¹ GASB 45 uses Unfunded Actuarial Accrued Liability (UAAL) to connote a similar liability.

Other Postemployment Benefits (OPEB): Benefits (other than pensions) that U.S. state and local governments provide to their retired employees. These benefits principally involve health care benefits, but also may include life insurance, disability, legal and other services.⁵²

Pay-As-You-Go Funding (Pay-go): With pay-as-you-go funding, plan contributions are made as benefit payments become due and funds necessary for future liability are not accumulated. That is, contributions made are for current retirees only, causing the majority of retiree health benefits liability to be considered unfunded.⁵³

Public Employees' Retirement System (PERS): The retirement and disability fund for public employees in California.

Unfunded Actuarial Accrued Liability (UAAL): The excess of the Actuarial Accrued Liability (AAL) over the actuarial value of assets.⁵⁴

⁵⁰ "Glossary: Implied Rate Subsidy." Milliman.

⁵¹ "Summary of Statement No. 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." Governmental Accounting Standards Board. June 2015.

⁵² "Other Postemployment Benefits (OPEB)." Governmental Accounting Standards Board.

⁵³ "Glossary: Pay-as-you-go funding." Milliman.

⁵⁴ "Other Postemployment Benefits: A Plain-Language Summary of GASB Statements No. 43 and No. 45." Governmental Accounting Standards Board.

APPENDIX A: OPEB Questionnaire to Public Agencies

OPEB Questionnaire

Definitions

A. Other Post Employment Benefits (OPEB): Benefits (other than pensions) that U.S. state and local governments provide to their retired employees. These benefits principally involve health care benefits, but also may include life insurance, disability, legal and other services.

B. Actuarial Accrued Liability (AAL): Excess of the present value of a OPEB fund's total of future benefits (payable to the OPEB beneficiaries) and fund administration expenses over the present value of the future normal cost of those benefits.

C. Actuarial Value of Assets (AVA): The value of OPEB investments and other property used by the actuary for the purpose of an actuarial valuation (sometimes referred to as valuation assets). Actuaries often select an asset valuation method that smoothes the effects of short-term volatility in the market value of assets.

D. Unfunded Actuarial Accrued Liability (UAAL): The UAAL is the Actuarial Accrued Liability (AAL) minus the value of any assets (AVA) that have been irrevocably set aside to fund future benefits.

E. Annual Required Contribution (ARC): The annual required contribution, or ARC, refers to the amount needed to be contributed by employers to adequately fund an OPEB plan. The ARC is the sum of two factors: a) the cost of OPEB benefits being accrued in the current year (known as the normal cost), plus b) the cost to amortize, or pay off, the OPEB plan's unfunded liability. The ARC is the required employer contribution after accounting for other revenue, chiefly expected investment earnings and contributions from employee participants.

F. Discount Rate: The interest rate used to bring future cash flows to the present to account for the time value of money

APPENDIX A: OPEB Questionnaire to Public Agencies (cont'd)

Agency Identification

1. Name of Responding Agency. _____

Separate Investment Accounts

Please respond to this set of questions with regard to the existence of a separate investment account into which you may deposit each year's funds for amortizing your retiree health care benefits' UAAL?

2. Do you have such a separate investment account?

3. If you have a separate investment account, when did you set up that account?

4. If you do have such a separate investment account, what, is its current value?

5. If you do have a separate investment account, what is the value of your deposits into that account for each of the fiscal years 2011-2012 to the present?
- (1) Fiscal Year 2011-2012 _____
 - (2) Fiscal Year 2012-2013 _____
 - (3) Fiscal Year 2013-2014 _____
 - (4) Fiscal Year 2014-2015 _____
 - (5) Fiscal Year 2015-2016 _____
6. If you have any other accounts to fund retiree health care benefits, please identify the nature, purpose and current value of those account(s).

7. If you do not have an investment account to fund retiree healthcare benefits why not?

APPENDIX A: OPEB Questionnaire to Public Agencies (cont'd)

Annual Required Contribution ("ARC")

8. What is your ARC for each of the fiscal years 2011-2012 to the present?

- (1) Fiscal Year 2011-2012 _____
- (2) Fiscal Year 2012-2013 _____
- (3) Fiscal Year 2013-2014 _____
- (4) Fiscal Year 2014-2015 _____
- (5) Fiscal Year 2015-2016 _____

9. Have you committed to fully fund each year's ARC?

10. If you have you committed to fully fund each year's ARC, when did you make that commitment? _____

11. If you have you committed to fully fund each year's ARC in what amount did you fund each year's ARC for fiscal years 2011-2012 to the present?

- (1) Fiscal Year 2011-2012 _____
- (2) Fiscal Year 2012-2013 _____
- (3) Fiscal Year 2013-2014 _____
- (4) Fiscal Year 2014-2015 _____
- (5) Fiscal Year 2015-2016 _____

12. If you have you not committed to fully fund each year's ARC, in what amount did you fund each year's ARC for fiscal years 2011-2012 to the present?

- (1) Fiscal Year 2011-2012 _____
- (2) Fiscal Year 2012-2013 _____
- (3) Fiscal Year 2013-2014 _____
- (4) Fiscal Year 2014-2015 _____
- (5) Fiscal Year 2015-2016 _____

APPENDIX A: OPEB Questionnaire to Public Agencies (cont'd)

13. What discount rate(s) have you used to calculate your ARC for each year for fiscal years 2011-2012 to the present?

- (1) Fiscal Year 2011-2012 _____
- (2) Fiscal Year 2012-2013 _____
- (3) Fiscal Year 2013-2014 _____
- (4) Fiscal Year 2014-2015 _____
- (5) Fiscal Year 2015-2016 _____

14. Please explain how you arrived at such discount rate(s) for fiscal years 2011-2012 to the present.

15. Please specify the amortization period which you have used for each year fiscal year from 2011-2012 to the present to calculate your ARC and to fund your retiree health care benefits UAAL.

- (1) Fiscal Year 2011-2012 _____
- (2) Fiscal Year 2012-2013 _____
- (3) Fiscal Year 2013-2014 _____
- (4) Fiscal Year 2014-2015 _____
- (5) Fiscal Year 2015-2016 _____

Negotiations to Reduce OPEB Obligations

16. If from fiscal years 2011-2012 to the present you have negotiated any caps with any employee group(s) or negotiating group(s) on the amounts you commit to pay existing or new employees for retiree health care benefits, please specify the following for each negotiating group:

- (1) The employee group(s) or negotiating group(s):

APPENDIX A: OPEB Questionnaire to Public Agencies (cont'd)

(2) The nature of the cap: _____

(3) The date such cap was negotiated: _____

(4) Whether applicable to both new and existing employees:

(5) If there is no negotiated cap, what is your cap?

17. If from fiscal years 2011-2012 to the present you have negotiated with any employee group or negotiating group a higher retirement age on the amounts you commit to pay existing or new employees for retiree health care benefits, please specify the following for each employee group(s) and negotiating group(s):

(1) The employee group(s) or negotiating group(s):

(2) The change in retirement age: _____

(3) The date such higher retirement age was negotiated: _____

(4) Whether the higher retirement age is applicable to both new and existing employees: _____

18. If from fiscal years 2011-2012 to the present you have negotiated with any employee group(s) or negotiating group(s) to require active employees to contribute towards the cost of their retiree health care benefits, please specify the following for each employee group(s) and negotiating group(s):

(1) The employee group(s) or negotiating group(s):

(2) The nature of employee contribution:

(3) Whether you increased the employee's compensation to satisfy part of this contribution:

(4) The date such increased contribution went into effect: _____

APPENDIX A: OPEB Questionnaire to Public Agencies (cont'd)

(5) Whether applicable to both new and existing employees:

(6) The amount of the employee contribution:

19. Please explain the nature of reduction in OPEB benefits, if any, when a recipient becomes eligible for Medicare.

20. What OPEB benefits (by type and agency funding amount) do you offer to your employees. If the benefits differ between employee group or negotiating groups or based on date of hire, please explain.

Your Website

21. Is there a link on your website to provide the latest following information?

- (1) actuarial valuation of your AAL,
- (2) your UAAL,
- (3) its consequent percent funded,
- (4) the Discount Rate (annual percentage) used to determine these values, and
- (5) a projection of outlays ("Pay-Go") for retiree health care benefits for each of the current and subsequent 10 years?

(Collectively "Website Link")

22. If you maintain a Website Link, when was this information first put on your website?

23. With regard to the Website Link information, to the extent such information is not on your website, why not?

APPENDIX A: OPEB Questionnaire to Public Agencies (cont'd)

24. Please provide us the URL for the website page(s) that display this Website Link information.

Financial Reporting

25. Please provide the audited Comprehensive Annual Financial Report (CAFR) for fiscal year 2012 (2011-2012) in one of the following formats:

- (1) a hyperlink to a publicly available web site containing the appropriate PDF document (preferred): _____
- (2) a digital copy of the appropriate PDF file, or
- (3) a printed document.

APPENDIX B: Example Actuarial Valuation Certification

ACTUARIAL VALUATION CERTIFICATION

This report presents the City of Novato's Retiree Healthcare Plan ("Plan") January 1, 2014 actuarial valuation. The purpose of this valuation is to:

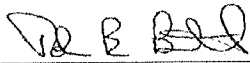
- Determine the Governmental Accounting Standards Board Statement Nos. 43 and 45 January 1, 2014 Benefit Obligations,
- Determine the Plan's January 1, 2014 Funded Status, and
- Calculate the 2014/15 and 2015/16 Annual Required Contributions.

The report provides information intended for reporting under GASB 43 and 45, but may not be appropriate for other purposes. Information provided in this report may be useful to the City for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

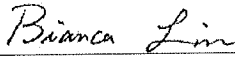
The valuation is based on Plan provisions, participant data, and asset information provided by the City as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASB 43 and 45. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,



John E. Bartel, ASA, MAAA, FCA
President
Bartel Associates, LLC
October 28, 2014






Bianca Lin, FSA, MAAA, EA
Assistant Vice President
Bartel Associates, LLC
October 28, 2014

Source: "City of Novato Retiree Healthcare Plan." City of Novato, California. January 1, 2014.

APPENDIX C: Finding Key OPEB Information in CAFRs or Audits

Where can people find important OPEB-related information in an agency's financial reports?

Example from a Municipality's Comprehensive Annual Financial Report (CAFR) (note: no prefunding contributions made):

NOTE 10 - Postemployment Benefits Other Than Pensions		
Development of 2015 / 2016 Fiscal Year		
Annual OPEB Cost - Based on a 4.00% discount rate		
	Actuarial Accrued Liability	\$ 3,629,754
	Actuarial Value of Assets	-
	Unfunded Actuarial Accrued Liability	<u>\$ 3,629,754</u>
	Amortization Period	23 years
	Annual % of Payroll Amortization of Unfunded AAL	\$ 119,323
	Normal Cost (based on the Entry Age Normal Method)	<u>177,525</u>
	Annual Required Contribution	296,848
	Interest on Net OPEB Obligation	73,576
	Adjustment to ARC	<u>(89,962)</u>
	Annual OPEB Cost	280,462
	Pay-as-you-go Cost	<u>(105,580)</u>
	Increase in net OPEB Obligation	174,882
	Net OPEB Obligation - beginning of year	1,839,397
	Net OPEB Obligation - end of year	<u>\$ 2,014,279</u>

Example from a Municipality's Comprehensive Annual Financial Report (CAFR):

Required Supplementary Information Schedule of Funding Progress (unaudited) Other Postemployment Benefits Plan As of June 30, 2016						
The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend information from the actuarial studies is presented below:						
Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(a-b)/c]
July 1, 2008	\$ 1,747,300	\$ -	\$ 1,747,300	0%	\$ 3,725,600	46.9%
July 1, 2011	\$ 1,941,900	\$ -	\$ 1,941,900	0%	\$ 4,068,100	47.7%
July 1, 2014	\$ 1,628,827	\$ -	\$ 1,628,827	0%	\$ 1,999,530	81.5%

APPENDIX C: Finding Key OPEB Information in CAFRs or Audits (cont'd)

Example from School District's Audit:

ARC →	Annual required contribution (ARC)	\$ 24,585
	Interest on net OPEB obligation	(499)
	Adjustment to ARC	<u>1,537</u>
	Annual OPEB cost	25,623
Contribution →	Contributions made:	
	Contributions from governmental funds	<u>(19,944)</u>
	Decrease in net OPEB (asset)	5,679
	Net OPEB Obligation (asset) - July 1, 2015	<u>(12,465)</u>
	Net OPEB Obligation (asset) - June 30, 2016	<u><u>\$ (6,786)</u></u>

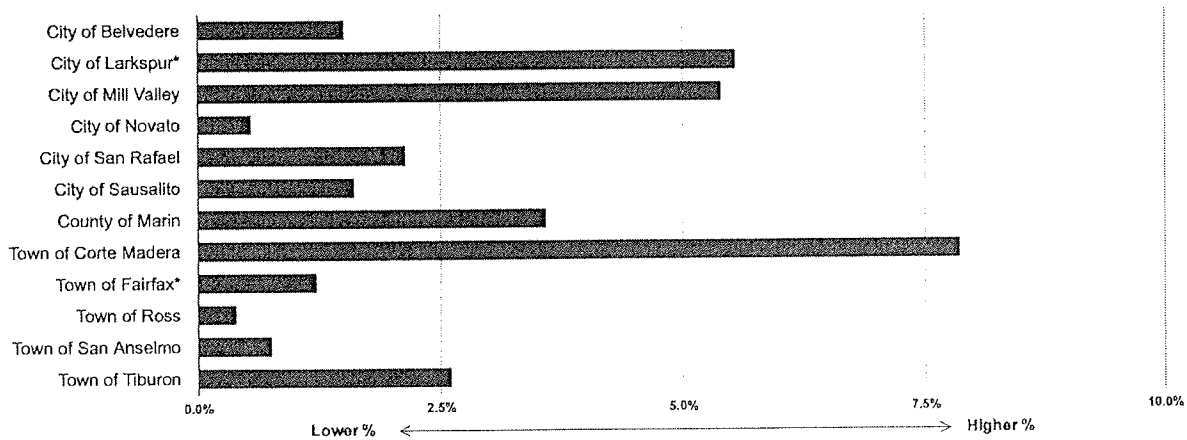
Funded Status and Funding Progress - OPEB Plans
 As of July 1, 2014, the most recent actuarial valuation date, the District did not have a funded plan. The actuarial liability (AAL) for benefits was \$189,127 and the unfunded actuarial accrued liability (UAAL) was \$189,127.

APPENDIX D: Marin Municipalities' ARC as a Percentage of Total Revenue

The amount of an agency's annual required contribution (ARC) can be compared to its total revenue. A higher percentage may signal future budgetary challenges if not properly managed.

Municipality	UAAL FY 2012	UAAL FY 2016	UAAL Change	ARC FY 2016	Total Revenue FY 2016
City of Belvedere	\$374,116	\$1,036,193	662,077	\$118,105	\$7,855,000
City of Larkspur*	\$7,493,551	\$13,698,307	6,204,756	\$1,165,424	\$21,009,094
City of Mill Valley	\$24,481,979	\$20,156,488	(4,325,491)	\$2,157,955	\$39,916,000
City of Novato	\$2,786,000	\$3,673,318	887,318	\$262,000	\$47,954,000
City of San Rafael	\$24,295,000	\$32,727,000	8,432,000	\$2,148,000	\$100,490,000
City of Sausalito	\$6,646,550	\$5,730,670	(915,880)	\$428,391	\$26,588,325
County of Marin	\$382,720,000	\$294,375,000	(88,345,000)	\$21,937,000	\$611,801,000
Town of Corte Madera	\$11,790,000	\$9,704,000	(2,086,000)	\$1,855,000	\$23,593,928
Town of Fairfax*	\$1,024,300	\$835,400	(188,900)	\$116,600	\$9,212,366
Town of Ross	\$417,000	\$383,000	(34,000)	\$36,000	\$9,264,385
Town of San Anselmo	\$1,941,900	\$1,628,827	(313,073)	\$147,364	\$19,216,454
Town of Tiburon	\$2,900,736	\$3,629,754	729,018	\$296,848	\$11,341,758

Municipalities: FY 2016 ARC as Percentage of Total Revenue

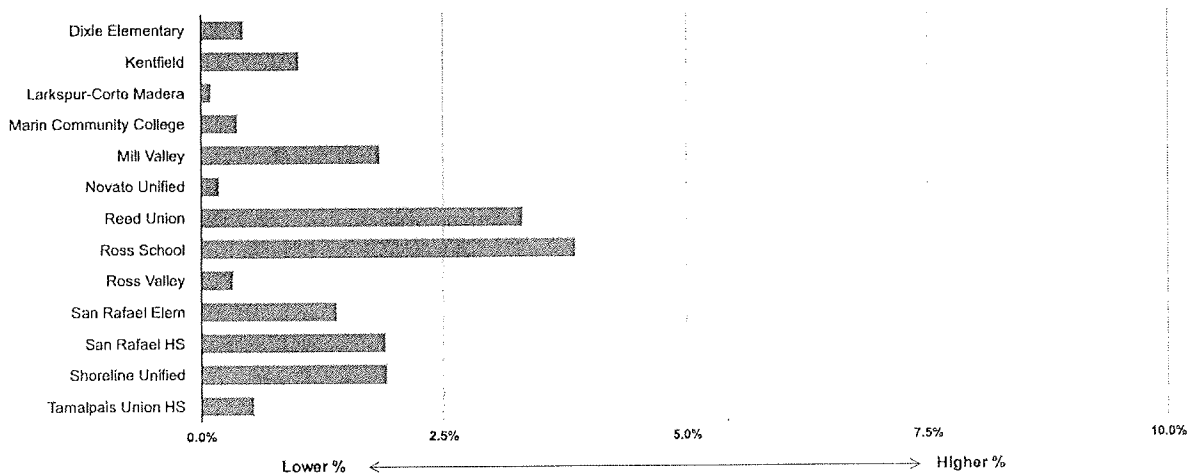


APPENDIX E: Marin School Districts' ARC as a Percentage of Total Revenue

The amount of an agency's annual required contribution (ARC) can be compared to its total revenue. A higher percentage may signal future budgetary challenges if not properly managed.

School District	UAAL FY 2012	UAAL FY 2016	UAAL Change	ARC FY 2016	Total Revenue FY 2016
Dixie Elementary	\$1,057,000	\$1,128,416	71,416	\$114,463	\$25,361,193
Kentfield	\$1,432,000	\$1,340,399	(91,601)	\$199,312	\$19,712,081
Larkspur-Corte Madera	\$207,671	\$189,127	(18,544)	\$24,585	\$21,966,152
Marin Community College	\$6,604,85	\$877,366	(5,727,491)	\$261,064	\$67,403,849
Mill Valley	\$2,159,158	\$4,662,117	2,502,959	\$945,212	\$50,815,837
Novato Unified	\$823,300	\$1,503,161	679,861	\$175,235	\$94,185,666
Reed Union	\$2,730,727	\$5,867,732	3,137,005	\$855,510	\$25,711,228
Ross School	\$2,085,000	\$3,086,992	1,001,992	\$338,061	\$8,748,369
Ross Valley	\$1,838,000	\$1,561,792	(276,208)	\$98,513	\$29,323,920
San Rafael Elem	\$5,462,058	\$6,200,000	737,942	\$880,377	\$62,306,271
San Rafael HS	\$4,943,154	\$5,400,000	456,846	\$726,362	\$37,919,147
Shoreline Unified	\$1,798,111	\$2,013,470	215,359	\$286,133	\$14,823,677
Tamalpais Union HS	\$3,892,000	\$3,053,537	(838,463)	\$505,711	\$92,371,238

School Districts: FY 2016 ARC as Percentage of Total Revenue

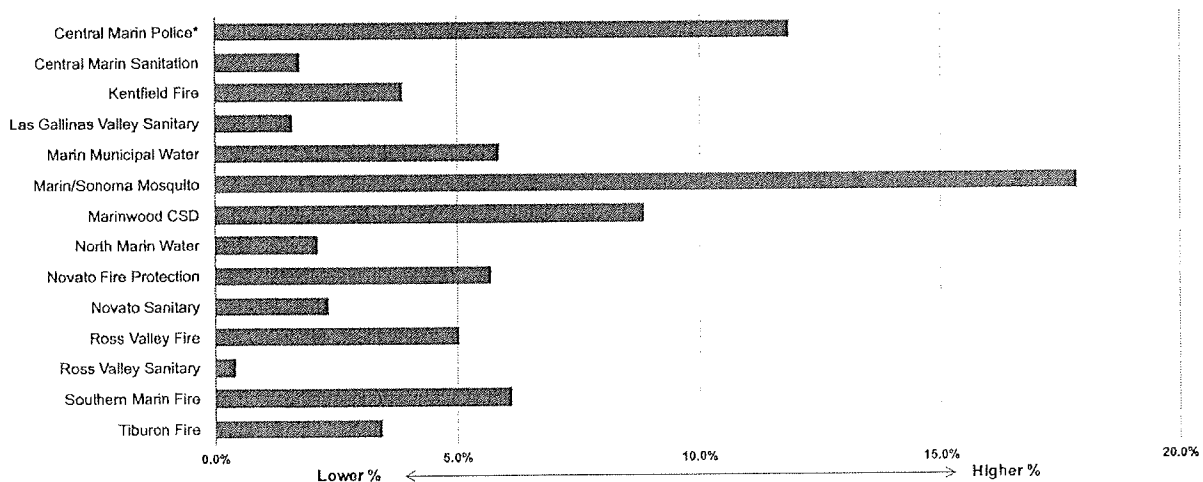


APPENDIX F: Special Districts' ARC as a Percentage of Total Revenue

The amount of an agency's annual required contribution (ARC) can be compared to its total revenue. A higher percentage may signal future budgetary challenges if not properly managed.

Special District	UAAL FY 2012	UAAL FY 2016	UAAL Change	ARC FY 2016	Total Revenue FY 2016
Central Marin Police*	\$7,493,551	\$15,155,425	7,661,874	\$1,321,032	\$11,087,891
Central Marin Sanitation	\$2,872,049	\$2,496,424	(375,625)	\$301,327	\$16,952,527
Kentfield Fire	\$2,004,784	\$2,146,412	141,628	\$195,606	\$5,014,333
Las Gallinas Valley Sanitary	\$1,985,486	\$2,094,980	109,494	\$211,861	\$12,976,695
Marin Municipal Water	\$34,264,000	\$33,104,000	(1,160,000)	\$3,683,000	\$62,502,430
Marin/Sonoma Mosquito	\$12,030,407	\$15,038,000	3,007,593	\$1,542,000	\$8,638,747
Marinwood CSD	\$4,422,797	\$6,477,757	2,054,960	\$518,769	\$5,837,007
North Marin Water	\$3,470,834	\$4,085,375	614,541	\$384,385	\$17,912,719
Novato Fire Protection	\$16,751,185	\$13,567,350	(3,183,835)	\$1,596,595	\$27,838,320
Novato Sanitary	\$6,112,283	\$6,313,211	200,928	\$452,506	\$19,299,289
Ross Valley Fire	\$4,917,120	\$5,121,615	204,495	\$485,075	\$9,598,396
Ross Valley Sanitary	\$302,766	\$693,717	390,951	\$109,118	\$23,623,985
Southern Marin Fire	\$5,285,282	\$7,089,540	1,804,258	\$916,153	\$14,911,632
Tiburon Fire	\$2,269,028	\$2,182,181	(86,847)	\$249,592	\$7,184,792

Special Districts: FY 2016 ARC as Percentage of Total Revenue



APPENDIX G: GASB 45 vs. GASB 75 Overview

GASB 45 ^{55,56}	GASB 75 ^{57,58,59,60}	Effect
Actuarial valuations required every 2 or 3 years (based on number of OPEB plan members), with optional alternative measurement method if fewer than 100 plan members.	Actuarial valuation required every 2 years for all OPEB plans, with optional alternative measurement method if fewer than 100 plan members.	More current picture of actuarial liability.
No single discount rate is required when an employer contributes less than ARC but has <i>some</i> plan assets.	Requires single discount rate that reflects (1) a long-term rate on plan assets to the extent they are projected to always be sufficient to cover projected payments, and (2) a municipal bond (<i>lower</i>) rate for the years when plan assets are not projected to cover projected payments. The projection must be based in part on whether the employer has a policy and practice to make its benefit payments.	Improves consistency, comparability and transparency of OPEB liability reporting. Long-term liability is more accurately stated.
Only "net OPEB obligation" required on face of balance sheet. Unfunded liability (UAAL) reported in plan notes in CAFR (Comprehensive Annual Financial Report) or Audit.	Net OPEB Liability (NOL) reported on the face of the balance sheet. NOL equals actuarial accrued liability (TOL) minus market value of plan assets (FNP). NOL same as UAAL with some technical differences.	Financial reporting of OPEB liabilities parallels GASB 68 for pension reporting.
Provides for limited disclosures in financial statement notes and required supplementary information schedules.	Provides for more extensive disclosures in financial statement notes and schedules. The note disclosures include (1) an explanation of how and why the NOL changed from year to year, (2) a description of contribution requirements and how they are determined, (3) a statement of assumptions and other inputs used to measure, (4) detailed information about the discount rate used, and (5) NOL calculations with 1% increases and decreases in medical trend rate and discount rate.	Improves transparency of OPEB liability reporting.
Six acceptable actuarial cost methods	Must use a single actuarial cost method (<i>entry age actuarial cost method</i>).	Improves consistency, comparability, and transparency of OPEB liability reporting
Permits a choice between open or closed amortization periods.	Must use a defined closed period amortization for expenses.	Improves consistency, comparability, and transparency of OPEB liability reporting

⁵⁵ "Summary of Statement No. 45: Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." *Governmental Accounting Standards Board*. June 2004

⁵⁶ "Guide to Implementation of GASB Statements 43 and 45 on Other Postemployment Benefits." *Governmental Accounting Standards Board*. 2005.

⁵⁷ "Summary of Statement No. 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." *Governmental Accounting Standards Board*. June 2015.

⁵⁸ "Overview of GASB Statements 73, 74, and 75." *Milliman*. March 2016

⁵⁹ "Brief Summary of New OPEB Accounting Standards: GASB 74 and 75." *Bartel Associates*. July 2015.

⁶⁰ "GASB Approves New OPEB Employer Accounting Standard (No. 75)." *Bartel Associates*. July 2015.

APPENDIX H: Example Financial Literacy Classes and Presentations

County Financial Reporting and Budgeting for Nonfinancial Professionals

Understand and interpret county financial reports

This course provides the tools for decision-makers, elected officials, senior managers – other than accountants and auditors – who want to have an overview understanding of government financial reporting. Participants discuss budgets, financial statements and the audit, and at the 30,000' level what each of those is saying (or not saying!). Participants should bring questions about terms or concepts they have encountered as part of their interaction with county and government financial reporting. The discussion reviews terms and definitions used with government financial reporting and strategies on how to read financial statements and auditor reports to identify critical information and understand what it means ... in plain English!

From: *California State Association of Counties*

Financial Management: Debt and Investment of Public Funds

Make informed decisions about the use of public resources

Elected and appointed officials make critical decisions on the issuance and administration of debt, and the investment of public funds, but may have little experience or depth of knowledge on this complicated subject. This class provides a foundation on understanding debt, debt capacity, options, and county policy on debt. It examines the fiduciary responsibilities of elected and appointed officials and then explores investment of public funds. An overview of prudent investment policy, portfolio strategy and the role of the investment advisors are also explored.



Retiree Health Benefits The Funding Issue

- Unlike pensions, health benefits have not been pre-funded for a long period of time
 - ▶ Most plan sponsors nationwide have not pre-funded health benefits either
 - ▶ Currently very little investment income to help pay benefits
- Costs rise as more members retire, and health inflation outpaces general inflation
- Pre-funding contribution rates have been calculated since 1999 – but pre-funding started only recently



Circumstances That Would Increase Projected Costs

- Medicare funding reductions or cost shifting
- Unexpected new benefit recipients (from health benefit cutbacks of other employers)
- Medical inflation worse than assumed; the actual future contributions will depend on future per capita health cost increases (health inflation)^{*}
- Lower than expected investment returns; bigger impact as plan assets grow
- This is not a complete list

* Medicare costs are projected to increase 9% the first year, graded down to 3.5% in the tenth and later years.

GRS

GRS

From: "Michigan State Employees: Retiree Health Actuarial Valuation." *Gabriel Roeder Smith & Company*. 30 Sep. 2015

7

MEMORANDUM

To: Board of Directors August 11, 2017

From: Rocky Vogler, Chief Engineer *RW*
David Jackson, Associate Engineer *DJ*

Re: Recycled Water Central Service Area – On-Site Private Retrofit Construction Project
– Approve Bid Advertisement

R:\Folders by Job No\6000 jobs\6058 RW Central\BOD Memos\6058 Retrofit memo re approval for bid advertisement 8-11-2017.docx

RECOMMENDED ACTION: Board Authorize Bid Advertisement of the Recycled Water Central Service Area – On-Site Private Retrofit Construction Project

FINANCIAL IMPACT: Estimated at \$488,000 (included in FY18 Budget)

Background

The Recycled Water Central Service Area On-Site Private Retrofit Construction Project (On-Site Retrofit) consists of on-site retrofits to convert 29 customer sites from current potable water use for irrigation to recycled water use (see Attachments 1 and 2 for maps of the sites). The Novato Sanitary District Davidson Recycled Water facility will provide the recycled water through the distribution system installed by the East and West area construction contracts. The final step in delivery of recycled water is the on-site retrofits. The retrofits have been designed per state regulations and NMWD standards. District staff is ready to move forward to the bid phase for the On-Site Retrofit project.

The following project schedule identifies key dates including the proposed bid advertising date.

SCHEDULE

Advertise Project	August 18, 2017
Plans & Specs available	August 18, 2017
Pre-Bid Meeting	August 31, 2017
Bid Opening	September 21, 2017
Board Authorization of Award (tentative)	October 3, 2017
Notice of Award (tentative)	October 5, 2017
Notice to Proceed (tentative)	October 9, 2017
Construction Complete (tentative)	January 7, 2018

Project Description and Costs

The On-Site Retrofit project includes 29 sites. These are: six commercial locations on Rowland Way, eight sites in the Vintage Oaks shopping center, six sites at the Seascope Village HOA, The Redwoods, Western Oaks Village HOA, Cheda Acres HOA, Redwood Townhomes HOA, Scottsdale Lake HOA, Village Circle HOA, Villa Entrada HOA, Sequoia Glen HOA, and the Inn Marin. The contractor's work includes disconnecting the existing customer irrigation system from the potable water meter, installation of new piping from the recycled water meter to the irrigation system connection points, installation of signage, markers and tagging that identifies the potable and recycled water appurtenances, and other tasks as specified in the design drawings.

The engineering construction cost estimate for On-Site Retrofit project is \$488,000 and is District funded. An additional bid item is included in this project to complete the transfer of nine public sites to recycled water. These nine sites were part of the West side construction contract. The completion of the connection of these sites to recycled water was deferred due to the delay in construction of the Highway 101 crossing. The estimated cost of this item is \$10,000 and funded by the West side construction project funds. Costs to connect the nine public sites are eligible for state funding assistance. However, the private site retrofit work is not eligible.

RECOMMENDATION

Board authorize bid advertisement of the Recycled Water Central Service Area – On-Site Private Retrofit Construction Project.

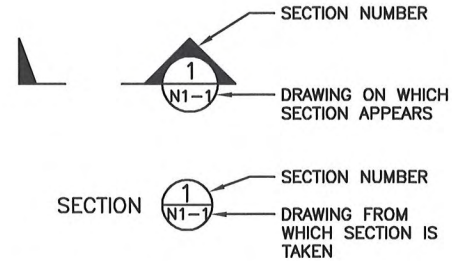
CENTRAL SERVICE AREA PRIVATE RETROFIT SITES - EAST



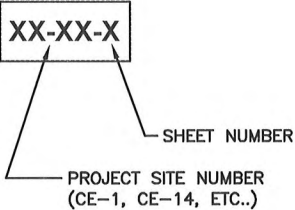
- CE-5 - SUTTER HEALTH 165 ROWLAND WAY
- CE-9 - SUTTER HEALTH 101 ROWLAND WAY
- CE-13 - OFFICE BUILDING 84/88 ROWLAND WAY
- CE-8 - ROLAND PLAZA OWNERS ASSOCIATION 5 ROWLAND WAY
CE-12 - CHICK-FIL-A 35 ROWLAND WAY
- CE-4 - TACO BELL 180 ROWLAND BLVD
- CE-6 - VINTAGE OAKS SHOPPING CENTER 122 VINTAGE WAY
- CE-6 - VINTAGE OAKS SHOPPING CENTER 111 VINTAGE WAY
- CE-6 - VINTAGE OAKS SHOPPING CENTER 142 VINTAGE WAY
- CE-6 - VINTAGE OAKS SHOPPING CENTER 214 VINTAGE WAY
- CE-6 - VINTAGE OAKS SHOPPING CENTER 216 VINTAGE WAY-IN AND OUT
- CE-6 - VINTAGE OAKS SHOPPING CENTER 210 VINTAGE WAY

SECTION AND DETAIL NUMBERING SYSTEM:

- 1) SECTION CUT ON DWG N1
- 2) ON DWG N1 THIS SECTION IS IDENTIFIED AS
- 3) DETAILS ARE CROSS-REFERENCED IN A SIMILAR MANNER, EXCEPT THAT DETAILS ARE IDENTIFIED BY LETTER RATHER THAN NUMBER.



RETROFIT SITE SHEET NUMBERING SYSTEM:



NOT TO SCALE

RECYCLED WATER ONSITE RETROFIT CONSTRUCTION PROJECT
CENTRAL SERVICE AREA - TASK 2



Russell D. Mitchell Associates, Inc.
2760 Camino Diablo
Walnut Creek, CA 94597
tel 925.939.3985 • fax 925.932.5671
www.rdmassociates.com

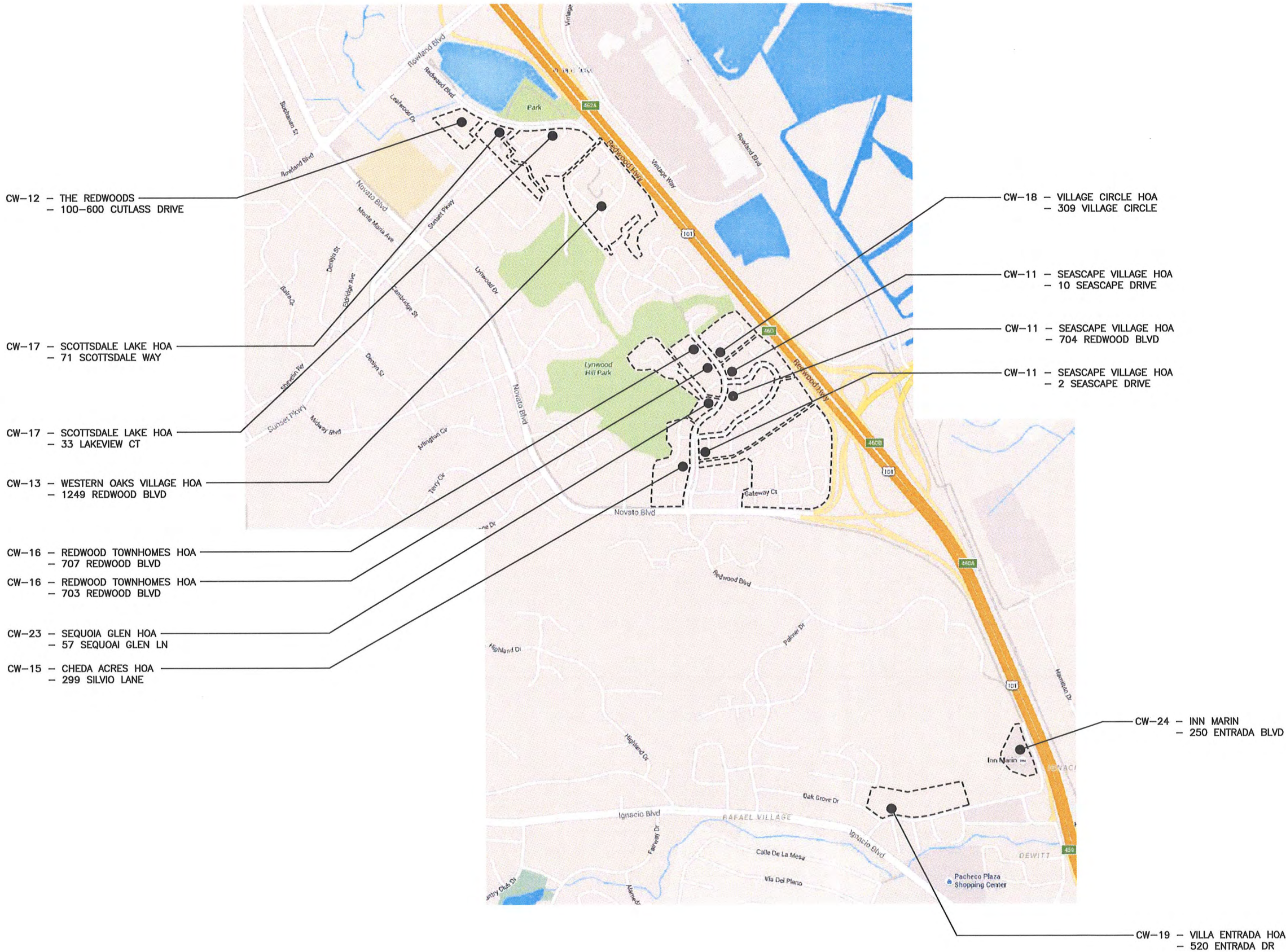
NO.	DATE	REVISION	BY	APP.
1		ISSUED FOR BID		

NORTH MARIN WATER DISTRICT
NOVATO, CALIFORNIA

GENERAL SITE PLAN
EAST

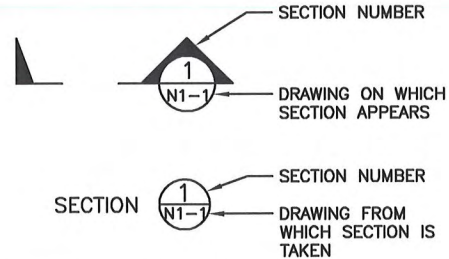
DES	DR	CH	SCALE	: AS NOTED
CM	LB		DATE	: 04/18/2017
APPROVED: CHIEF ENGINEER			SHEET	
R.E. C75950			SERVIC AREA	

CENTRAL SERVICE AREA PRIVATE RETROFIT SITES - WEST

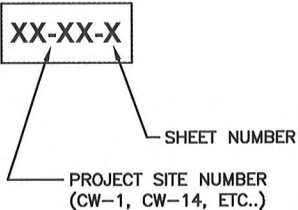



SECTION AND DETAIL NUMBERING SYSTEM:

- 1) SECTION CUT ON DWG N1
- 2) ON DWG N1 THIS SECTION IS IDENTIFIED AS
- 3) DETAILS ARE CROSS-REFERENCED IN A SIMILAR MANNER, EXCEPT THAT DETAILS ARE IDENTIFIED BY LETTER RATHER THAN NUMBER.




RETROFIT SITE SHEET NUMBERING SYSTEM:



RECYCLED WATER ONSITE RETROFIT CONSTRUCTION PROJECT CENTRAL SERVICE AREA - TASK 2																					
		Russell D. Mitchell Associates, Inc. 2760 Camino Diablo Walnut Creek, CA 94597 tel 925.939.3985 ♦ fax 925.932.5671 www.rdmairrigation.com																			
<table border="1"><tr><td>NO.</td><td>DATE</td><td>ISSUED FOR BID</td><td>REVISION</td><td>BY</td><td>APP.</td></tr><tr><td colspan="6">NORTH MARIN WATER DISTRICT NOVATO, CALIFORNIA</td></tr><tr><td colspan="6">GENERAL SITE PLAN WEST</td></tr></table>				NO.	DATE	ISSUED FOR BID	REVISION	BY	APP.	NORTH MARIN WATER DISTRICT NOVATO, CALIFORNIA						GENERAL SITE PLAN WEST					
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MEMORANDUM

To: Board of Directors
From: Drew McIntyre, General Manager 
Subject: Approve the North Bay Water Reuse Authority Fourth Amended Memorandum of Understanding
R:\Folders by Job No\7000 jobs\7127 NBWRA\Board Memos\Approve NBWRA 4th MOU BOD MEMO.doc

Date: August 11, 2017

RECOMMENDED ACTION: Approve the Fourth Amended Memorandum of Understanding (MOU), and authorize Board President to sign the MOU

FINANCIAL IMPACT: None. Already included in FY18 budget

The NBWRA Memorandum of Understanding (MOU) was first approved in March 2005 by the original five member agencies. One minor amendment related to the use of recycled water was made to the first amended version in September 2008. The Second Amended MOU added NMWD and Napa County as member agencies and was agreed upon by the member agencies in November 2010. The Third Amended MOU (approved by the NBWRA Board in March 2013) added a non-voting associate membership, added Marin Municipal Water District and the City of Petaluma as new Phase 2 members, clarified voting procedures, specifically identified Phase 1 and Phase 2 participants (NMWD is only a Phase 1 participant) and, extended the term of the MOU from three to five years.

The member agencies received an initial draft of the Fourth Amended MOU at the May 22, 2017 NBWRA meeting. Between then and July 17, 2017 member agency staff and attorneys (including NMWD's legal counsel) reviewed the MOU and made various minor language changes.

A copy of this final draft MOU in redline/strikeout mode is attached herein (Attachment 1).

A summary of the recommended MOU revisions is presented below:

- Edits to Recitals
 - Better describe types of projects
 - Updates specific to Phase 1
 - Added items specific to Phase 2
- Updated and Added Definitions
 - Changes to update Phase 1 status
 - Added items specific to Phase 2
- Updated and Added Specific Sections
 - Changes to update Phase 1 status
 - Added items Specific to Phase 2

- Modifications to Exhibits
 - Exhibit A, Revised to Include City of American Canyon
 - Exhibit B, Updated Cost Sharing for Phase 1 Member Agencies
 - Exhibit C, Updated Federal Funding Received by Phase 1 Member Agencies
 - Exhibit D, Added Cost Sharing for Phase 2 Member Agencies
 - Exhibit E, Added Federal Funding for Phase 2 Member Agencies
- Miscellaneous Exhibits
 - Minor Edits
 - Renumbering Sections and References

The MOU is now ready to be approved by the NBWRA member agencies. The MOU will become effective when two thirds of the member agencies (seven of the ten) have approved and signed the MOU.

RECOMMENDATION

That the Board authorize approval of the North Bay Water Reuse Authority Fourth Amended Memorandum of Understanding (MOU), and authorize Board President to sign the MOU.

1 NORTH BAY WATER REUSE AUTHORITY

2 ~~THIRD~~ FOURTH AMENDED

3 MEMORANDUM OF UNDERSTANDING

4
5
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7
8
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11
12 Supersedes
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14

15	Memorandum of Understanding	March 15, 2005
16	First Amended Memorandum of Understanding	September 24, 2008
17	Second Amended Memorandum of Understanding	November 3, 2010
18	<u>Third Amended Memorandum of Understanding</u>	<u>March 25, 2013</u>

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**MEMORANDUM OF UNDERSTANDING
ESTABLISHING THE
NORTH BAY WATER REUSE AUTHORITY**

This Memorandum of Understanding ("MOU") establishes the North Bay Water Reuse Authority ("NBWRA") for the purposes described herein. This MOU is made and entered into by and between the parties that are signatories to this MOU. The MOU was first approved March 15, 2005. The first amendment to the MOU was approved September 24, 2008. The second amendment to the MOU was approved November 3, 2010. The third amendment to the MOU was approved March 25, 2013. This is the ~~third~~fourth amendment of the MOU that originally established the NBWRA. This ~~third~~fourth amendment to the MOU supersedes all previous versions of the MOU.

Recitals

WHEREAS, each of the parties to this MOU is a local government entity functioning within the North Bay Region, as depicted in **Exhibit A** attached hereto and incorporated by reference; and

WHEREAS, the parties desire to enter into an MOU to explore the feasibility of coordinating interagency efforts to expand the beneficial use of recycled water in the North Bay Region thereby promoting the conservation of limited surface water and groundwater resources; and

WHEREAS, the parties do not intend to create a separate public agency pursuant to Government Code §6500 et seq. through this MOU and no provision of this MOU should be so construed; and

WHEREAS, the parties hereto may later explore the feasibility of changing their organizational structure by establishing a Joint Powers Authority in a separate agreement that would advance the purpose and goals of the NBWRA, if construction projects are to be undertaken jointly or if such changes are necessary in order to receive federal or state funds; and

WHEREAS, the parties hereto recognize the value of using common resources effectively; and

WHEREAS, the parties hereto desire to be proactive on regulatory issues affecting the North Bay Region that transcend the traditional political boundaries of the parties; and

WHEREAS, the parties hereto desire to inform communities and the public in the North Bay Region about the importance of water conservation and the benefits of water reuse and water use efficiency; and

WHEREAS, the parties hereto wish to coordinate their consideration and review of local, state and federal policies and programs related to the expansion of existing recycled water programs and the development of new recycled, storage, and environmental enhancement water programs in the North Bay Region; and

WHEREAS, the parties hereto find that promoting the stewardship of water resources in the North Bay Region is in the public interest and for the common benefit of all within the North Bay Region; and

Comment [C1]: Edited to correspond to Governor's Executive Order Vocabulary.

Comment [C2]: Added to address projects in Phase 2.

WHEREAS, the parties recognize that there are current and future regulatory requirements which apply to water resources in the North Bay Region affecting one or more of said parties, and that these multiple regulatory requirements may be better addressed on a regional basis, and in a collaborative manner, and the parties wish to investigate more effective ways to share information and coordinate efforts to comply with said regulatory requirements; and

WHEREAS, the parties intend that participation in this MOU be entirely voluntary; and

WHEREAS, it is understood that the primary purpose of this MOU is to provide a governance structure, led by a Board of Directors consisting of members of the governing boards from the Member Agencies, for the successful completion of recycled water projects in the North Bay Region; ~~and.~~

WHEREAS, the parties previously applied for federal funds to assist them with implementing their projects; and

WHEREAS, the parties did receive funding, which is part of a program authorized for construction in PL 111-11 that was signed into law in March 2009. The program can receive appropriations through the United States Bureau of Reclamation's Title XVI program which can include funds from the American Recovery and Reinvestment Act of 2009 and the U.S. Department of Interior, Bureau of Reclamation's Title XVI Program, including the WaterSMART Grant Program; ~~and.~~

WHEREAS, Phase 1 includes receipt of the full \$25,000,000 federal authorization, and

WHEREAS, the parties completed ~~are currently conducting Scoping Feasibility Studies~~ for the ~~addition of potential additional~~ projects that are now part of ~~known as~~ Phase 2; ~~and. The magnitude of Phase 2 projects has not yet been determined, but would be determined by a~~

Comment [C3]: Updated to indicate the Feasibility Study has been completed.

~~Feasibility Study should the parties choose to conduct one. The results of a Feasibility Study may lead to additional modifications of this MOU.~~

Comment [C4]: Edited to close out Phase 1.

WHEREAS, the parties have completed a Feasibility Study for Phase 2 and the projects for Phase 2 have an estimated value of \$75,600,000, which have the potential to receive \$18,900,000 in federal funding; and

WHEREAS, the projects that are part of Phase 1 and Phase 2 receive federal funding from the United States Bureau of Reclamation Title XVI Program and are eligible to receive funding from other federal and state programs; and

WHEREAS, the parties may desire to add other water management programs in addition to water recycling, storage, and environmental enhancement in the future, which may require additional modifications to this MOU; and

Comment [C5]: New Recitals added to address Phase 2. Updated since last version to indicate the Feasibility Study has been completed.

WHEREAS, the parties understand that reallocation of costs described herein, can be made with the approval of the parties as provided herein.

NOW, THEREFORE, the parties hereto do hereby enter into this Memorandum of Understanding, as follows:

Memorandum of Understanding

1. Definitions. As used in this MOU, the following words and phrases shall have the meanings set forth below unless the context clearly indicates otherwise. For convenience, these definitions are listed alphabetically.

Comment [C6]: As noted, the definitions have been organized alphabetically to reduce the number of edits and make it easier for the member agencies to review.

(a) "Administrative Agency" shall mean that Member Agency authorized pursuant to Section 12 to enter into contracts and perform other administrative functions on behalf of the NBWRA.

(b) "Associate Member" shall mean a local and/or regional public agency ~~as described in~~
~~Section 4(e)~~ regulated under the Clean Water Act, 33 U.S.C. § 1251 et seq., the federal
 Safe Drinking Water Act, 42 U.S.C. § 300f et seq., and/or the state Safe Drinking Water
 Act, Health & Safety Code § 116275 et seq., that operates within or has jurisdiction over
 any area within the North Bay Region, or other organizations interested in the Purpose and
 Objectives of NBWRA. Associate Members may not sponsor ~~current~~ projects in Phase 1 or
 Phase 2 but may partner with Member Agencies. Associate Members are entitled to appoint
 one non-voting representative to the Board of Directors and to the Technical Advisory
 Committee.

Comment [C7]: Section revised based on advice from Sonoma County Counsel.

(c) "Board of Directors" shall mean the governing body composed of members of the
 governing boards of the Member Agencies established pursuant to this MOU.

(d) "Construction Project" shall mean a project described in either the Phase 1 EIR/EIS or the
 Phase 2 EIR/EIS ~~should one be completed.~~

~~(d)~~(e) "Joint Use Costs" shall mean those costs that are not easily differentiated between
 Phase 1 and Phase 2 since they benefit the entire program and not just a particular set of
 projects. These costs may include but not be limited to program management and program
 development costs; ~~costs of efforts to obtain federal funding; federal authorization and~~
~~appropriations; state funding and legislation;~~ program technical support; outreach and
 community support; and administrative agency management and oversight in support of
 the program.

Comment [C8]: Revised section to accurately reflect shared costs and to indicate that both Phase 1 and Phase 2 agencies share equally. Once all Phase 1 projects are completed, a Phase 1 agency could drop down to Associate Member and only pay the \$5,000 annual fee.

~~(e)~~(f) "Member Agency" or "Member Agencies" shall mean the local and/or regional
 public agencies regulated under the Clean Water Act, 33 U.S.C. § 1251 et seq., the federal

Safe Drinking Water Act, 42 U.S.C. § 300f et seq., and/or the state Safe Drinking Water Act, Health & Safety Code § 116275 et seq., that operate within or have jurisdiction over any area within the North Bay Region, and that are signatories to this MOU. Member Agencies are entitled to one voting member on the Board of Directors and Technical Advisory Committee as defined herein.

(g) “MOU” shall mean this ~~third~~fourth amended Memorandum of Understanding.

(h) “NBWRA” shall mean the unincorporated, cooperative group of public agencies organized through this MOU and otherwise referred to as the North Bay Water Reuse Authority.

(i) “North Bay Region” shall mean the four counties ~~located~~ identified in the North San Pablo Bay watershed as identified defined in in PL 111-11, Section 9110, Title XVI; 43 U.S.C. 390h-34 43 U.S.C. 390h-34: Marin, Napa, Solano, and Sonoma. Said area is depicted on the map attached hereto and incorporated herein as **Exhibit A**.

Comment [C9]: Revised based on advice from Sonoma County Counsel.

(j) “Phase 1” shall mean the projects described as Phase 1 of Alternative 1 of the Phase 1 EIR/EIS. It is understood that minor modifications to said projects may occur as actual design and construction occurs and that the individual agencies are responsible for possible modifications to the requirements of the Phase 1 EIR/EIS. Phase 1 participating Member Agencies include: Las Gallinas Valley Sanitary District, Novato Sanitary District, North Marin Water District, Sonoma Valley County Sanitation District, Sonoma County Water Agency, Napa Sanitation District, and Napa County.

(k) “Phase 1 Costs” shall mean those costs associated with engineering, ~~and~~ environmental analysis, portions of program development, federal advocacy, as well as

Comment [C10]: Edited to better describe Phase 1 costs.

other costs deemed necessary and approved by the Board, that are associated with the construction of projects described in "Phase 1", above.

~~(h)~~(l) "Phase 1 EIR/EIS" shall mean the Environmental Impact Report/Environmental Impact Statement, prepared by Environmental Science Associates, that was certified and or approved by the Member Agencies during December 2009 and January 2010 and which serves as the basis of the Phase 1 projects to be partially funded by USBR through the Title XVI Program.

~~(h)~~(m) "Phase 2" shall mean the ~~remaining~~ projects defined in the Phase 2 EIR/EIS.

Comment [C11]: Revised to accommodate Phase 2.

~~Alternative 1 that are not included in Phase 1. Phase 2 shall also mean those potential projects described in the Final Report—Phase 2 Project Definition Scoping Study Report, prepared by CDM Smith. It is understood that those projects may change through the completion of the Phase 2 EIR/EIS, a Final Phase 2 Scoping Study and will not be finalized until a full Feasibility Study is completed.~~ Phase 2 participating Member Agencies include: ~~Las Gallinas Valley Sanitary District,~~ Novato Sanitary District, Sonoma Valley County Sanitation District, Sonoma County Water Agency, Napa Sanitation District, Marin Municipal Water District, ~~and~~ City of Petaluma and City of American Canyon.

~~(m)~~(n) "Phase 2 Costs" shall mean those costs associated with efforts to conduct Sscoping Sstudies, Wworkshops, Ffeasibility Sstudies, engineering, environmental analysis, specific administrative costs, portions of program development, federal advocacy, as well as other costs deemed necessary and approved by the Board, that are

Comment [C12]: Section revised to accurately reflect costs for Phase 2.

associated with the design and construction of ~~or obtaining federal funding for support of~~
~~said studies for~~ projects as described in "Phase 2", above.

(n)(o) "Phase 2 EIR/EIS" shall mean the Environmental Impact Report/Environmental
Impact Statement, which will be prepared by Brown and Caldwell, and which will be
considered for certification and approval by the Member Agencies by the end of 2018, and
which shall serve as the basis of the Phase 2 projects to be partially funded by USBR
through the Title XVI Program.

Comment [C13]: Added to
accommodate Phase 2.

Comment [C14]: Modified per
member agency request.

(e)(p) "Technical Advisory Committee" shall mean the administrative body established
at the discretion of the Board of Directors pursuant to this MOU.

(p)(q) "USBR" shall mean the United States Bureau of Reclamation.

- 5 2. **Purpose.** The purpose of NBWRA is to provide recycled water for agricultural, urban, and
environmental uses thereby reducing reliance on local and imported surface water and
groundwater supplies and reducing the amount of treated effluent released to San Pablo Bay
and its tributaries.
3. **Objectives.** NBWRA projects will promote the expanded beneficial use of recycled water in
the North Bay Region to:
- (a) Offset urban and agricultural demands on surface water and groundwater supplies;
 - (b) Enhance local and regional ecosystems;
 - (c) Improve local and regional water supply reliability;
 - (d) Maintain and protect public health and safety;
 - (e) Promote sustainable practices;
 - (f) Give top priority to local needs for recycled water, and

(g) Implement recycled water facilities in an economically viable manner.

4. Establishment of the NBWRA. There is hereby established the North Bay Water Reuse

Authority ("NBWRA"). The geographic boundaries of the NBWRA shall be the North Bay Region. (See **Exhibit A**). The NBWRA is an unincorporated association. By entering into this MOU, the parties do not intend to form a Joint Powers Authority pursuant to Government Code §6500 et seq.

5. NBWRA Membership. Any local and/or regional public agency regulated under the Clean Water Act, 33 U.S.C. § 1251 et seq., the federal Safe Drinking Water Act, 42 U.S.C. § 300f et seq., and/or the state Safe Drinking Water Act, Health & Safety Code § 116275 et seq., that operates within or has jurisdiction over any area within the North Bay Region may be a Member Agency or Associate Member of the NBWRA. Each Member Agency must be a signatory to this MOU. The Board of Directors may assess annual dues of \$5,000 for membership in the NBWRA for Associate Members. Dues shall be used to offset Joint Use Costs for the Member Agencies.

Comment [C15]: Deleted from Phase I Section and added here to avoid confusion.

~~5.6~~ Governance. NBWRA governance structure shall consist of a Board of Directors. The composition and responsibilities of the Board of Directors is detailed in Section 7.

~~6.7.~~ Board of Directors

(a) Membership. The Board of Directors of the NBWRA shall consist of one voting representative from each Member Agency and may include one non-voting representative from each Associate Member. Such representative shall be a member of the governing board of the Member Agency or Associate Member. The Member Agency or Associate

Member shall designate one representative and alternate(s) each of whom shall be members of the governing board of the Member Agency or Associate Member. In the event that a Member Agency's governing body representative and alternate(s) are unavailable for a particular meeting, the Member Agency's representative on the Technical Advisory Committee may serve as an alternate.

(b) Voting and Authorization Requirements. Each Member Agency representative on the Board of Directors shall have one vote. Except as set forth in subsections (i) and (iii) below and as otherwise specified herein, the affirmative vote of a majority of the voting members of the Board of Directors is required and is sufficient to approve any item.

(i) An affirmative vote representing two-thirds of all Member Agencies shall be required to adopt or modify the budget. The budget may not be increased by more than fifteen percent (15%) annually, without the unanimous approval of the members of the Board of Directors representing all Member Agencies.

(ii) Votes to approve the budget may not be unreasonably withheld.

(iii) Approval by the governing bodies of two-thirds of all Member Agencies shall be required to modify this MOU.

(c) Quorum. Representatives or alternates from a majority of the Member Agencies shall constitute a quorum for purposes of transacting business, except that less than a quorum may vote to adjourn a meeting or to set a date for the next meeting.

(d) Open Meetings. The Board of Directors will comply with the Ralph M. Brown Act in conducting its meetings.

(e) Adding Associate Members. Representatives of Associate Members may be added to the

Board of Directors without modifying this MOU by a majority vote of the Board of Directors.

7.8. Technical Advisory Committee

(a) Purpose. The Board of Directors may create a Technical Advisory Committee as needed for the month-to-month management of budget, schedule, and scopes of work for the NBWRA. Typical duties of a Technical Advisory Committee include recommending contracting for a program manager; working through technical details of work scopes and products; authorizing the administrative agency to enter into, modify, or accept work under any contract that is consistent with the budget approved by the Board of Directors, and reviewing and recommending courses of action to the Board of Directors for their consideration. The Board of Directors may create or dissolve the Technical Advisory Committee at any time for any purpose, and may adopt a set of rules governing the Technical Advisory Committee as it determines necessary to achieve the purpose and objectives stated herein. ~~The Technical Advisory Committee may create subcommittees for specific purposes, including, but not limited to, budget and financial issues, and modification of the MOU.~~

Comment [C16]: Deleted since the TAC ended this several years ago.

(b) Membership. The Technical Advisory Committee shall consist of one representative, not from the governing body, from each Member Agency. Such representative shall be the general manager or a designated staff member of the Member Agency. In the event that the general manager or staff member is unavailable for a meeting, he or she may designate an alternate. Associate Members may appoint a non-voting representative to the Technical Advisory Committee.

(c) Voting and Authorization Requirements: Each Member Agency representative on the Technical Advisory Committee shall have one vote. An affirmative vote of a majority of all voting members of the Technical Advisory Committee is required and sufficient to approve any item.

(d) Quorum. Representatives or alternates from a majority of the Member Agencies shall constitute a quorum for purposes of transacting business, except that less than a quorum may vote to adjourn a meeting or to set a date for the next meeting.

8.9. Terms of Office. Each representative on the Board of Directors shall serve for as long as he or she is a member of the governing board of his or her Member Agency and is designated by the Member Agency to act as its representative. If at any time a vacancy occurs on the Board of Directors, a replacement shall be appointed by the Member Agency to fill the unexpired term of the previous representative within ninety (90) days of the date that such position becomes vacant.

9.10. Alternates. Alternate representatives to the Board of Directors or its Technical Advisory Committee shall be empowered to cast votes in the absence of the regular representative or, in the event of a conflict of interest preventing the regular representative from voting, to vote because of such a conflict of interest.

10.11. Officers of the NBWRA. The Board of Directors of the NBWRA shall elect a Chair, a Vice-Chair and such other officers annually on the first meeting of the calendar year. The Chair and Vice-Chair shall be selected from among the Member Agency representatives. The Board of Directors may choose to adopt a policy that requires the rotation of the Chair, by Member Agency, on an annual basis. The duties of the Chair and Vice-Chair are as follows:

(a) Chair. The Chair shall direct the preparation of agendas, call meetings of the Board of Directors to order and conduct other activities as deemed appropriate by the Board of Directors. Any member of the Board of Directors may place an item on the NBWRA agenda.

(b) Vice-Chair. The Vice-Chair shall serve as the Chair in the absence of the regularly-elected Chair. In the event both the Chair and Vice-Chair are absent from a meeting which would otherwise constitute a quorum and a temporary Chair was not designated by the Chair at the last regular meeting, any voting Board member may call the meeting to order, and a temporary chair may be elected by majority vote to serve until the Chair or Vice-Chair is present.

12. Administrative Agency. The Member Agencies hereby designate the Sonoma County Water Agency to act as the Administrative Agency for the purpose of carrying out the provisions of this MOU. The authority delegated herein to the Administrative Agency shall be subject to the restrictions upon the manner of exercising power applicable to the Administrative Agency, including but not limited to the purchasing ordinances and purchasing procedures of the Administrative Agency. Within these limits, the Board of Directors may direct the Administrative Agency's actions with respect to this MOU. The Administrative Agency, for the benefit of the NBWRA Members, shall:

(a) Award, execute in its own name, and administer such contracts on behalf of the NBWRA, as may be authorized as set forth in Sections 7 and 8.

(b) Through its controller and treasurer, act as the financial officer or functional equivalent and be the depositor and have custody of all money of the NBWRA from whatever source. The

Administrative Agency shall draw warrants to pay demands for expenditures authorized by the Board of Directors or by its authorized representative pursuant to any delegation of authority authorized by the Board of Directors. The Administrative Agency will strictly account for all NBWRA funds, and will hold the funds in trust in a segregated account.

(c) Provide budget analyses, warrant lists and other financial documents as required by the Board of Directors. The Administrative Agency's financial activities with regards to the NBWRA shall be subject to an outside audit at any time at the request of the Board of Directors. As a matter of course, the Administrative Agency will provide a separate annual audit of NBWRA funds to the Board of Directors.

(d) Determine charges to be made against the NBWRA for the Administrative Agency's services. Payment of these charges shall be subject to the approval of the Board of Directors.

(e) Prepare the reports identified in Section 20 if the Board of Directors has not designated another party or person to complete that task.

(f) Enter into contracts with values up to \$15,000 without the approval of the Board of Directors or the Technical Advisory Committee, if consistent with the budget approved by the Board of Directors.

The Administrative Agency may resign its position as Administrative Agency upon 120 days written notice to all Member Agencies, and shall, before the effective date of its resignation, transfer all funds held on behalf of the NBWRA to any designated successor Administrative Agency. The Board of Directors may designate a successor Administrative Agency by majority vote. Should no other party be designated to act as Administrative Agency by the

effective date of the resignation, the MOU shall terminate and the Administrative Agency shall distribute all property held on behalf of the NBWRA pursuant to Section 23.

13. Staff and Consultants. Subject to the approval and procedural provisions of Sections 7 and 12, the Administrative Agency may employ or contract for any staff or consultants as may be reasonably necessary to carry out the purposes of this MOU. Such persons may include legal counsel, administrative executives and other types of specialists. If an employee from any Member Agency performs staff or consulting work for the NBWRA, the governing body of that Member Agency may determine the charges to be made against the NBWRA for the services of that employee. Payment of these charges by the Administrative Agency on behalf of the NBWRA shall be subject to the approval of the Board of Directors, which approval shall not be unreasonably withheld.

14. Sharing of Costs and Resources for Phase 1 Title XVI Program.

~~(a) The Board of Directors may assess annual dues of \$5,000 for membership in the NBWRA for Associate Members. Dues shall be used to offset Joint Use Costs for the Member Agencies.~~

~~(b)~~(a) The Board of Directors shall assess each Member Agency for costs associated with paying the Administrative Agency, staff or consultants and the funding of approved Phase I projects, under agreements approved by the Board of Directors, the Technical Advisory Committee pursuant to Section 8, or the Administrative Agency as provided in Section 12, or as authorized by the budget adopted by the Board of Directors as set forth in Section 7. Further, legal liabilities may arise out of actions of the Member Agencies (including the Administrative Agency) taken pursuant to this MOU. The activities of the NBWRA are

Comment [C17]: Revised to accommodate completion of Phase 1 and made specific to Phase 1. Deleted section regarding Associate Member dues and moved to Associate Member section. Added language to account for recent reallocation of costs. Deleted references to Phase 2 since there are new sections for Phase 2.

part of a regional program that provides benefit to all agencies. Therefore, as described more particularly below, all Member Agencies that participate in Phase 1 construction projects shall pay a portion of ongoing Phase 1 costs equally and the remaining Phase 1 costs shall be based on approved project costs for Phase 1 of Alternative 1, as described in the certified Phase 1 EIR/EIS or as amended pursuant to Sections 14(ed) and 16. The costs and liabilities will be allocated among each of the Phase 1 Member Agencies as follows:

- (i) one quarter (25%) of costs and liabilities shall be allocated equally among each of the Phase 1 Member Agencies; and
- (ii) three quarters (75%) of costs and liabilities shall be allocated among Phase 1 Member Agencies in proportion to the benefit to each Member Agency of participating in the NBWRA, in the form of federal funding that is described in applications for federal funding that have been submitted to the USBR as of April 15, 2010 or as modified pursuant to Sections 14 (ed) and 16 herein. The Sonoma County Water Agency shall pay its pro-rata share of the quarter of costs allocated under subsection (i) above, but shall not pay any costs allocated under subsection (ii), as it does not have any individual projects to be funded.

(eb) The parties hereto agree that the criteria set forth in subsection (b)(ii) produce the allocations listed in **Exhibit B**, attached hereto, and incorporated by reference. The parties agree that **Exhibit B** may be modified pursuant to Sections 14 (ed) and 16.

(dc) Member Agencies were afforded the opportunity to receive reimbursement for previously allocated Phase 1 Costs and liabilities that were not based on benefits received during the period from the end of Fiscal Year 2010-2011 back to Fiscal Year 2005-2006

(the "Reimbursement Period"). Reimbursements were equal to (i) the actual costs paid by a Member Agency during the Reimbursement Period minus (ii) the amount of costs that were allocated to that Member Agency during the Reimbursement Period if the percentages defined in **Exhibit B** had been in effect. The ~~final~~ determination of costs and reimbursements subject to this subsection (~~d~~c) was approved by a majority of the Board of Directors on May 21, 2012. ~~No further or subsequent reimbursement for Phase 1 Costs as described in this section shall be contemplated.~~ The second determination of costs and reimbursements for the period covering Fiscal Year 2005-2006 through Fiscal Year 2016-2017 subject to this subsection (c) was approved by a majority of the Board of Directors on March 27, 2017. It is anticipated that a final determination of costs and reimbursements subject to this subsection (d) will be considered at full completion of Phase 1 and after USBR has made all payments for Phase 1 projects. That period will include Fiscal Year 2005-2006 to the last fiscal year including costs for Phase 1.

(~~e~~d) Two or more Member Agencies can agree to reallocate project costs for Phase 1 among themselves, as long as the combined total for those agencies before and after reallocation are the same as the combined total for those agencies in the project schedule, subject to the approval of the Board of Directors. Such approval shall not be unreasonably withheld.

(~~f~~e)(~~4~~i) In the case of non-contractual liabilities arising out of the Phase 1 activities of the parties under this MOU, the Phase 1 Member Agencies specifically repudiate the division of liability outlined in Government Code sections 895.2 *et seq.* and instead agree to share liability based on the relative fault of the parties.

(2ii) Notwithstanding the foregoing paragraph, each Phase 1 Member Agency agrees that it is solely responsible for, and agrees to indemnify, hold harmless, and defend the other Member Agencies from and against, any claims, liabilities, or losses relating to or arising out of the design, construction, inspection, operation, or maintenance of its separate project. Each Phase 1 Member Agency agrees that nothing in this MOU shall create, impose, or give rise to any liability, obligation, or duty of the Member Agency to the other Member Agencies or to any third party with respect to the manner in which the Member Agency designs, constructs, inspects, operates, or maintains its separate project.

~~(g)~~A separate agreement between the Administrative Agency and the Member Agencies has been developed based on the requirements of the American Recovery and Reinvestment Act and Title XVI. ~~A similar agreement may be established for Phase 2.~~

~~(h) For those agencies choosing to participate in Phase 2 as defined herein, they shall share equally in all Phase 2 Costs as defined herein. Should member agencies choose to construct projects as part of Phase 2, there will be an opportunity to receive reimbursement for previously allocated costs and liabilities that were not based on benefits received. Said reimbursement shall be calculated in a manner similar to that described in Paragraph (d), above. Expenses for Phase 2 Scoping Studies shall not be eligible for reimbursement.~~

(i) All Phase 1 and Phase 2 Member Agencies shall pay an equal share of Joint Use Costs as defined herein.

~~(ii) If a Member Agency that chooses to opt out of any NBWRA program Phase 2/other non-Phase 1~~ tasks then later decides to participate, it will be subject to a buy-in fee

Comment [C18]: Section revised to address concerns raised by Sonoma County Counsel. The intent is to provide for an appropriate buy-in fee.

approved by the Board of Directors. Said fee may include applicable costs plus interest from the inception of that program ~~Phase 2/other non-Phase 1 tasks~~ until such time that they decide to participate. Costs shall be based on the approved annual budget. Interest shall be based on the annual change in the Consumer Price Index - All Urban Consumers for San Francisco-Oakland-San Jose as determined by the Bureau of Labor Statistics, United States Department of Labor.

15. Distribution of Phase 1 Funds Received.

(a) Distribution of funds received from USBR for Phase 1 projects shall be based on the Phase I project schedule as described in applications for federal funding submitted to USBR as of ~~April 15, 2010~~December 10, 2015 or as modified pursuant to Sections 14 (ed) and ~~16~~18, herein. Those percentages are based on the \$25,000,000 federal funding authorization for projects totaling \$100,000,000 and are detailed in **Exhibit C**, attached hereto, and incorporated by reference. The parties agree that **Exhibit C** may be modified pursuant to Sections 14 (ed) and 16. ~~Once a Member Agency has received federal funds for a project, that Member Agency is required to remain a participant in the NBWRA and a signatory to this MOU throughout the term of this MOU as described in Section 22.~~ Should State funding become available to the NBWRA, its distribution shall also be as described in this Section. It is acknowledged that the Member Agencies may receive State funding from programs on an individual basis, and (i) this Section shall not apply to such individual State funding and (ii) the allocations set forth in this Section shall not be affected by the receipt of any State funding.

Comment [C19]: Revised to be specific to Phase I. Added date for most recent application for federal funding.

Comment [C20]: Deleted since this is more fully covered in Section 19, Termination of Membership.

~~(b) Should NBWRA be designated to receive federal funds for Phase 2/other non-Phase 1 tasks, this MOU will be modified accordingly.~~

Comment [C21]: Deleted based on advice of Sonoma County Counsel.

16. Sharing of Costs and Resources for Phase 2/Title XVI Program.

Comment [C22]: Paragraph added to Address Phase 2. Much of the language is the same as for Phase 1, but made specific for Phase 2.

Comment [C23]: Additional minor clarification changes added per Napa San's Legal counsel.

(a) The Board of Directors shall assess each Member Agency for costs associated with paying the Administrative Agency, staff or consultants and the funding of approved Phase 2 projects, under agreements approved by the Board of Directors, the Technical Advisory Committee pursuant to Section 8, or the Administrative Agency as provided in Section 12, or as authorized by the budget adopted by the Board of Directors as set forth in Section 7. Further, legal liabilities may arise out of actions of the Member Agencies (including the Administrative Agency) taken pursuant to this MOU. The activities of the NBWRA are part of a regional program that provides benefit to all agencies. Therefore, as described more particularly below, all Member Agencies that participate in Phase 2 construction projects shall pay Phase 2 costs as described herein, or as amended pursuant to Sections 16(c) and 18. The costs and liabilities will be allocated among each of the Phase 2 Member Agencies as follows:

(i) Feasibility Study Engineering Costs are allocated based on each agency's percentage of Phase 2 projects studied at the feasibility level, which is calculated by dividing the number of each agency's Phase 2 projects studied at the feasibility level by the total number of Phase 2 projects studied at the feasibility level; and

(ii) Environmental (EIR/EIS) and Financial Capability Analysis costs are allocated based on each agency's percentage of the total project costs in the Final Phase 2 EIR/EIS, which is calculated by dividing the total costs of each agency's projects included in the Final Phase 2 EIR/EIS by the total cost of all projects included in the Final Phase 2 EIR/EIS; and

(iii) Joint Use costs are shared equally by all Phase 1 and Phase 2 Member Agencies.

(b) The parties hereto agree that the criteria set forth in subsection (a)(i), (a)(ii), and (a)(iii) produce the allocations listed in **Exhibit D**, attached hereto, and incorporated by reference. The parties agree that **Exhibit D** may be modified pursuant to Sections 16 (c) and 18.

(c) Two or more Member Agencies can agree to reallocate project costs for Phase 2 among themselves, as long as the combined total for those agencies before and after reallocation are the same as the combined total for those agencies in the project schedule, subject to the approval of the Board of Directors. Such approval shall not be unreasonably withheld. If this occurs, Phase 2 Member Agencies agree to reallocate shared costs as described herein, based on the benefits received.

(d) (i) In the case of non-contractual liabilities arising out of the Phase 2 activities of the parties under this MOU, the Member Agencies specifically repudiate the division of liability outlined in Government Code sections 895.2 *et seq.* and instead agree to share liability based on the relative fault of the parties.

Comment [C24]: There were questions regarding reallocation for Phase 2. This section addresses that. Phase 2 is different than Phase 1, in that Phase 1 costs were not allocated on the basis of benefit for the first few years.

(ii) Notwithstanding the foregoing paragraph, each Phase 2 Member Agency agrees that it is solely responsible for, and agrees to indemnify and defend the other Member Agencies from and against, any claims, liabilities, or losses relating to or arising out of the design, construction, inspection, operation, or maintenance of its separate project. Each Phase 2 Member Agency agrees that nothing in this MOU shall create, impose, or give rise to any liability, obligation, or duty of the Member Agency to the other Member Agencies or to any third party with respect to the manner in which the Member Agency designs, constructs, inspects, operates, or maintains its separate project.

(e) For those agencies choosing to participate in Phase 2 as defined herein, they shall share in all Phase 2 Costs as defined herein.

(i) If a Member Agency that chooses to opt out of Phase 2 tasks later decides to participate, it will be subject to a buy-in fee approved by the Board of Directors. Said fee may include applicable costs plus interest from the inception of Phase 2 tasks until such time that they decide to participate. Costs shall be based on the approved annual budget. Interest shall be based on the annual change in the Consumer Price Index - All Urban Consumers for San Francisco-Oakland-San Jose as determined by the Bureau of Labor Statistics, United States Department of Labor.

17. Distribution of Phase 2 Funds Received.

(a) Distribution of funds received from USBR for Phase 2 projects shall be based on the Phase 2 project schedule as described in applications for federal funding submitted to USBR or as modified pursuant to Sections 16 (c) and 18, herein. Those percentages are applied to the \$18,900,000 federal funding authorization for projects totaling \$75,600,000 and are

Comment [C25]: Added section for Phase 2. The language is similar to that for Phase 1, but is specific for Phase 2.

detailed in Exhibit E, attached hereto, and incorporated by reference. The parties agree that Exhibit E may be modified pursuant to Sections 16 (c) and 18. Should State funding become available to the NBWRA, its distribution shall also be as described in this Section. It is acknowledged that the Member Agencies may receive State funding from programs on an individual basis, and (i) this Section shall not apply to such individual State funding and (ii) the allocations set forth in this Section shall not be affected by the receipt of any State funding.

(b) Cost allocations as described in Exhibits D and E may be revised upon the addition of additional Member Agencies, subject to the approval of a majority of the existing Member Agencies at that time. By virtue of becoming a signatory agency to this MOU pursuant to this Section 17, a new Member Agency is subject to all provisions of this MOU, including Section 18 below.

168. Initiation of Membership. If an eligible agency as defined in Section 5 requests to join the NBWRA as a new Member Agency, the Board of Directors shall establish a membership initiation fee to such agency as a condition of joining the NBWRA. For the purposes of this revision of the MOU, the new Member Agencies shall include Marin Municipal Water District, ~~and~~ City of Petaluma, and City of American Canyon. The purpose of the initiation fee is to allow the Phase 1 Member Agencies to recover a portion of their investment costs in obtaining federal authorization for construction projects. The initiation fee for each new member agency shall be equal to 0.6% of the new Member Agency project costs as determined upon completion of the Phase 2 Scoping Study. The initiation fee shall be paid in a ~~two-step process~~. ~~Step one shall be a payment of \$25,000 by June 30, 2013. Step two shall be a payment of the~~

Comment [C26]: Revised to include City of American Canyon. Modified initiation fee to provide flexibility for the Board in determining payment schedule.

~~remaining initiation fee by June 30, 2014~~ manner approved by the Board of Directors. The collected initiation fees shall be distributed to the Phase 1 participating agencies according to the percentages specified in **Exhibit B**.

~~Cost allocations as described in Exhibits B and C may be revised upon the addition of additional Member Agencies, subject to the approval of a majority of the existing Member Agencies at that time.~~ By virtue of becoming a signatory agency to this MOU pursuant to this Section ~~168~~, a new Member Agency is subject to all provisions of this MOU, including Section ~~179~~ below. Once the Board of Directors has approved an agency as a new Member Agency, appointed representatives of that agency are entitled to vote at all Board and TAC meetings.

Comment [C27]: Added this to allow City of American Canyon or any new Member Agency the ability to vote prior to signing the MOU. This may only occur when the MOU is under revision.

179. Termination of Membership. Member Agencies that participate in Phase 1 and have received federal monies for Phase 1 construction projects may not terminate their membership in the NBWRA before the completion of all Phase 1 construction projects or before the termination of this MOU as defined herein, whichever comes first. At this point, a Phase 1 Member Agency may change its membership to Associate Member. Member Agencies that participate in Phase 2 and have received federal monies for Phase 2 construction projects may not terminate their membership in the NBWRA before the completion of all Phase 2 construction projects or before the termination of this MOU as defined herein, whichever comes first. At this point, a Phase 2 Member Agency may change its membership to Associate Member. Phase 2 participants may voluntarily withdraw from the NBWRA prior to the receipt of federal monies for Phase 2 construction projects.

Comment [C28]: Added to address concern raised by a Phase 1 participating agency.

Comment [C29]: Added to be consistent with Phase 1.

(a) Notwithstanding the above a Member Agency may petition the Board in writing for withdrawal from the NBWRA and may withdraw with the approval of two-thirds of the members of the Board of Directors representing Member Agencies.

(b) Effect of Termination. All rights of a Member Agency under this MOU shall cease on the termination of such Member Agency's membership. Termination shall not relieve the Member Agency from any obligation for charges, costs or liabilities incurred or arising from acts or omissions before the date of termination. The terminating Member Agency's responsibility for such charges, costs or liabilities shall be determined in a manner consistent with the allocations set forth in Sections 14 and 16. Likewise, termination shall not preclude the Member Agency from any benefits that fully accrue before the date of termination.

However, a resigned or terminated agency has no right to receive a portion of surplus funds at the termination of the NBWRA.

20. Procedures. The Board of Directors may adopt bylaws, rules of conduct for meetings and operating procedures for the NBWRA. To facilitate such efforts, the NBWRA may adopt the administrative procedures and policies of a Member Agency.

21. Meetings. The Board of Directors and the Technical Advisory Committee shall provide for meetings, as necessary.

22. Reports to Member Agencies. Each year the NBWRA shall submit a written report to the governing body of each of the Member Agencies. This report shall describe the financial activities of the NBWRA during the preceding year.

23. Offices. For the purposes of forming the NBWRA and for initial operation, the principal office of the NBWRA shall be located at the Administrative Agency. The Board of Directors may change

said principal office from one location to another after providing thirty (30) days notice of such a change. The Chair shall notify each Member Agency in writing of the change.

24. Term. This MOU shall terminate five years from its effective date, unless extended by some or all of the parties. This MOU shall also be terminated if the Administrative Agency has resigned pursuant to Section 12 and no other Member Agency has been designated to act as the Administrative Agency prior to the effective date of the resignation.

25. Disposition of Property and Surplus Funds. At the termination of this MOU, any and all property, funds, assets, and interests therein held by the Administrative Agency on behalf of the NBWRA shall become the property of and be distributed to the then-Member Agencies. Money collected from Member Agencies and held in reserve by the Administrative Agency for payment of the costs of programs shall be allocated among Member Agencies in proportion to each Member Agency's contributions to such reserves. All other property, funds, assets, and interests shall be distributed by the Administrative Agency to Member Agencies in proportion to each Member Agency's contributions to the NBWRA for dues and allocated costs. However, liabilities of the NBWRA in excess of those assets held by the Administrative Agency on behalf of the NBWRA at the time of termination shall be assessed against the Member Agencies and said Member Agencies shall be responsible for such liabilities. The allocation of responsibility for the payment of such liabilities shall be determined in a manner consistent with the provisions of Section 14.

26. Minutes. A secretary or clerk shall be appointed by the Board of Directors. The secretary or clerk shall cause to be kept minutes of all meetings of the Board of Directors and the

Technical Advisory Committee, and shall cause a copy of the minutes to be forwarded to each Member Agency.

27. Effective Date. This revision to the MOU shall become effective when two-thirds of the Member Agencies ~~listed in Exhibit B~~ have authorized its execution.

28. Counterparts. This revision to the MOU may be executed in counterpart and each of these executed counterparts shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same instrument.

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720 IN WITNESS WHEREOF, the parties hereto have executed this Agreement as set forth below.

Sonoma County Water Agency

Napa Sanitation District

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**Sonoma Valley County Sanitation
District**

Novato Sanitary District

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NBWA ~~Third~~ Fourth Amended MOU

~~March 8, 2013~~ June 17, 2017

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as set forth below.

Las Gallinas Valley Sanitary District

North Marin Water District

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

County of Napa

By: _____

Print Name: _____

Title: _____

Date: _____

NBWRA ~~Third~~Fourth Amended MOU

~~March 8, 2013~~June 17, 2017

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as set forth below.

Marin Municipal Water District

City of Petaluma

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

City of American Canyon

Comment [C30]: Added signatory block for City of American Canyon.

By: _____

Print Name: _____

Title: _____

Date: _____

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Exhibit A

Comment [C31]: Revised graphic to add City of American Canyon.



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Exhibit B

Comment [C32]: Revised based on March 27, 2017 reallocation and to be specific for Phase 1.

Percentages for Ongoing Phase 1 NBWRA Costs

Agency	25% Split Equally	Federal Authorization, Phase 1	Percentage of Remaining 75%	Total of Percentages
Las Gallinas Valley Sanitary District	3.57%	\$1,222,473 <u>2,225,876</u>	3.67 <u>6.68</u> %	7.24 <u>10.25</u> %
Novato Sanitary District	3.57%	\$1,679,893 <u>898,888</u>	5.04 <u>7.0</u> %	8.61 <u>9.27</u> %
North Marin Water District	3.57%	4,689,504 <u>5,933,499</u>	14.07 <u>17.80</u> %	17.64 <u>21.37</u> %
Sonoma Valley County Sanitation District	3.57%	\$7,967,134 <u>4,583,250</u>	23.90 <u>13.75</u> %	27.47 <u>17.32</u> %
Sonoma County Water Agency	3.57%	\$0.00	0.00%	3.57%
Napa Sanitation District	3.57%	\$9,440,996 <u>10,358,487</u>	28.32 <u>31.08</u> %	31.89 <u>34.65</u> %
Napa County	3.57%	\$0.00	0.00%	3.57%
Marin Municipal Water District	0.00%	\$0.00	0.00%	0.00%
City of Petaluma	0.00%	\$0.00	0.00%	0.00%
TOTALS	25.00%	\$25,000,000	75.00%	100.00%

Notes:

Percentages may be revised pursuant to the provisions of this MOU ~~based on adding additional signatory members,~~ or revisions to the projects in Phase 1, ~~or continuation beyond Phase 1,~~ subject to the approval of the parties.

The above schedule only includes costs and percentages related to Phase 1. ~~Should member agencies choose to implement Phase 2 projects this schedule will be modified or a new schedule will be developed to detail cost sharing for Phase 2.~~

Exhibit C

Comment [C33]: Revised based on March 27, 2017 reallocation and to be specific for Phase 1

Percentages for Distribution of Phase 1 Federal Funds Received

Agency	Federal Authorization, Phase 1	Percentage
Las Gallinas Valley Sanitary District	\$1,222,473 <u>2,225,876</u>	4.89 <u>8.90</u> %
Novato Sanitary District	\$1,689,893 <u>898,888</u>	6.72 <u>7.60</u> %
North Marin Water District	\$4,689,504 <u>5,933,499</u>	18.76 <u>23.73</u> %
Sonoma Valley County Sanitation District	\$7,967,134 <u>4,583,250</u>	31.87 <u>18.33</u> %
Sonoma County Water Agency	\$0.00	0.00%
Napa Sanitation District	\$9,440,996 <u>10,358,487</u>	37.76 <u>41.33</u> %
Napa County	\$0.00	0.00%
Marin Municipal Water District	\$0.00	0.00 %
City of Petaluma	\$0.00	0.00 %
TOTALS	\$25,000,000	100.00%

Notes:

Percentages may be revised pursuant to the provisions of this MOU based on ~~adding additional signatory members~~, revisions to the projects in Phase 1, ~~or continuation beyond Phase 1~~, subject to the approval of the parties.

The above schedule only includes costs and percentages related to Phase 1. ~~Should member agencies choose to implement Phase 2 projects this schedule will be modified or a new schedule will be developed to detail cost sharing for Phase 2.~~

Exhibit D

Comment [C34]: Added to be specific for Phase 2. Cost sharing is based on September 2016 Budget Revisions.

Percentages for Ongoing Phase 2 NBWRA Costs

<u>Agency</u>	<u>% Phase 2 Support</u> <u>(yrs 1-2 / yr 3)</u>	<u>% Phase 2 Feasibility</u> <u>Study (yrs 1-2 / yr 3)</u>	<u>% Joint Use</u> <u>Costs (yrs 1-2 / yr 3)</u>	<u>% of Total Cost</u>
<u>Novato Sanitary District</u>	<u>20.00 / 14.29</u>	<u>20.69 / 13.04</u>	<u>12.50 / 10.00</u>	<u>15.13</u>
<u>Sonoma Valley County Sanitation District</u>	<u>20.00 / 14.29</u>	<u>13.80 / 8.95</u>	<u>12.50 / 10.00</u>	<u>13.62</u>
<u>Sonoma County Water Agency</u>	<u>20.00 / 14.29</u>	<u>12.08 / 10.61</u>	<u>12.50 / 10.00</u>	<u>11.27</u>
<u>Napa Sanitation District</u>	<u>20.00 / 14.29</u>	<u>25.85 / 14.33</u>	<u>12.50 / 10.00</u>	<u>19.48</u>
<u>Marin Municipal Water District</u>	<u>0.00 / 14.29</u>	<u>1.72 / 10.15</u>	<u>0.00 / 10.00</u>	<u>5.22</u>
<u>City of Petaluma</u>	<u>20.00 / 14.29</u>	<u>20.69 / 29.00</u>	<u>12.50 / 10.00</u>	<u>20.18</u>
<u>City of American Canyon</u>	<u>0.00 / 14.29</u>	<u>5.16 / 13.92</u>	<u>0.00 / 10.00</u>	<u>7.60</u>

Notes:

1. Percentages may be revised pursuant to the provisions of this MOU based on adding additional signatory members, revisions to the projects in Phase 2, or continuation beyond Phase 2, subject to the approval of the parties.
2. The above schedule only includes costs and percentages related to Phase 2.
3. Totals for % Phase 2 Administrative Costs and % Total Cost are less than 100% since joint use costs are shared by Phase 1 Member Agencies.

Exhibit E

Comment [C35]: Added to be specific for Phase 2. Data is based on the projects that will be included in the Phase 2 EIR/EIS.

**Percentages for Distribution of Phase 2 Federal Funds
Received**

<u>Agency</u>	<u>Federal Authorization, Phase 2</u>	<u>Percentage</u>
<u>Novato Sanitary District</u>	<u>\$6,300,000</u>	<u>8.33</u>
<u>Sonoma Valley County Sanitation District</u>	<u>\$3,600,000</u>	<u>4.76</u>
<u>Sonoma County Water Agency</u>	<u>\$7,600,000</u>	<u>10.05</u>
<u>Napa Sanitation District</u>	<u>\$5,100,000</u>	<u>6.75</u>
<u>Marin Municipal Water District</u>	<u>\$7,800,000</u>	<u>10.32</u>
<u>City of Petaluma</u>	<u>\$33,200,000</u>	<u>43.92</u>
<u>City of American Canyon</u>	<u>\$12,000,000</u>	<u>15.87</u>
<u>TOTALS</u>	<u>\$75,600,000</u>	<u>100.00%</u>

Notes:

1. Percentages may be revised pursuant to the provisions of this MOU based on adding additional signatory members, revisions to the projects in Phase 2, or continuation beyond Phase 2, subject to the approval of the parties.
2. The above schedule only includes costs and percentages related to Phase 2.

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MEMORANDUM

To: Board of Directors August 11, 2017

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

Subject: San Mateo Tank Rehabilitation Project – Award Construction Contract to Farr Construction

R:\Folders by Job No\6000 jobs\6221.21 San Mateo Tank\BOD Memos\6221 21 BOD Memo Approve Contract Award to Farr 8-11-17.doc

RECOMMENDED ACTION: Approve award of the contract to Farr Construction and authorize the General Manager to execute an agreement with Farr Construction

FINANCIAL IMPACT: \$1,725,400 plus contingency reserve of \$90,000 (~5%) (included in FY18 CIP Budget)

Background

The 5 million gallon San Mateo Tank Rehabilitation Project includes: (1) complete interior/exterior re-coating, (2) installation of a new mixing system, (3) miscellaneous improvements such as overflow piping modification to comply with current AWWA guidelines and (4) roof repair to straighten rafters. The Board authorized bid advertisement for the above referenced project on June 20, 2017. The advertisement date for this project was June 23, 2017 with a bid opening on July 27, 2017. The District advertised the project in the Marin IJ and posted the contract documents electronically on eBidboard (a web-based bid management service). Thirteen (13) contractors, including six (6) prime contractors, attended the mandatory pre-bid meeting on July 11, 2017. The bid period was for approximately five (5) weeks and included two addendums. Five bids were received ranging from a low of \$1,725,400 to a high of \$1,764,501. An abnormal bid received from Abhe & Svoboda for \$4,121,310 is not used for comparison of bids.

	CONTRACTOR	TOTAL BASE BID
1.	Farr Construction, Sparks NV	\$1,725,400
2.	Advanced Industrial Services, Los Alamitos CA	\$1,730,280
3.	West Coast Industrial Coatings, Hemet, CA	\$1,741,978
4.	Crosno Construction, Arroyo Grande CA	\$1,764,501
5.	Abhe & Svoboda, Inc.	\$4,121,310
	<i>Engineers Estimate</i>	<i>\$1,600,000</i>

The Engineer's Estimate was \$1,600,000. The bid span between the Number 1 and Number 2 low bidders (Farr and Advanced Industrial Services) was \$4,880 (for a variance of 0.3%). The next two bids were within 2% of the second low bidder.

Bid Evaluation

Farr Construction, of Sparks, Nevada, submitted the lowest responsive bid of \$1,725,400 which is \$125,400 (7.8%) above the Engineer's construction cost estimate of \$1,600,000. Farr's bid is \$4,880 (0.3%) below the next lowest bidder (Advanced Industrial

Services). A bid evaluation (Attachment 1) was performed by the District staff. Farr Construction is new to the District but reference checks showed that Farr has performed tank recoating work similar to the project at hand and their work has been satisfactory to the clients.

Project Financing

The San Mateo Tank Rehabilitation project was most recently estimated at a total project cost of \$2.02M. The total project cost estimate is now \$2,185,000 resulting in an increase of approximately \$165,000 from the previous estimate prepared in June 2017 (Attachment 2).

RECOMMENDATION

That the Board approve award of the contract to Farr Construction, authorize the General Manager to execute an agreement with Farr Construction for \$1,725,400 and set aside a contingency reserve of \$90,000 (~5%)



MEMORANDUM

To: Rocky Vogler, Chief Engineer

August 9, 2017

From: Carmela Chandrasekera, Associate Engineer

Subject: Bid Review – San Mateo Tank Rehabilitation Project

R:\Folders by Job No\6000 jobs\6221.21 San Mateo Tank\Bid Phase\MEMORANDUM_San Mateo Bid Review.docx

Five sealed bids for the Project were received and opened on July 27, 2017, at 3:00pm. Bidder's names and the corresponding Total Base Bids are listed below.

Bidder	Total Base Bid
Farr Construction Corp dba Resource Development (Farr)	\$1,725,400
Abhe & Svoboda, Inc.	\$4,121,310
Crosno Construction	\$1,764,501
Advanced Industrial Services, Inc. (AIS)	\$1,730,280
West Coast Industrial Coatings, Inc. (WCIC)	\$1,741,978

The lowest bid was \$125,400 above the Engineer's Estimate (EE) of \$1,600,000.

Number of Bids Submitted:

It was surprising to receive five (5) bids in a busy construction contract climate. In comparison, only two bids were received for the Norman Tank Rehabilitation project in March 2017.

Prices for Base Bid Items:

The Base Bid Schedule consisted of 19 bid items; 16 were lump sum, and three (3) bid items were unit price. There was an abnormal bid submitted by Abhe & Svoboda (\$4,121,310) 239% compared to the low bid. This bid is not considered for further review. All other bids were within 2.3% of the low bid and within 10% of the EE.

The coating Bid Items No. 15 and 17 together accounted for 64% to 68% of the total bids of all four low bidders. In comparison, in the EE, these two bid items (15 and 17) accounted for a slightly lower percentage (62%). Bid Item No. 17 "Prepare surfaces and full exterior coating." had the largest variance between the low Bid and EE. The EE estimate was \$278,730 and the low bidder amount was \$450,000 (Farr). This +\$171,270 difference in Bid Item No. 17 and -\$45,870 due to variations in all other bid items accounted for the \$125,400 variance. The same bid item variation is seen between the third low bidder (WCIC) and EE. In fact, when removing Bid Item 17 from the comparison between the EE and low apparent Bid, there is less than a 0.3% difference. The largest variance between the second low bidder (AIS) and EE was in Bid Item 15 "Prepare surfaces and full interior coating". The fourth low bidder had the largest variances split between Bid Item Nos. 15 and 17.

The third low bidder, WCIC, had a minor error of calculation in Bid item 10 but the total base bid item is correct.

Bid Forms:

As verified by District staff and presented in the attached spreadsheet, Farr Construction submitted all required bid forms at the time of bid.

Bidder Experience:

Farr Construction submitted documents that substantiate that they have the necessary experience and qualifications to perform the Work. Four of the five references listed by Farr Construction were called. Four returned the phone calls and were satisfied with Farr Construction.

Licenses and Public Works Registration Numbers:

Farr Construction and all of their listed subcontractors have active licenses and are in good standing. Similarly, all of their Public Works Contractor Registration, Numbers are current. The table lists their licenses and registration numbers:

Contractor	License	Registration	Work Percentage
Farr Construction	893537	1000006035	93.5%
Crosno Construction		1555552963	1%
Piazza Construction	406456	1555558021	0.5%
Champion Scaffolding		1555554122	5%

Safety Qualifications:

Farr Construction provided three (3) years (2104, 2015 and 2016) Experience Modification Rates (EMR) to demonstrate their Safety Qualifications. Farr Construction's three (3) year average EMR is 1.0, which is the maximum specified by the Contract. Thus, Farr Construction meets the minimum safety requirements for the Project.

Financial Qualifications:

Financial Qualifications were received and approved.

Material Suppliers:

Farr Construction listed various material manufacturers and suppliers but did not specify the manufacturer of dehumidification equipment. This is considered a minor omission since the reason for listing dehumidification equipment was so that the contractor understands that dehumidification is required for the project but not necessarily to find out the manufacturer.

Conclusions:

Based on our review, Farr Construction is a responsible bidder.

Bid Items From Bid Schedule				Engineer's Estimate	Farr Const		Advanced Industrial Services		West Coast Industrial Coatings		Crosno Const		Abhe & Svoboda	
Item No.	Qty.	Unit	Description of Items	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount	Unit Price	Total Amount
1		LS	Mobilization/demobilization allowance (not to exceed 5% of total bid amount)	\$53,602		\$84,200		\$85,000		\$65,000		\$9,500		\$206,000
2		LS	Trenching, sheeting, shoring, ...	\$5,956		\$100		\$9,000		\$3,000		\$1		\$13,600
3		LS	Tank roof rafter straightening and purlin installation	\$41,690		\$12,700		\$25,700		\$20,426		\$52,000		\$121,800
4		LS	360 deg vent cover installation	\$11,911		\$41,100		\$32,000		\$28,270		\$83,300		\$41,800
5		LS	30-inch shell manway installation	\$10,124		\$6,800		\$9,600		\$8,576		\$5,600		\$29,000
6		LS	Install reservoir hydrodynamic mixing system	\$273,966		\$280,200		\$269,000		\$276,703		\$267,100		\$410,800
7		LS	Overflow pipe and drain modifications	\$30,077		\$28,800		\$32,000		\$27,000		\$35,900		\$32,100
8		LS	Level indicator and transducer assembly	\$11,911		\$8,700		\$7,200		\$5,500		\$7,400		\$61,500
9	100	Hrs	Grinding	\$13,102	\$123	\$12,300	\$120	\$12,000	\$125	\$12,500	\$164	\$16,400	\$300	\$30,000
10	100	Hrs	Repair welding weld seams or pits in the steel from metal loss	\$23,823	\$182	\$18,200	\$195	\$19,500	\$130	\$13,000	\$164	\$16,400	\$325	\$32,500
11	50	gals	Epoxy filler for filling shallower rough pits	\$2,978		\$6,500		\$22,500		\$26,250	\$92	\$4,600	\$1,300	\$65,000
12		LS	Install Cathodic Protection system	\$24,061		\$29,200		\$24,980		\$25,000		\$23,000		\$32,000
13		LS	Install three sample taps	\$4,169		\$2,200		\$2,700		\$1,100		\$2,000		\$6,200
14		LS	Misc work shown on drawing not part of items above	\$30,374		\$4,400		\$16,500		\$12,800		\$4,000		\$19,900
15		LS	Prepare surfaces, furnish and apply material for a full interior coating	\$714,692		\$710,000		\$863,000		\$633,507		\$807,100		\$1,642,010
16		LS	Remove and dispose of spent abrasive and interior coating residue	\$30,970		\$10,000		\$23,000		\$22,000		\$41,600		\$109,700
17		LS	Prepare surfaces, furnish and apply material for a full exterior coating	\$278,730		\$450,000		\$239,000		\$550,846		\$329,300		\$1,187,000
18		LS	Remove and dispose of spent abrasive and exterior coating residue	\$33,352		\$10,000		\$7,600		\$8,500		\$19,700		\$65,800
19		LS	Cost associated with reporting, handling and disposal of waste material classified as hazardous	\$5,836		\$10,000		\$30,000		\$2,000		\$39,600		\$14,600
Total Base Bid :				\$1,601,327		\$1,725,400		\$1,730,280		\$1,741,978		\$1,764,501		\$4,121,310

Bid Forms:						
"IN" Stamped before bid closing			Yes	Yes	Yes	Yes
Bid multiplies out and sums correctly			Yes	Yes	No	Yes
License -	Possesses valid Class A license		Yes	Yes	Yes	Yes
License -	Possesses valid Class C33 license		Yes	Yes	Yes	Yes
Bid Form -	Addendums 1 & 2 acknowledged		Yes	Yes	Yes	Yes
Public Works Contractor Reg. No.			Yes	Yes	Yes	Yes
Bid Form - Signed by Authorized Individual			Yes	Yes	Yes	Yes
Section 00400 - Iran Contracting Certification			Yes	Yes	Yes	Yes
Section 00410 - Bid Guaranty Bond			Yes	Yes	Yes	Yes
Section 00420 - Certification of Bidders Experience and Qualifications						
A	Essential requirements Satisfied		Yes	Yes	Yes	Yes
B	Company Experience Satisfied		Yes	Yes	Yes	Yes
C	Safety Qualification Criteria Satisfied		Yes	Yes	Yes	Yes
D	Financial Qualifications Satisfied		Yes	Yes	Yes	Yes
E	Claims by/against Bidder		Completed	Completed	Completed	Completed
Section 00430 - Proposed Subcontractors			Yes	Yes	Yes	Yes
	Public Works Contractor Reg. Nos.		Yes	Yes	Yes	Yes
	Subcontractors Listed		Corrpro, CP		ACCI, CP	Corrpro, CP
			Champion Scaffolding, scaffolding	Safeway Services, scaffolding		
			Piazza, underground pipe		Paso Robles Tank, structural repair	
Section 00440 - Site Visit Affidavit			Yes	Yes	Yes	Yes
Section 00450 - Schedule of Equipment / Material			Yes	Yes	Yes	Yes
Section 00480 - Non-Collusion Declaration			Yes	Yes	Yes	Yes
References			checked.	not checked	not checked	not checked

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

COMPLETED BY: Carmela Chandrasekera Updated Carmela Chandrasekera
 DATE: 6/12/2017 Updated 8/9/2017
 SERVICE AREA: ☒ **NOVATO**

Job No.	6221.21	Job Title:- San Mateo Tank Rehabilitation Project						
Facility No. 6201	Facility Type (Pipelines, Pump Stations, etc.): TANK							
Description: -Recoat interior and exterior of San Mateo Tank. Perform roof repairs. A tank mixing system will be added. A second shell manway will be added and the overflow pipe to drain connection will be modified to include air gap. The half-height staff gauge will be replaced and three - Interior work consists of removing existing coating, none of which is anticipated to be disposed of as hazardous waste due to high zinc or lead levels, and surface preparation to SSPC-SP10, white metal blast. New interior coating consists of a single coat of NSF 61 approved 100% solids epoxy. - Exterior work consists of complete coating removal and replacement. Lead abatement will be required. New exterior coating consists of a 2-coat system of epoxy primer & acrylic topcoat. - Dehumidification equipment is mandated for the interior recoating of this job. - Coating inspection is to be provided under the lead of an outside consultant. environmental monitoring shall be conducted during exterior lead-based paint removal. -A new cathodic protection system will be installed.								
Project Justification: Due to deteriorated original (circa 1965) interior and exterior coatings, and updated construction standards; this tank is scheduled for recoating and repairs.								
Baseline Cost Estimate		Initial (6/12/17)	Updated 8/7/17	Expended to Date	Baseline Schedule	Start	Finish (Est.)	Finish (Actual)
1	Project Dev.	\$13,000	\$13,000	\$13,000	Project Dev.	7/1/2016	12/31/2016	
2	Design	\$22,000	\$31,000	\$31,000	Design	1/1/2017	6/30/2017	
3	Env. Compliance Inspector	\$5,000	\$5,000					
4	Rehabilitation Contract	1,600,000	1,725,400		Const.	9/1/2017	5/1/2018	
5	Labor Compliance	\$20,000	\$25,000					
6	Outside Coating Inspection	\$40,000	\$50,000					
7	NMWD Const	\$10,000	\$10,000					
8	NMWD Maint	\$20,000	\$20,000					
9	NMWD Operations	\$10,000	\$10,000					
10	Materials	\$10,000	\$10,000					
11	Legal + Misc.	\$10,000	\$10,000		Closeout		6/30/2018	
12	Const. Admin. (eng. Labor+veh)	\$50,000	\$50,000					
13	Paving tank pad and access road	\$20,000	\$20,000					
14	Project Closeout	\$6,000	\$6,000					
15	SubTotal	\$1,836,000	\$1,985,400					
16	Project Contingency (10%)	\$183,600	\$198,540					
Total		\$2,020,000	2,183,940	\$44,000				

10

MEMORANDUM

TO: Board of Directors August 11, 2017

FROM: Rocky Vogler, Chief Engineer *RV*

SUBJ: Approve Contract: Third Party Coating Inspection for San Mateo Tank Rehabilitation Project – DB Gaya Consulting LLC

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RECOMMENDED ACTION: Authorize the General Manager to execute an agreement with DB Gaya Consulting LLC for coating inspection services on a time and expense basis with a not to exceed limit of \$45,900

FINANCIAL IMPACT: \$45,900 (plus contingency reserve of \$5,000)

BACKGROUND:

In addition to some structural rehabilitation of the tank roof and installation of a tank mixing system, the San Mateo Tank Rehabilitation Project includes lead based coating removal and complete re-coating of the tank interior and exterior. To ensure quality application of the tanks' new protective coating systems, the services of a certified coating inspector is recommended. The scope of work includes but is not limited to inspecting coating removal, conducting surface assessment prior to re-coating, overseeing the surface preparation, monitoring coating product mixing, inspecting the application, documenting all daily tasks performed, verifying that work follows contract specifications and conduct interim and final testing.

The District solicited Request for Proposals (RFP) from six firms experienced with protective coating inspections. Five firms submitted proposals based on a time and materials basis.

	Firm	Hourly Rate		Total Hours	Total \$
		Regular	OT		
1	Bay Area Coating Consultants Inc., Denair, CA	\$105	\$150	640	\$67,200
2	Billy Campbell Technical Services, Novato, CA	\$77	\$98	640	\$49,820
3	DB Gaya Consulting LLC, Sebastopol, CA	\$90	\$113	460	\$45,900
4	MCS Coating Inspection Group, Paso Robles, CA	\$77	-	480	\$45,060
5	West Coast Coating Consultants, Albany, CA	\$90	\$105	700	\$63,000

In addition to overall cost, the proposals were evaluated using other criteria such as recent experience working on projects of a similar size, proximity to Marin County, and previous experience working with the District. The DB Gaya Consulting LLC (Gaya) proposal provided an estimated cost that was 2% higher than the lowest bid and 33% lower than the highest bid. Gaya is located in Sonoma County, and has recent relevant experience including providing inspection services for the District on the 5 MG Atherton Tank project in 2015. Travel costs are

included in the total cost. Gaya assumes approximately eight weeks of full time inspection and eight weeks of half time inspection and the total time estimated is 460 hours. In addition, Gaya will also be providing concurrent inspection services at Norman Tank, part of the Central Recycled Water West project. From past experience of the staff, the time estimated for inspection by Gaya is realistic and fees are reasonable. The District has obtained coating inspection services of DB Gaya in the past and their services have been satisfactory.


Therefore, staff recommends awarding the inspection contract to DB Gaya Consulting LLC.

RECOMMENDATION:

Board authorize the General Manager to execute an agreement with DB Gaya Consulting LLC for coating inspection services on a time and expense basis with a not to exceed limit of \$45,900 plus an approved contingency reserve of \$5,000.

11

MEMORANDUM

To: Board of Directors
From: Drew McIntyre, General Manager 
Subject: Opposition to SB 623 (Monning) Safe and Affordable Drinking Water Bill
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August 11, 2017

RECOMMENDED ACTION: Authorize President Petterle to execute a letter of opposition
FINANCIAL IMPACT: None at this time

Senator William Monning has introduced SB 623 as a mechanism to fund safe drinking water solutions for disadvantage communities (DACs). This legislation is expected to be amended soon to include a tax on residential water bills as a funding source.

While we agree with the goal of assisting disadvantaged communities that do not have safe drinking water, SB 623 has several fundamental flaws related to funding categories, eligibility and state water board authority. Furthermore, if language proposing a statewide tax or fee on water (also known as a public goods charge) is amended into the bill as planned, SB 623 would become completely unacceptable to public water agencies. Accordingly, staff recommends taking an oppose position on SB 623. The proposed opposition letter and supporting documents are provided in Attachment 1.

Recommendation

Authorize President Petterle to execute the SB 623 opposition letter.

DRAFT

August 16, 2017

The Honorable Lorena S. Gonzalez Fletcher, Chair
Assembly Appropriations Committee
State Capitol, Room 2114
Sacramento, CA 95814

Re: SB 623 (Monning) – OPPOSE UNLESS AMENDED

Dear Assembly Member Gonzalez Fletcher,

On behalf of North Marin Water District, I am writing to express our opposition to SB 623 (Monning), which would establish a special fund to be administered by the State Water Resources Control Board to assist those who do not have safe drinking water.

While we agree with the goal of assisting disadvantaged communities that do not have safe drinking water, SB 623 needs to be amended to address several fundamental flaws related to funding categories and eligibility, as detailed by the Association of California Water Agencies. Additionally, if language proposing a statewide tax on water, also known as a public goods charge or ratepayer assessment, is amended into the bill, SB 623 would become completely unacceptable to public water agencies.

While there is clearly a need to help fund sensible long-term solutions and assist the disadvantaged communities that do not have safe drinking water, requiring local water agencies across the state to collect a new tax for the state is not the solution. This is a social issue for the state. North Marin Water District believes that the state's General Fund is an appropriate source of funding for this important social issue.

For these reasons, North Marin Water District opposes SB 623 and respectfully requests your "NO" vote when the bill is taken up in the Assembly Appropriations Committee.

If you or members of your staff have any questions, please contact District General Manager Drew McIntyre at 415.897.4133 or dmcintyre@nmwd.com.

Sincerely,

Steve Petterle, President
NMWD Board of Directors

cc: The Honorable William Monning
Honorable Members, Assembly Appropriations Committee
Ms. Jennifer Galehouse, Deputy Chief Consultant, Assembly Appropriations Committee
Mr. John Kennedy, Consultant, Assembly Republican Caucus
Ms. Cindy Tuck, ACWA Deputy Executive Director for Governmental Relations



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OUTREACH ALERT

July 26, 2017

SB 623 Likely to be Amended to Include Tax on Water

Opposition Letters Needed for Upcoming Assembly Appropriations Hearing

Legislation aimed at funding safe drinking water solutions for disadvantaged communities (DACs) is expected to be amended soon to include a tax on residential water bills as a source of funding.

SB 623 (Monning), which cleared the Assembly Environmental Safety and Toxic Materials Committee on July 11, likely will be amended to include a "ratepayer assessment" before the bill is voted on in the Assembly Appropriations Committee. The bill would establish a special fund to assist those who do not have access to safe drinking water.

ACWA has an oppose-unless-amended position on the bill in its current form.

It is very likely that the bill's author, Sen. William Monning (D-Carmel), will insert language into the bill imposing a tax on water as one of two funding sources for the measure. The other funding source would be an ag-related fee(s) such as a fertilizer fee and a dairy fee to assist with nitrate-contamination of drinking water.

While ACWA agrees with the intent of the bill – to help fund solutions for DACs that do not have safe drinking water – SB 623 as currently drafted has fundamental flaws. In addition, ACWA has a long-standing policy position against a tax on water and will vigorously oppose the measure if one is added to the bill.

ACWA urges its members to immediately send letters in opposition to SB 623 to the Assembly Appropriations Committee. In addition, ACWA members are strongly encouraged to sign onto a coalition letter that ACWA will use for the Appropriations Committee as well as for a potential Assembly floor vote.

Members also are encouraged to contact their Assembly Members directly and voice their concerns about the bill, note their opposition to the addition of a tax on water, and request a no vote if the measure comes up for an Assembly floor vote. Legislators need to be alerted that a tax on water may be voted on when the Legislature returns.

Though a hearing date has not yet been set in the Assembly Appropriations Committee, letters should be sent as soon as possible.

Basis for Opposition to Current Version of the Bill

ACWA agrees with the goal of providing assistance to DACs that do not have safe drinking water. However, SB 623 (Monning) has several fundamental flaws:

- SB 623 would include private wells and state small water systems as eligible funding categories even though data is lacking to support a credible needs assessment for these two categories. With the exception of wells and systems where there is known nitration contamination, the bill should instead require preparation of a report on how data for these categories can be collected and evaluated.
- The bill would make capital costs an eligible funding category for long-term drinking water solutions even though there are other effective funding sources for capital needs (e.g., bonds, and the Safe Drinking Water State Revolving Fund). ACWA believes the bill should instead focus on funding operation and maintenance (O&M) costs, which is more challenging to fund.
- The bill would not limit the funding to DACs. ACWA believes the bill should make it clear that funding eligibility is limited to disadvantaged communities in rural, unincorporated areas that do not have safe drinking water.

While ACWA is willing to negotiate amendments to address the concerns listed above, the addition of a ratepayer assessment or tax on water would make SB 623 completely unacceptable.

Action Needed Now

ACWA members are strongly encouraged to take the following actions as soon as possible.

- 1. Send a letter in opposition to SB 623.** Letters should be sent to Assembly Appropriations Committee Chair Lorena S. Gonzalez Fletcher (D-San Diego) as soon as possible. A sample letter is available for member use.
- 2. Send a copy of your letter to members of the committee, the committee consultants and the bill's author.** Please be sure to send a copy of your letter to all members of the Assembly Appropriations Committee, two committee consultants and the bill's author, Sen. William Monning (D-Carmel). Contact information is provided below.
- 3. Send a copy of your letter to ACWA.** Please also be sure to send a copy of your letter to ACWA. Letters can be emailed to ACWA Outreach and Social Media Specialist Marie Meade, faxed to (916) 325-4927, or uploaded to ACWA's website using this form.
- 4. Authorize ACWA to add your agency to a coalition letter.** Please email Marie Meade as soon as possible to let her know if we may add your agency's name to the coalition letter. A draft of the coalition letter is available here.
- 5. Call your Assembly Members directly.** If SB 623 is passed in the Assembly Appropriations

Committee it will be sent quickly to the Assembly floor for a vote. Please call Assembly Members now to voice your concerns about SB 623, to let them know that the author may add a tax on water, and request a no vote if the bill comes up for a floor vote. Find contact information for your Assembly representatives here.

6. Be ready to respond further. ACWA remains actively engaged in discussions on this issue. ACWA members should be prepared to respond quickly to additional alerts.

Contact Information

Sen. William Monning, author (D-Carmel)

Fax: (916) 651-4917

Email: senator.monning@senate.ca.gov

Assembly Appropriations Committee

Jennifer Galehouse, Deputy Chief Consultant, Assembly Appropriations Committee

Email: jennifer.galehouse@asm.ca.gov

John Kennedy, Consultant, Assembly Republican Caucus

Email: John.kennedy@asm.ca.gov

Assembly Member Lorena S. Gonzalez, Chair (D-San Diego)

Phone: (916) 319-2080

Fax: (916) 319-2180

Email: assemblymember.gonzalezfletcher@assembly.ca.gov

Assembly Member Frank Bigelow, Vice Chair (R-O'Neals)

Phone: (916) 319-2005

Fax: (916) 319-2105

Email: assemblymember.bigelow@assembly.ca.gov

Assembly Member Richard Bloom (D-Santa Monica)

Phone: (916) 319-2050

Fax: (916) 319-2150

Email: assemblymember.bloom@assembly.ca.gov

Assembly Member Raul Bocanegra (D-San Fernando)

Phone: (916) 319-2039

Fax: (916) 319-2139

Email: assemblymember.bocanegra@assembly.ca.gov

Assembly Member Rob Bonta (D-Alameda)

Phone: (916) 319-2018

Fax: (916) 319-2118

Email: assemblymember.bonta@assembly.ca.gov

Assembly Member William P. Brough (R-Dana Point)

Phone: (916) 319-2073

Fax: (916) 319-2173

Email: assemblymember.brough@assembly.ca.gov

Assembly Member Ian C. Calderon (D-Whittier)

Phone: (916) 319-2057

Fax: (916) 319-2157

Email: assemblymember.calderon@assembly.ca.gov

Assembly Member Ed Chau (D-Arcadia)

Phone: (916) 319-2049

Fax: (916) 319-2149

Email: assemblymember.chau@assembly.ca.gov

Assembly Member Susan Talamantes Eggman (D-Stockton)

Phone: (916) 319-2013

Fax: (916) 319-2113

Email: assemblymember.eggman@assembly.ca.gov

Assembly Member Vince Fong (R-Bakersfield)

Phone: (916) 319-2034

Fax: (916) 319-2134

Email: assemblymember.fong@assembly.ca.gov

Assembly Member Laura Friedman (D-Glendale)

Phone: (916) 319-2043

Fax: (916) 319-2143

Email: assemblymember.friedman@assembly.ca.gov

Assembly Member James Gallagher (R-Yuba City)

Phone: (916) 319-2003

Fax: (916) 319-2103

Email: assemblymember.gallagher@assembly.ca.gov

Assembly Member Eduardo Garcia (D-Coachella)

Phone: (916) 319-2056

Fax: (916) 319-2158

Email: assemblymember.eduardogarcia@assembly.ca.gov

Assembly Member Adam C. Gray (D-Merced)

Phone (916) 319-2021

Fax: (916) 319-2121

Email: assemblymember.gray@assembly.ca.gov

Assembly Member Al Muratsuchi (D-Manhattan Beach)

Phone: (916) 319-2066

Fax: (916) 319-2116

Email: assemblymember.muratsuchi@assembly.ca.gov

Assembly Member Jay Obernolte (R-Big Bear Lake)

Phone: (916) 319-2033

Fax: (916) 319-2133

Email: assemblymember.obernolte@assembly.ca.gov

Assembly Member Eloise Gómez Reyes (D-San Bernardino)

Phone: (916) 319-2047

Fax: (916) 319-2147

Email: assemblymember.reyes@assembly.ca.gov

Questions

Members with questions about SB 623 should contact ACWA Deputy Executive Director for Government Relations Cindy Tuck at (916) 441-4545.

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CONTACT
Cindy Tuck
Deputy Executive Director
(916) 441-4545





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July X, 2017

The Honorable Lorena Gonzalez Fletcher
Chair, Assembly Appropriations Committee
California State Assembly
State Capitol, Room 2114
Sacramento, CA 95814

Re: Senate Bill 623 (Monning): Funding for Safe Drinking Water
Position: OPPOSE UNLESS AMENDED (As Amended July 3, 2017)

Alameda County Water District
American Water Works Association,
California-Nevada Section
Association of California Water Agencies
Bella Vista Water District
Calleguas Municipal Water District
Cucamonga Valley Water District
Desert Water Agency
East Valley Water District
Eastern Municipal Water District
Elsinore Valley Municipal Water District
El Dorado Irrigation District

Kern County Water Agency
Las Virgenes Municipal Water District
Mesa Water District
Regional Water Authority
Rowland Water District
San Juan Water District
Southern California Water Committee
Three Valleys Municipal Water District
Western Municipal Water District
Yorba Linda Water District
Yuba County Water Agency

Dear Chair Gonzalez Fletcher:

The above-listed organizations are **OPPOSED UNLESS AMENDED** to SB 623 (Monning), which would establish a fund to be administered by the State Water Resources Control Board (SWRCB) to assist those who do not have access to safe drinking water. We agree with the intent of the bill which is to help fund solutions for disadvantaged communities (DACs). The lack of access to safe drinking water in certain DACs in California is a public health issue and a social issue that needs to be addressed.

As the Legislature departed Sacramento for Summer Recess, the intended funding sources for SB 623 have yet to be identified in the bill. We understand the Author will add the funding sources prior to the Assembly Appropriations Committee voting on the measure. We also understand that Senator Monning is considering adding two types of funding: 1) a nitrate fee(s) related to fertilizer and dairies to address nitrate contamination; and 2) a state-mandated tax on water that local water agencies would be required to assess on their ratepayers. **Requiring local water agencies and cities across the state to impose a new tax on water for the State of California is highly problematic and is not the appropriate response to the problem.** **THE ORGANIZATIONS LISTED ABOVE ALL OPPOSE THE ADDITION OF A RATEPAYER ASSESSMENT/TAX ON WATER TO SB 623.**

State law sets forth a policy of a human right to water for human consumption that is safe, clean and affordable. The Legislature should not force local agencies to collect a tax for the state on something that is a human right. Further, adding a tax on water works against keeping water affordable. Instead of trying to set state-imposed tax mandates on local agency rate structures, the above-listed organizations suggest the following funding solution.

FUNDING SOLUTION: The State can package funding as follows:

- 1) **Safe Drinking Water State Revolving Fund (SRF)** – this federal funding can be used to fund capital costs;
- 2) **General Obligation (G.O.) Bonds** – SB 5 (de León) proposes \$175 million for safe drinking water and two new bond initiatives have been filed with the Attorney General which propose \$400 million and \$500 million for safe drinking water. All of these bonds propose to prioritize the drinking water funding to DACs;
- 3) **Ag Funding** – the nitrate-related fee(s) can be used for replacement water for the nitrate contamination; and
- 4) **General Fund** – General Fund funding can fund the non-nitrate operation and maintenance (O&M) costs needs at public water systems in certain DACs.

Everyone in California should have access to safe drinking water. The fact that a small percentage of Californians do not makes this issue a social issue for which the General Fund is an appropriate source of funding as part of a funding package.

AMENDMENTS: In addition to including the General Fund as a funding source instead of adding a ratepayer assessment/tax on water, the following amendments are needed:

- 1) **This bill should exclude capital costs as an eligible funding category** and focus on funding operation and maintenance (O&M) costs, which are difficult to fund through G.O. bonds and cannot be funded with SRF funds.
- 2) **The funding should be limited to DACs in rural, unincorporated areas that do not have access to safe drinking water.** The other proposed affordability criteria should be deleted. (As currently drafted, the funding is not limited to DACs.)
- 3) **SB 623 would include individual domestic wells and “state small water systems” (with 5 to 14 connections) as eligible funding categories even though data is lacking to support a credible needs assessment.** The state does not require owners of private wells to sample their wells, and consequently a comprehensive database for these groundwater sources does not exist. State small systems are typically regulated at the local or county level; therefore, a comprehensive database for these groundwater sources does not exist. **The bill should explicitly exclude these two categories from funding with the exception that funding could be made available for replacement water** for individual domestic wells or state small water systems in rural areas of the state for which the local health officer has certified that data documents that the wells for which funding is being sought in that area are contaminated with **nitrate**. The proposed definition of “replacement water” should be

narrowed to make this exception workable. (Bottled water, point-of-use treatment and point-of-entry treatment are reasonable parts of this proposed definition.)

4) SB 623 would require the SWRCB to require testing for individual domestic wells and state small water systems. This proposed requirement should be deleted and replaced with a requirement for the SWRCB, in consultation with the counties and relevant stakeholders, to develop a report to the Legislature with recommendations regarding to what extent and how drinking water data should be collected and evaluated for individual domestic wells and state small water systems in rural, unincorporated areas. This report should take into account issues such as what is the role of the counties, what scope is needed, how owners of individual domestic wells would be informed of the process, and what challenges exist relative to access to wells on private property.

5) The language should be consistent with the existing regulatory program. The language in the bill should, for public water systems, refer to “noncompliance” with the drinking water standards instead of “exceedances.” For some of the maximum contaminant levels, one exceedance does not necessarily equate to noncompliance or unsafe water. (Please see subdivision (i) of Section 64432 of Title 22 of the California Code of Regulations.)

6) The bill would authorize the SWRCB to take incidental action as may be appropriate for adequate administration and operation of the fund. Instead of simply including this rather vague provision, the bill should be specific as to what this proposed authority is intended to cover.

The above-listed organizations urge your “No” vote on SB 623 unless these concerns are addressed. The above-listed organizations also urge your “No” vote if a ratepayer assessment (tax on water) is added to the bill.

If you have questions regarding the concerns expressed or amendments suggested above, please contact Cindy Tuck, Deputy Executive Director for Government Relations, Association of California Water Agencies at (916) 441-4545 or at cindy@acwa.com.


cc: The Honorable William W. Monning
Honorable Members, Assembly Appropriations Committee
Ms. Kathy Smith, Senior Legislative Consultant, Office of Senator William W. Monning
Ms. Jennifer Galehouse, Deputy Chief Consultant, Assembly Appropriations Committee
Mr. John Kennedy, Consultant, Assembly Republican Caucus

12

MEMORANDUM

To: Board of Directors

August 11, 2017

From: Dianne Landeros, Accounting/HR Supervisor 

Subject: Information: Scrap Metal Receipts

t:\finance\memos\bod scrap metal receipts fy17.doc

RECOMMENDED ACTION: None**FINANCIAL IMPACT:** \$4,717 Receipts

Periodically, staff sells scrap aluminum, copper, iron, and brass to recyclers of metal materials. The following table shows what scrap metals were sold last fiscal year ended June 30, 2017 and the amount the District received for them.

Date	Description	Amount Received
10/27/16	Steel Mill Supply of Napa 772 lbs. Copper ¹ (\$1.50/lb) 378 lbs. Brass ² (\$1.10/lb) 662 lbs. Dirty Brass ³ (\$0.60/lb) 40 lbs. Mixed Insulated Wire (\$0.50/lb)	\$1,991.00
5/12/17	Steel Mill Supply of Napa 322 lbs. Insulated Wire (\$0.85/lb) 1,470 lbs. Dirty Brass ³ (\$1.00/lb) 578 lbs. Copper ¹ (\$1.70/lb)	\$2,726.30
	TOTAL FY17	\$4,717.30

¹Copper was comprised of used pipe pieces pulled from the ground and short pieces of new pipe.

²Brass was comprised of old water meters.

³Dirty brass was old check valves and meters.

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DISBURSEMENTS - DATED AUGUST 3, 2017

Date Prepared 8/1/17

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

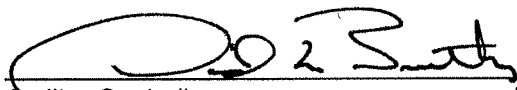
Seq	Payable To	For	Amount
1	Aberegg, Michael	Prog Pymt#3: Drafting Services San Mateo Tank Recoat (Balance Remaining on Contract \$28,495)	\$385.00
2	Accurate Forklift	33 lb Steel LP Tank	205.83
3	AICPA Subscriptions	Subscription Renewal (9/17-8/18) (Budget \$70)	69.00
4	Alphagraphics Marin	West Marin Spring Water Quality Report (4 pg - 11 X 17) (100)	391.46
5	American Family Life Ins	July Employer Accident, Disability & Cancer Insurance	3,668.39
6	Badger Meter	June Cellular Meter Charge (18)	15.84
7	Bay Area Barricade	Blue Spray Chalk	48.29
8	Black Box Corporation	Network Cable Ends (100)	130.19
9	Bold & Polisner	Brown Act (\$84), LAFCO (\$147), Office Renovation (\$378), Potter Valley Relicensing (\$7,476), Public Records Act (\$21), RW Priv Onsite Retrofit (\$336), RW Central (W. & Hwy 101) (\$126), SCWA (\$1,218) & Urban Growth Boundary (\$294)	10,080.00
10	Buckles-Smith	PLC Enclosure Parts for Norman Tank (\$798) & Memory Card (\$126)	924.71
11	Department of Toxic Substance Control	Hazardous Waste Manifest Fees	150.00
12	Ferguson Waterworks	Ells (7), Couplings (20), Angle Meter Stops (5) (\$177) & Valves (4) (\$2,642)	2,908.95
13	Fisher Scientific	Petri Dishes (500) (Lab)	55.24
14	Genterra Consultants	Prog Pymt#7: Stafford Dam Maintenance Plan (Balance Remaining on Contract \$12,743)	3,323.00


Seq	Payable To	For	Amount
15	GHD	Prog Pymt#1: Engineering Services Tank 4A Replacement (\$16,755) (Balance Remaining on Contract \$80,745) & Prog Pymt#2: Design Review (\$324) & San Mateo Tank Pipeline (\$4,189) (Balance Remaining on Contract \$24,706)	21,268.00
16	Golden Gate Petroleum	Gas (\$2.43/gal) & Diesel (\$2.23/gal)	1,761.58
17		Vision Reimbursement (\$127) & Exp Reimb AWWA Membership Renewal (9/17-8/18) (Budget \$260)	389.00
18	Grainger	HVAC Filters, Circuit Breaker Lockout Devices (3), Pry Bars (3), Hard Hat (23), Angle Grinder (\$114), Quick Release Ratchet, Electrical Tape, Plastic Paint Stir Stick, Air Die Grinder, Cut Off Wheel (6), Air Conditioner for IT Room (\$3,877), Hydraulic Quick Coupler (\$86), Intrusion Alarm Switches (6) (\$329), Throttle Control for Gas Powered Compressor (\$44), Threadlocker & Portable Winch Roller (\$110)	5,243.44
19	Hach	Annual Service Contract for Hach Equipment @ STP & PRTP	19,922.60
20	Idexx Laboratories	Bacteria Culture (Lab)	229.77
21	Intellaprint Systems	Quarterly Maintenance on Wide Carriage Engineering Scanner/Copier	417.00
22	Jeffco Painting & Coating	Prep & Paint Pump Barrels @ San Mateo P/S	10,250.00
23	Larsengines	Replacement Brush Cutter	973.07
24		Vision Reimbursement	317.86
25	LGVSD	Recycled Water Deliveries (4/17-6/30/17)	14,779.17
26	Miller Pacific Engineering	Prog Pymt#9: PRE-Tank 4A Geotechnical Services (Balance Remaining on Contract \$17,820)	687.50
27	Novato Sanitary District	June 2017 RW Operating Expense	17,708.90
28	Novato Chamber of Commerce	Novato Leadership Tuition (Vogler)	1,200.00
29	Open Spatial	Computer & Mapping Services for GIS System (10/17-10/18) (Budget \$9,020)	4,000.00

Seq	Payable To	For	Amount
30	Pace Supply	Meter Flange (8) (\$130), Couplings (3) (\$1,100) & Flange Adapter (\$596)	1,825.69
31	Parkinson Accounting Systems	June Professional Services (\$1,024) & Annual Custom Software Maintenance Fee (7/17 - 6/18) (\$4,878) (Budget \$4,690)	5,901.50
32	NMWD Petty Cash	Petty Cash Reimbursement: Snacks for Inventory (\$25), Safety Snacks (\$20), Bridge Toll & Parking (\$18), Battery headset (\$8) & InfoSend Test (\$2)	73.62
33	Piazza Construction	Prog Pymt#1: RW Expansion Central Service Area-Norman Tank (Balance Remaining on Contract \$781,018)	87,539.17
34	Piazza Construction Escrow Account	5% Retainage-Pymt#1: RW Expansion Central Area-Norman Tank Project	4,607.33
35	Point Reyes Prop Mgmt Assn	July HOA Fee (25 Giacomini Rd)	75.05
36	Prunuske Chatham	Prog Pymt #1: Perform Feasibility Analysis for Pipe Crossing Repairs at Rush Creek & Novato Creek & Bank Repair at Leveroni Creek (Balance Remaining on Contract \$54,152)	10,858.50
37	RMC Water & Environment	Prog Pymt #4: Recycled Water Central Services Area (Balance Remaining on Contract \$42,385)	854.50
38	Roy's Sewer Service	Sewer Line TV Inspection @ Oceana Marin	4,720.00
39	Solenis	Polymer Used for STP Water Treatment & Sludge Processing (4,290 lbs) & Polymer Used for Processing the Waste Sludge from STP (4,580 lbs)	13,411.90
40		Uninsured Medical Reimbursement	1,778.57
41	Streakwave Wireless	Radio Power Supplies	38.49
42	Thatcher Company of California	Ferric Chloride (10 tons) (STP)	4,345.07
43	USA BlueBook	Nitrile Gloves (2,000)	422.16
44	US Bank	June Treasury Securities Safekeeping Fee	70.25
45	Van Bebber Bros	3/8" X 36" Plate	113.31
46	Volvo Construction Equipment	Oil Filter, Compressor Oil, Fuel Filter & Air Filter	283.53

Seq	Payable To	For	Amount
47	White & Prescott	Prog Pymt#14: Children's Center & Bio-Marin Water Line Easement (\$360), Prog Pymt#15: Chevron Water Line Easement (\$160) & Prog Pymt#16: Country Lane Water Line Easement (\$120) (Balance Remaining on Contract \$10,480)	640.00
48	Wiley Price & Radulovich	Final Pymt: June Harassment Training (Total \$2,924)	1,430.00
TOTAL DISBURSEMENTS			<u>\$260,492.43</u>

The foregoing payroll and accounts payable vouchers totaling \$260,492.43 are hereby approved and authorized for payment.

 8/1/17
Auditor-Controller Date

 8/1/17
General Manager Date

DISBURSEMENTS - DATED AUGUST 10, 2017

Date Prepared 8/8/17

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

Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 7/31/17	\$138,209.88
EFT*	US Bank	Federal & FICA Taxes PPE 7/31/17	62,102.25
EFT*	State of California	State Taxes & SDI PPE 7/31/17	10,901.77
EFT*	CalPERS	Pension Contribution PPE 7/31/17	35,551.91
EFT*	CalPERS	Aug Health Insurance Premium (Employees \$49,055, Retirees \$10,186 & Employee Contribution \$10,514)	69,754.28
1	Ajamian, Vartan	Refund Overpayment on Closed Account	73.94
2	Alpha Analytical Labs	Lab Testing	36.00
3	Athens Administrators	Replenish Workers' Comp Checks Written (\$9,719), Aug Admin Fee (\$1,000) & June Bill Review Fees	11,182.30
4	AT&T	Leased Lines	632.00
5	Ayala, Luciano & Irene	Refund Overpayment on Closed Account	27.93
6	Buckles-Smith	Replacement Analog Input Module for STP	1,102.74
7	Cel Analytical	Lab Testing	375.00
8	Celli, Robert & Betsy	Novato "Smart Irrigation Controller" Rebate	240.00
9	Chandrasekera, Carmela	Exp Reimb: Water Storage Tank Design, Construction & Maintenance Seminar July 21 in Vancouver Washington. Air Fare (\$288), Lodging (\$138), Tank Seminar Registration (\$225) & Car Rental	747.93
10	Clark, Robert E.	Exp Reimb: Annual West Marin Rotary Membership (7/17-6/18) (Budget \$130)	170.00
11	Digital Prints & Imaging	Conformed Specs for RW Central-Hwy 101 Crossing Project (9 Sets)	505.67

Seq	Payable To	For	Amount
12	Docan, Jerolyn	Novato "Water Smart Landscape Efficiency" Rebate Program	100.00
13	Electrical Equipment	Motor Starter Coils (2)	182.01
14	Empire Floors	Refund Overpayment on Closed Account	68.70
15	Gans, Shirley & Sheldon	Refund Overpayment on Closed Account	109.89
16	Hach	Media (Lab)	49.16
17	Home Depot	Rapid Set Concrete (50-60lb bags)	666.41
18		Cafeteria Plan: Uninsured Medical Reimbursement	26.67
19	Kehoe, Theresa	Exp Reimb: Notary Commission Renewal (8/1/17-8/1/21) (Budget \$230)	637.44
20	Lincoln Life	Deferred Compensation PPE 7/31/17	16,041.72
21		Childcare Reimbursement	416.66
22		Vision & Cafeteria Plan: Uninsured Medical Reimbursement	542.40
23	Marin Municipal Water District	Wheeling Charge (FY17 Frosty Acres Intertie) (126 AF)	414.98
24	McMaster-Carr Supply	Knockout Plugs (10)	15.75
25	Mutual of Omaha	August Group Life Insurance Premium	913.73
26	Nationwide Retirement Solution	Deferred Compensation PPE 7/31/17	1,000.00
27	Neopost USA	August Postal Meter Rental	94.08
28	Novato Toyota	Oil Change & Diagnose High Oil Use Problem (\$55) ('09 Toyota Pruis)	71.23
29	Novato Disposal Service	July Trash Removal	442.76
30	NSI Solutions	QC Sample (Lab)	49.25
31	Office Depot	Chair mat (McIntyre) (\$90), Canned Air (3), Post-it Notes (80) (\$80), Folders w/Fasteners (25) (\$76), Labels (5,000), Colored Card Stock (250) (\$54), Pens (36) (\$69), #9 Envelopes (500) (\$58) & Clock (\$66) (Lab) & Footrest (\$152) (Chandrasekera)	1,248.59


Seq	Payable To	For	Amount
32	O'Reilly Auto Parts	Brake Cleaner (48-14oz Bottles) (\$140), Carburetor Cleaner (40-13 oz Bottles) & Penetrating Oil	220.78
33	Pace Supply	Double Check Valve (\$115), Repair Clamps (14) (\$374), Deep Socket Set (\$160), Brass Bushings (4), Adapters (4), Test Plate, Flange Adaptor (2) (\$1,454), Brass Nipples (2), Copper Pipe (2,700') (\$8,900), Gate Valve (\$1,398), Brass Couplings (24) (\$434) & Corp Stop	15,297.12
34	PG&E	Energy Bill for 28 Ashland Drive (Reservoir Hill RW Tank)	33.84
35	Point Reyes Prop Mgmt Assn	Aug HOA Fee (25 Giacomini Rd)	75.05
36	Poksay, Karen	Novato "Cash for Grass" Rebate Program	400.00
37	Preferred Alliance	Pre-Employment Drug Screen (Meier)	42.00
38	Prunuske Chatham	Provide Annual Monitoring Reports for Leveroni Creek Bank	577.50
39		Childcare Reimbursement	208.33
40	Rotary Club of Novato-Sunrise	Annual Dues (McIntyre) (7/17-6/18) (Budget \$150)	150.00
41	Scott Technology Group	Quarterly Maintenance on Engineering Copier	635.20
42	Sebastopol Bearing & Hydraulic	Rubber Mat (48" x 75') (\$108) & Ring Tie Downs (3) & 4" Gate Valve ('13 Vac Excavator) (\$389)	537.60
43	Sequoia Safety Supply	Earplugs (400) (62), Sunscreen (50), Poison Oak Towlettes (50) (\$54), Poison Oak Ointment (\$54), Lens Wipes & Ibuprofen	255.08
44	Shell	Small Tool Fuel (15 gal)	46.13
45	Simmons, Deirde	Novato "Toilet Rebate" Program	200.00
46	Sitkin, Barbara	Refund Overpayment on Closed Account	60.93
47	South Bay Foundry	Valve Caps (60)	1,158.30
48	State Water Resources Control	Treatment Operator Certificate II Renewal (Lucchesi) (2/18-2/21) (Budget \$60)	60.00
49	Syar Industries	Asphalt (5.28 tons)	844.83

Seq	Payable To	For	Amount
50	Synectic Technologies	Quarterly Phone System Maintenance (8/1/17-10/31/17)	446.70
51	Thompson, Travis & Christine	Novato "Washer Rebate" Program	50.00
52	U.S. Bank Card	Monitor (\$169), Fleet Maint Tracking Software (\$797), Serv on Emerg Escape Bottles (\$54) (STP), Safety Bravo Gift Cards (40) (\$2,000), Heavy Duty Tablet Case (\$119) (Cons Svcs), Fed Payroll Tax Returns (2) (\$33), Marin IJ Ad for Bid Opening San Mateo Tank (\$524), Printer (\$183) (Young), Lab Coat (\$27) (Bena), Craigs List Ad for Asst Auditor/Controller (\$75) & Eng Tech III (\$75), Gas Engine Muffler (\$66), Memorial Flowers for Director Schoonover's Family (\$71), Jobs Available Display Ad (Asst Auditor/Controller) (\$284) & ACWA Region 1 Event (Bentley, Clark & Vogler) (\$150)	4,635.53
53	US Geological Survey	1/3 Share of FY18 Gallagher Stream Gauge Maintenance (Budget \$8,000)	8,200.00
54	Verizon Wireless	Cellular Charges: Data (\$278) & Airtime (\$93) (23)	370.42
55	VWR International	Standards (Lab)	77.52
56	Waste Management	Misc Debris (17 yds)	423.52
57	Wine Country Water Works Association	Tradeshow Registration & FY18 Membership (C. Kehoe, Kane, Arendell, J. Lemos, Steele, Stompe & Foster) (Budget \$340)	470.00
58	Winzer	Nuts, Bolts, Washers & Hand Cleaner	234.29
59	Zahorenko, Jason	Refund Overpayment on Closed Account	61.95
		TOTAL DISBURSEMENTS	<u>\$390,477.65</u>

The foregoing payroll and accounts payable vouchers totaling \$390,477.65 are hereby approved and authorized for payment.


Auditor-Controller

8/9/17
Date


General Manager

8/8/17
Date



August 11, 2017

The Honorable Robert M. Hertzberg
Chairman, Senate Committee on Natural Resources and Water
State Capitol, Room 5046
Sacramento, CA 95814
Via email: senator.hertzberg@senate.ca.gov

Re: Comments on Legislation Necessary to Help with "Making Water Conservation a California Way of Life"

Dear Chairman Hertzberg:

On behalf of the Sonoma-Marín Saving Water Partnership (SMSWP), I am responding to your request for written comments on the Committee's stated intent to "enact legislation necessary to help make water conservation a California way of life." Our Partnership had previously commented on this topic in our April 13, 2017 letter supporting AB 1654 and AB 968 authored by Assembly Member Blanca Rubio. AB 1654 and AB 968 would enhance existing urban water management planning requirements, strengthen water suppliers' abilities to plan and prepare for future droughts, and ensure a balanced approach to providing a drought resilient water supply including use of recycled water and enhanced long term water use efficiency. These two bills preserved local authority which, when combined with legislative oversight, must be paramount as the state develops and implements new policies intended to enhance water use efficiency and water shortage planning requirements.

SMSWP members include the Cities of Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Town of Windsor, and the Marin Municipal, North Marin and Valley of the Moon Water Districts, California American Water (Larkfield, Wikipup, Fulton and Geyserville) and Sonoma County Water Agency. The SMSWP members recognize that establishing common water conservation programs on a regional basis and applicable across the political and jurisdictional boundaries of each party is a means of cost effectively conserving more water than would otherwise be conserved on an individual agency-by-agency basis.

Our Partnership supports the goal of making water conservation a California way of life and we recommend that improvements in urban water use efficiency be measured at the local level based on water use that is considered reasonable and efficient. Any legislation should have a goal of reducing the wasteful use of water rather than seeking to reduce the total volume of water served for uses that are reasonable and efficient. Additional comments related to this issue are summarized as follows:

- Before the Legislature establishes water use efficiency targets based on any single method, including water budgets, that method must be proven reliable, broadly applicable, and adaptable to varying conditions throughout the state. AB 968 would have accomplished this by providing three clearly defined options for calculating water use efficiency targets. Any revision to the legislation should include multiple options.
- Drought-resilient supplies, such as recycled water, are key components of the state's water supply portfolio. In many regions, including Marin-Sonoma, recycled water supplies far exceed demand, and incentives are needed to attract more customers. Targets and standards should include a recycled water credit that protects existing use and promotes expansion. A variance of the proposed 1.0 evapotranspiration factor should be included to allow higher level use when needed due to other relevant factors.
- Legislation should focus on the goal of eliminating water waste through appropriate and progressive enforcement authority that accounts for a retail water agency's authorities and responsibilities related to their customers. The focus should be on corrective action instead of cease-and-desist orders.
- Legislation should preserve local decision-making powers to determine actions to avoid or mitigate shortages. As stated in DWR's Guidebook for 2015 Urban Water Management Plans, *"There is no substitute for water planning at the local water supplier level. Only a local supplier has the knowledge, ability to consider the unique circumstances of the individual agency, can provide for participation by the community, and tailor the planning to local conditions"*.
- Legislation should expressly provide that during a drought or water shortage, an urban water supplier shall not be required to reduce its use or reliance on drought resilient supplies such as recycled water nor take any additional actions beyond those specified in its water shortage contingency plan for the level of shortage that is anticipated.

In closing, we recognize that additional proposed legislation changes are underway. A review of the recent Skinner/Hertzberg draft proposal is concerning because the proposal: (1) delegates the Legislature's authority over long-term water use efficiency standards/targets to State agencies, (2) has enforcement provisions that do not account for urban retail water suppliers authorities and responsibilities relative to their customers and (3) does not adequately protect or create incentives for future development of recycled water. The proposal also introduces new concepts not previously considered in this year's legislative discussions. Given the importance of this legislation and the varying complexity of the proposed changes, the Partnership requests that continued legislation refinement occurs in the policy committees as a two-year bill to provide the time necessary to ensure quality legislation.

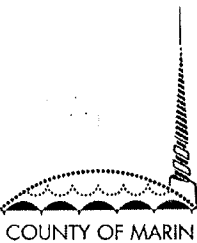
If you or your staff have any questions, please contact me at 415-897-4133 or dmcintyre@nmwd.com.

Sincerely,



Drew McIntyre
General Manager
North Marin Water District

cc: The Honorable Mike McGuire, Member, California State Senate
The Honorable Bill Dodd, Member, California State Senate
The Honorable Jim Wood, Member California State Assembly
The Honorable Cecilia Aguiar-Curry, Member, California State Assembly
The Honorable Marc Levine, Member, California State Assembly
The Honorable Eduardo Garcia, Chairman, Assembly Committee on Water, Parks and Wildlife
The Honorable Members, Senate Committee on Natural Resources and Water
The Honorable Members, Assembly Committee on Water, Parks, and Wildlife
The Honorable Nancy Skinner, Member, California State Senate
The Honorable Members, Assembly Water Conservation Working Group
Mr. Kip Lipper, Chief Policy Advisor, Office of the Senate President Pro Tem
Mr. Alf Brandt, Senior Counsel, Office of the Assembly Speaker
Mr. Dennis O'Connor, Principal Consultant, Senate Environmental Quality Committee
Ms. Catherine Freeman, Chief Consultant, Assembly Committee on Water, Parks, and Wildlife
Mr. Ryan Ojakian, Senior Consultant, Assembly Committee on Water, Parks, and Wildlife
Mr. Michael Bedard, Chief of Staff, Office of Senator Robert Hertzberg
Mr. Todd Moffitt, Consultant, Senate Republican Caucus
Mr. Robert Spiegel, Consultant, Assembly Republican Caucus
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor
Mr. Gordon Burns, Undersecretary, CalEPA



COMMUNITY DEVELOPMENT AGENCY

HOUSING AND FEDERAL GRANTS DIVISION

Working Group on Preservation and Conversion of the Point Reyes Coast Guard Facility to permanently affordable homes

Background Information

The United States Coast Guard Housing Facility in Point Reyes Station includes 36 town homes on a 32-acre site. In 2014 the US Coast Guard designated the Point Reyes Station Housing Facility as surplus, with the intention of selling it through an online auction managed by the General Services Administration (GSA). Local community groups and the County of Marin saw the Coast Guard Housing Facility as a unique opportunity to provide affordable homes in a community with a pressing need and a significant shortage of affordable homes. In 2015, Congressman Jared Huffman introduced legislation to direct the US Coast Guard to sell the property to the County of Marin so that it could be preserved as affordable housing; the legislation was signed into law by President Obama in February of 2016 (Attachment A). In August 2015, the Coast Guard and General Services Administration entered into negotiations to sell the property to the County. In 2016, the US Coast Guard finalized the environmental evaluation, and the County had a septic feasibility analysis completed. The next step in the process is for the County, in consultation with the Coast Guard, to hire an appraiser to determine the fair market value.

Concurrent with the on-going evaluations of the property and negotiations with the US Coast Guard, the County seeks to conduct a community engagement process and develop a request for proposals (RFP) for a developer partner to assist with the acquisition, rehabilitation and management of the Coast Guard Housing as permanently affordable homes.

Working Group

The role of the working group will be to advise County staff on issues related to community engagement, developing an RFP and evaluating responses from developer partners for the conversion of the Coast Guard Facility to permanent affordable homes.

- Provide strategic oversight, advice and feedback on the citizen engagement strategies;
- Review and provide input on the RFP, incorporating community input and feedback;
- Advise staff on plans and solutions to overcome barriers to providing affordable homes at the Coast Guard Facility in Point Reyes

Desired qualities for members of the working group include:

- Experience working in West Marin, especially with disadvantaged and low-opportunity individuals and communities;
- Track record in partnering with residents, neighborhood groups and local agencies with diverse interests to achieve goals;
- Strong track record of fostering a solid foundation of trust, common understanding and vision, with all those involved in the engagement process; ensuring all individuals and interests are respected and given due consideration; participating in effective and on-going communication in the group processes.

Time Commitment

The working group will be asked to participate for up to 12 months. Initially focusing on the community engagement and outreach process, the working group is expected to meet monthly for 2-3 months. After that every 2 months or less depending on the timelines and process of negotiations with the Coast Guard. Meetings are expected to last approximately an hour and a half and will be held at a time and location most convenient to the group.

1 (4) by adding at the end the following:

2 “(vi) prepare and submit to the Presi-
3 dent and Congress requests for appropria-
4 tions for the Commission (with such re-
5 quests subject to the approval of the Com-
6 mission).”.

7 **SEC. 403. PROHIBITION ON AWARDS.**

8 Section 307 of title 46, United States Code, is
9 amended—

10 (1) by striking “The Federal Maritime Commis-
11 sion” and inserting the following:

12 “(a) IN GENERAL.—The Federal Maritime Commis-
13 sion”; and

14 (2) by adding at the end the following:

15 “(b) PROHIBITION.—Notwithstanding subsection (a),
16 the Federal Maritime Commission may not expend any
17 funds appropriated or otherwise made available to it to
18 issue an award, prize, commendation, or other honor to
19 a non-Federal entity.”.

20 **TITLE V—MISCELLANEOUS**

21 **SEC. 501. CONVEYANCE OF COAST GUARD PROPERTY IN**
22 **MARIN COUNTY, CALIFORNIA.**

23 (a) CONVEYANCE AUTHORIZED.—The Commandant
24 of the Coast Guard may convey all right, title, and interest
25 of the United States in and to the covered property, upon

1 payment to the United States of the fair market value of
2 the covered property.

3 (b) RIGHT OF FIRST REFUSAL.—The County of
4 Marin, California shall have the right of first refusal with
5 respect to purchase of the covered property under this sec-
6 tion.

7 (c) SURVEY.—The exact acreage and legal descrip-
8 tion of the covered property shall be determined by a sur-
9 vey satisfactory to the Commandant.

10 (d) FAIR MARKET VALUE.—The fair market value
11 of the covered property shall—

12 (1) be determined by appraisal; and

13 (2) be subject to the approval of the Com-
14 mandant.

15 (e) COSTS OF CONVEYANCE.—The responsibility for
16 all reasonable and necessary costs, including real estate
17 transaction and environmental documentation costs, asso-
18 ciated with a conveyance under this section shall be deter-
19 mined by the Commandant and the purchaser.

20 (f) ADDITIONAL TERMS AND CONDITIONS.—The
21 Commandant may require such additional terms and con-
22 ditions in connection with a conveyance under this section
23 as the Commandant considers appropriate and reasonable
24 to protect the interests of the United States.

1 (g) DEPOSIT OF PROCEEDS.—Any proceeds received
 2 by the United States in a conveyance under this section
 3 shall be deposited in the Coast Guard Housing Fund es-
 4 tablished by section 687 of title 14, United States Code.

5 (h) COVERED PROPERTY DEFINED.—In this section,
 6 the term “covered property” means the approximately 32
 7 acres of real property (including all improvements located
 8 on the property) that are—

9 (1) located at Station Point Reyes in Marin
 10 County, California;

11 (2) under the administrative control of the
 12 Coast Guard; and

13 (3) described as “Parcel A, Tract 1”, “Parcel
 14 B, Tract 2”, “Parcel C”, and “Parcel D” in the
 15 Declaration of Taking (Civil No. C-71-1245 SC)
 16 filed June 28, 1971, in the United States District
 17 Court for the Northern District of California.

18 **SEC. 502. ELIMINATION OF REPORTS.**

19 (a) DISTANT WATER TUNA FLEET.—Section 421 of
 20 the Coast Guard and Maritime Transportation Act of
 21 2006 (46 U.S.C. 8103 note) is amended by striking sub-
 22 section (d).

23 (b) ANNUAL UPDATES ON LIMITS TO LIABILITY.—
 24 Section 603(c)(3) of the Coast Guard and Maritime
 25 Transportation Act of 2006 (33 U.S.C. 2704 note) is

Marin Independent Journal (<http://www.marinij.com>)

Marin, other U.S. water supplies targeted by advocacy group over safety

By Mark Prado, Marin Independent Journal

Saturday, August 5, 2017



Though Marin's drinking water meets all federal and state requirements for health and safety, it also contains contaminants linked to an increased risk of cancer, according to a report by a nonprofit advocacy group.

Marin's two biggest water agencies were critical of the report, saying the public water districts meet all state and federal water quality benchmarks.

Marin's utilities were among nearly 50,000 public water systems examined in the nationwide study by the Washington, D.C.-based

Environmental Working Group. The group acknowledged that Marin and other water suppliers meet government standards, but it says the water frequently contains contaminants in concentrations that exceed levels scientists say pose potential health risks over the course of a lifetime.

"Just because it is legal does not mean it's safe," said Nneka Leiba, director of healthy living science for the Environmental Working Group, a nonprofit dedicated to protecting human health and the environment.

Agriculture, industry, urban runoff, naturally occurring contamination, along with water treatment, distribution and storage are the general culprits that affect quality, according to the Environmental Working Group.

Water database

The organization created a national [Tap Water Database](#), which it describes as the most complete source available on the quality of U.S. drinking water. The site — navigable by entering a ZIP code — aggregates and analyzes data from U.S. water systems in all 50 states and the District of Columbia between 2010 and 2015.

The database was based in state records and utilized health guidelines created by the California Office of Environmental Health Hazard Assessment that are more stringent than federal Safe Drinking Water Act limits.

Based on its own formula, the database shows the Marin Municipal Water District — the county's largest water utility — had 20 contaminants that exceeded the Environmental Working Group-selected health guidelines. Eight are carcinogens, including hexavalent chromium or Chromium-6, highlighted in the film "Erin Brockovich."

Between 2010 and 2015, an average of 0.126 parts per billion of Chromium-6 was measured in Marin Municipal Water District supplies based on state records, according to the report. The health guideline is 0.02 parts per billion as defined by the California Office of Environmental Health Hazard Assessment as a public health goal. The legal limit as defined by the state Water Resources Control Board is 10 parts per billion.

One part per billion is equivalent to one drop in 31,250 gallons of water, according to a University of Maine example.

A drinking water sample with a detection of hexavalent chromium above the public health goal does not necessarily represent a public health concern, according to the state water board.

Health goal

The public health goal is based on a cancer risk of no more than one case of cancer per 1 million people. The public health goal represents the level of hexavalent chromium at which no adverse health effects would be seen over an entire lifetime of exposure to the most sensitive population, according to the water board.

“So a (public health goal) is not a boundary line between a ‘safe’ and ‘dangerous’ level of a chemical, and drinking water is frequently demonstrated as safe to drink even if it contains chemicals at levels exceeding their (public health goals),” reads information from the water board on the topic.

Much of the low-level hexavalent chromium found in drinking water is naturally occurring, its presence in geological formations. But textile dyes, wood preservation, leather tanning and anti-corrosion coatings can also introduce the chemical into water, according to the state water board.

The Marin Municipal Water District was not alone. Hexavalent chromium was detected in the drinking water supplies serving 250 million Americans in all 50 states, including at the North Marin Water District, the second-largest water provider in Marin. The latter agency had 15 contaminants, including seven carcinogens.

Mitigation

Marin Municipal and North Marin draw water from reservoirs and receive some supplies from the Sonoma County Water Agency, which taps reservoirs and the Russian River.

Leiba said she understands the report — released late last month — may cause concern, but she said the group wanted to get the information out to the public.

“The initial instinct may be worry and more than worry,” she said. “But we thought it more important to get this information out and let people take steps to mitigate it.”

That includes buying home filtration systems. The database points people to which filters are best to address their communities. The group also is pushing for cleaner water.

“Just because your tap water gets a passing grade from the government doesn’t always mean it’s safe,” said San Anselmo resident Ken Cook, president of the Environmental Working Group, in a statement. “It’s time to stop basing environmental regulations on political or economic compromises, and instead listen to what scientists say about the long-term effects of toxic chemicals.”

Exceeds standards

Marin Municipal Water District officials maintain their water is safe.

“MMWD’s water supply meets or exceeds all federal and state drinking water health standards,” said spokeswoman Emma Detwiler. “The report from the Environmental Working Group is comparing our water quality compliance data to their own health guideline, which is not a regulation. If any chemical compound exceeded their guideline, it was listed in the report.”

North Marin Water District officials took issue with the report, saying the health guidelines listed as benchmarks and reference points by the report for contaminants are erroneously identified.

“They conflate concentrations listed by several different government agencies for regulated and unregulated chemicals and they misrepresent the meaning of these concentrations,” wrote Pablo Ramudo, North Marin’s

laboratory director, in an email. “They also list results from raw, untreated water for some contaminants, even though they are removed by filtration. North Marin Water District is in full compliance with both federal and California drinking water regulations, and the water we serve to our customers surpasses strict standards for safety and quality.”

Both Marin utilities stated they conduct thousands of tests annually on their water and post the results online.

Darrin Polhemus, deputy director for the Division of Drinking Water at the state water board, said the Environmental Working Group contacted him about the report as it was being developed.

“The conversation is great to have,” Polhemus said. “It’s a discussion about what the public expects to get, as pure a water as possible, and what costs come along with that.”

In some cases water quality is affected by the limitations of treatment technology that is available, he noted. But chemicals are needed to rid water of disease that can cause acute health problems, he added.

The state water board has a [Human Right To Water](#) site that details water quality information.

“We are transparent in letting people know what is in the water,” said Andrew DiLuccia, a state water board spokesman.

To view the Environmental Working Group’s database, visit ewg.org/tapwater.

URL: <http://www.marinij.com/environment-and-nature/20170805/marin-other-us-water-supplies-targeted-by-advocacy-group-over-safety>

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"The Tao of the Cow" features paintings of West Marin by more than 20 artists today through Aug. 31 at Toby's Feed Barn, in Point Reyes Station. Twenty-five percent of sales will benefit the Marin Agricultural Land Trust. A songwriter's showcase featuring Arturo Tello's songs from his album "The Tao of the Cow/ Profound and Profane Songs" takes place from

month. Visit marincountyparks.org for more information.

A kids and guys pancake breakfast and open gym with Dave Cort and Buck Chavez takes place from 8:30 to 10 a.m. at the Loft Teen Center at San Geronimo Valley Community Center. Free.

Light refreshments provided. Presented by the Marin Resource Conservation District. RSVP requested to sarah@marinrcd.org (415) 663.1170 ext. 302.

The Stinson Beach Village Association meets at 10 a.m. on the first Saturday of the month at the Stinson Beach Community Center.

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Legal Notices

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fictitious business name, certificate of which was filed on the date indicated in the stated county under the listed number, have abandoned the use of said fictitious business name: Original File #: 2016140296, original date filed 7/20/2016 in County of Marin. Fictitious Business Name: Tony's Seafood Restaurant, 18863 Highway 1, Marshall, CA 94940. Name of registrants: 01: John Konatich, 18863 Highway 1, Marshall, CA 94940; 02: Anton Konatich, 18863 Highway 1, Marshall, CA 94940. I hereby certify that the foregoing is a correct copy of the original on file in my office. Richard N. Benson, Marin County Clerk, by J. Mannion, Deputy. Published in the Point Reyes Light July 20, 27, August 3, 10, 2017.

Fictitious Business Name Statement. File No. 2017142618. The following person(s) is (are) doing business as: Terapharma, 2044 Carolyn Way, Novato, CA 94945. This business is conducted by co-partners: 01: Robyn I De Blauw, 2044 Carolyn Way, Novato, CA 94945; 02: Laelia V Lee, 1496 McGregor Ave, Petaluma, CA 94954. This statement was filed with the County Clerk of Marin County on July 17, 2017, signed, C. Sanchez, Deputy. Published in the Point Reyes Light July 27, August 3, 10, 2017.

Fictitious Business Name Statement. File No. 142592. The following person(s) is (are) doing business as: Astrid Design Studio, 10970 State Route One, Point Reyes Station, CA 94956. This business is conducted by an individual: Nancy Astrid Hoffman, 10970 State Route One, Point Reyes Station, CA 94956. This statement was filed with the County Clerk of Marin County on July 13, 2017, signed, J. Mannion, Deputy. Published in the Point Reyes Light July 27, August 3, 10, 2017.

Fictitious Business Name Statement. File No. 142595. The following person(s) is (are) doing business as: Living Seed Company, 10970 State Route One, Point Reyes Station, CA 94956. This business is conducted by an individual: Matthew Hoffman, 10970 State Route One, Point Reyes Station, CA 94956. This statement was filed with the County Clerk of Marin County on July 13, 2017, signed, J. Mannion, Deputy. Published in the Point Reyes Light July 27, August 3, 10, 2017.

Fictitious Business Name Statement. File No. 142497. The following person(s) is (are) doing business as: Ohana Acai Cafe, 47c Tamal Vista Blvd, Corte Madera, CA 94925. This business is

conducted by a married couple: Aaron Todd Donaldson, 74 Medway Rd, San Anselmo, CA 94960. This statement was filed with the County Clerk of Marin County on June 29, 2017, signed, C. Sanchez, Deputy. Published in the Point Reyes Light July 27, August 3, 10, 2017.

Fictitious Business Name Statement. File No. 2017142500. The following person(s) is (are) doing business as: Redwood Barbershop, 475 Magnolia Ave, Larkspur, CA 94939. This business is conducted by a limited liability company: Redwood Barbershop LLC, 18 Payran St, Petaluma, CA 94952. This statement was filed with the County Clerk of Marin County on June 29, 2017, signed, J. Mannion, Deputy. Published in the Point Reyes Light July 27, August 3, 10, 2017.

Fictitious Business Name Statement. File No. 2017142608. The following person(s) is (are) doing business as: 01: Affinity Aquatics, 131 Camino Alto, Ste D, Mill Valley, CA 94941; 02: Affinity Controls, 131 Camino Alto, Ste D, Mill Valley, CA 94941. This business is conducted by a corporation: HMW International, Inc, 131 Camino Alto, Ste D, Mill Valley, CA 94941. This statement was filed with the County Clerk of Marin County on July 14, 2017, signed, C. Sanchez, Deputy. Published in the Point Reyes Light July 27, August 3, 10, 2017.

Fictitious Business Name Statement. File No. 2017142637. The following person(s) is (are) doing business as: 01: Sparkpath, 22 Audubon Way, Novato, CA 94949; 02: Sparkpath Consulting, 22 Audubon Way, Novato, CA 94949. This business is conducted by an individual: Erica Smigielski, 22 Audubon Way, Novato, CA 94949. This statement was filed with the County Clerk of Marin County on July 19, 2017, signed, J. Mannion, Deputy. Published in the Point Reyes Light July 27, August 3, 10, 2017.

Fictitious Business Name Statement. File No. 142653. The following person(s) is (are) doing business as: Mesa Chica Landscaping, 24 Cameron St, Inverness, CA 94937. This business is conducted by a corporation: Ida Severson Inc, 24 Cameron St, Inverness, CA 94937. This statement was filed with the County Clerk of Marin County on July 24, 2017, signed, J. Mannion, Deputy. Published in the Point Reyes Light July 27, August 3, 10, 2017.

Fictitious Business Name Statement.

File No. 2017142565. The following person(s) is (are) doing business as: Fond Farewell, 10 Crestwood Dr, San Rafael, CA 94901. This business is conducted by an individual: Mimi Berkoe, 10 Crestwood Dr, San Rafael, CA 94901. This statement was filed with the County Clerk of Marin County on July 11, 2017, signed, S. Oliva, Deputy. Published in the Point Reyes Light August 3, 10, 17, 24, 2017.

Fictitious Business Name Statement. File No. 142569. The following person(s) is (are) doing business as: 01: Donna's Foods, 1241 Anderson Dr, Ste M, San Rafael, CA 94912; 02: Donna's Tamales, 1241 Anderson Dr, Ste M, San Rafael, CA 94912. This business is conducted by an individual: Nawid Rahimi, 2059 Marazzani Dr, Martinez, CA 94553. This statement was filed with the County Clerk of Marin County on July 12, 2017, signed, J. Mannion, Deputy. Published in the Point Reyes Light August 3, 10, 17, 24, 2017.

Fictitious Business Name Statement. File No. 2017142692. The following person(s) is (are) doing business as: Mindshift 2 Thrive, 4 Oak Crest Ct, Apt C, Novato, CA 94947. This business is conducted by an individual: Angela I Burrows, 4 Oak Crest Ct, Apt C, Novato, CA 94947. This statement was filed with the County Clerk of Marin County on July 27, 2017, signed, C. Sanchez, Deputy. Published in the Point Reyes Light August 3, 10, 17, 24, 2017.

Fictitious Business Name Statement. File No. 2017142642. The following person(s) is (are) doing business as: Lemonade Stand, 516 Brookline Ave, Mill Valley, CA 94941. This business is conducted by a general partnership: 01: Lisa G Pelo, 516 Brookline Ave, Mill Valley, CA 94941; 02: Pia V Logan, 80 Nelson Ave, Mill Valley, CA 94941. This statement was filed with the County Clerk of Marin County on July 20, 2017, signed, M. Rakitichan, Deputy. Published in the Point Reyes Light August 3, 10, 17, 24, 2017.

Fictitious Business Name Statement. File No. 142538. The following person(s) is (are) doing business as: West Marin Medical Center, 11150 Highway One, Point Reyes Station, CA 94956. This business is conducted by a corporation: Colin Hamblin, a prof medical corp, 11150 Highway One, Point Reyes Station, CA 94956. This statement was filed with the County Clerk of Marin County on July 6, 2017, signed, C. Sanchez, Deputy. Published in the Point Reyes Light Au-

gust 3, 10, 17, 24, 2017.

Fictitious Business Name Statement. File No. 2017142598. The following person(s) is (are) doing business as: Ishisan Photography, 173 Solano St, San Rafael, CA 94901. This business is conducted by a husband and wife: 01: Casey Ishida, 173 Solano St, San Rafael, CA 94901; 02: Justin Ishida, 173 Solano St, San Rafael, CA 94901. This statement was filed with the County Clerk of Marin County on July 14, 2017, signed, C. Sanchez, Deputy. Published in the Point Reyes Light August 3, 10, 17, 24, 2017.

Fictitious Business Name Statement. File No. 2017142541. The following person(s) is (are) doing business as: 01: Intrepid SF, 350 Rhode Island St, Ste 240, San Francisco, CA 95103; 02: Intrepid, 350 Rhode Island St, Ste 240, San Francisco, CA 95103; 03: We Are Intrepid, 350 Rhode Island St, Ste 240, San Francisco, CA 95103. This business is conducted by a limited liability company: Estuary Group, LLC, 350 Rhode Island St, Ste 240, San Francisco, CA 95103. This statement was filed with the County Clerk of Marin County on July 7, 2017, signed, M. Rakitichan, Deputy. Published in the Point Reyes Light August 3, 10, 17, 24, 2017.

Fictitious Business Name Statement. File No. 142349. The following person(s) is (are) doing business as: Green Gardens, 9 Mountain Lodge Ln,

Lower Lodge, Mill Valley, CA 94941. This business is conducted by an individual: Melissa Marie Wilson, 9 Mountain Lodge Ln, Lower Lodge, Mill Valley, CA 94941. This statement was filed with the County Clerk of Marin County on July 8, 2017, signed, J. Mannion, Deputy. Published in the Point Reyes Light August 3, 10, 17, 24, 2017.

NOTICE OF SALE OF AUTOMOTIVE / VESSEL / PROPERTIES
Notice is hereby given pursuant to section (CH&N) 503, the undersigned will sell at public auctions at the respective said addresses at 10 am on 08/17/17 the following vessel to wit:
01 CHR VE CCB-
HF116F001 7643PS CA
32'00
HELMUT'S MARINE SERVICE
INC 619 CANAL ST SAN
RAFAEL CA
Said sales are for the purpose of satisfying liens for the undersigned for towing, storage, labor, material and lien charges together with advertising and expense of sales dated this 08/02/17.
BY: GRANT LIENS SALES
(Agent for the above lien holders)
562-865-8394
Published in the Point Reyes Light August 3, 2017.

Notice:

Salinity intrusion into the Point Reyes well supply serving the West Marin communities of Point Reyes, Olema, Inverness Park, and Paradise Ranch Estates has occurred and has caused sodium levels to increase from background levels of 15-30 milligrams per Liter (mg/L). The table below lists the most recent concentrations for sodium in the West Marin water supply:

Date	Chloride	Sodium	Units
8/1/16	--	54	mg/L

* milligrams per liter

Drew McIntyre, General Manager
North Marin Water District

PT. REYES LIGHT
AUG 3, 2017

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Notice Publish Date:
Friday, July 28, 2017

Notice Content

NOTICE NMWD BOARD VACANCY Effective July 3, 2017, a vacancy exists on the Board of Directors of North Marin Water District due to the death of Director John Schoonover. The Board will appoint a successor who will serve until the next general election of the District scheduled for November 2018. Any registered voter residing within the District and interested in the post is invited to contact the District Secretary at (415) 897-4133. The area of the District generally includes the greater Novato area and the Point Reyes Station, Olema, Bear Valley, Inverness Park, Paradise Ranch Estates and Oceana Marin areas of West Marin. Applicants are requested to submit a letter of interest by August 14, 2017 and describe their experience, educational background and previous public service and outline why they are interested in serving on the Board of Directors. The Board of Directors will interview applicants and consider an appointment at an open public meeting to be scheduled on August 22, 2017 at 6 p.m. The meeting will be held at the District headquarters located at 999 Rush Creek Place, Novato, California. The Board will make an appointment to fill the vacancy at an open public meeting to be held no later than September 1, 2017. Katie Young District Secretary North Marin Water District Dated: July 19, 2017 NO. 903 July 21, 28, Aug 4, 2017

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